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Dutch Foreign Policy towards China

Balancing a Relationship

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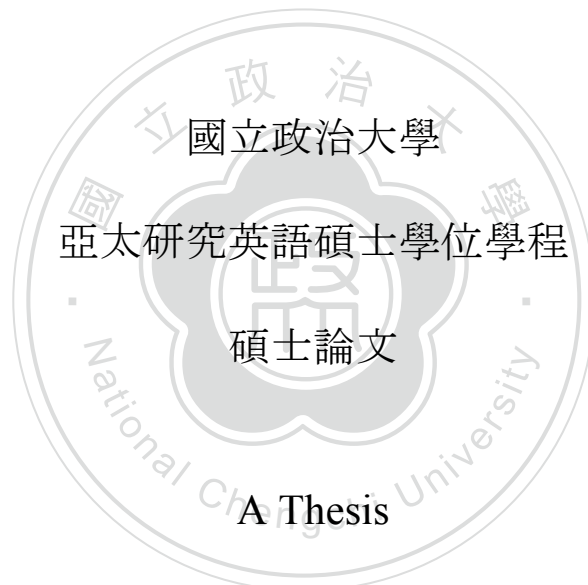
Balancing a Relationship

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# Chapter 1

## *Introduction to Dutch Foreign Policy*

Although many analysts have argued that the foreign policy of the Netherlands is to be explained by realism, there are many inconsistencies to be found in the interactions between the Netherlands and other states that the traditional theories of international relations fail to explain. One inconsistency is that despite the fact that the Netherlands attained a more active and interventionist role as a loyal ally to the United States and ardent defender of international law and human rights after the Second World War, it has persistently applied its moral judgment inconsistently. An example of this is, what some observers might call, the opportunistic fickleness of the Dutch towards China. Now some might argue that this inconsistency very much fits the general principles of realism, but there are also inconsistencies to be found that deny these. Namely, the Netherlands has been willing to give up its direct national interest to restore its relationship with the People's Republic of China by, for example, refusing to conduct arms trade with the Republic of China while this was highly profitable at the time.

This master thesis will apply the Balance of Relationship theory brought forward by Shih and Huang (2014, n.d., in press) and Huang (2015) and test its propositions in order to explain why these inconsistencies in Dutch foreign policy have taken place within the now 43 years of official diplomatic relations.

Although the Balance of Relationship is a materialist theory, it fundamentally differs from its traditional counterpart the Balance of Power. The fundamental difference lies in the way how it perceives anarchy, namely not as an inevitable structure of the

international system, but as a hypothetical condition of maximum insecurity regarding the behavior of others. It argues that states seek to minimize this insecurity by improving their relational security, and therefore can also be considered a relational theory<sup>1</sup>. Furthermore, the BoR focuses on the process of foreign policy construction. Because of this, the BoR is a dynamic theory that allows for the explanation of change in the international system and change in foreign policy orientation. Given the propositions of the Balance of Relationship, it will be hypothesized that the Dutch foreign policy towards China is aimed at stabilizing the relationship with China when instability occurs, through on the one hand applying self-restraint in the form of ontological tolerance and in the form of the yielding of its direct national interest, or on the other hand the use of symbolic sanctions. This implies that the Netherlands' approach to China is inherently incoherent with its own values and will sometimes, if necessary, give up its own direct national interest to stabilize its relationship.

The arrangement of the chapters in this master thesis will be as follows. After discussing the discourse of Dutch foreign policy and the Dutch foreign policy towards China in particular, an overview of the most important theories of the discourse of international relations will be brought forward in Chapter two. After introducing the main tenets of neorealism, neoliberalism and constructivism, we will shine our light on the more recently developed relational theories, which special attention to the Balance of Relations theory. After this elaboration it will be argued that the latter offers the best lens for answering the questions that are raised in this thesis. Chapter three will explain the methodology of the research, justify the use of the theory, methods, level of analysis,

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<sup>1</sup> In Chapter 3 the definitions of a materialist and relational theory will be explained.

hypotheses, and data collection, with the purpose of making this research falsifiable and to provide a framework for potential repetition. Chapter four is a major part of this thesis, since here a descriptive chronology of the relations between the Netherlands and the People's Republic of China will be presented, including all four cases that will be analyzed. In statistical terms this could be considered the data that will be used to test our hypotheses. In Chapter five the framework of the theory will be tested according to the data from chapter five, after which the hypotheses will be verified or falsified for each case. Chapter six concludes the thesis, giving a short review of the aims and questions that were raised in the thesis and whether or not the process and the results can be considered fruitful.

We will discuss two discourses, namely the literature that forms the discourse of Dutch foreign policy, and the literature that revolves around the Dutch China policy specifically. In order to provide a comprehensive and informative review, in both cases the most distinguished works will be elaborated on, after which also other notable literature will be mentioned.

## **1.1 Dutch Foreign Policy**

Small member states of the European Union exert little influence on the international system. Also in the tradition of realism, it is stated that the most influential countries in the international system are the ones with the biggest capacity (Waltz, 1979). So is Dutch foreign policy significant? Does the Netherlands even need its own foreign policy? Will the Netherlands still have its own foreign policy when the integration of policy in the European Union nears completion? These are questions that are very



relevant today for researchers and policy-makers involved in the decision-making process of Dutch foreign policy (van Ham & van Schaik, 2012).

The Dutch government itself states that its foreign policy is based on four pillars, namely the integration of the national foreign policy with the European Union, the maintenance of the relations with neighboring countries, the security of European safety and stability and the participation in conflict management and peacekeeping missions.

These standpoints portay an image

The most important institution where the role of the Netherlands in the international system and the development of Dutch foreign policy is being researched is the Netherlands Institute of International Relations Clingendael (*Het Nederlands Instituut voor Internationale Betrekkingen Clingendael*) in the Hague. This is the leading independent think tank that in cooperation with the chief Belgian think tank Egmont-Royal Institute of International Relations (*Egmont-Koninklijk Instituut voor Internationale Betrekkingen*) publishes the monthly academic magazine *Internationale Spectator* covering the most recent developments in international affairs. Also, the institute provides courses for Dutch and international diplomats. A significant amount of the domestic academic literature regarding Dutch foreign policy is either published by researchers at or related to the Clingendael Institute.

Some comprehensive works on Dutch foreign policy are *The Role of the Netherlands in World Politics* and *The Netherlands in the World* both written by D.A. Hellema (2009, 2010). He has published extensively on Dutch foreign policy and international relations after the Second World War.

In *The Role of the Netherlands in World Politics* Hellema (2009) starts the discussion by claiming that in the history of Dutch foreign policy analysis, researchers have primarily been focused on the long-term consistencies that characterize Dutch foreign policy. Boogman (1975, 1977), Heldring (1978) and Voorhoeve (1979) all hold the view that the foreign policy of the Netherlands has been determined by several constants or traditions that stem from the era of the Republic<sup>2</sup>. Although they all present their own slightly different categorizations, these 'constants' are quite similar in character and can be generally referred to as the traditions of neutrality, free trade, an aversion to continental power politics, maritime-commercialism and legalism. According to Hellema (2009) these traditions have their origin in the early seventeenth century and influenced Dutch foreign policy well up to the Second World War. He uses these theories as a reference throughout his work and often accompanies his observations with realist conclusions. He argues for example that the notion of a continuous tradition of peaceful and liberal politics cannot be maintained. He considers the pursuit of neutrality and free trade as responses to circumstances and dictated by the international system :

The Dutch economic interests were often best served by a politics of free trade and neutrality and sometimes there was no alternative. Neutrality and free trade were the goals of a state that for a great part of its history can be characterized as a small, military weak but economically important trading power. But we should guard against the idea that any kind of mentality or moral inclination, which we then proceed to dignify with such terms as neutralism or idealism. (p. 38)

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<sup>2</sup> The Dutch Republic or the Republic of the Seven United Netherlands (Republiek der Zeven Verenigde Nederlanden) was a confederation from 1581 up until 1795. It preceded the Batavian Republic, the Kingdom of Holland, the United Kingdom of the Netherlands and ultimately the Kingdom of the Netherlands that we know today.

Kossmann (1991) contributed to the discourse with an analysis that is based on a perspective provided by Carr (1939) - British founder of the school of realism - who explained that satisfied powers tend toward a status quo politics: they tend to foster stability, harmony and ideologies that facilitate the status quo. They are thus mainly conservative powers, Carr concludes (Carr, et al., 1939). Kossmann confirms this view. He concludes that in as far as one can speak of any constant or tradition in Dutch foreign politics, it was conservatism (Kossmann, 1991).

These constants were, like most things that enjoyed a certain stability up until that point, irreversibly destabilized by the events of the 20<sup>th</sup> century. Hellema (2009, 2010) argues that in 1948 and 1949 a new course was embarked upon both politically and economically. The Netherlands lost its neutrality politics after the Second World War, as a consequence of being invaded by Nazi Germany. Neutrality, since the late 1940s was gradually traded for transatlantic partnership, in order to seek security against the continental European powers, and balance their interests with the Anglo-saxon or Atlantic interests. Acceptance of American leadership coincided with Dutch interests, in political, economic and military domains, even though there were still several points of conflict between the Netherlands and the US. But the crucial difference from the pre-war Dutch foreign policy was the fact that the Netherlands, after 1948, adopted a much more active stance and did this within multilateral contexts such as the OEEC, NATO and the European communities.

Kieviet (2011) provides an analysis of the role of the Netherlands within the multilateral context of the United Nations Security Council from 1946 to 2000, using

Holsti's theory of national role conceptions (Holsti, 1970). His conclusion basically confirms the observations of Hellema (2001, 2009, 2010), namely that after the Second World War, the Netherlands left their neutrality politics behind and fulfilled the role of a trustworthy ally of the United States and the role of a defender of international institutions and human rights.

If we look back at the 'constants' that colored Dutch foreign policy before the Second World War, we can see that in contrast to neutrality, the tradition of free trade and the pursuit of liberalization of international trade continued after the Second World War. The contemporary implementation of this aspiration can be found in the unyielding Dutch support towards the creation of a common market as part of European integration.

Especially true for smaller states, foreign policy often comes down to adaptation, based on the assumption that states normally pursue a rational defense and promotion of their national interests. According to the tradition of power realism, those national interests consist of economic interests and the optimizing of military security and political influence. At the same time, Hellema (2001, 2009, 2010) and others (e.g. Kieviet, 2011; Baehr, 1989) recognize that foreign policy can sometimes deviate from such rational meanings. In the early 1950s there was what Hellema describes as a regressive deviation, and in the 1970s a progressive deviation from rational materialism. In both phases, it was concluded in the circles of trade and industry that some aspects of foreign policy were not trumped by the national interest and were threatening to damage Dutch economic interests.

In the early 1950s this pertains to the fact that the conflict between the Netherlands and the Republic of Indonesia<sup>3</sup> became a matter of principle and prestige instead of national interest. The police action of December 1948 was motivated by obsolete conceptions and sentiments and no longer served any actual interests. This police action led to the total isolation of the Netherlands in the international community. Patijn wrote, "The Netherlands had the honor of being one of the first states to be condemned by the UN Security Council" (1970, p. 14). The period that followed was characterized by confusion, uncertainty and frustration over the loss of empire and the new role and status of the Netherlands in the post-war world. It took the Dutch government five years to submit to the new post-war reality of being a small state. For over five years there was no sign of new foreign policy, while so many urged to adapt already immediately after the war (Hellema, 2011, p. 123).

In the 1970s, the progressive deviation from rational materialism pertains to the internal, domestic democratic influence on foreign policy. During this period the radical foreign policy of development aid, which was aimed at internationally sharing prosperity and wealth and the emancipation of the poor, conducted under the Den Uyl government, can be seen as an idealistic product of domestic political influence, and in conflict with what realists would argue to be national interests. It was an example of 'internalization' of foreign policy, according to Van Staden (1991). A Ministry of Development Aid was established, and during this period, the expenses of Dutch development aid increased from a total amount of 1150 to almost 3000 million guilders, almost a threefold increase.

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<sup>3</sup> The Republic of Indonesia was a federal state of the United States of Indonesia, established on 27 December 1949. The territory of the state included parts of Java and most of Sumatra. The republic already dissolved on 17 August 1950 with the establishment of a unitary state for all of Indonesia.

Finally Hellema (2011) argues that towards the end of the millennium there appears to have been a growing uncertainty in Dutch foreign policy, which partly translates to arguments for short-term (or even short-sighted) pragmatism and self-interest.

Next to these comprehensive books on Dutch foreign policy, there are quite some issue-oriented analyses of the foreign policy of the Netherlands. A structural analysis of the role of human rights in Dutch foreign policy during the last quarter century can be found in the book *Human Rights in the Foreign Policy of the Netherlands* by Baehr, Castermans-Holleman, and Grünfeld (2002). This proved to be very useful for the narrative on the Tiananmen crisis in 1989, since it meticulously treats the Dutch reaction to the human rights violations at that time, and discusses fundamental questions regarding the contradictions between moralism, practical selectivism and national interest.

