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1973-74 OIL EMBARGO--THE EFFECTS OF
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NETHERLANDS FOREIGN POLICY AND THE 1973-74 OIL EMBARGO--

THE EFFECTS OF TRANSNATIONALISM*

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"NETHERLANDS FOREIGN POLICY AND THE 1973-74 OIL EMBARGO--
THE EFFECTS OF TRANSNATIONALISM"

Introduction

The foreign policy of any country, whether great or small power is strongly conditioned by the "environments" its government confronts. Certain scholars dealing with crisis decision-making have begun to focus on the important interplay between decision-makers and environments in explaining the decisions, reactions to pressure, and consequences of policies adopted.

The search for general theories of crisis decision-making is complicated because different countries will face different environments and different political necessities in a crisis situation. Also, a country's resources may determine the approach adopted and the success of policies. Thus, in the long run, it is necessary to build theories which explain the behavior of small, medium and large powers possessing various types of natural, economic, political, and social resources, located in certain geographical or political environments, and confronting military or economic threats.

Crisis is an extremely elusive concept; it depends on leaders' perceptions, as well as on the political gains and losses they expect. Thus, there are difficulties with crisis as a "scientific" unit of analysis. Some crises may stem from threats in the external environment, forcing leaders to defend their countries; examples might include invasion threats such as those confronting Netherlands' leaders in 1940. Other crises are conditioned in part by leaders' political needs or experiences. President Kennedy reacted strongly to the presence of the missiles in Cuba partly because he was under intense pressure from political elements inside the U.S. to "do something about Cuba," and partly because toleration of missiles so close to the American border would

diminish Washington's control over future events.

Michael Brecher has defined crisis as:

"...a breakpoint along the peace-war continuum of the states' relations with any other international actor(s). A crisis is a situation with four necessary and sufficient conditions, as these are perceived by the highest level decision-makers of the actor concerned: (1) a change in its external or internal environment which generates (2) a threat to basic values, with a simultaneous or subsequent (3) high probability of involvement in military hostilities, and the awareness of (4) a finite time for their response to the external value threat." (Brecher, 1977, pp. 43-44.)

Brecher goes on to note that crisis may exist in the economic as well as military-strategic foreign policy spheres. Presumably economic crises, while not necessarily entailing high probability of military hostilities, involve threats to basic values including the possible loss of productive capability, severe unemployment, poverty, starvation or severe social problems. Leaders may have limited time to remedy these threats. Most crisis analysis has dealt with military issues, and it is important to explore the economic realm to determine whether actors with different resources and levels of power can effectively deal with threats. Indeed in the future, with decreasing world resource supplies and the leveling off of national growth rates, economic crisis may be perceived more frequently.

Transnationalism is one of the factors in the present international environment which is likely to condition responses to economic crisis. While the supposed revolution in international affairs which has created new networks and linkages between states has sometimes been exaggerated--nongovernmental

organizations, multinational enterprises, foreign control of domestic economies, etc. have all been present historically--the fact remains that many countries' sovereignty is diminished by foreign penetration and dependence on foreign economic connections. It becomes increasingly difficult for some countries to regulate their economies through domestic means alone, since foreign sources can supply considerable capital which affects the domestic market. Countries with relatively small populations or which depend on foreign trade for important resources and capital can be especially hard hit by changes in the external environment. The way such countries deal with unexpected change has not yet been fully explored; it is important to know whether they have effectively dealt with threats or whether improvements in dependent states' crisis decision-making can be suggested. In this connection, let us remember that no country is ever totally isolated or totally dependent on another; interdependence is a more usual condition in which even the weak country will have some influence. We seek to understand more about the ways such influence has been and can be used.

Thus, crisis decisions can only be understood in relation to patterns of dependence and interdependence in the domestic and foreign environments. Keohane and Nye (1977, Ch.1) have noted the distinction between states which are sensitive to changes in the external environment and those which are especially vulnerable to those changes. Both states would be dependent on the environment, but the vulnerable state would be unable to rectify dislocations caused by changes in the external environment through policies of its own. Thus for example, a state might be dependent on foreign oil imports and sensitive to changes in the international oil market, but might be able to deal with those changes through its own domestic allocation system. Hence,

it would not be very vulnerable to foreign pressure. It is likely that economic crisis, as perceived by national leaders, will depend in part on their projected ability to handle changes in the environment through their own policy changes, and thus on their perceived vulnerability.

It is likely that the same factors leading to dependence or interdependence among states, their sensitivity to outside changes, and their vulnerability will also afford the opportunity to diminish vulnerability. These factors include transactions between states: "flows of money, goods, people, and messages across international boundaries." (Nye and Keohane, 1977, p. 9) The subtle process by which a state manipulates its transactional ties to other countries in order to relieve international pressure and vulnerability needs elaboration.

In the present analysis, we examine the tactics of a small to medium sized advanced industrial state, the Netherlands, confronted by both oil price increases and a direct embargo of oil deliveries in 1973. We will determine how its connections to the international community affected perception of crisis and afforded opportunities to relieve the crisis. It should become clear that transnational linkages are both the strength and weakness of such advanced small to midsize powers.

Netherlands' Environments

In October, 1973 the Netherlands was singled out, along with the United States and Portugal, for a full embargo of oil shipments from the Organization of Arab Petroleum Exporting Countries. It is still not fully clear why the Arab exporters boycotted Holland, though a number of theories are dealt with below. Arab leaders said that they objected to the Netherlands' "pro-Israel" policy stance; Netherlands' government officials argued that Holland's stra-

tegic pivotal position in European trade through the port of Rotterdam was a more likely explanation. Whichever of these two basic views is correct, the fact remains that the Dutch government was suddenly and unexpectedly confronted with possible interference in the normal flow of oil to Rotterdam. A detailed chronology of the ensuing events, some of which took on crisis proportions according to Brecher's definition, is contained in the Appendix, along with a designation of pre-crisis, crisis, and post-crisis phases. In order to understand the way the Dutch government used international and even transnational leverage in an attempt to relieve the crisis, we must note the geographic, political, and economic environments perceived from the Hague.

In 1973, the Netherlands was in some sense caught in the middle in four relatively separate, though interacting geo-political and economic environments: U.S.-European; intra-European; Middle Eastern; and multinational business. The Dutch had maintained relatively close relations with the United States, especially in defense matters, while strongly supporting the concept of increased European unification and joint decision-making in economic matters through the European community. Within Europe at the time, there were significant conflicts between French and German approaches to European integration. Pompidou and Jobert, his foreign minister, carried on the Gaullist push for resistance to American penetration, an independent European foreign policy line especially with regard to the Arab-Israeli struggle, "dirigisme" in the regulation of major companies such as oil producers, and general advantages for the EEC Council of Ministers over the Commission in planning for the future of Europe. Germany, on the other hand, tended to favor more of a "laissez-faire" approach to economic regulation, more cooperation with American foreign policy efforts, and general advantages for the Commission of

the EEC. The Dutch were linked to the German currency system, but had significant trade relations with both France and Germany (one might argue more significant with Germany). A Dutch-French dispute existed, for instance, over the question of EEC support of a French force d' frappe nuclear fuel plant. Thus, there were cross-pressures in the French-German European political environment, although as shown below, pressures were sometimes convenient for Netherlands' leaders who could cite the "necessities" of European politics in explaining certain Middle Eastern policy moves to Washington.

