



The Dutch domino

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Abstract

This article provides an overview of developments in the Netherlands that have possible geopolitical dimensions. The Netherlands is a country in transition, with many dimensions of this transition being not dissimilar to those in other European countries. It is well positioned to deal with changes in the fields of energy and defence, but is also dealing with great tensions in its social and political systems. As such, it is a European country that is vulnerable to fragmentation and other divergent powers. Looking at it from the perspective of a ‘reversed domino theory’, there are reasons for concern.

Keywords

The Netherlands, Transition, Energy strategy, Domino theory, NATO targets, Political instability

Introduction

As in other countries, for the Netherlands this is truly a period of transition. It is a post-Covid-19 transition that is happening on several levels, all of which are very much connected to each other. In this article several developments are described in a way that could be relevant to those who are part of the European policy community. In a way, the article describes a new ‘domino theory’. This refers to the possibility that, after Ukraine, other states might also fall prey to Russia’s aggressive behaviour unless it is resisted. This idea of states as dominoes seems to be as widely shared today as it was in Western circles in the case of Vietnam in the 1950s and 1960s. However, domino theory as regards Vietnam was in the end discredited as the country was both too far away from the US and Western Europe and too different in its outlook. However, not only is there currently a far greater geographical proximity in the case of the war in Ukraine (at least for us Europeans), but the nature of the different dominoes has changed. In the post-war world

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the domino theory was always linked to military might; now the dominoes carry weight in other aspects too. The connections in terms of energy, communications, culture and other areas are evident and very much interlinked. Dominoes could fall anywhere, and perhaps the further away they are from the centre of the conflict, the more they are likely to fall. How resilient is the Netherlands when it comes to the pressure that is now being brought to bear on it? Here there is good, mixed and bad news when it comes to issues such as the energy transition, the contribution to defence efforts and the enlargement of the EU, and only bad news when it comes to political breakdown in what is, at present, a divided and fragmenting country.

The good news: prospects for a speedy and strategic energy transition

Until recently the Netherlands exported large amounts of gas from its large natural gas field in the Dutch province of Groningen. However, as of today this field is likely to remain off limits because of the mishandling of earthquake damage over the past several decades, which is now the subject of a parliamentary enquiry.

In reaction to this, both the savings made in gas use (20% by 1 August 2022, with all reserves filled by 1 September 2022) and increases in solar and wind energy generation¹ have been impressive. Also impressive is the building, in just 200 days, of the first of five new liquified natural gas terminals (Koc and Shiryaevskaya 2022).

There are two further developments on the horizon that will reflect a more fundamental change: the return of nuclear energy and, more notably, a clean hydrogen strategy with offshore carbon capture and storage solutions. The latter looks very promising and could become the mid-term European answer to Russia's recurring decisions to shut off gas deliveries to Europe via the Nord Stream 1 natural gas pipeline (Quach 2022). Not only will this bring initial relief to the Germans, but more significantly the same pipeline infrastructure will, in the near future, flow in the opposite direction, taking hydrogen eastwards. This can be seen as part of a wider 'green industry' policy and the creation of a more circular economy. The signs of a transition taking place are already there.

The possibility of both surviving gas shortages and speeding up the energy transition exists. This Dutch domino will not only stand but will block future Russian attempts to weaponise energy. There is one caveat, though. While this transition takes place, Dutch energy prices have become the highest in Europe. The Dutch government has indicated that it cannot fully compensate for high prices in 2022–3. In many ways this poses a danger to the fragile Dutch society. However, it now looks as though the Dutch and the Germans are teaming up to create a package of price measures within the EU.

Mixed news: a stable ally

The Netherlands remains a stable ally, including in its important support for the war effort in Ukraine. The need for a more common European approach to defence is widely

supported by the Netherlands, especially when it comes to procurement. Integration with military units, for instance in Germany, is ongoing. The UK remains an important partner for the Royal Netherlands Navy and in other efforts. The eternal debate as to whether these efforts should be under a NATO umbrella or in the shape a true European Defence Force in the framework of the EU is mostly seen as a distraction that should not stand in the way of taking the next steps.

For years the Dutch have neglected their defence capabilities, hoping that efforts in cyberwarfare could somehow make up for lost personnel and *matériel*. Lessons are being learned now, and though it will take (too much?) time to fix things, the Netherlands is finally on its way to meeting NATO's 2% of GDP defence spending target (The Netherlands, Ministry of Defence 2022).

The Dutch foreign office did very poorly in both the Afghanistan evacuation from Kabul in 2021, leading to the resignation of the minister for foreign affairs, and the initial coordination, or lack thereof, of sanctions on Russia following its attack on Ukraine in February 2022. Meanwhile, however, Dutch foreign and European policy is closer to the European mainstream than in the past, though it remains to be seen what the attitude will be when the differences between the northern and southern European economies become more visible once again. Directly after the invasion of Ukraine by Russia it looked like the Netherlands would no longer automatically work in tandem with Germany as it had during the 2008 global financial crisis, and it looked critically on the delays in German decision-making. The voice from The Hague has been both more muted (when it comes to finances) and more explicit (when it comes to, for example, Ukraine) than that of Berlin. However, energy and economic necessity are now bringing both countries closer again in the autumn of 2022.