Also, an incredibly detailed evaluation of the influence of domestic factors on Dutch foreign policy can be found in the book *Controversies at Home: Domestic Factors in the Foreign Policy of the Netherlands* written by P.P. Everts (1985). Here, foreign policy issues are systematically analysed with special regard to policy intentions, actions and effects. The relevance of this book for this thesis are the chapters regarding the trade of Dutch submarines with Taiwan during the early 1980s.

Other works that shed light on Dutch foreign policy in English are *Peace, profits and principles: a study of Dutch foreign policy* (M. Nijhoff, 1979), *The Foreign Policy of the Netherlands* by Leurdijk (1978), *International Law in the Netherlands: Vol. III'* by Van Panhuys (1964), *Aloofness and Neutrality: Studies on Dutch Foreign Relations and Policy-Making Institutions* by Wels (1982), *The Economy and Politics of the Netherlands*

*Since 1945* by Griffiths (1980) and the more recently published work *Dutch Foreign Policy Since 1815: A Study in Small Power Politics* by A. Vandenbosch (2012).



## 1.2 Dutch Foreign Policy towards China

The bilateral relations between China and the Netherlands has primarily been documented in a descriptive fashion. The most prominent works describing the relations between the Netherlands and China are *De Dans van de Leeuw en de Draak* by Van der Heijden (2009) and *China en de Nederlanders* by Blussé and van Luyn (2008). These works are fairly recently published, and provide a comprehensive historical account between the interactions of the Netherlands and China. *Tribuut aan China, Vier eeuwen Nederlands-Chinese betrekkingen* by L. Blussé (1989) is a contribution that describes the historical development of Sino-Dutch relations, with specific attention for the Chinese diaspora in Indonesia. The book was assigned by the Ministry of Foreign Affairs in preparation for the visit of Queen Beatrix and Prince Claus to China in 1989, a trip that would later be cancelled due to the political instability.

Beside these comprehensive historical accounts on Sino-Dutch relations, theses in English are plentiful: e.g. the doctoral thesis of Van der Putten (2001) *Corporate Behaviour and Political Risk, Dutch Companies in China 1903-1941, A critical Survey of Studies on Dutch Colonial History* by Coolhaas (2013) and *Nederland en de opkomst van het moderne imperialisme, kolonien en buitenlandse politiek* by M. Kuitenbrouwer (1985). The book already mentioned earlier, *Controversies at home: Domestic factors in the foreign policy of the Netherlands* (Everts, 1985) contains very detailed information about the submarine crisis of 1981 between the Netherlands and China.

The relationship between China and the Netherlands and Dutch foreign policy in general also started to become a widely discussed topic among the general public since the 1970s. NGO's, newspapers, magazines, journalist, writers, columnists, artists and



civilians have produced large amount of opinion articles that usually offer a critique towards China's human rights violations and the seemingly incongruent passive reaction of the Netherlands. One of the recurring arguments here is that the Netherlands does not emphasize its position on human rights enough towards China. Several analyses of Dutch foreign policy towards China with regard to human rights violations in China have concluded that Dutch foreign policy is inconsistent with the role that it portrays to play in the international community (e.g. van der Heijden, 2009; Baehr, 1989; Kieviet, 2011). According to Castermans and Baehr (2002) the Netherlands ought to stand on the front line of defending human rights in the international system, given its reputation. They reckon that in a time of new international coalitions and an alliance against terrorism where also China is siding with the Americans, the attention for human rights violations seems to fade away. This, however, is unacceptable for the Netherlands, that should continue to initiate plans and pressure to battle human rights violations in China, they argue (p. 199-205). Especially since China seems to be resistant against multilateral initiatives coming from the United Nations, the ministries of the Netherlands should synchronize their policy to bilaterally emphasize human rights violations.

Also Verweij (2014) concludes that Dutch decision-making towards China has mostly been decided by the wallet, instead of moral imperatives. This leads researchers to conclude that realism is applicable for the analysis of Dutch foreign policy towards China, because the economic national interests trump human rights (Verweij, 2014; Castermans & Baerh, 2002). Not referring to realism, but offering a critique on the matter, Van der Heijden (2009) writes in her final verdict on Sino-Dutch relations that

four centuries of trading contact have led to the realization that pressure and force doesn't lead to a balanced relationship (p. 149).

This aggregate of literature on Dutch foreign policy and Dutch China policy forms the backbone of the data that will be laid out in chapter five. Here the historical development of the relation between the Netherlands and the People's Republic of China will be explored, including the four cases that will be under scrutiny. These four cases, namely the Submarine Crisis (1981-1984); the June Fourth Incident (1989-1991); China's Negligence (1991-1992); and Van Mierlo's Moralism (1997-1998) together form the most important destabilizing events in the relationship between the Netherlands and the People's Republic of China.



## Chapter 2

### *Reconsidering Mainstream Theories & Beyond*

#### 2.1 Neorealism

A prince... cannot observe all those things for which men are considered good, for in order to maintain the state he is often obliged to act against his promise, against charity, against humanity, and against religion. And therefore, it is necessary that he have a mind ready to turn itself according to the way the winds of fortune and the changeability of [political] affairs require... as long as it is possible, he should not stray from the good, but he should know how to enter into evil when necessity commands. (Machiavelli, 1984, p. 59-60)

Realism is still considered to be the most dominant and influential theory in international relations. The theory is generally characterized by the pessimistic view that every state has to rely on itself in order to secure its own survival in an anarchic world of selfish actors. States are the main actors, and in order to survive they try to maximize their national security. Realism did not appear as a discipline of international relations before the Second World War, but the fundamental assumptions that form the bases of the theory can be found in early political and philosophical texts. *Bellum omnium contra omnes*, the war of all against all, as Thomas Hobbes described it in his thought

experiment of the state of nature, which became one of the foundational principles of realism (Hobbes, 1651).<sup>4</sup>

Central to the Hobbesian state of nature stands that the cause of action for humans is fear. Consequently realism appropriates this characteristic to states. States base their actions on fear, the fear that external powers will challenge their survival. The thousands year old phrase "*the strong do what they can and the weak suffer what they must*" provided by Thucydides is an assumption of international relations that is still central to realist theory.

The *Theory of International Politics* by Waltz (1979) is considered to be one of the most important contributions to the neorealist discourse (Hollis & Smith, 1990). Neorealism can be argued to be a more structured form of realism, Waltz himself also used the phrase 'structural realism' to describe his own theory. Waltz (1979), much like the foundation of realism in general, argues that the international system is characterized by anarchy and decentralized organization. This means that unlike the internal structure of a domestic political system, actors in the international system are equal and are not controlled by a higher authority. This is because the decisions are made by the political units in the international system (states) and not by a central government (Waltz, 1979).

### **2.1.1 The characteristics of states**

In the international system states are the most important political units (Waltz, 1979). In this anarchic order states all have the same function, and all have the same goal

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<sup>4</sup> The concept of the 'state of nature' is not only a fundamental principle of the IR school of realism, but also an important concept in political philosophy that Hobbes developed to answer fundamental questions about morality, the nature of authority and social contracts.

of survival. This is because the survival of the state is the primary necessity to reach other goals in the international system.

States are shaping the structure of the international system. The criticism towards this statement was mainly twofold. First of all was argued that states are not the only important actors in the international system. Also has been argued, that the relevance of states is diminishing. According to Waltz there indeed are different actors involved, but he claims that by far the most important role in the international system is played by states. States give form to the structure of the international system, while other actors participate in the processes within the structure. Waltz claims that although more transnational actors are on the rise, states will remain the most important actors in international relations.

Neorealism doesn't differentiate economic factors from the survival of the state, which is the primary goal. Liberals view economic factors as very important but according to Waltz (1979) economic, military and political means are very much interconnected which makes differentiation redundant. In the end states will use these economic means for their survival.

Although political units are similar in essence, they differ in capacity. States with the largest amount of means are the most important actors in the international system. Big powers give the most shape to the international system. According to Waltz (1979) and Mearsheimer (2001) one can determine whether or not a state can be considered a big power by accumulating the total capacity of states.

When one assumes that survival is the core interest of states, security obviously plays an important role in the foreign policy that a state applies. Also, the security of a

state is not guaranteed by any other authority than the state itself. The decentralized and anarchic character of the international system forces states to fight for themselves.

Mearsheimer (2001) puts the behavior of states in a slightly different perspective and proposes that inherent to the primary goal of survival is the attainment of power. Mearsheimer depicts Waltz's theory as defensive realism, while he considers himself an offensive realist. He argues that states, especially big powers, always develop offensive capabilities to improve their position in the system.

### **2.1.2 Balance of power**

Both defensive and offensive realism capture the behavior of states in the Balance of Power. In order to survive, states aim to compensate the difference in capacity with other states. States use means to achieve their goal, and their means can basically be divided into internal means and external means. Internally, states can increase their own capacity. Externally states can either increase their capacity by forming alliances with other - often also weaker - states, in order to balance their power against a threatening power, or alternatively weaken the alliance of the threatening state. In this way the difference in power among states in the system can be balanced through alliances. In this act of balancing, states try to at least maintain, if not improve their position. The Balance of Power theory attempts to explain the result of the international system in a particular moment in time (Waltz, 1979 : p, 119). The theory explains why similar behavior is observed in similar situations.

Next to the Balance of Power, which basically argues that states aim to counterweight against a threatening power, states can also chose to avoid being deprived

of survival by joining the threatening power when balancing is not possible. This is called bandwagoning (Walt, 1987, p. 21). Walt argues that the weaker a state is, the more likely it will be that it resorts to bandwagoning.

## **2.2 Neoliberalism**

In contradiction to realism, liberal thought is rather optimistic and assumes that it is possible for states to engage in mutual cooperation in order to achieve modernization and progress. Also, liberalism emphasizes that next to the state, corporations, organizations and associations influence international relations. Neoliberalism consists of a range of theories that are primarily aimed at explaining the causes of peace between states. The theories of commercial liberalism, republican liberalism, sociological liberalism and neoliberal institutionalism are all part of the liberal approach (Baldwin, 1993; Jackson & Sørensen, 2012).

The primary asset of commercial liberalism is that the chance for peace between states is bigger when there is free trade and economic interdependence between states. Republic liberals would argue that the relations between democratic states are more peaceful. Democracies will also come into conflict with other states, but these states will be nondemocratic. When democracies are forced to choose in a conflict situation, the democratic states will choose the same side (Doyle, 1983). Sociological liberalism links transnational interaction and international integration. Because of interaction states will be more likely to integrate. Because of integration the distrust will be reduced and the relationship will be better. Neoliberal institutionalists argue that the interaction between states is more structured because of international institutions. Institutions can help to alleviate problems concerning the lack of trust between states and they help to reduce the

fear and distrust among states. Here, neoliberal institutionalists have the same assumption as neorealism, namely that states essentially are in a battle for survival and distrust each other. This distrust and battle for survival could turn into conflict, but international institutions will help to reduce the chance for conflict.

These neoliberal theories primarily try to explain the causes of peace and peaceful relationships between states. Cooperation between states is argued to be affected by the influence of international institutions.

### **2.3 Constructivism**

Adler (1997) claims that constructivism seizes the middle ground between rational materialist theories and interpretative idealistic theories. Adler made this distinction between rational materialist theories and interpretative idealistic theories, where neorealism and neoliberalism constitute the former and postmodernism and poststructuralism constitute the latter. A different interpretation is given by A. Wendt (1992), who describes constructivism also as an interpretative theory, while Adler (1997) argues that constructivism, as the title of his article might suggest, takes elements of rational theory and idealistic theory to understand political reality (p. 319-363).

Although ideas also play a role in neoliberal theory, this role is confined by the structure of the international system. Since neorealists and neoliberals argue that the international system is shaped by anarchy (Waltz, 1979; Mearsheimer, 2001), ideas don't play a role in the construction of the international system itself. Wendt (1992) however elevates the role of ideas in international politics by arguing that anarchy is only an idea, "Anarchy is what states make of it". By doing this, Wendt rejects the neorealist assumption that anarchy necessarily leads to self-help. It is helpful to emphasize the



contrast between a materialist view, usually held by neorealists and neoliberals, and an ideational view held by constructivists. The materialist view stands for the view that power and national interest are the driving forces in the international system. Here, power is ultimately signified by military capabilities, supported by economic resources. On the other hand, for the ideational view ideas matter, "The starting premise is that the material world is indeterminate and is interpreted within a larger context of meaning" (Jackson & Sørensen, p. 213).