In the Arab versus Israeli Middle Eastern environment, the Dutch had traditionally strongly supported Israel, both for reasons of sentiment and guilt (in relation to the Nazis) and because of the NATO realization in the 1950s that Israel represented a relatively stable and friendly state in the Middle East. However, there had been a slow movement in Dutch public opinion and governmental pronouncements, with increased recognition of Arab and Palestinian grievances. We must note, however, that this was a relatively remote political environment for a northern European country, and that Dutch economic and political interests had been centered since World War II in their immediate European environment. Prior interruptions of oil supply in the 1956 and 1967 Middle Eastern wars had, however, alerted the Netherlands' government to its sensitive dependence on Middle Eastern oil, though natural gas finds had somewhat limited that dependence by 1973. Nevertheless, the Dutch had only three people working on the Middle Eastern desk in their foreign ministry at the time of the Yom Kippur War. Thus, cross-pressures existed as well as in the Middle Eastern environment, though they were not fully realized before October, 1973. (See Schaper, 1975)

The world of international business also impinged on Dutch leaders' perceptions since a number of multinational enterprises centered their operations in Holland, an active and trade-oriented country. As seen below relations between the government and Royal Dutch Shell were crucial to the solution of the supply problem in 1973-74. Dutch political leaders, and the Economic Ministry in particular, had to identify both with oil producers and marketers in the form of Shell, and with consumers whose supply of oil might be threatened--consumers including the vast oil refinery complex in Rotterdam, much of which was owned by the supplying companies themselves. Cross-pressures existed here because of the multifaceted nature of multinational enterprises and because the Netherlands was a complex society with an economy highly dependent on petroleum and the sale and transport of petroleum products abroad.

As a result of such cross-pressures in all four environments, a fifth set of environmental pressures developed: bureaucratic politics and conflicts between the Economic and Foreign Ministries. The Foreign Ministry arranged Dutch foreign policies in the U.S.-European, French-German, and Arab-Israeli environments (as well as in international organizations), but the Economic Ministry had to confront possibilities of local energy shortages as well as handle the complex relations with multinational enterprises which were the main source of energy. Priorities in these four environments were not always the same, and hence the approaches of the Foreign and Economic Ministries did not always mesh.

Responses to policy problems in the various environments depend on options perceived available, and these in turn depend on the assets and liabilities of the country "in crisis," in this case the Netherlands. For a country like

Holland, assets tend also to be liabilities and vice versa. For instance, the Netherlands' small geographical size means that relatively little international attention will be attracted, but it also means less "marginal impact" on other countries' policies. This is somewhat compensated by the relative vitality and assertiveness of the Dutch economy, but it is an economy built on foreign trade and thus dependent on the whims and fortunes of larger economic markets. Germany and England, two of Holland's primary trade partners, are unlikely to abandon the Dutch in crisis, but also are likely to pressure the Netherlands' government for cooperative economic and political policies. The possession of significant natural gas deposits means that Holland has relatively low dependence on oil (40% of domestic energy consumption) compared to other Western European countries, as well as leverage on other European countries through the export of natural gas. However, the gas is also a focus of envy and suspicion, and as seen below, made it difficult for other European states to take Holland's energy dilemma seriously. The Rotterdam port complex is one of the largest in the world and Europe's main entrepot, thus making it almost impossible effectively to boycott the Netherlands. However, this asset too has its drawback, since Rotterdam also becomes a convenient means for the Arabs to pressure Europe through a threatened supply interruption. The gigantic petrochemical refinery complex in Rotterdam also represents a vulnerable portion of the Dutch economy; unemployment quickly increases as oil companies reduce production. Another in the long list of this rather remarkable "small country's" assets is the participation in multinational oil companies, which facilitates the necessary supply reallocation to keep oil flowing. At the same time, however, the relatively uncontrolled information and power at the disposal of such companies in 1973

left Dutch leaders with little recourse but to accept price increases (while trying to control domestic price ceilings). With Dutch leaders sometimes viewed in European capitals as the "voice of Shell," there is also the resentment and suspicion of EEC governments to contend with. Along these lines as well, the relatively cordial Netherlands-U.S. relationship, while affording promises of American aid in oil supply, also led to friction between the Netherlands and the more assertively European British and French governments in 1973. EEC membership constitutes an advantage, affording Holland remedial options; in 1974 the Dutch were in a position to veto Algerian association with, and Arab interests in the community. At the same time, however, the Hague experienced considerable pressure from larger EEC states for conformity with the emerging community viewpoint on the Middle East, and lingering uncertainty about the extent of EEC aid in energy reallocation if the situation became serious. Finally, in terms of lesser but still not inconsiderable assets, NATO membership afforded the Netherlands access to a complex petroleum pipeline for military use in case of emergency, and by implication for other emergency uses as well, as well as to Belgian pipelines normally carrying oil from Rotterdam to Antwerp.

Thus, in 1973 there was a series of environments--many of them transnational in nature--confronting Netherlands' decision-makers, and a series of assets and liabilities--some of them transnational in nature--with which to work. Successful policy in such circumstances depends on the balancing of assets and liabilities to relieve environmental pressures and achieve goals. This is complicated when there are multiple goals, as there almost always are when environments are complex, and overlapping. In 1973 a relatively new Netherlands cabinet faced the Arab oil embargo; it had been in office a mere five months. Quickly it had to revise some of its

goals for Dutch society, in terms of economic expansion, while weaving others--especially in terms of conservation--into reactions to the potential crisis. It was also necessary for the Netherlands' government to maintain its stake in the EEC as well as obtain oil, to pay heed to pro-Israeli Dutch public opinion as well as maintain some working relationship with Arab states (with whom Dutch trade had increased 33% from 1966-70, the second largest jump in the EEC), and to set priorities in approaching Middle East conflict as both an economic and strategic NATO concern. Therefore it was necessary to balance priorities in U.S. versus EEC relations. More specific goals came to include the establishment of joint EEC sharing arrangements for the continued flow of petroleum and petroleum products, balance of payments maintenance through natural gas price revision, as well as domestic economic relief, reorganization and control.