There is another matter that is up for debate: the enlargement of the EU. Even though the EU's symbolic decision to grant Ukraine and Moldova EU candidate status was supported and understood in the Netherlands (*RTL Nieuws* 2022), there was (and continues to be) scepticism about the readiness of Ukraine to become an EU member state. This also goes for other candidate countries, including those in the Western Balkans. The strategic importance of granting EU membership to such countries is simply not understood by most in the Netherlands and it is politically quite dangerous to be in favour of enlargement. In the Netherlands, the debate on the possible future EU membership of Ukraine and Moldova is likely to lead to political foot-dragging and debates about different speeds of integration.

The bad news: multiple breakdowns

After the Covid-19 pandemic there was no going back to normal. On the contrary, the second lockdown in the Netherlands in particular, from July to October 2020, led to deep divides in terms of trust between the Dutch government and large parts of the population. If elections were to be held at the time of writing (and one combined

election for the provinces and the senate is due in March 2023), the present four coalition parties² would be very far from able to form a majority government, even if the two centre-left parties,³ the Labour Party (Partij van de Arbeid) and the GreenLeft (GroenLinks), were willing to join the coalition. There are currently 20 parties in a parliament of no more than 150 seats and, in the polls, it is populist or one-person parties that set the tone.

The most visible example of this breakdown in trust is how Dutch farmers have united against the plans for a sharp reduction in CO₂ emissions in agriculture. To reach the 2030 goals of the EU Green Deal, the amount of CO₂ produced by farms is to be reduced by 50% or more according to a roadmap published by the Dutch cabinet (Miner 2022). The reaction from farmers to its publication was immediate and accompanied by incidents that are reminiscent of the miners' strike in the UK during the time of Prime Minister Margaret Thatcher. But where is the Dutch Thatcher? Mark Rutte is now the longest-serving Dutch prime minister ever, but his authority is limited after dealing with a deep crisis immediately after the last national election. In other times people have looked to the Christian Democrats for leadership, but their numbers have been greatly reduced, with one of their former parliamentarians, Pieter Omtzigt, leading in the polls despite not even having created a party. All in all, party politics is deep in the danger zone, and it feels like the time is ripe for big changes in the political landscape.

The farming crisis shows that while there is no denying the need for climate policy, implementing it is another matter. It also shows how interconnected and complex problems have become. There is a housing crisis, there are huge labour shortages, the electricity grid is not fit for current purpose or future demand, and the list of items that require immediate attention is growing by the day.

Absent from the news, but still significant

Surprisingly hardly in the news, but not insignificant is the recent departure of the headquarters of a number of traditional economic powerhouses including Unilever, Shell and DSM from the Netherlands to the UK and Switzerland (Khan 2021; *DutchNews.nl* 2022). The companies are still operational in the Netherlands, but have moved for fiscal and governance reasons. Until recently this would have been unthinkable, and the Dutch government would have offered them all kinds of incentives to stay. That is no longer the case. This shift has coincided with the introduction of measures that aim to end money laundering through trusts and other tax-evasion activities. In a larger sense, it also coincides with a growing dissatisfaction with (big) business and IT platforms and their supposed privileged positions. Income and other inequalities, as well as gender and integrity issues are all playing a role in the Dutch public not seeing business as an attractive alternative to government intervention. That being said, the government is also neither trusted nor thought of as competent, but despite this there is a longing for decisive action from it.

In this environment, the traditional Christian Democratic alternative of bottom-up decision-making and working through networks and associations is making a comeback. The Christian Democratic Appeal (Christen-Democratisch Appèl) is trying to capitalise on this through the idea of a cooperative society; thus far this has not become a party-political concept, but one taken up by people looking for an alternative to government intervention.

Conclusion

Summing up, in the Netherlands we can see a strong consensus of support for Ukraine, for climate policies and for the EU, which is more popular than ever before. At the same time, however, we can see a deep distrust of the political centre of the country, connected to a lack of confidence in society's ability to make things work. In an economy that is vulnerable, this spells trouble. If there is something to be said for a new domino theory in Europe, then we should look not only at the external strength of the dominoes, but at their inner strength too.

Notes

1. Solar and wind energy production is up 20%, with up to 25,000 MW being generated by September 2022; see Tennet (2022) and *Energieopwek.nl* (2022).
2. These are the People's Party for Freedom and Democracy (Volkspartij voor Vrijheid en Democratie), Democrats 66 (Democraten 66), the Christian Democratic Appeal (Christen-Democratisch Appèl) and the Christian Union (ChristenUnie).
3. A third party, the Socialist Party (Socialistische Partij), would probably choose to remain outside the government in any case.

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