While being applied in international relations, constructivism is inspired by philosophical and sociological theoretical developments. A. Giddens (1984) brought forward the concept of "structuration" as a way of analyzing the relationship between structures and actors. Giddens argued that structures do not necessarily determine the behavior of actors, something that neorealists claim with stating that the structure of anarchy constraints states. Giddens offers the perspective that structures do constrain and enable actors, but that the structure itself is also transformed by the actions of actors within the structure. This notion of "structuration" therefore brings about a more dynamic and less rigid perspective on the relationship between the actor and the structure. These principles helped to inspire new relational theories to be developed in the 1990s.

## **2.4 Relational Theory**

A more recent branch of international relations theory that has caught the attention of students and scholars of international relations is relationalism. Relationalism focusses, as the name clearly indicates, on the relations between states, and takes the 'relation' as the essential foundation of analysis. At the beginning of their article *Relations Before States: Substance, Process and the Study of World Politics* Jackson & Nexon

(1999) explain the difference between “substantialism” and “relationism”. Substantialism pertains to the perspective that the essential core of analysis is entities (Emirbayer, 1997). In international relations discourse, especially neorealism this means that 'states' are the essential starting point of analysis. But relationalism, however, puts things in a different perspective. Jackson & Nexon argue that relationalism, “treats configurations of ties between social aggregates of various sorts and their component parts as the building blocks of social analysis” (Tilly, 1996: 2, in Jackson & Nexon, 1997, p. 292). This means that, taking into consideration this dichotomy of substantialism and relationalism, the majority of international relation theory can be considered substantialist. They argue that relationalism is primarily concerned with processes, and coin the term processual relationalism.

The primary relevance of relational theory is the fact that due to its dynamic approach it can be used to explain change. For substantialist theories this is a problem; the relations are here seen as an action, a result or a product of a state, but will not inherently change the essence of the state: "Substantialism makes change difficult to explain" (Jackson & Nexon, 1997, p. 296)<sup>5</sup>. Also other relational-based approaches have been developed (e.g. Qin, 2009; Hafner-Burton et al., 2009). The theory that will be discussed now is the Balance of Relationship theory.

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<sup>5</sup> The book 'Process Metaphysics: An Introduction to Process Philosophy' by Rescher (1996) articulates the philosophical basis for this argument.

## 2.5 Balance of Relationship

The Balance of Relationship theory, as brought forward by Shih & Huang (n.d., 2014, in press) and Huang (2015), can also be considered to be a relational theory because it, in contradiction to substantialist theories, doesn't treat the concept of 'relationship' as a tool (of primarily states) but as the core tenet of the analysis. The BoR views international relations as a primarily bilateral process through which states attempt to stabilize long-term reciprocal relationships with each other.

Although the BoR is relational, it can also be considered to be a materialist theory, because it recognized the neorealist claim that states are trying to maximize their national interests. The BoR argues that they do this, however, by balancing their relationships and not necessarily with self-help. The purpose of this is to reduce uncertainty about the international system, based on the rationale that a condition of minimal insecurity in the international system offers a context that is rationally most desirable to secure national interests in the long run.

It is a theory that focuses on the process of the interaction between states, and explains how apparent inconsistencies and choices that at first glance might seem irrational according to the framework of realism, can very well be the result of careful consideration by policymakers (Shih & Huang, in press; Huang, 2015).

But why is it important to analyze apparent inconsistencies? And why is this important for the analysis of the Dutch foreign policy towards China? In the end, realists would argue, the Dutch foreign policy is confined by the structure of the international system. So what is the value of relationalism in international relations, and what is the

value of applying the Balance of Relation theory in the analysis of Dutch foreign policy towards China?

First of all, the bilateral foreign policy of the Netherlands towards China defies the very core assumption of realism, because it is not based on fear. The survival of the state has never been directly threatened by China, and its foreign policy has never expressed such considerations.

Secondly, ignoring the processes that form the foreign policy makes it hard to explain questions that involve change. Why did the Netherlands stop openly criticizing China's human rights violations after 1997? And why did the Netherlands stop the very beneficial trade with Taiwan after 1981? It is necessary to dive into the processes that constructed the foreign policy to be able to answer these questions.

Saying that the foreign policy of the Netherlands is constrained and dictated by the international system, is similar to what Jackson & Nexon argue to be “a common substantialist solution to the change problem, namely the utilization of a 'punctuated equilibrium model" (p. 298). They argue that in this model, change in units occurs suddenly through the kick of exogenous change which leads to a flurry of radically new forms. But having to resort to exogenous change is an often unsatisfying explanation. Indeed, many theorists who draw upon this metaphor seem to use instead of an explanation:

We suspect that in many instances if analysts looked closely enough at processes of change they might discover that their 'exogenous' shocks are really not all that exogenous after all (p. 298).

### 2.5.1 State of nature: anarchy and harmony

Hobbes's England had experienced political revolution and religious conflict of such intensity as to draw a whole society to the edge of nothingness. So dramatic had been the suddenness with which England had been plunged into war and revolution, so great had been the devastation, and so bitter had been the enmities that for the next three centuries and more English politics was conducted on the unwritten premise that history ought not be allowed to repeat itself. This experience with the political void inspired one of the most important conceptions of the political thought of the seventeenth and eighteenth centuries, that of 'the state of nature', the condition of political nothingness (Wolin, 2009, p. 218).

The title of this paragraph ought not to be confused with the more conventional dichotomy of anarchy and hierarchy in e.g. *Hierarchy in International Relations* by D. Lake (1996), where the central idea is that powerful states build an order that weaker states submit to. Instead, here anarchy is equated with a condition of maximum insecurity, and harmony with a condition of minimal insecurity about the international system.

Similar to materialist theories the Balance of Relationship recognizes that the core interests of states are survival, independence and security. However, it emphasizes that the core assumption of realism regarding the behavior of states that result from these interests, namely that this selfcentered fight for survival expresses itself in an international system of anarchy, is merely hypothetical. This is different from realism,

that operates under the assumption that anarchy is an inevitable condition of the system that states can merely accept.

Discussing this difference guides us back to how we interpret the Hobbesian state of nature. In assuming anarchy as an inevitable condition, in which fear and insecurity dominate the motives for action among actors, realism takes the Hobbesian state of nature quite literally, imposing it on reality as a permanent and undeniable force. The Balance of Relationship however, does not take anarchy as an immovable structure but rather as an undesirable condition that rational actors are to overcome if they were to secure their national interests in the long run (Huang & Shi, 2014, p. 19). Indeed, the state of nature in which anarchy permanently reigns free equates a state of maximum insecurity about the system, a plight that Hobbes found himself in, but in most cases is merely hypothetical (Smith, 2006). It is hypothetical, because in reality states do possess a certain degree of relational security and rarely take survival as the goal of foreign policy decision-making (Shih & Huang, in press). But according to the BoR, even in the case that a nation comes close to a state of maximum insecurity, it will naturally seek to improve its position by engaging in relational security with others.

Shih and Huang (in press) argue that if anarchy is a system of nature in which the isolated state is forced to adopt a self-help strategy, harmony should be anarchy's antithesis, a system of nature in which states adopt self-restraint to avoid the disruption of reciprocal relationships (p. 7). Just as the ideal type of an anarchic system is hypothetical, so is the harmonic system. They are each other's counterparts:

Under BoR, BoP only takes place when a reciprocal bilateral relationship is not enforceable. On the other hand, the reciprocal bilateral relationship is the solution

to cases whereby nations subscribing to BoP fail to control anarchy. The two systems necessarily switch in cycles (Shih & Huang, in press, p. 35)

The Balance of Relationship focuses on the process of stabilizing a relationship, and sees the disruption of a relationship not necessarily as anarchic, disastrous or permanent, but rather as a temporary turbulence that is an inherent part of having a relationship. From time to time it is healthy if it clarifies one's intention to the other side or suggests the preferred direction for restoration of the relationship (Shih & Huang, in press, p. 13). The instrument that states use to manipulate these temporary turbulences is the policy that they apply towards the other state.

### **2.5.2 Role of actors**

An important asset of the Balance of Relationship is that the degree to which a relationship is disturbed, or the degree to which a state is threatening towards another state is not determined by structural constraints, but rather based on the judgment of individuals involved in policymaking. So instead of an existential fear or deep and unconditional insecurity, the policy of a state towards another state is based on the attempt to comprehend the situation: the evaluation of the mutual relationship, the feedback received from the other state, and the context of the international system in which the state finds itself. Also, as a consequence, this means that judgment might be different for every different individual: "Different leaderships may arrive at different judgments under similar conditions" (Huang & Shi, 2014).

Here, I want to argue that the actors that are involved can basically be divided in two types. First of all, there are the 'decision-making actors'. These are the actors that

determine the position of their state through observation. This pertains to their position in the international system in general, but also to their position with regard to the 'other' decision-making actor on the other end of the bilateral relationship. The other type of actors are the 'informing actors'. These are actors that have no direct influence in the decision-making process of foreign policy, but help the decision-making actors to reach a judgement about the character of the international system and their position in it. From the perspective of the decision-making actor, informing actors can be considered the 'media' through which they, by empirical data-gathering, try to construct an image about the international system and their position in it that best reflects the reality of the situation, upon which they can formulate policy that is best suited to it. If the international system would be a pitch dark room, the informing actors would function as the senses of the decision-making actor, making it able to grope, and not bump its head against a low-hanging lamp. These two type of actors are not necessarily mutually exclusive, nor necessarily mutually inclusive. A Minister of Foreign Affairs is one of the principal decision-making actors in the foreign policy process, and also, through direct relations an important 'informing actor'. Parliamentarians, although they sometimes play an important role as decision-making actor, often have less access to direct information regarding the character of the international system and are more dependent on pure informing actors, like the media, or civil society in order to come to a conclusion. This pertains to what Jackson & Nexon call the 'agent-structure' problem. Agent-structure problems are concerned with the causal or constitutive relationship between individual actors and aggregate social forces. They draw on the work of Giddens (1984) for the answer:



Agents and structures are 'mutually constitutive', meaning that they are not causally linked but co-determined - agents instantiate structures through their actions, even as those structures simultaneously constrain and enable agency (Jackson & Nexon, 1999, p. 295).

This means that the use of the word 'state' is necessarily simplifying its true meaning, and its connection to the international system. So when in the propositions below the word 'state' is used, this refers to the decision-making actors of that state.

### **2.5.3 Theoretical propositions**

After judging the reality of the situation, Shi and Huang (in press) argue that in order to balance, or stabilize a relationship, a state can have three responses to a perceived problem in a bilateral relationship:

- 1) If a state perceives itself to be the culprit that caused the problem in the relationship, or at least realizes that it should take responsibility in order to restore the relation, the state will make policy to try to compensate or yield, in order to enable to other side to return to the long-term calculus of a stable relationship.
- 2) If a state perceives the problem in the relationship to be too threatening, it will break the relationship and start again. In order to do credit to one's commitment to the original relationship one should break up to start anew when the situation is perceived as too threatening.
- 3) If a state perceives the problem in the relationship to be solvable but caused by the other state, it will base their policy on a mix of punishment and reward. Because one wants to avoid the embarrassment that neither one-sided concession

nor unilateral sanctions is effective, a state should resort to a mix of punishment and reward to rectify the relationship.

The theory of Balance of Relationship brings forward the concept of ontological tolerance, a term that is used to describe a tolerance towards the way others specify concepts and conceptualize constructs. Also it introduces a concept that is controversial with regard to traditional realist discourse, the yielding of direct national interest. Now, in this thesis it will be argued that these concepts can both be categorized as two types of self-restraint, namely self-restraint as ontological tolerance, and as self-restraint as giving up direct national interest in order to secure the stability of the relationship.

#### **2.5.3.1 Self-restraint**

Shih and Huang (in press) argue that the Balance of Relationship is based on reciprocal tolerance rather than shared values. It explains the limited relevance of differences in ideas, moral concepts and institutions with the rationale that because the primary goal of states is to secure reciprocal stability, these values can be given up for the sake of long-term stability.

This implies that when a state adheres to a certain set of ideas, it will inconsistently enforce these values facing different countries at different times (p. 16). This makes inconsistency a systematic feature of the Balance of Relationship.

Not only can values be readily disregarded, also are states willing to yield apparent and immediate national interests for the preservation of stability. Although states might try to balance and secure direct national interests at the same time, the Balance of Relationship does not necessarily guarantee that the foreign policy is aimed at

the immediate acquisition of national interests. This means that the Balance of Relationship is best reflected in situations that BoP analyses might perceive as irrational.

### **2.5.3.2 Symbolic sanctions**

Other than self-restraint, the Balance of Relationship also predicts that in order to balance its relationship, states might use symbolic sanctions to restore a reciprocal bilateral relationship regardless of its power relation. This action is not taken to actually destroy the other, but rather to harm the credit of the other state that betrays the relationship. In this way states can give feedback to the other state to inform them that their actions are perceived as destabilizing. Symbolic sanction by the weaker state upon the stronger state is most indicative for BoR.