By some criteria the Dutch succeeded rather well; we will see that the oil shortage was not very severe and that effective alternate means of petroleum acquisition were employed. Nevertheless, the Dutch economy, like those throughout the industrialized world, suffered from the staggering price increases, and the EEC failed rather pointedly to formulate the kind of sharing agreement the Dutch sought in 1973. It took the intervention of the U.S. with its massive economic power finally to bring the International Energy Agency to react to future crisis. In this sense the limitation of Dutch influence and the sensitivity of the Netherlands to transnational forces became clear; Holland edged closer to the EEC political line on the Middle East so as not to attract too much future attention. As shown below, however, this sensitivity did not also entail excessive vulnerability.

Anatomy of Crisis

Pre-Crisis Period

According to Brecher's criteria, (1977), most crisis situations are composed of three basic phases: a pre-crisis period in which tension mounts, a crisis-period with a "measurably sharp rise in perceived threat and the salience of time," and a post-crisis period in which perceived threat and time salience declines to more normal levels. In the case of the 1973 embargo these phases can be identified.

The pre-crisis phase began with the October 6th Middle Eastern war and the October 9 Netherlands government statement (see chronology). This was followed in mid-October by the imposition of the embargo. The seriousness and import of this embargo was not immediately clear, and in fact there was some confusion about whether an embargo had actually been placed by Arab governments. Thus, the first phase was characterized in the Hague by confusion, increased wariness, and as we will see, a switch in bureaucratic and political influence within the government. The crisis phase began in late November with what looked to be a threat to the Netherlands' economy and the possibility of oil scarcity after the tankers which had already been dispatched in October finally reached port in Rotterdam. Netherlands' industries were talking about production cut-backs--including the Shell and other refineries in Rotterdam--and it was not clear whether new tankers would be getting through to the Netherlands. It soon became clear that oil companies would reallocate necessary supplies so that non-Arab oil could come to Holland in place of Kuwaiti and Saudi crude (EEC statistics show that some Kuwaiti crude continued to get through). However, threatened Arab production cutbacks of 5% per month in addition to an initial 25% left Dutch leaders somewhat uncertain about

available supplies. It should be noted, however, that Indonesia reportedly offered Holland five million tons of oil on November 7, which represented the full shortfall in reallocated supply from Nigeria and Iran. (The Times (London), November 7, 1973) Thus, conceivably the threat was not as great as it seemed, and government leaders either overlooked this offer or had other worries or reasons - perhaps political reasons discussed below - for maintaining a sense of threat in Holland. On December 1, Economics Minister Lubbers and Sheikh Yamani had met in Brussels, and reportedly agreed that oil could go through Rotterdam for export. (Financieel Dagblad Dec. 4, 1973) There would be little threat to Dutch exports, and supplies would be sufficient for domestic use. Companies' projected production cuts were the main worry, but with full reallocation to Rotterdam technically possible, we might wonder why companies would have to cut production by 25-30%. World petroleum supply would be reduced, but Rotterdam, as a main European refinery, could be kept fully operational if companies so desired; exports could be maintained even on the principle of "equal misery" (i.e., equal shortfall for all states regardless of Arab designations).

The Netherlands government accepted company projections and worried about unemployment even though full employment would not have violated Arab guidelines and seems to have been feasible. Note though, that deliveries to Rotterdam decreased in December, and some companies--notably Esso Nederland--claimed to be short 50% and to have stopped direct exports to meet Dutch domestic demand. Professor Odell, of Rotterdam's Erasmus University, points out that the effect, and he claims the motive, of company policies was to "rationalize" the European market, parcelling out control of certain countries' supply to certain companies--

in Holland's and Germany's case, to Shell.

The crisis phase lasted only a month, and by the end of December officials in the Hague admit that the perception of long-term threat was diminishing with encouraging words from Secretary Kissinger on a disengagement agreement. Nevertheless, this diminished threat perception was not communicated clearly to the Netherlands public for another two months. The U.S. was removed from the embargo in March, 1974, but Holland stayed on officially until May.

There were transnational influences in each of the embargo phases, although the direct impact of multinational corporations was probably greatest in the crisis phase itself. One of the transnational forces that caused problems for the Dutch in the pre-crisis period was the rather well-developed world communications system which allowed policies adopted in one region to have implication for a country's relations with another region. When the Arab-Israeli war broke out on October 6, Dutch Cabinet officials and bureaucrats did not perceive much danger for Netherlands' relations with the Middle East. There is still some controversy in Holland about whether the embargo was preplanned; one report indicated Holland being included with the United States by Arab strategists as early as June, 1973.*

* A former senior official at the Foreign Ministry and Ambassador to Italy, Dr. H. N. Boon, has maintained that there was some indication of preplanning which he brought to the attention of the Foreign Ministry soon after the war broke out; the Foreign Minister then became involved in a heated controversy with Dr. Boon over the question of possible slights and affronts to Arab ambassadors called into the Hague during the early days of the war. The Foreign Minister argued that if there had been preplanning, the supposed slights could not have caused the embargo; Dr. Boon wanted a clear answer on whether there was preplanning and maintained that such slights could have aggravated the situation.

The Foreign Ministry responded to events in the Middle East with a rather strongly worded statement, supported in Parliament, that Egypt and Syria had been responsible for breaking the peace and that the parties should return to their prewar positions; this request would have benefited Israel since Egypt had made initial gains in the war by crossing the Suez Canal. The statement appealed to the Cabinet since it would be popular with the Dutch public and would express genuine concern of Labor and other party officials for Israel's survival--concerns stemming from diverse factors including guilt over Jewish lives lost during the Nazi occupation of Holland. It did not seem to the Prime Minister or Foreign Minister that there would be serious consequences in Dutch-Arab relations since previous Dutch governments had expressed support for Israel in other wars and had backed up such expressions with material aid as well. In 1973, Dutch response was mainly verbal, although it has come out that U. S. planes, on their way to supply Israel, were allowed to overfly Holland, a grievance cited by some Arab states, since other EEC states--notably Germany--refused such cooperation.

Pro-Israeli statements fit with Dutch efforts to resist British and French dominance in EEC at the time, a dominance which seemed to mean a weakening of the Commission's power in energy and other matters as well as a Gaullist approach resisting American leadership and making rather direct approaches to the Arabs. Thus, when EEC foreign ministers met in Copenhagen on October 13, the Netherlands and Danish governments effectively opposed British and French requests to speak for the EEC in the upcoming UN Security Council Middle East deliberations. The Netherlands government, without a prior clearly articulated Middle

East policy of its own, and with only three people working on Middle Eastern affairs in the Foreign Ministry (compared to roughly 30 dealing with Europe), approached the October war mainly from the standpoints both of domestic politics and European policy. Furthermore, leaders in the Hague could hope for little efficacy in bringing about a Middle East solution on their own anyway due to Holland's size and remoteness from the area.