## **2.6 Research Question**

The literature on Dutch foreign policy suggests that the Netherlands have, after the Second World War conducted an increasingly active stance in the international community, taking up the role of defender of human rights and loyal ally of the United States.

Contradictorily, the literature on Dutch Chinese foreign policy indicated that the Netherlands, in the same period, has not taken up this role towards China with an intensity that corresponds with it. The question that arises from this discrepancy is:

*Why did the Netherlands, at the moment that it was regarded as the most ardent advocate of international law and human rights, not punish China for its human rights violations?*

On the other hand, the literature on Dutch foreign policy suggested that the Netherlands has become increasingly opportunistic and its policy is generally concluded

to be realist, balancing its power against the major nations in continental Europe by supporting the United States. If the foreign policy of the Netherlands is, according to realism, based on fear of being dominated by its neighboring powers and seeks to gain direct national interest, naturally the question regarding policy towards China arises:

*Why did the Netherlands sell arms to Taiwan and then decided to stop selling arms, while a continuation of this trade was highly profitable?*

As one can see, there are inconsistencies in Dutch foreign policy towards China. This leads to the general research question of this master thesis:

*How can the inconsistency of Dutch foreign policy towards China be explained?*

After reviewing the most prominent theories of international relations, now there will be argued that the relational theory of the Balance of Relationship (Shih & Huang, in press) should provide the most suitable framework to answer these questions.

The three mainstream theories in international relations that were introduced have all neglected an important dimension that is crucial to answering these questions, namely the study of processes and relational complexity (Qin, 2009). These theories, neorealism, neoliberalism and constructivism are not strong models to explain change and inconsistencies. Rather, they explain similar behavior in similar situations. As has been argued previously, substantialism makes change difficult to explain (Jackson & Nexon, 1997, p. 296).

Realism only explains the behavior of states on the level of the international system (Hollis & Smith, 1990). It fails to recognize that international politics is a dialogue of different actors and perspectives and leads us to expect states to behave in certain predictable ways. In order to answer these questions however, we need a theory

that is useful for explaining change, irregularities, and inconsistencies in the relations between the Netherlands and China.

Concurrently, the other materialist theories, including the concepts of the Balance of Power and bandwagoning are not as suitable for the analyses of Dutch foreign policy towards China, because its basic assumptions are undermined by the political reality of the relation: The Netherlands doesn't base its foreign policy towards China on the fear of being deprived of its security. Hay (2002) argues that neoliberals have trouble to explain the causes of cooperation and conflict between states. Also do neoliberals tend to overestimate the importance of institutions. Although a certain policy might be institutionalized, take for instance the existence of Common Security and Defence Policy (formerly known as European Security and Defence Policy), European powers still act on their own beliefs or interests (Wivel, 2005), which can be concluded after seeing the troops of the United Kingdom invade Iraq in 2003, while France and Germany were shaking their heads in disagreement.

In conclusion, applying relational security to reduce the level of anarchy is a known strategy to all states, and the three aforementioned theories overlook the necessity of relational security as well as the capacity of nations to achieve it. In contrast to these three theories, the Balance of Relationship sees international relations as a dynamic process, that involves judgement. As mentioned previously, it can be considered a materialist theory, since it recognizes the importance of national interest. However, the basic assumptions that explain how policy is constructed and why inconsistency is an inherent element of policy is more suitable for answering the questions asked in this thesis and should be applicable since the Balance of Relationship is retrievable anywhere

there is inconsistency or the occurrence of incomprehensible compromise or sanctions  
(Shih & Huang, in press, p. 16).



## 2.7 Hypothesis

When we take the theoretical propositions of the Balance of Relationship elaborated before, and apply these to the Dutch foreign policy towards China, we can come up with a set of general hypotheses that are central to this master thesis. From the general propositions of the theory of the Balance of Relationship that the primary goal of states is to stabilize reciprocal relationships the general hypothesis derived:

*Hypothesis:* The Dutch foreign policy towards China is aimed at stabilizing the relationship when instability occurs. When the destabilization of the relationship is perceived to be caused by itself, the foreign policy will be based on :

*H<sub>1</sub>:* Self-restraint, in the form of ontological tolerance and/or the yielding of national interest. On the other hand, when the destabilization of the relationship is perceived to be caused by the other, the foreign policy will be based on :

*H<sub>2</sub>:* Symbolic sanctions, in the form of a combination of Self-restraint and Self-help.

## Chapter 3

### *Methodology*

Although meta-analysis has pointed out that still 30% of publications in the field of international relations do not have a clear methodology section (Sprinz, & Wolinsky-Nahmias, 2004), this chapter is included to clarify the methodology of this research. The reason for this is that the provision of a methodology helps to clarify the operationalization of the constructs and variables, is useful for the falsification of the hypotheses and gives a framework for repetition of the research in the future. This is useful, since there always could be relational problems in the future. Also, systematic methods of testing can help guard against methodological errors. First the type of analysis that will be used in this thesis will be discussed, after which a framework of the variables will be provided together with definitions of the constructs.

#### **3.1 Case study**

The form of analysis that will be applied in this thesis is a case study analysis. However, it is important to realize that data is composed as a chronological descriptive-historical narrative. The reason for this is that the total number of potential cases in the entire history of the relations between Netherlands and the People's Republic of China is limited to only 5. In other words, there have been only 5 major relational problems between the Netherlands and China since they met each other. Therefore, the choice has been made to provide an entire historical development of the relations between the Netherlands and the People's Republic of China, in which the case description is



embedded. The level of study is conducted at the “unit-level”, with the aim of evaluating the actions and interactions of states through the properties and interactions of ‘agents’.

A case study is a well-defined aspect of a historical happening that the investigator selects for analysis. Case studies can be useful to show that, in the particular historical circumstances, the outcome was to be expected according to the theory (Sprinz & Wolinsky-Nahmias, 2004). Case study methods have considerable comparative advantages relative to others methods, like statistical methods or formal methods (Collier 1993). One of the strengths of case studies is the opportunity to achieve high levels of construct validity, or the ability to measure in a case the indicators that best represent the theoretical concepts that a researcher intends to measure. Many of the variables of interest to political scientists, such as democracy, power, and political culture, are notoriously difficult to operationalize and measure. Thus, it is important to carry out 'contextualized comparisons', that is, comparison that 'self-consciously seeks to address the issue of equivalence by searching for analytically equivalent phenomena, even if expressed in substantively different terms across different contexts.

Also, case studies help us to examine in detail the observable implications of hypothesized causal mechanisms in individual cases. One of the most important reasons to use the case study method in this thesis is because it can be used to give historical explanations. Historical explanation is quite different from the development and testing of variable-centered theories based on the statistical study of large number of cases. In historical explanation, the researcher uses theories at each step of a historical process to

show how the variables made subsequent steps and the ultimate outcome likely under the historical circumstances of the case (Roberts, 1996).

One of the most common critiques of case study methods is that they are prone to 'selection bias' (Sprinz & Wolinsky-Nahmias, 2004; Achen and Snidal, 1989; Geddes 1990). In statistical terms, selection bias occurs when the researcher selects cases that represent a sample that is non-random. The most severe and also the most common kind of selection biases in qualitative research is confirmation bias. This means that a research only selects cases of which the independent and the dependent variables vary as the hypothesis suggest they should vary, while at the same time ignoring cases that appear to contradict the theory. Collier and Mahoney argue that this type of selection bias can both understate or overstate the relationship between the independent and dependent variable, and is particularly misleading when the results are overgeneralized to wider populations (1996, p. 71-72). They suggest that researchers should search for similar cases in which the independent variable of interest is present but the predicted effect is absent and for those in which the independent variable is absent but the dependent variable present.

In order to prevent the possibility of selection bias, in this thesis all cases in which the independent variable of interest is present are selected for analysis, except for the first case. After explaining the analytical model and the definitions of the constructs will be clarified why the first case is omitted from the analysis.

### 3.2 Analytical Framework

Before we can define what qualifies as a case for this thesis, it is important to clarify the use of the variables and constructs. Given the hypothesis that

*H<sub>ypothesis</sub>*: *The Dutch foreign policy towards China is aimed at stabilizing the relationship when instability occurs*, we can determine that the construct '(in)stability' is the independent nominal variable and the construct '*Dutch foreign policy*' is the dependent nominal variable.

Given the hypothesis that when the destabilization of the relationship is perceived to be caused by itself, the foreign policy will be based on

*H<sub>1</sub>*: *Self-restraint, in the form of ontological tolerance and/or the yielding of national interest*, and on the other hand, when the destabilization of the relationship is perceived to be caused by the other, and the foreign policy will be based on

*H<sub>2</sub>*: *Symbolic sanctions, in the form of a combination of Self-help and Self-restraint*, we can conclude that the dependent variable '*Dutch foreign policy*' can have three nominal values which do not have an intrinsic order, respectively '*ontological tolerance*', '*yielding of national interest*' and '*self-help*'. The values '*ontological tolerance*' and '*yielding of national interest*' are both forms of the '*self-restraint*', and '*symbolic sanctions*' represents policy that has a combination of '*self-help*' and at least one form of '*self-restraint*'. Self-help here indicates a behavior that usually is based on material interest.

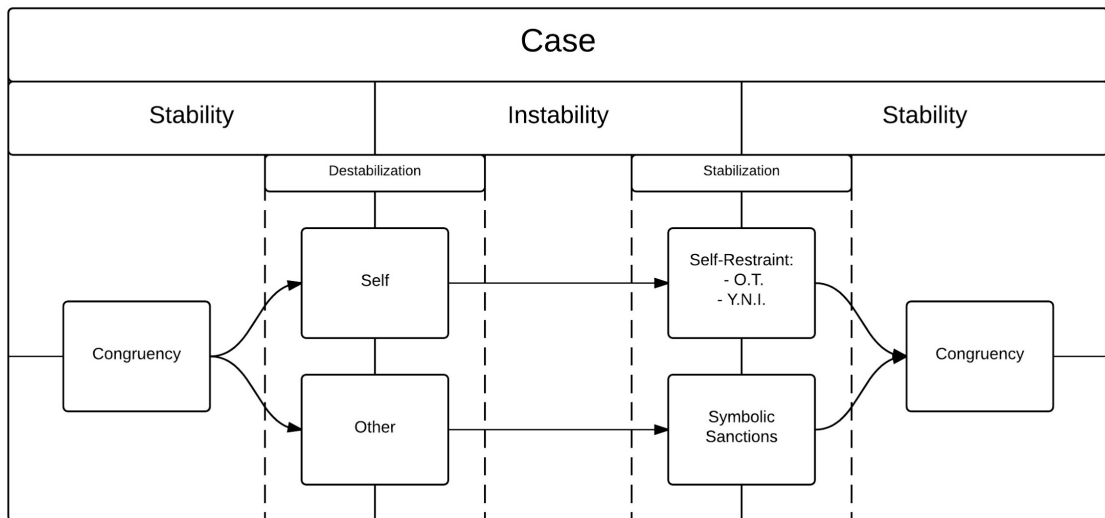


Figure 1. Illustration of analytical model BoR.

The way to interpret the model illustrated in Figure 1 is to think of the horizontal axis to represent the '(in)stability' of the relationship over time. One can then observe that there are three periods, namely a period of 'stability', followed by a period of 'instability', after which the relation returns to a period of 'stability'.

In this thesis, the words 'instability', 'crisis' and 'turbulence' are all defined as :  
*a period in which both sides of the relationship have incongruent interpretations of the nature of the relationship, which causes them to be uncertain about the other party's commitment to the relationship, and/or consider the other party's behavior to be unpredictable.*

Both sides of the relationship have certain expectations of the other party's behavior and idea's about what the conditions are that other side should comply to in order to sustain the long-term calculus of a stable relationship. At a moment that the

behavior of both parties is in accordance with each other's expectations and conditions (which causes them to be more certain about the prospects of the other's behavior) we can speak of a period of *'stability'*. The behavior of the actors in a period of stability is represented by *'congruency'*.

*'Stability'* and *'instability'* are not two completely split concepts that can be observed in one particular moment in time. Instead of seeing it as a 'light switch' that one can turn on and off, the concepts of stability and instability implore to be interpreted as two ends of a gliding scale. It is very much a dynamic process, continuously changing and rarely touching the hypothetical ends of the scale - also in line with the theoretical explanation of the dichotomy of anarchy and harmony in the theory section *'State of Nature'*.

As explained in the theory section *'The Role of Actors'*, the degree of instability is subjectively determined by the decision-making actors. The determination of the decision-making actors is based on information and focusing events provided by informing actors that observe incongruent interpretations of the nature of the relationship.

Periods of *'instability'* are instigated by a *'destabilization'*. This pertains to a moment or period in time during which the behavior of one party is perceived by the other party to be disruptive to the relation. Relevant for this analytical framework is the fact that a party can assign the *'destabilization'* to be caused by itself, represented in the model by *'self'*, or by the other, represented by *'other'*. The time frame of *'destabilization'* is not fixed, since it is a relational process. Before one party can observe the *'destabilization'*, the other party must already have executed the destabilizing action. When the destabilizing party is not aware of the fact that its actions are considered by the

other party to be destabilizing, it has to wait for feedback from the other party before it can start to determine whether or not it considers itself to be to culprit of the situation.