However, the international communications network brought about consequences which Dutch leaders had not anticipated. In particular, news of the Danish-Dutch opposition in the EEC was leaked to the press and to the Arab governments, evidently through the French or Italians, both of which governments were reportedly irked by Netherlands' resistance in the EEC. (See Boon, 1976; also personal interviews in Netherlands Parliament and Foreign Ministry and with a political correspondent.) The French press made much of the supposedly brusque treatment of Arab ambassadors and chiefs of mission who met with the Netherlands' Foreign Minister after news of the dispute in the EEC had been communicated. The Netherlands Foreign Ministry has denied that these ambassadors were slighted, and slights in themselves do not seem grounds for an embargo; however, if the Arabs were strongly interested in changing European policy, and Holland, along with Denmark, were seen as impediments, it would not take much to convince certain Arab leaders that a boycott of Rotterdam would be an effective lever (in this context note that Denmark was not formally boycotted but was denied certain products by certain Arab governments in early 1974). The Algerian government initiated the embargo against Holland, but was quickly followed by Kuwait--which was a far more important supplier of petroleum to Holland and Shell. Both Algeria and Kuwait may have been especially responsive to the priorities of resident Palestinians, as well as to news from France in

Algeria's case.

The general tendency of Netherlands' officials to make pro-Israeli statements or attend rallies, also drew the attention of at least one prominent Arab representative inside Holland--the Consul of Kuwait, who was a Palestinian. Having resided in Holland for many years, this official concluded that it was time to "wake the Dutch up" and alert them to Arab perspectives. He claims to have personally urged the four ambassadors as well as the Kuwaiti government to impose an embargo. (Rabani, 1977) Thus, it was impossible to isolate the statements and events inside a relatively small European country and prevent them from catching Arab interest. The fact that the world's largest port also was located in that country contributed to Arab interest of course.

Note that the source of the official Netherlands' statement criticizing Syria and Egypt seems to have been a secretary level official in the Foreign Ministry whose concern was basically with international organization and security affairs. He was strongly pro-Israeli, but also reportedly staunchly anti-Gaullist. Sources in the Netherlands' press indicate that the relatively inexperienced Foreign Minister van der Stoep relied on this official for early advice in the conflict situation. Hence a more strongly worded statement than might have been diplomatically advisable was drafted.

The rest of the pre-crisis phase seems to have been characterized by a bureaucratic struggle in the Netherlands government between the strongly pro-Israeli faction headed by this high official and his critics who advocated a more restrained approach to the Middle East question and a more flexible EEC policy. Many of these critics were diplomats in the field who began to sense uneasiness in neighboring countries over the Netherlands' position. Some of these career diplomats may also have resented the foreign policy assertions

of the Labor Party, in office for the first time in memory.

There are indications that the Netherlands' partners in the European Community, and especially Germany, began to put considerable pressure on the Hague to change its policy and move more in line with EEC statements calling for cease-fire, return of occupied territories, and recognition of borders. Diplomats negotiating with EEC representatives became sensitive to this pressure and also seemed to push the Hague to change positions or modify the tone of prior policy. Although the Dutch government never admitted to changing positions, the fact that it finally subscribed to the EEC statement of November 6, indicates that the critical wing of the Foreign Ministry won out. In fact this "victory" seemed to come at the last minute, as the negotiations for the final wording of the statement were taking place and as heated phone calls were placed to the Hague to try and get permission to subscribe to new language. The Foreign Minister and Prime Minister were on the phone to the negotiators. (Personal confidential interview with West German Foreign Ministry official Bonn, April, 1977.) The EEC policy statement contained new wording which skirted the question of how much territory should be returned by calling for an "end to the territorial occupation" by Israel.

Thus, although the forces working on the Dutch government were not necessarily all transnational, they were extra-national; policy conceived largely in isolation was running into stiff opposition in the European Community and from the Arab world. European Community opposition was probably decisive since the Dutch were also contemplating requests for Community assistance in case oil supplies ran short. In this sense, European political institutions

--while of dubious supra-national power--represent pressures that can be applied across borders on small European countries to increase harmonization. It seems that the Germans were the most influential source of pressure on the Netherlands' government; the close economic relationship with Germany has strongly influenced Dutch approaches to the Community.

The degree to which the Dutch government was responding to a number of audiences at once is revealed in their efforts to rebut charges of changing policy. It is true that changes in Netherlands' Middle Eastern policy had been made over a number of years, but the tone of the Oct. 6 statement contrasts quite sharply with the tone of the Nov. 6 EEC statement, and clearly a change took place. Netherlands' leaders were sensitive to the pressures of their European partners not so much because they necessarily hoped aid would result, but more because they no longer wanted to stand out as an easy target for the Arabs. There is "safety in numbers," and this is an important aspect of Dutch participation in international organizations. Nevertheless, the government anticipated that a domestic audience would be unsympathetic, and hence sought to isolate that audience from the European audience and the Arab audience.

Crisis Period

International agencies, along with multinational corporations, were to play an even greater role during the crisis phase, from the end of November to the end of December, 1973. The crisis phase was characterized both by uncertainty in the Hague over possible oil shortage, and preparations for the important Copenhagen summit meeting which was to decide whether EEC aid would be available to energy-short countries. In this sense it was in the govern-

ment's interest to stress Rotterdam as the sole reason for the embargo (ignoring the diplomatic conflicts) and stress the potential threat to Europe if Rotterdam were shut. The government also sought to push emergency economic control legislation through Parliament, legislation which fit in with prior interests in controlling prices, rents, and wages.

International leverage was applied by the Economics Ministry in threats to shut off natural gas exports if domestic energy supplies were greatly reduced. These threats had special reference for France, which imported 40% of its gas supplies from the Netherlands at a relatively low price. Le Monde picked up these threats on Nov. 16 and the same day editorially called for EEC aid to Holland. Interestingly, British newspapers reported (Guardian, Nov. 19) that the UK was willing to see Netherlands gas shut off as this would increase British North Sea sales in Europe. Thus, London may have continued to oppose EEC aid to the Netherlands even after France began to relent. On Nov. 20, the EEC Commission called for moderation in Dutch-French disputes, with concessions on uranium enrichment and quiet help if necessary (the French did not want the Arabs offended) for the Dutch. Thus, implied natural gas threats paid off to an extent.

It should be noted that government officials' worries about the embargo were somewhat tempered by the policy of linking natural gas to oil prices. Gas prices would rise automatically to petroleum price levels with a one-year time lag. Thus, some incentives developed for the Netherlands to go along with oil company price increases as long as supplies would be maintained.