The model predicts that when a party has determined the relationship to be '*destabilized*' by itself it will proceed to implement policy that is characterized by '*self-restraint*', either in the form of ontological tolerance', indicated by '*O.T.*' and/or the yielding of direct national interest, indicated by '*Y.N.I.*'. When the '*destabilization*' is determined to be caused by the other, it will move on to implement policy that is characterized by '*symbolic sanctions*', as indicated by the  $H_2$  hypothesis.

This will lead to a moment or period of '*stabilization*' of the relationship resulting in a common reassessment of the nature of the relationship, in order to re-establish '*congruent policy*'. The period or moment before '*destabilization*' up until the period or moment of the re-establishment of '*congruent policy*' will be the range that defines a '*case*' in this thesis.

The reason why the first case, carrying the name 'The Welder Incident' (1966), will not be included in the analysis is because first of all, at this time there were no formal diplomatic relations established yet between the Netherlands and the People's Republic of China. There was not yet a basis that was commonly agreed upon, upon which the parties could build congruent interpretations of the relationship. Secondly, the incident was filled to the brim with irrationalities, miscommunication, misunderstanding, erroneously executed foreign policy and contradictory information.<sup>6</sup>

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<sup>6</sup> For further reference, in 1989, the historian Donald McCormick (writing under the pseudonym Richard Deacon) devoted a chapter of his book, '*A History of the Chinese Secret Service*' to the incident.

## Chapter 4

### *The Netherlands & the People's Republic of China*

#### 4.1 The Beginning

The rise and involvement of the People's Republic of China was strongly felt by Netherlands and in particular by the Dutch companies that were based in the region. Initially, after the Japanese surrender on August 15<sup>th</sup> 1945 most of the Dutch companies that were still active in 1941 in China, like Havenwerken, Shell, Unilever and the banks, resumed their activities. However, because of the communist takeover in 1949 the Dutch companies were forced in the early 1950s to leave the country. The communist government was determined to prevent a repetition of history: 'Foreigners can never again control China, like they did for 100 years with Unequal Agreements'. This rationale that was one of the key elements of modern China's founding narrative (Kaufman, 2011).

The decades after this they would work from Hong Kong and Taiwan. In the People's Republic of China, that was proclaimed by Mao Zedong, Western companies were not longer welcome. On exception, though, is Shell, of which all the possessions were confiscated in 1951. The Chinese government forced the company to sell benzine and oil, most likely because at that time the Chinese government didn't develop its own fuel distribution system yet. As a result, Shell was the only Dutch company, and only Western oil company that had its office in Shanghai for another 15 years (Shell, 2004).

In the years after WWII the foreign policy of the Netherlands is - when it comes to Asia - unchangeably focussed on colonial trade. After the transfer of sovereignty of Indonesia signed by Queen Juliana on December 27<sup>th</sup> 1949, the Netherlands is in

desperate need of new markets. So in order to secure the commercial interests, the Hague turned its head to China, because a country with a population over 400 million people was held as a worthy replacement for South East Asia. However, the only way to do this was to establish diplomatic ties with the regime in Beijing, that's why the Netherlands made every effort to keep the consulates in China open (van der Heijden, 2009, p. 62).

On March 27th 1950 the Dutch government decided to recognize the central government of the on October 1st 1949 proclaimed People's Republic of China, that after fighting a long civil war effectively occupied the vast majority of the Chinese territory. Although the Netherlands would have preferred to establish normal diplomatic relations with the PRC, an exchange of ambassadors proved to be impracticable as a result of the Korean war (1950-1953) and the fact that the most important ally of the Netherlands, the United States of America, showed no interest in the recognition of the PRC at that time (p. 62).

Two years later the effort to establish diplomatic ties looked futile, when a whole range of circumstances lead to the forced closure of Dutch embassies in China. An analysis conducted by Van der Zwan (1996), a researcher of the Ministry of Foreign Affairs, concluded that the perpetuation of the Dutch consulates was impossible because the international affairs in general and especially those concerning the Korean War completely isolated China from the Western world. Foreigners left China after 1950 on a massive scale. Sporadic diplomatic contact remained between the Netherlands and China but in every other aspect the Chinese border was completely closed for the Netherlands (Van der Zwan, 1996).



Because of the loss of Indonesia in 1949 also the embassy in Hong Kong lost its general purpose. The isolation that was self-imposed by the communist leaders in China provided the diplomats in Hong Kong a new purpose:

Because of the isolation of China the consulate-general became an important observatory for future developments and also became an important hub for the exploration of commercial possibilities that the spectacular economic development of Hong Kong offered the Dutch trade (p. 43)

After the Korean War and the Convention of Geneva in 1954 where the repatriation of French troops out of Vietnam was realized, the Netherlands and China found a moment of repose to strengthen their relations by appointing chargés d'affaires in the same year. However, the ideological pursuit of the Chinese in the 1950s to an economic development reminiscent of the Soviet model, and later in the 1960s to a form of autarky, was not conducive to a deeper level of cooperation with the Netherlands.

#### **4.1.1 The welder incident**

The early stages of Sino-Dutch relations were rather erratic, characterized by misunderstanding, and remained quite fragile in the early 1960s. The welder incident that occurred in 1966 best illustrates this, and is a good example of how Western and communist countries treated each other in the Cold War.

It all starts in the rainy summer of 1966 when an unsuspecting pedestrian, who was walking his dog, found a Chinese man lying heavily wounded on a street in the Hague. His name is Hsu Tzu Tsai, a 42-year old Chinese welder specialized in arc

welding. Together with 8 of his comrades and colleagues he had visited an international congress about welding technique in Delft (VPRO, 2001). The pedestrian brings Hsu to the hospital. But when he is lying on a stretcher in the radiology department, and before anybody could make any contact with him, a raid of Chinese individuals rushed into the hospital, grabbed the man and dragged him to the Chinese embassy where he came to pass away from his injuries.

From the files of de Binnenlandse Veiligheidsdienst (BVD)<sup>7</sup>, the Chinese welders appeared to be not just regular welders but highly educated rocket scientists. The BVD was already aware of this before the group entered the country:

In advance there was some level of attention for this group, since it would be interesting to find out more information about the current level of development of technique in China at this point in time (Van der Putten, 2001).

The situation escalated when the Netherlands reacted by kicking the Chinese commissioner out of the country. This, however, was not the intention of the Minister of Foreign Affairs J. Luns, who himself was abroad during this unfortunate development. Lawyer Bert van den Braak (2008) writes:

The expulsion by the Netherlands was the result of a communication malfunction. Luns was in Togo and was giving instructions through the telephone to his substitute, the Minister of Education Diepenhorst. Luns told him: "You can never let him go", but Diepenhorst misheard: "You should let him go (p. 21).

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<sup>7</sup> The BVD changed to the General Intelligence and Security Service (AIVD), which is the secret service of the Netherlands.

Also, the Dutch government sought to find out what the intentions of the engineers were and demanded the Chinese government the right to interrogate them. China refused with an argument based on the intervention in domestic affairs, upon which the whole Chinese representation in the Hague was sealed off. Two guard towers were constructed and the building was under constant observation of the police and the secret service, looking from a distance through their binoculars in their Volkswagen. Everybody who went in and out was being checked. Only the Chinese diplomats were able to leave the building, because of their diplomatic immunity that was granted to them some years before<sup>8</sup>, but the engineers would eventually be in detention for over 5 months.

This enraged the Chinese government and declared the Dutch diplomatic representative in Beijing, G.J. Jongejans *persona non grata*, who at that point found himself in the same position as his Chinese colleagues in the Hague. Within a few days a diplomatic Cold War broke out between the two countries. To make matters worse, the postmortem examination resulted in the conclusion that the man was not maltreated nor forced out of the window. Most likely, he fell down when he was trying to escape the building by tying two sheets together. This confirms the suspicion of the Chinese: Xu is a traitor that is in contact with the American CIA. The Dutch BVD also has the same suspicions. While Jongejans was still held captive the situation in China deteriorates; the Great Proletarian Revolution broke out.

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<sup>8</sup> The Vienna Convention on Diplomatic Relations of 1961 is an international treaty that defines a framework for diplomatic relations between independent countries. It specifies the privileges of a diplomatic mission that enable diplomats to perform their function without fear of coercion or harassment by the host country. This forms the legal basis for diplomatic immunity.

When the new cabinet takes office, Prime Minister Jelle Zijlstra and Minister of Justice Antoon Struycken tried to solve the problem as quickly as possible. Their efforts paid off. The engineers were interrogated, under the condition that the interrogation would take place in the Chinese mission. After this they left the country directly. Finally everybody could go home.

#### **4.1.2 The recognition of the PRC**

One of the most important reasons for the unfriendly relations between the People's Republic of China and the West was the attitude of the United States, that in the 1950s and 60s were aiming at the isolation of China and the toppling of the communist regime in Beijing.

However in 1972, US President Richard Nixon's visit to the People's Republic of China was an important step in formally normalizing relations between the US and the PRC. It was the first time that a president of the US visited the PRC, and ended a period of 25 years of separation.

Before his election as president, Nixon already spoke about the need for better relations with the PRC, with which the U.S. did not maintain diplomatic relations as it still recognized the government of the Republic of China on Taiwan as the only legal government of China. Early in his first term, Kissinger flew on a secret diplomatic mission to Beijing, where he met with Premier Zhou. On July 15 in 1971, the President announced that he would visit the PRC the following year.

The visit allowed the American public to view images of China for the first time in over two decades. Throughout the week the President and his most senior advisers engaged in substantive discussions with the PRC, including a meeting with Chairman

Mao Zedong, while First Lady Pat Nixon toured schools, factories and hospitals in the cities of Beijing, Shanghai and Hangzhou with the large American press corps in tow. Nixon dubbed the visit "the week that changed the world." (Goh, 2005).

The repercussions of the Nixon visit were vast, and included a significant shift in the Cold War balance, pitting the PRC with the US against the Soviet Union.

This new perspective of US foreign policy created a breakthrough. It made possible an approachment of China to the US and other industrialized countries, including Japan, and heralded the normalization of diplomatic relations between these nations. Consequently, in the Netherlands the cabinet-Biesheuvel decided to adapt its foreign policy towards China on October 1971. This is the moment that the PRC is about to enter the United Nations.

Although some political parties in the Netherlands were doubtful of signing the motion of Albania's Resolution 2758 on October 25, 1971, recognizing People's Republic of China as the only lawful representative of China to the United Nations and expelling the Republic of China, it didn't lead to any parliamentary debates (Bos, 2008).

On the initiative of Minister Norbert Schelzer of Foreign Affairs, the parliament supported the Albanian resolution for the expulsion of the Republic of China [Taiwan] from the United Nations and the acceptance of the communist People's Republic of China (Van den Braak, 2008).

The Netherlands deplored the fact that Taiwan couldn't retain its position within the United Nations, next to the PRC. Taiwan was offered a seat, but Chiang Kai-shek refused. This refusal demonstrated his ignorance for political realism: the Kuomintang in

Taipei stubbornly insisted that it represented China as a whole, while the PRC was leaving no doubts that the political independence of Taiwan was intolerable. Every single time when the PRC would sign a diplomatic treaty after 1972, it would emphasize the position of Taiwan as a province of China (Erikson & Chen, 2007).

On October 1971, Representative of the Dutch government R. Fack elaborated on the Dutch standpoint at the United Nations regarding the China-Taiwan issue, arguing that the factual existence of a political entity that is not accepted by the United Nations harms its principle of universality (K.T.K., 1971-1972)<sup>9</sup>. Furthermore, during a discussions on December 1971 it was stated that:

The Minister mentioned in his speech to the UN that the Netherlands, that already recognizes the PRC since 1950, would like to see the PRC occupy the seat of China in the UN. This however, should not imply the expulsion of Taiwan from the Union, because Taiwan is representing a piece of land that doesn't fall under the authority of the government in Beijing. (...) The Netherlands will willfully support every initiative that is oriented towards the facilitation of a seat for Taiwan in the United Nations. (Ministry of Foreign Affairs, 1971).

Eventually, Taiwan's seat in the United Nations would never be realized, and the implications for the Dutch relations with both sides of the strait were discussed in parliament. This resulted in the realization that any formal relations with Taiwan would no longer be possible.

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<sup>9</sup> K.T.K. abbreviates Kamerstuk Tweede Kamer, which is the official name for documents coming from the Second Chamber of the Dutch Parliament.

Consequently, China specifically stated in the agreement between the Netherlands and China that was signed on May 16th 1972 - in which the mutual diplomatic representations were lifted to ambassadorial level - that Taiwan is a province of China. The Netherlands decided to respect this stance and confirmed that it recognized the People's Republic of China as the sole legal government in China. In the same agreement the governments agreed on the principle of mutual non-intervention. The first point of reference for the two parties to maintain a stable relationship was established.

Sinologist and diplomat Jan Vixsebosxe returned to Beijing in 1972 and became the first Dutch ambassador in the People's Republic of China. With his lengthy experience in China in the 1950s and 1960s he was seen as the ideal man to strengthen the ties between the two countries. Consequently, quickly the relations between the Netherlands and the PRC improved. Dredging companies received contracts to deepen the harbor in Shanghai, and Shell, the company that had to close its office in Shanghai because of the Cultural Revolution in 1966 returned to China (Shell, 2004). For the next decade, the relations further improved, which was symbolized by the visit of princess Beatrix and her husband prince Claus to China in 1977.

## 4.2 Case 1 - The Submarine Crisis (1980 - 1984)

After the death of the founding father of the People's Republic of China Mao Zedong on September 1976 - leaving behind a public display of millions of Chinese lamenting their beloved leader - the border of China opened again under Hua Guofeng and the in 1977 rehabilitated Deng Xiaoping. The new start incentivized the Netherlands to strengthen its official relations. In the spring of 1977 princess Beatrix and her husband prince Claus travel to China. They pay a visit to Dazhai, a commune known from Mao Zedong's dictum, "Learn Agriculture from Dazhai", which was set up as the model commune for agricultural production during the 1960s and 1970s (Spence, 1991).

Three years later, Prime Minister Dries van Agt and the Minister of Foreign Affairs Chris van der Klaauw visit China. The Dutch dignitaries speak with the highest officials of the country. Party Leader Hua Guofeng praises Van Agt for his rapid ascension of the Great Wall and cites a poem of Mao Zedong. "'Those who didn't climb the wall are not men, and those who did are heroes', you are a man and a hero", said Hua to the almost blushful Prime Minister. (Reformatorsch Dagblad, 1980).

Hua would later probably have regretted those kind words, since Van Agt and Van der Klaauw forgot to notify him of an important development in the Netherlands that would turn the relations with China sour. Right at the time of their visit there were fiery debates in the Netherlands about the delivery of submarines to Taiwan, that also could be deployed as weapons (van der Heijden, 2009, p. 82).

Because of its rapid economic development in the 1970s, Taiwan had become a much appreciated trading partner of Dutch businesses, and during this period Taiwan was looking for new opportunities to buy arms. An outstandingly detailed book written by



#### 4.2.1 The deal

In June 1978, Taiwanese officials together with a German businessman representing the German air force approached Verolme Electra, at that time a company belonging to the Rijn-Schelde-Verolme (RSV) shipbuilding group. The peculiar composition of this group was explained by the fact that Taiwan was interested in buying Lockheed Starfighters from Germany. It was mentioned in the press that a new generation of highly ranked civil servants in Taiwan aimed to diversify the heretofore exclusive reliance on American arms. Taiwan should, they argued, try to find new arms suppliers (Everts, 1985, p. 270). Direct deliveries from Germany to Taiwan were impossible, but they reasoned that an indirect transfer through a Dutch company would be an interesting possibility. These initial contacts lead to a series of negotiations between the military authorities of Taiwan and representatives of RSV.

At first, the negotiations came to a stop when the Dutch government was not willing to break with the standard policy that no arms should be delivered to a state that was not recognized by the Netherlands. For the next two years to come, several arms deals with Taiwan were all refused. But the Taiwanese government was not so easily deterred. Although the Dutch government refused to cooperate in the transfer of the German airplanes, the negotiations eventually led to a package of civilian and military orders, which would include the construction of two advanced submarines (p.269). The board of RSV filed an official request at the Dutch authorities that were responsible for the granting of export licenses and on November 29<sup>th</sup> 1980 the government agreed to issue the license (p. 269). The lobby of RSV had already started to gain the support of parliament. It met generally with positive responses from those members of parliament

- most of them active in the economic sector - who were privately approached. When the matter became public, however, it turned out that the deal with Taiwan was controversial not only within parliament, but that also the cabinet was split.

Considerable differences of opinion existed within the various ministries. First of all, the Dutch government agreed on the view of the government of the People's Republic of China that Taiwan was a province of the PRC. The Netherlands did not recognize the Taiwanese government. They knew that a delivery of submarines to Taiwan would not be taken kindly by the Chinese government in Beijing. On the other hand, the order would serve to be a tremendous help in supporting the ailing shipbuilding sector in the Netherlands. Especially the Ministry of Economic Affairs was convinced by this argument. Others, including the Ministry of Foreign Affairs however, argued that the prospects of growing economic relations with the PRC were equally important and would perhaps become even more important in the future. It would, therefore, not make sense to antagonize this partner. Furthermore - and according to Everts this was the main argument of the foreign affairs specialists - some feared the diplomatic and international/legal consequences of carrying out the order. When the issue was discussed in parliament, the government was asked by Member of Parliament Waltsman to reconsider the granting of the license:

The Member of Parliament Waltsman, heard the deliberation, and believing that the delivery of strategic goods to Taiwan should be considered contradictory to the Dutch foreign policy aimed at peace and security, and a sustainable relationship with the People's Republic of China, condemns the decision of the Government to be willing to grant an export license that is required for the

delivery of strategic goods to Taiwan, and asks the Government to bethink its decision to grant these licenses. (K.T.K. 1980-1981)

Also Van der Hek and Ter Beek issued similar concerns (K.T.K. 1980-1981. Nr. 16520.4) but these motions, among others, were narrowly defeated. At this time the Chinese reactions became known, strongly condemning the continuation of the arms deal. The matter was discussed once more in parliament in January 1981, and once more a new resolution was submitted suggesting the government to reconsider its decision:

Member of parliament Brinkhorst considers that given the developments and facts that occurred since the granting of the export licenses to RSV for the delivery of two submarines to Taiwan, a reconsideration of this decision is preferable, and requests the Administration to come back from its decision to grant the license to RSV. (K.T.K. 1980-1981. Nr. 16520.12)

The developed that Brinkhorst was referring to was the threatening response of China. The resolution was defeated by a narrow margin of 76 to 74 votes because the government parties now closed ranks and helped to secure the survival of the cabinet (Everts, 1985, p. 270). The next month the government would give its final verdict on the matter, emphasizing the benefits of the deal, and concluding that the license could not be withdrawn at this stage:

Letter of the Prime Minister, Minister of General Affairs to the Chairman of the House of Representatives : The Government cannot, given the very worrisome conditions of employment in our country, withdraw the request of RSV. As the

Minister of Economic Affairs has said previously, this order - that partially involves military equipment, but also for a large part civil supplies - is associated with a great deal of employment. (...) The Government cannot ignore the fact that in recent years the Dutch community has invested large amounts of money in the shipbuilding industry. (...) The Government is not free to withdraw itself from its commitment. (...) In this case is not possible for the Government to meet the requirements of the Chamber. The Government has to keep its pledged word. (...) The Government wants to emphasize that the intended transaction (...) does not include any form of recognition of the current regime in Taipei. (K.T.K. 1980-1981. Nr. 16520.14)

So in the end the contribution to the employment carried the most weight, and the Ministry of Economic Affairs and the Taiwan-lobby won the argument. During the debates Prime Minister Van Agt had made clear that his government considered the matter to be a one-time affair, which made it politically very difficult to agree to any potential similar orders in the future. Nevertheless, China reacted immediately.

#### **4.2.2 The reaction**

As the foreign affairs specialists already had anticipated, the delivery of the submarines to the 'rogue' state on Taiwan was considered to be completely unacceptable by the PRC. Primarily because of the One-China policy that the Netherlands and the People's Republic of China agreed upon in 1972, but also because Van Agt and Van der Klaauw didn't even mention the deal to the Chinese leaders during their visit. Several media had the impression that the Dutch dignitaries didn't fully realize the importance of

the situation. They argued that by not even mentioning the submarine-deal, it looked like the Dutch dignitaries didn't take the Chinese leaders seriously (van der Heijden, 2009, p. 82). China immediately revoked its ambassador. The diplomatic relations were being reduced to chargé d'affaires and the only correspondent in China, Willem van Kemenade working for NRC Handelsblad, was expelled from the country in May 1981<sup>10</sup>.

R.H. Solomon (1981) discussed the matter, concluding that the punishment for the Netherlands acted as a warning signal for the US government under Jimmy Carter, reminiscent to the Chinese saying: "To kill the chicken to scare the monkey".

Thus, by year's end U.S.-P.R.C. relations, while superficially normal, approached the brink of a major disruption. Public discussion of the Taiwan arms sale issue in the United States during 1980 and 1981 had contributed to mobilizing the potent sentiment of Chinese nationalism. Deng Xiaoping and his colleagues had signaled the seriousness of their concern about the issue early in 1981 by downgrading relations with the Netherlands government in response to the sale of two Dutch submarines to Taiwan; they now seemed prepared (or compelled) to press the issue to the point of downgrading or even breaking diplomatic relations with the United States (Solomon, 1982).

Without openly stating whether or not the government considered the course of action to have been a mistake or not, it would from now on push towards restoring the relations. A report of the Court of Audit from 1981 states:

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<sup>10</sup> Later Van Kemenade would teach Chinese foreign and security policy and write articles for journals like *The Washington Quarterly*, *YaleGlobal* and *The Diplomat*.

The Government deeply regrets that the People's Republic of China, as a result of the willingness of the Government to issue a license for the export of two submarines by RSV to Taiwan, has seen reason to reduce the diplomatic relations with the Netherlands to the level of chargé d'affaires. For its part, the Dutch Government will do its utmost best to restore the good relationship with the People's Republic of China, that culminated in the visit of Prime Minister Van Agt in November 1980 (K.T.K. 1981-1982. Nr. 17100.2.).

Although the government clearly wants to normalize the relations with the PRC at this point, it is also explained that the measures taken by China were not as devastating as one might have thought. The exchanges and interactions between the countries in this period were not halted by the dispute. A letter concerning the annual state budget of the year 1982 states that:

After the diplomatic relations between the Netherlands and the People's Republic of China were reduced to the level of chargé d'affaires last year, the government has appointed an experienced diplomat as chargé d'affaires on the short term. Partly because of this chargé d'affaires the Chinese government has been told that the Dutch Government attaches a lot of value to a good relationship with the People's Republic of China. Now several non-official missions were undertaken to analyse the possibilities for further cooperation regarding grassland. Also a delegation from Rotterdam visited China. Furthermore several business visits have been taken place in both countries. The trade relation has been undisturbed. The scientific exchanges are the same as before. Also the exchanges regarding

education proceed undisturbed. A large amount of Chinese students is currently studying in the Netherlands, and several Dutch students are studying in China.

From the Chinese side has been understood that it positively looks at the future regarding the bilateral relationship with the Netherlands, despite the fact that it still strongly condemns the fact that the Dutch Government issued an export license for the delivery of submarines to Taiwan. China retains the position that no further official improvement can be expected until the submarine case is solved satisfactorily (K.T.K. 1981-1982. Nr. 17100.7).

#### **4.2.3 Normalization**

In 1983 the Netherlands gets its chance to straighten its relationship with China, when again a Taiwanese delegation visits to buy more submarines. This time around, the cabinet refused to issue the license for the export of the submarines: further trade in arms to Taiwan would jeopardize the development of a peaceful solution between the PRC and the ROC. This immediately triggered the response from the Chinese government. On 1 February 1<sup>st</sup> 1984, the Netherlands and the PRC agree to restore the full diplomatic relations. The formal mutual statement of the Netherlands and China of 2 February, 1984 reads:

The representation of the Dutch government has informed the representation of the Chinese government of the decision of the Dutch government to not issue a license for the further export of weapons to Taiwan. The Chinese government appreciates the decision of the Dutch government. (...) Both parties agree to not only normalize but also intensify the relations (d'Hooghe, 1992).

In the early 1990s, this last little sentence would play the leading role in the third major moment of disruption of the relationship between the Netherlands and the PRC.

After the joint communiqué several important agreements on economic and technological cooperation (1984), cultural cooperation (1984) and protection of investment (1985) were agreed upon. In June 1987 an agreement was signed regarding the prevention of double taxation. Also, official exchanges were arranged. In 1985 the Prime Minister of China, Zhao Zhiyang, paid a formal visit to the Netherlands, formally confirming the full restoration of the diplomatic relationship between the two countries.

#### **4.3 Case 2 - June Fourth Incident (1989 - 1991)**

1989 promised to be a year of celebration in China. 200 years had passed since the French Revolution, 70 years had past since the anti-imperial May 4th movement led by Sun Yat-sen, and it was 40 years ago that the People's Republic of China was founded. The Netherlands were happy that the Sino-Dutch relations would also be celebrated that year. It would be substantiated by the state visit of Queen Beatrix (who started her reign in 1980) and her husband Prince Claus. Before the visit of the royalty there had been a lot of diplomatic zeal. The submarine crisis in the early 1980s had been overcome, but there had not yet been any official visit yet from the Netherlands to China (Blussé & Van Luyn, 2008, p. 213).