There was a traditionally close working relationship between the Economics Ministry and multinational oil companies in the Netherlands, with relatively frequent interchange of personnel; officials in charge of the petroleum price

regulation commission were ex-oil company executives. Economics Ministry officials maintained that the best way to approach such a crisis was through the oil companies since they had the most extensive world-wide connections and the abilities to make the necessary switches to provide oil to boycotted countries. The Dutch government stopped publicly reporting tanker movements in and out of Rotterdam in December to facilitate and cover such transfers. The Dutch again differ from their French and Italian Common Market colleagues who have been much more suspicious of private international oil companies and much more supportive of close scrutiny and state ownership.

Economics Ministry trust in oil company policy also had strong influence in the Organization of European Cooperation and Development and in the London Policy Group of oil companies which met to discuss emergency provisions in the embargo. The only international crisis machinery available for oil sharing at the time was through the OECD. However, to invoke such machinery would take a vote of the members affirming that an emergency existed. The British and French, perhaps partly in retaliation for prior Dutch opposition and partly so as not to alarm the Arabs with a too militant approach, refused to vote such emergency powers. The Dutch saw this and the subsequent EEC refusal to establish a sharing agreement as signs of inadequate response to the transnational reality of international oil interdependence. The French could not understand Netherlands' alarm; with Rotterdam and Shell as resources, no emergency existed. However, in a meeting of OECD oil powers, the U.S., Japan, Canada, Britain, and Holland, it was decided to allow the OECD Oil Committee to supervise informal sharing arrangements among the companies. It so happened that a Netherlands' Economic Ministry official was the chairman of the Oil Committee at the time. He came to view his function as essentially facilitat-

ing the communication necessary among the oil companies to parcel out the oil and, as a consequence, the markets in Europe. This could only happen with American cooperation as well--which necessitated Justice Department clearance and suspended anti-trust enforcement (suspensions had been obtained since 1970). Secretary Kissinger strongly pressured the Justice Department to ease their standards of enforcements in these cases. Justice Department and diplomatic officials joined company executives in London to arrange the "necessary" coordination. From reports of those present, it seems that there was little close scrutiny of companies' decisions. Economic Ministry efforts to facilitate oil company operations did not rest with the OECD itself. The Justice Department was urged to support the cause of at least one American-owned company whose supply problems had the Dutch worried. (Personal confidential interview with oil company executive, The Hague, March, 1977.)

We should not leave the impression that there was no supervision of oil company policy in Holland or of the oil flow through Holland; investigations were made when newspapers reported interrupted deliveries to certain contractors and abundant oil flow to Germany. Because of complex contractual relations, "independent companies" were sometimes evidently allowed to use major's names and trucks. Secretary Kissinger sent his assistant, Mr. Donaldson, in December to the Netherlands, whose Middle East policy Kissinger held up as a model of courage in contrast to the rest of Europe, partly to offer aid in meeting minimum Dutch needs (which it seems the Dutch could have met on their own); and partly to explain the policy of American majors in supplying independents. Donaldson tried to make it clear that independents, not majors, took the oil to Germany. The Dutch government staunchly refused to allow Arab inspectors direct access to Dutch territory. (The embargo was

enforced through a system of vouchers signed by ship captains on their way out of port and on their arrival in port--a system which nevertheless allowed switching in mid-ocean and evidently even barter or sale of oil from offshore ships; the Arabs could not have expected seriously to enforce the total boycott of Rotterdam and evidently winked at the improvised remedies; oil states were probably more interested in symbolically threatening Europe and pressuring the U.S., while disarming their "extremist" Arab critics, than in strangling Holland and the U.S.--see New York Times, Dec. 31 and Oct. 10, 1973; and Christian Science Monitor, Oct. 12, 1973). The oil companies obtained agreements from the Arabs to allow oil to flow to Germany as long as it was not destined for Dutch domestic use. Of course, it is very difficult to sort such oil once it arrives in Rotterdam especially without the presence of Arab inspectors.

Thus, the Dutch tended to see themselves as benefiting from the international linkages and transnational relations of the oil industry, and able, if not to manipulate such linkages, then to rely on the companies' interest in keeping Rotterdam going due to their heavy investment there. This open reliance on the companies, of course, had some negative consequences in the EEC environment in which French and Italian suspicions that Holland was the "voice of Shell" did not make sharing agreements likely at the Copenhagen summit of December 15. Reports indicate that the Germans gave some support to the Dutch and Danish efforts at the summit, but because of Germany's primary concern over the costs of British regional development policy and concessions obtained on this issue, there was little time or interest in pressing hard for the Dutch case. Furthermore, the French had surprised many of the delegates by inviting Arab representatives to testify, and the

discussion was moved toward the creation of what came to be known as "Euro-Arab dialogue." This meant that there would be strong French opposition to measures which appeared designed to resist Arab pressure. The question of a sharing agreement was referred to the Commission for study and suggestion, and while such suggestions were eventually issued, they became essentially moot after the creation of the International Energy Agency with American leadership in 1974.

With so much reliance on the oil companies in the crisis, Netherlands' government statistics tended to reflect company information (a problem shared in other industrialized states as well and since remedied somewhat by the International Energy Agency's data gathering techniques). Company statistics tended to be rather pessimistic throughout December, citing probable production cuts in the Arab world (despite cancellation of the December cuts for Europe). Indeed, these projected production cuts and resultant unemployment probably worried Dutch leaders more than the embargo itself after it was clear that the companies could rearrange shipments.

Storage tanks in Rotterdam were full, although some of these reserves were allocated for sale to Belgium and Germany and hence were not available for the domestic Dutch market. The Netherlands public did not easily pick up on such subtlety, but it was also not reported that while crude oil shipments may have been down somewhat, imports of finished oil products mainly from England, were increasing--much to the displeasure of the British government which felt that the oil companies were under Arab orders to supply "friendly" states with a full measure of oil. The companies disobeyed British orders and continued to export products to embargoed Holland. In this sense, British-Dutch friction was probably worse

during the crisis period than the French-Dutch conflict, especially after Netherlands' natural gas threats. (Personal interview, official of the EEC Commission, Brussels, March, 1977.) ~~At~~ Netherlands' officials cited pessimistic statistics, however, in part because these tended to justify the kinds of legislative initiatives that had been planned even prior to the crisis period. The government hoped to limit consumption while controlling the economy further by limiting prices, wages (in opposition to union demands), and rents in order to dampen inflation. With this in mind, the embargo represented an opportunity to push through such legislation in an emergency atmosphere; Prime Minister den Uyl cited a 30% drop in crude shipments to Rotterdam in the first week of December and forecast a possible further 40% cut. The Mayor of Rotterdam noted, however, that weekly figures always vary greatly, and do not constitute reliable trend indicators. (New York Times, Dec. 5, 1973)

Unlike the French, the Dutch made few direct approaches to Arab states concerning special bilateral arrangements; missions were dispatched to the Arab states but mainly to explain the political position of Holland on the Middle East question, although to little avail. Saudi Arabia wanted the Netherlands to call for the return of all occupied territory, but reassured the Netherlands envoy that other Dutch transactions (investments) with Saudi Arabia would not be threatened. Thus, no complete break with Holland was signalled. A Netherlands Foreign Ministry spokesman was fired on Dec. 5 for labelling Israeli territorial occupation as "illegal" and interpreting the Nov. 6 EEC statement as calling for return of all territory. The New York Times reported that on the prior Saturday, Sheikh Yamani had demanded of Minister Lubbers some "gesture" against Israel to end the boycott (New York Times, Dec. 5, 1973). If the Foreign Ministry spokesman was floating a trial balloon, it was quickly shot down by his superiors.