Unfortunately, there was nothing to celebrate. On the Square of Heavenly Peace in central Beijing thousand of students were protesting and four days before the royal couple would board the airplane, the visit was cancelled by the Minister of Foreign Affairs (Landsberger, 1989). The state visit of the royal family would eventually be postponed for 10 years because of the incident that Yang Shangkun, President of the PRC



from 1988 to 1993, admitted before his death in 1998, to be the most serious mistake committed by the Communist Party in its history.

The magnitude of the incident and its impact on the domestic affairs and international relations of China was so great, that it is considered to be one of the major events in modern China. It led to a whole array of literature, songs, paintings, films, documentaries, would have a lasting effect in politics, society and popular culture, and would forever change the way how people perceive China. Still, the incident shrouds itself in mystery because of the lack of information, and many aspects of the events remain unknown or unconfirmed until this day.

#### **4.3.1 The massacre**

Ironically, since 1954 the constitution of the PRC has guaranteed certain basic political rights to its citizens. Article 35 of the 1982 constitution states that citizens of China "enjoy freedom of speech, of the press, of assembly, of association, of procession and of demonstration." However, the exercise of these fundamental rights has always been restricted by the Four Basic Principles, interpreted in such a way that they cannot be in conflict with 'the socialist road, people's democratic dictatorship, leadership of the party, and essence of Marxism-Leninism-Mao's Thought'. So generally speaking anomic activities had been present all the time (e.g. the Democracy Wall Movement in 1978-1979) but these activities could, at the will of the party, be regarded as illegal and wiped out (Wang, 1999).

Although many agree that the seeds for the protest on Tiananmen Square were already planted in 1986, where student organized demonstrations for democracy and political reform and openly criticized the authoritarian rule of the party, Wang (1999)

also brings forth the argument that one of the primary reasons for the student protests in 1989 was the retail price reform, initiated by Zhao Ziyang. This had generated uncontrolled inflation of more than 30% that exacerbated already existing problems like crime and widespread official corruption.

Also around this time there was a rising criticism by intellectuals and concerned party members of the party's continued authoritarian rule and monopoly on power. Writers and scholars, of which also party members, demanded the release of political prisoners. There was a rising wave of intellectual discontent and criticism of the regime.

This was the context in which the rather spontaneous, student-led mass movement emerged in April 1989. Students at Beijing University together with students from the People's University and the Central Institute for National Minorities made a plan to address the problems of inflation, neglect of workers' living conditions, and lack of improvement in education (Wang, 1999).

So, what started on April 16, 1989 as a memorial for the reformer Hu Yaobang in Beijing escalated in big protests for democratic reform. Initially only students were protesting, but soon they would get support from other groups and members of society, like journalists and laborers. The students refuse to go to class, thousands went on hunger strike and completely encampments were established on the Square of Heavenly Peace. In May, Beijing counted over a million protestors. R. Baum (1996) describes the internal struggles among the public at the time, and mentions in his book that the students were actually internally divided and that they don't actively commit themselves to create a united front with the laborers and other sympathizers. Also he mentions that there were

other groups that would benefit from a restoration of peace, and would like to remain the old situation.

The Chinese leaders did not want to give in. The fear for political chaos and instability was big, also under the influence of the political situation in Eastern Europe. The party feared that democratization would mean the end of their reign. Deng Xiaoping had always believed that it was possible for the Chinese economy to modernize and implement capitalist elements without affecting the authoritarian political system. He was proved to be wrong. The ferment had grown too massive and the protests were out of control. Out of fear for total rebellion the leaders of the country decided to end the protests with harsh measures (Baum, 1996).

Initially the People's Liberation Army entered Beijing on May 20th, but were held back by the residents<sup>11</sup>. But on June 2 the decision to order the PLA into the square was made by the top party officials, i.e. Deng Xiaoping, Yang Shangkun, Li Peng, Qiao Shi, Yao Yilin, Wang Zhen and Bo Yibo (Wang, 1999, p. 634). Despite the failure to take back the city on the 20th of May, this time the army remained loyal to the political authorities. On June 4th the square and the surrounding streets were being cleared without remorse. Not only did the Chinese authorities show their callous indifference to the brutal way how the army cracked down upon the civilians, the period that followed was also characterized by prosecutions, detentions and executions.

According to Amnesty International there were already over 700 people detained on June 12 (Amnesty International, 1989). The report of the Human Rights Watch that

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<sup>11</sup> Footage of the invasion of the PLA, mothers handing their babies over to the disillusioned soldiers of the PLA, and the Tiananmen Square incident in general, can be seen in several top documentaries e.g. The Gate of Heavenly Peace and The Tank Man.

was published at the end of 1989, argues that the death toll reached up to 1000 and the amount of arrests over 10.000 (Human Rights Watch, 1989). The wave of arrests would continue for the whole year. The Chinese government encouraged people to report any 'counter-revolutionary behavior'. Also an official statement was released that during the 'counter-revolutionary rebellion' only a few 'criminals' died, while countless of soldiers of the People's Liberation Army had died (Amnesty, 1989, p. 13-14). The propaganda machine of China had clearly not suffered any malfunctions.

The international community was not fooled. A remarkable aspect at that time, was that the whole world was able to see on television the footage of Chinese protestors that were being crushed by tanks, causing a bloodbath in the streets of Beijing. The event was captured in the world famous photograph 'Tank Man', which came to symbolize the peaceful democratic disobedience of the normal man against the modernized, militarized and authoritarian power. Political repercussions were unavoidable. Member of parliament Relus ter Beek stated on June 6:

The atrocious events in the PRC, in Beijing but also elsewhere, are filling us with shock and disgust. The courageous battle of the Chinese students (...) and the cry for more freedom and democracy is being smothered with blood. On a moment like this the world, especially the civilized world cannot remain silent. (Handelingen Tweede Kamer. June 6, 1988-1989)

He asked for a reaction from the Minister of Foreign Affairs how the Netherlands was planning to punish China for its deeds. The next day he would receive the answer when parliament would debate the issue.

### 4.3.2 The reaction

The next day on June 7, the Minister of Foreign Affairs Hans van den Broek spoke to parliament:

Right now in China there unfolds a disaster that we, some time ago, could never have imagined (...) This monday the temporary chargé d'affaires told China that human rights and fundamental rights and freedoms are a business of the international community as a whole, and can not be considered a domestic affair. Our abhorrence is amplified by the fact that it concerns a country that we, especially the last few years, have sought to deepen our relation with. (Handelingen Tweede Kamer. June 7, 1988-1989)

After a promising start, the flame of hope for a stable relationship with China was put out again in one blow. The Minister explained that next to bilateral action, he had also discussed a day earlier with his colleagues in the European Community (EC, since 1993 the European Union) what the course of action would be.

Most aspects of the relationship with China were downgraded. The cultural, diplomatic and economic exchanges, but also development aid support were all frozen. The government didn't start any new projects. Projects that had already started and had no direct relation with the government could continue. The Dutch students that were studying in China were evacuated by the embassy, and the Chinese students that were studying in the Netherlands were offered amnesty. Although the French and British embassies were repatriating all their nationals residing in China, the Dutch government decided that advising Dutch nationals in China to stay inside was enough. Companies like

Philips and Stork repatriated their employees to the Netherlands. The Nederlandse Credietverzekerings Maatschappij (NCM, also known as Atradius) canceled the risk spread for export to China.

On that particular moment in time Van den Broek did not want to go further with taking actions. The situation in China was chaotic and it seemed like there was disunity in the army and the party top. The minister did not want to completely break relations, since holding on to relations offered him the presence of the Dutch ambassador in Beijing, which consequently provided him with information and a line of contact with the regime. Van den Broek thought it would be better to remain in touch with the Chinese authorities. He argued that isolation would prove to be counter effective: "Right now we don't want to take actions that will hinder cooperation with China in the long run" (Blussé & van Luyn. 2008, p. 216).

So any further concrete actions were not taken. Not everybody in parliament agreed with this strategy. Especially the decision to not withdraw the ambassador caused a lot of surprised and indignant reactions. Also, a proposal from the United States, to freeze Chinese financial credits of international institutions like the World Bank, didn't receive support from the Dutch government. According to the statutes of those organizations the provisions of loans could not have a political basis, and the Netherlands wished to uphold these principles. Furthermore, the biggest part of the projects that were financed with these loans were involved in the development in education, exactly a sector in which modernization was taking place. Also reactions to the actions of the European Community were divided. Initially the European Community made a strong statement and plead for a peaceful solution. Statement of the European Community on China:

The Twelve, deeply shocked by the tragic developments in China, strongly condemn the violent repression used against peaceful demonstrators, which has resulted in widespread loss of life there. They note that serious unrest continues. The Twelve urge the Chinese authorities to stop the use of force against the unarmed civilian population in Peking and elsewhere. The Twelve appeal to the Chinese leadership to engage without delay in the search for a peaceful solution to the present conflict. Such a solution cannot be attained without political dialogue. Continuing repressive actions, in violation of universally recognized human rights principles, will greatly prejudice China's international standing and compromise the reform and open-door policies which the European Community and its member States have actively supported. The European Community and member States have already taken a number of measures, including suspension of high-level contacts, and will continue to keep developments in China under urgent review (European Community, 1989).

But in the Dutch parliament people were not satisfied that initially the European Community didn't carry out an arms embargo like the United States had done. The EC first suggested that the member states should decide for themselves how they wanted to punish China. So the Netherlands first bilaterally decided to implement a weapon embargo against China. Members of parliament Ter Beek (PvdA), Ria Beckers-de Bruijn (PPR) en Meindert Leerling (RPF) asked for more concrete sanctions, and Leerling suggested to withdraw the ambassador. The three parties CDA, VVD and D66 agreed with the minister to first await the political development before any further action. They

agreed that the ambassador acted as an important line of communication, and an important representation in China. So the official policy of the Netherlands was similar to the rest of the European Community.

Since the media and NGO's kept on reporting news on arrests, executions and other forms of repression in the period after the massacre, also the discussion whether or not the ambassador should be repatriated, whether or not the supplying of development aid should stop, and whether or not the government should consider the implementation of stronger economic sanctions continued.

Still the minister retained his position that he didn't want to completely break ties with the regime. In this way, he argue, they could stimulate reform more effectively. After the deliberation of the European Council in Madrid, there were concrete actions planned. The human rights situation in China would be discussed in international institutions. The visa of Chinese students would be extended and the Chinese authorities were asked to let objective observers into their prisons. The European Council of Ministers concluded that more European Community's member states had implemented arms embargoes, and agreed that the arms embargo would become part of a set of EU-wide diplomatic and economic sanctions intended to signal disapproval of Chinese actions. New cooperation projects were postponed and running projects were reduced. Also, the European Council decided that the credits that were asked at the World Bank should be refused (European Commission, 2015).

In the reaction to the human rights violations in China the Dutch government followed several principles that were documented in several reports regarding the position of human rights in the foreign policy of the Netherlands. In the policy analysis of



the Human Rights Report from 1979 (Foreign Affairs, 1979) there are several points that the Ministry of Foreign Affairs should take into consideration when formulating human rights policy. It was concluded that the Ministry should not lose sight of the other goals of the foreign policy; the human rights are not always the most important. In the case of Tiananmen, the government had given priority to human rights without losing sight of its own interests, namely to secure good relations with China. The Netherlands had to work carefully and not seriously harm the relations with China.

The policy report emphasized that a weapon embargo is the ideal instrument of punishment, since it only harms the regime and not the citizenry. The importance of common action was also emphasized in the document. In the case of Tiananmen, the Netherlands followed this recommendation, and not only regarding the sanctions of arms trade. Multiple European forums were organized to discuss the follow-up strategy towards China. Whenever the twelve members issued a public statement, the Netherlands would follow the common policies.

With regard to development aid, the Netherlands looked carefully if the donations reached the right groups and followed the common policy that stipulated that no further development plans could be initiated. The human rights policy report (1979) did mention that the Netherlands could stop its development aid as a way of sanctioning violating countries, but the government, neither the parliament ever considered this option; the Netherlands decided to separate development aid from politics.

So most aspects of the reaction of the Netherlands neatly followed the recommendations provided by the policy report of 1979, and also the common reaction of the EC. The fact

that the sanctions of arms trade was implemented by all the European partners and the United States had greatly increased the effectiveness.

Two years later China's position of exile changed, when British prime minister John Major came to Beijing to sign the contract for the construction of the new airport in Hong Kong. The idea was that the airfield should be finished before the transfer of the British colony to the People's Republic of China, which was scheduled for July 1st of 1997. During this exchange, Dutch dredging companies managed to attain a contract for the construction of the airfield.