Common Market officials who studied the crisis situation concluded that the main effect was to raise world petroleum prices and equalize imbalanced prices. The Dutch Economics Ministry raised domestic price ceilings and did not much quarrel with the company price policies. EEC officials as well as Peter Odell have speculated that the U.S. and American companies benefited from the crisis, and Washington may even have ignored early warnings of it because world oil prices would finally be forced up to domestic U.S. levels; at the time, with low foreign oil imports, the U.S. was relatively invulnerable to pressure through embargo. (See Odell, 1975, Ch. 9.)

Company representatives point out, however, that profits were being taxed heavily and that they had to enter the newly high-priced world oil market themselves to replenish stocks, thus being forced into the capital market. Dutch domestic prices were fixed, although rising in two steps due to decisions by the Oil Control Commission (which had been in existence since 1950 to advise the Economics Ministry and represented all refining companies in Holland with Shell representatives in the chair). Thus, there were incentives, especially for independents, to export gasoline to Germany where a free market prevailed. Because of rather nonuniform pricing policies in the Common Market, countries not especially friendly to the Arabs were able to attract oil products as easily as, and sometimes more easily than France, Britain, and Italy, which enjoyed rather close relations with Arab states. An EEC study commission which investigated oil company behavior during the crisis concluded that there was no indication of collusion to push up prices, except for one attempt to reduce stocks of crude oil and exert pressure on Belgium to increase maximum domestic prices to better conform with other EEC countries. Gulf Oil Corporation was also cited for charging exorbitant prices to certain independents.

Companies were not above putting pressure on recalcitrant governments which attempted to keep prices "too low," but by and large got enough cooperation from European governments that such pressure was not necessary. (EEC Commission 1976, pp. 58-59)

In terms of overall crisis effect, Netherlands' average daily imports of crude oil, according to information furnished the U.S. Federal Energy Agency and the Church Committee by thirteen U.S. oil companies--therefore, evidently excluding Shell--dropped by approximately 46%, and Holland lost 9.4 million dollars in port duties. (New York Times, July 11, 1974) Imports of oil products from these American companies decreased by approximately 52% during the embargo, although imports from West Germany increased slightly and from the United Kingdom remained steady, and imports of oil products still came from Kuwait and Iran and the Netherlands Antilles or other Netherlands' possessions. When the impact of Shell is calculated, it seems that overall Dutch crude petroleum supplies were down by 13%, which represents roughly the average world decrease; Netherlands' oil reserves at the end of the embargo in July, 1974 were up nearly 30% over May, 1973, and for the most part reserves had not been touched throughout the embargo crisis. The 13% reduction may have been due in part to energy conservation measures as well as restricted world supplies; substitutions of natural gas reduced Dutch fuel oil consumption and hence production in Netherlands refineries, and while the refineries turned out increased levels of automobile fuel, because of the decrease in national consumption due to the fuel economy measures (eg., carless Sundays after October), exports of petrol from Holland increased as a percentage of total production from January to March, 1974. The situation had improved in January with stepped-up oil product imports from England.

German crude oil imports through Rotterdam had increased during October and November in anticipation of possible shut-downs at Rotterdam and also because of the free price levels in the German market. This market was saturated by January, 1974 and imports tailed off; thus more was available for the Dutch market. Refining activity for the entire eight months of embargo was down 13% in Holland, although it was also down 10% in Belgium which was not boycotted. Oil products--especially domestic heating oil--tended to move out of the Netherlands and Belgium, where the domestic market prices were controlled, and the supplies in these markets were down 10% in Holland and 8% in Belgium. Dutch oil product exports were also down 16%, so that the impact on Dutch trade was somewhat greater than on domestic supply; for a trading country, of course, this was damaging. Trade patterns were somewhat modified; at first imports from England increased, and then British imports from the Netherlands rose; German oil product imports through Rotterdam were maintained and in fact increased slightly in 1973 and 1974 as compared to 1972. Thus, what could have been the major crisis in Dutch trade was averted.

Rotterdam represented a complex arrangement of transnational oil distribution, some of it under the control of the major companies, and some of it through what is called the Rotterdam "free market." Nearly 50% of EEC oil trade went through Rotterdam refineries and the major companies in 1973. The "free market," in which oil is transferred from control of the major companies to independents or other companies through the services of "jobbers," accounted for another 3%, but in the crisis period of uncertainty and stress, had significant impact in controlling dislocations and shortages. Much of this free market trade went to Germany, with some also going to the United

States, Switzerland, and Sweden, and to other EEC countries with controlled prices. Through the mechanisms of the Rotterdam market, the Netherlands was able to keep its main customers supplied even though total exports and supplies were diminished. (EEC Commission, 1976, Part IV)

Post-Crisis

U.S. initiatives were important factors in easing the long term crisis threat--the threat of reduced Arab production--confronting Holland. Secretary Kissinger was able to promote disengagement talks which encouraged the Arab states enough to suspend production restrictions for December (though the embargo of Holland would continue), and cease fire arrangements looked more encouraging in January. We should note, though, that the Arab states probably had no intention of destroying the Western economies upon which they depended, regardless of Kissinger's success. They achieved their price increase goals, and were encouraged about their Middle East settlement goals. The cross-pressures felt by the Netherlands government, with Common Market institutions and French demands on the one hand and American power and interests on the other, were largely resolved after the Copenhagen summit in favor of American energy initiatives and European political coordination on the Middle East. The Danish summit left the Dutch dissatisfied that no sharing arrangements were made; the EEC Commission was legitimized in entering the energy area in the fields of conservation and export licensing for better statistical compilations and sharing, but it was the U.S. proposal for the International Energy Agency which swept the day in energy organization beginning in February, 1974. The Common Market countries (which had met in early 1974 to plan a joint approach for the Washington energy con-

ference) with the exception of France followed the American lead in giving full backing to the IEA. In fact, Dutch diplomats have expressed satisfaction at influencing the Washington conference toward a "North-South dialogue" on energy matters. The Netherlands Foreign and Economics Ministries came to rely on the IEA for better information and a more clear commitment of aid in case of crisis.* The Americans who had previously refused to commit national oil stocks to European needs did so with the IEA initiative. Clearly, American power was irresistible, especially for the smaller European countries, on energy and economic matters; but interestingly this did not apply to the political questions. Since 1974 the Netherlands has continued to move toward the EEC position on the Middle East conflict, and toward recognition of Palestinian rights. In fact it is reported that the EEC refrained from issuing more pointed political statements in 1974 because of requests from Secretary Kissinger to quiet any dissenting voices that could interfere with his own initiatives toward a disengagement agreement. In 1972 an attempt at a common EEC Mid-East policy was scuttled when news leaked out prematurely perhaps through the CIA or Israel, embarrassing some European governments. (Personal interview, Bonn, 1977) Thus the crisis of 1973 ended with a certain disillusionment in the Hague regarding European institutions, although with a general willingness as well to go along with French initiatives for a "Euro-Arab dialogue."

The Netherlands cabinet went ahead with domestic economic crisis controls despite the easing of tension on the international scene in January, 1974, imposing automobile fuel rationing despite an acknowledged optimism about

* Indeed a dispute had evidently developed within the Economics Ministry in part over reliance on companies, and the official who had been influential in OECD was largely bypassed after the embargo. (Personal interviews, Economics and Foreign Ministries, February, 1977.)

the overall supply picture. This optimism was not portrayed in public, and the Economic Ministry no longer supported the rationing program when it was finally introduced. It was introduced because of prior planning, because the procedures had already been established and the preliminaries set, because the Transportation and other ministries were geared for the rationing program: a case of bureaucratic momentum and bargaining. However, the public did not take rationing very seriously; transnational relations meant that Dutch people in the South and East of Holland could travel across the border to Belgium or Germany to buy unrationed gasoline, leaving a surplus supply in the South for Northerners. In this case, permeability of borders and lack of coordinated price policy in the European Community made domestic controls difficult. The Dutch government remained intent, however, on taking advantage of the crisis atmosphere to continue its push against inflation and excess consumption. Largely lost in the process were the government's early ambitions for economic expansion and a solution to Holland's unemployment problem. Reliance would be placed on support programs and social benefits for the unemployed and those hit by economic difficulties.

The Netherlands embargo was not officially lifted until July, 1974, although the effects had been eased by February. The Kuwaiti Consul had wanted it lifted in January, and the French called for an early end in March because of desires for Algerian-EEC association. However, while Dutch officials were no longer very worried by the embargo, they seemed to get caught in the middle of growing Saudi-Algerian friction over OPEC prices. While Saudi Arabia had been slow to impose the embargo (almost a month behind the others-- indicating lack of prior planning), the Saudis delayed in lifting it. They claimed the Netherlands had not sufficiently changed policy, but in addition,

their own oil supplies were already spoken for (production increases and reallocation might be necessary and take time) and the delay would inconvenience the Algerians. Finally, citing a more "positive" Netherlands stance at the UN General Assembly meeting on raw materials and development in April, the various Arab states withdrew the embargo in June. The Algerians had unilaterally lifted the embargo on June 2. Middle East policy and reliance on industry soured Dutch relations with two pivotal powers in the European community, France and England. News of this friction was leaked to the Arabs, worsening Dutch-Arab relations because of perceived Dutch-Danish threats to Arab-EEC cooperation. Subsequent Netherlands efforts to obtain European sharing agreements foundered on the resentment of Shell's influence in Holland and a disbelief in the seriousness of the situation. To French leaders it seemed that the Dutch were likely to undergo less supply disruption than France, given the advantages of Rotterdam and Shell, and the fact that Holland relied for only 40% of its energy needs on oil while French reliance was approximately 80%. The British, reeling under the impact of a coal strike and also experimenting with a neo-Gaullism, were suspicious of Netherlands' requests and resentful that oil companies continued to supply the Dutch market even while supposedly depriving Britain of some deliveries.

In general these misperceptions contributed to the failure to achieve an oil sharing agreement in Europe and to the imposition of the embargo in the first place. Interdependence had decreased enough that statements made for domestic consumption or for the European contacts were now picked up and magnified in the Arab world and, with the attractive importance of Rotterdam, brought the Dutch more notoriety on the world scene than they probably wanted.

On the other hand, complex interdependence also allowed reduction of Netherlands' vulnerability, since oil companies had a built-in incentive not to deprive Rotterdam and therefore their own refineries. The embargo also offered an opportunity for the Dutch government to pass emergency economic legislation which might otherwise have failed due to union opposition, although the long term effect of such legislation in an era of rising oil prices and increased unemployment was questionable. Netherlands energy consumption was drastically reduced during the crisis with the government-projected sense of urgency, a welcome reduction to ease import demands at least temporarily. One other consequence of the impinging external environments was that the Dutch were forced to develop a more articulate, careful, and consistent Middle Eastern policy largely in conjunction with other European countries. Since November, 1973 the Netherlands has subscribed to European statements dealing with the Middle East and the need for Israeli withdrawal and recognition of Palestinian rights as well as secure and recognized borders. In this sense, the prior Netherlands' tendency to "go it alone" has been somewhat modified, although in the economic sphere there is still considerable reliance on Netherlands oriented multinationals. However, with the development of the International Energy Agency such reliance could also be merged with a growing internationalism and cooperation with the United States.

While the Arab embargo did not greatly diminish Netherlands' access to oil, it did cause a reevaluation of policy and a tendency to align political statements with the rest of Europe. By the same token, the government proved unable or unwilling to push for EEC oil price regulation;

the Dutch were able to garner considerable influence on modifying IEA rules once the organization was formed but it was clear that a bigger world power, the U. S., was necessary to have any impact on price. This required United States participation and influence with the major oil companies; Netherlands' influence applied mainly to Shell and even then mainly to Netherlands branches of this and other multinationals and to supply questions. In essence the Netherland's government served the purpose of companies doing business in and through Holland by interceding with the American government to ease regulation attempts. The Netherlands is certainly closely connected to the international oil network and strongly affected by price and supply changes in that network; it is not totally at the mercy of outside forces but at the same time is only marginally influential in affecting those forces. This small to middle power, reaping the benefits of industrialization and world trade, proved to be no more, and probably even less vulnerable to Arab pressure than its bigger European partners, notably Britain and France; however, Netherlands leaders also had the limitations of their world influence clearly demonstrated.

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APPENDIX

GENERAL CHRONOLOGY OF OIL EMBARGO IN THE NETHERLANDS, OCTOBER 1973 - JULY 1974.

April - June 73	Arabs discuss use of oil as "weapon".
September 73	Arab plans for higher oil prices and no production increases, though Saudis reported in favor of increases.
October 6, 73	War begins in Middle East.
October 9, 73	Netherlands government statement that Egypt and Syria had "broken the truce" and that parties should return to pre-war positions.
October 13, 73	Dutch and Danes oppose Britain and France speaking for EEC at UN Security Council. Newsleaked probably in Italy and France.
Mid-October 73	<u>Le Monde</u> reports Arab ambassadors treated "badly" by Dutch foreign minister; Oct. 26, <u>London Observer</u> confirms that camouflaged El Al planes landed in Holland en route to resupplying Israel with US arms.
October 16, 73	OPEC Gulf Committee decides on 70% price increase, and OPAEC decides on 5% monthly production cuts.
October 18-21, 73	Arab embargos of US announced.
October 21-25, 73	Algeria, Kuwait, Abu Dhabi and Oman announce embargos of Holland; Iraq nationalizes Royal Dutch Shell holdings.
November 2, 73	Saudi Arabia announces embargo of Holland.
October 30-November 4,	Intense bargaining between Holland and EEC partners leading to foreign ministers meeting.
October 30-November	Two Dutch diplomatic missions dispatched to key Arab countries to "explain" Dutch position and see to it that Dutch business interests are not harmed. Foreign minister speaks in parliament of Israeli withdrawals to borders "approximating" those before 1967, with "small corrections". Arabs insist on statement calling for evacuation of "all" territory.
October 30-November 21	Reports in press and parliament of possible cut-off of Dutch gas exports to Germany and/or France. Government statements stress Rotterdam's importance for all of Europe.
November 4-5, 73	Arabs decide to reduce production by 25% compared to September.

November 6, 73	Netherlands subscribes to EEC statement calling for an end to Israel's post-1967 territorial occupation; no EEC agreement to share oil; no French agreement to mediate the embargo with Arabs.
November 7, 73	<u>The Times</u> of London reports secret Indonesian offer of 5 million tons of oil for Holland per year - represents the expected shortfall, for domestic needs and perhaps export, in resupply by Iran and Nigeria.
November 14-December 5	The "Palestinians" appear in statements by Minister president and foreign minister as "important political questions"; Ministers refer to earlier statements as well.
November 15-21, 73	US statements of readiness to aid the Dutch with oil supplies if Holland cannot meet "minimum needs".
November 18-19, 73	Dutch government reemphasizes ban on transport to Israel of weapons based in Holland; foreign ministry spokesman terms Israeli occupation of Arab territory "illegal"; foreign ministry spokesman dismissed by the Minister. <u>Le Monde</u> editorial call for aid for Holland, immediately below an article describing Dutch threats to suspend natural gas exports. UK reported unmoved by gas export threats. Major Rotterdam refineries schedule production cuts from 20-40% for November 26 (when full effect of embargo expected).
November 20, 73	EEC Commission proposes compromise on Dutch-French nuclear funding dispute, and <u>quiet</u> diplomacy on oil crisis solidarity without threats of gas export restrictions. Belgian economics ministry official promises "solidarity" with Holland. Dutch government expresses satisfaction with "common position" of the Nine.
November 21, 73	OECD fails to invoke emergency oil sharing agreement (from 1956); UK and France oppose Holland. OECD Oil Committee given O.K. to supervise, with US Justice Dept. observer, informal oil company consultations in London.
November 23-28, 73	VVD by-election win in Amersfoort. Reported PvdA criticism of government moves toward Palestinian support and of foreign minister's diplomacy.
November 28, 73	Rotterdam storage tanks still full, but new shipments reported by companies down 15%. Government develops rationing plan for January, as well as emergency wage, rent

November 30, 73	and price control bill. Minister president reiterates that Israel's existence as a state would never be put in jeopardy.
December 1, 73	Netherlands government announces 150% increase in aid to UNRWA (Palestine relief); economics minister meets with Sheikh Yamani - little reported progress.
December 2, 73	Netherlands government reports 30% less oil received last week (importance of figure disputed by Rotterdam port director; government removes statistics on tanker movements at Rotterdam from public record. Shell says new supplies down 17% with prospect for 25-30% reduction in refining. Dutch export licenses now required for oil and gas shipments.
December 3, 73	Arabs agree to allow oil to go through Rotterdam as long as it was not "bound for" Holland. Dutch refuse to have Arab inspectors in Holland. Oil companies work for a compromise. Dutch economics ministry contacts US to assure oil supplies for companies suffering shortages, and to relax antitrust legislation to allow companies to consult. 800 Dutch firms ask permission for lay-offs or shorter work week. Amsterdam stock exchange down; investments remain high. Refineries reduce output.
December 5, 73	Minister president mentions further possible 40% drop in oil supplies as emergency control bill introduced in parliament. Arabs cancel planned 5% December supply reduction for EEC (except Holland)
December 10, 73	Arabs plan to resume 5% production cuts in January.
December 12, 73	Increased Dutch oil reserves and full tanks in Rotterdam reported by <u>London Times</u> ; Iraqi oil continues to flow to Shell; Dow Chemical in Holland confirms receipt of Soviet oil; report that EEC partners, except UK, tacitly approve increased oil diversions to Holland to forestall natural gas supply reductions; tankers carry crude and oil products from UK to Holland; Dutch industry and labor criticize government oil statistics.
December 14-15, 73	Copenhagen EEC summit. No formal oil sharing agreement. UK and France oppose Holland, Denmark, and Germany; EEC Commission instructed to develop proposals for energy conservation, alternate sources,

	cooperation with producers, etc. Euro-Arab dialogue endorsed.
December 15, 73	Kissinger confident of disengagement agreement.
December 27, 73	Dutch oil reserves remain untouched. Doubling of OPEC oil prices announced.
January 12-February 4	Netherlands benzine rationing.
February 20, 74	Washington Energy Conference creates IEA plan. Netherlands, along with other EEC states, except France, support US position and push for consideration of Third World dialogue.
March 18, 74	Boycott of US lifted. Dutch reported ready to block EEC initiatives toward Arabs if its embargo continues. Euro-Arab dialogue postponed at Kissinger's "request". France asks Arabs not to discriminate further against any EEC state.
June 2, 74	Algeria and Abu Dhabi publicly support ending Holland embargo; Algeria does so unilaterally, citing cooperative Dutch attitude at last month's UNGA Special Session of Raw Materials and Development (Algerian application to EEC still pending).
July 11, 74	OAPEC embargo of Holland lifted. Netherlands' losses in port duties put at \$9.4 million. Netherlands' oil reserves up nearly 30% over May, 73; oil consumption down by 15%.