As one of the last industrialized countries the Netherlands normalizes its relations with Beijing in the autumn of 1991, when Secretary of State Yvonne van Rooy of Foreign Trade visits China with a trade delegation. Its the first official visit of a Dutch delegation after the dramatic incident on the Square of Heavenly peace, and it's late, because already a year before the EC lifted the economic sanctions, with only a weapon embargo remaining (Van der Heijden, 2009, p. 92).

Regardless of the weapon embargo, human rights appear to not play an important role at all when trying to maintain good relations. For the Netherlands - and also all other industrialized nations - every time it's primarily about trade and economic profits. That's not strange when taking in regard the cutthroat competition that involves entering the Chinese market, a situation in which good friends are valuable. A Dutch diplomat describes the importance of good connections: "In a country where trade is owned by the state, good friendly relations are very important. Other countries are very active here. They come for visits and they give credits. With an eye on our competitiveness it is good that we play along with this and secure our position." (Heijden, 1991).

#### 4.4 Case 3 - China's Negligence (1990 - 1992)

In June 1990 the weekly magazine *'Vrij Nederland'* claimed that the Dutch government, together with Taiwanese representatives and the shipbuilding company Rotterdamse Droogdok Maatschappij (RDM), were looking for possibilities to deliver new submarines to Taiwan. In order to prevent a response from China similar to the one in 1981, the parties were said to consider to build the submarines or in the Taiwanese harbor Kaohsiung, or to bring them to Taiwan through a diversion, for example through South-Korea or the US. *'Vrij Nederland'* also revealed that a second company from Rotterdam, Van Rierschoten & Houwens, joined the negotiations for the delivery of navigation instruments made especially for submarines.

In response to the discussion Secretary of State Yvonne van Rooy resolutely declared that the Dutch government would keep its promises to China and that for the delivery of submarines, construction drawings or models with the end destination Taiwan, there would be issued no export license:

The Government has no involvement in any potential new contracts for the delivery of submarines to Taiwan. (...) The Government expects its policy regarding arms trade to be known. The Government will not deviate from this policy. (Handelingen Tweede Kamer, 1990-1991, Nr. 157)

But in the meantime, the rumors persisted that Taiwan was fishing for Dutch submarines. During 1990-1991, several times van Rooy had to answer questions asked by Members of Parliament regarding the rumors that the Ministry of Economic Affairs was

looking together with RDM for possibilities for a new delivery (van der Heijden, 2009, p.93). Every time she answered negatively:

For the delivery with end destination Taiwan, also including parts, will, in accordance with the Government's arms trade policy, not be issued a license. (Handelingen Tweede Kamer, 1990-1991, Nr. 621)

Also the government realized however, that another deal would be highly profitable. If another transaction would take place, it would have to be conducted without violating the agreements with China, in order to prevent a repetition of history. An interesting realization arose, namely that actually the Chinese were the ones not holding up their end of the bargain. While China stated the auspicious words "intensification of trade relations" in the communiqué of 1984, nothing like this had so far taken place. On the contrary, the trade deficit was significant.

Van Rooy called her Chinese colleague Li Lanqing with the message that China was not importing enough goods from the Netherlands. In 1990 the Netherlands exported 353 million guilders to China, while the Chinese sold for over 1.3 billion Guilders to the Netherlands. The trade deficit had increased in 1990 to almost a billion Guilders. So instead of contributing to the intensification of trade relations, the Chinese had actually produced a vast trade deficit (van der Heijden, 2009, p.93).

Van Rooy tried to pressure the Chinese government stating that the trade deficit was exacerbating, putting the Dutch government in a precarious position regarding the Taiwanese request for submarines. The Taiwan-lobby in the Netherlands was getting more vocal and argued that the relationship with China was not beneficial at all.

On the other side of the bargaining table, the China Business Council of the Netherlands Council for Trade Promotion, the stronghold of the China-lobby in the Netherlands, was unsettled. The pioneering companies in China (e.g. Akzo, Shell, DSM, IHC Holland, Philips, Heineken) were still coping with the damage dealt by the first submarine crisis, and now new danger was lurking. Former-minister Fons van der Stee - carrying the nickname Flexible Fons, referring to his friendly character - the chair of the China Business Council, sent a letter to the permanent commission of parliament for foreign trade. He warned the commission for a predictable devaluation of ambassadorial relations to chargé d'affaires, if there would be another Taiwan deal.

In October 1991 the fire of the discussion was fueled once more when the Taiwanese press released a statement that a Taiwanese delegation of the Taiwanese China Shipbuilding Corporation had visited RDM. The news put the Dutch government in an awkward position, since despite the growing Chinese trade deficit, the Minister tenaciously kept on declaring to not supply arms to Taiwan.

What was especially painful for the Netherlands was that this time around the French had sealed a substantial deal with Taiwan. Paris had given the arms supplier Thomson-CFS (later fused with Thales International) permission to deliver 6 frigate hulls without arms to Taiwan for 5 billion dollars. This, all without harming the Sino-French relations, so it seemed. China only lamented the issue by labeling the event as 'very regrettable' without real further implications (d'Hooghe, 1992). Because of this lukewarm response, politicians in the Netherlands started to think that China's sensitivity about the issue was fading away:

Member of Parliament Ybema: In the past decade the trading relations with the PRC have declined, regardless of a small increase in the early 80s. The trading relations with Taiwan however, have increased tremendously recent years. That is a very joyous development. When taking this context into consideration, it can be concluded that the Dutch government's attitude is rather narrow-minded. We would like to stimulate open and relaxed contact. This is also possible for other members of the European Community. For example, France has great trading contacts with both the PRC and Taiwan. According to us the situation is outdated given the development of recent years. There are great commercial possibilities in Taiwan. (Handelingen Tweede Kamer, 1991-1992. November 11)

This statement is an example of how in the early 1990s some still questioned the economic rise of China. Indeed, the export to Taiwan in 1991 was still twice as big than to the PRC with 1 billion guilders.

The China Business Council of the Netherlands Council for Trade Promotion couldn't deny that the numbers were speaking in favor of Taiwan, but kept on pressuring for restraint regarding intensifying the trade relations with Taiwan. A quote from Gerard Westenburg, who was the head of the department Trade Missions of the China Chamber published in NRC Handelsblad:

If that happens, you will cause the Chinese to lose face. In a Confucian country like that a relation of trust is indispensable when you want to trade. The one who is violating the agreements, will show themselves unreliable. Besides, the

decision to not trade with Taiwan will not affect the quality of the relationship with Taiwan. (NRC Handelsblad, november 1991)

But the argument that it was actually Chinese who were violating the agreements, was getting stronger. Prime Minister Ruud Lubbers - at this time also busy with the organization of the European meeting in Maastricht, where the European Union would be founded - quickly sent top diplomat Henri Wijnaendts to travel in secret to Beijing. His mission was to find out if, given the apathetic reaction of the Chinese government to the French deal, the Chinese maybe also wouldn't care too much anymore about the Dutch deal. But the Chinese appeared to remain steadfast to their previous statements: the delivery will lead to severe and permanent implications in economic relations. The Chinese ambassador in The Hague, Wang Qingyu, also added: "By choosing for short term national interest, the Dutch interest on the long term will suffer severe damage" (d'Hooghe, 1992, p. 49).

Wijnaendts told the Chinese that the Dutch companies were not getting enough orders from the PRC, which exacerbated the trade deficit and unemployment problems in the Netherlands. Several hours before the decision of parliament to issue a license that would formally ratify trade with Taiwan, China issued a statement to be willing to buy 7 Fokker F100 airplanes of a total worth of 300 million dollars. Wijnaendts succeeded in convincing the Chinese that they had neglected the relation. They now understood they had to act. The next month Minister Andriessen of Economic Affairs was sent to China by parliament to restore the balance of the trade relations between the two countries.

The positive feedback from the Chinese was somewhat stimulating, but didn't offer anything concrete yet. At the same time, the Netherlands acted according the agreement to not trade arms with Taiwan. People were not sure if this investment in Chinese relations was the right choice and the debate kept going. Parliamentarian D. Tommel was wondering if the preferential treatment of China was still necessary:

For the last decades Taiwan has invested billions of which the Dutch business has profited nothing just out of fear and cowardice. (...) In 1983 the cabinet argued that the supply of arms to Taiwan would prevent a peaceful solution to the cross strait issue. Does the administration still hold the opinion that there is a conflict there? (...) Can really only the Chinese decide how flexible the communiqué can be interpreted? (Handelingen Tweede Kamer. 1991-1992. February 19)

#### **4.4.1 Restoring the balance**

So in April 1992 Minister Koos Andriessen of the Ministry of Economics departed with a big business delegation to China. The Hague wanted to see hard results that the export to China had increased before January 1993. De Fokker-deal that China offered at the time of the Dutch decision to refuse the Taiwanese order, was 'encouraging' but only a 'small beginning', said Andriessen. The Netherlands will not be discriminated again. 'You won't do that again' is what Andriessen told China about the French deal, according to the cabinet. To make matters even worse, as it turned out, what the Netherlands appeared to have lost was not only a very beneficial submarine deal but also involvement in Taiwan's six year plan of 1991-1997, an infrastructure plan of over 300 billion dollars (van der Heijden, 2009, p.222).



When Andriessen came back with 65 orders of a total worth of 1.6 billion dollars, he was not taken seriously, and the Taiwan discussion continued. In the article *The Netherlands cannot walk away from China*, issued in NRC Handelsblad on May 4<sup>th</sup>, Andriessen tried to justify his decision, claiming that along the coast of China there were 6 potential Taiwan's:

It would be a historical mistake to not recognize that China is going to be a economic great power in the future. Dutch politicians pretend as if the Netherlands has to choose between the PRC and Taiwan while the civil trade with both countries is flourishing for years already (NRC Handelsblad, 1992)

The fact that there were no concrete result yet, and that the Chinese deficit was not shrinking, made people doubt the direction of his policy. The insecurity would remain until in 1994, when the export to China finally passed 1 billion guilders the critique faded away (Van der Heijden, p. 224).

The Dutch and Chinese government, however, considered the relations to be stabilized again from the moment they signed the deals. In the meantime also minister Van den Broek of Foreign Affairs visited China in 1992 and his Chinese colleague Qian Qichen visited the Netherlands in 1993. Several exchanges on lower levels had taken place. An interesting aspect of this period was that nobody talked about human rights. Andriessen said: "I'm already working around the clock to sell Dutch products and then you're not going to talk about human rights". Europarlamentarian Jessica Larive of VVD had already discovered after her visit to Tibet in the end of 1991 that nothing was to be expected from the Chinese government when it comes to human rights.

At the end of his visit, Van den Broek's mentioned to China that 'human rights are the cornerstone of the Dutch Foreign Policy' but this was merely symbolic: also for the Netherlands the contracts decide the course of action. Li Peng responded by saying that 'the world should respect China's own interpretations of human rights. Political reform has to go step by step. Otherwise China will end up in the same chaos as Eastern Europe'.

#### **4.5 Case 4 - Van Mierlo's Moralism (1997-1998)**

Also in the second half of the 1990s politics would stand in the way of economic relations between the Netherlands and China. It became clear that Dutch businesses, and to a lesser extend also the Ministry of Economics, were having objections against the foreign policy of the Netherlands towards China. This foreign policy was, with the appointment of the new Purple cabinet more ideological than ever before<sup>12</sup>. The words of the new Minister of Economics, Hans Wijers, in 1997, that not everything can be measured in economic terms, and more importantly, that doing business with China should be 'conducted within the framework of the political values that the cabinet stands for' said a lot about the moralistic principles of the new cabinet. According to Hellema (2010) Dutch business circles had a lot of complaints of how the politics from the Hague 'wasted' good business opportunities because of the 'political preaching' abroad about democracy and human rights.

But actually during the 1990s, the Netherlands was, just like the rest of the world, becoming less and less critical towards China. The communist leaders had already figured out that the foreign interests in China were so big that any minor political

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<sup>12</sup> "Purple" is the nickname of a coalition consisting of social democrats and liberals. It is derived from the combination of the colour of the social democrats (red) and liberals (blue). The two Purple cabinet of Prime Minister Wim Kok (Kok I and Kok II, 1994–2002) were composed of the Labour Party, the PvdA, the VVD and the Democrats '66.

resistance could easily be parried. Countries or companies that wanted to 'meddle in domestic affairs' - in practice meaning everything that China didn't want to hear any criticism about - were politically shut down.

That this sly attitude would profit the Chinese tremendously was not surprising. No country wanted to be left behind. And who was still talking about Taiwan, Taiwan was only playing a role among the poorest nations in the world. In this period it seemed like all the trouble had disappeared from the stage of Sino-Dutch relations.

#### **4.5.1 The moralism**

In 1996, the Netherlands welcomed Qian Qichen on April 19th, and offered a stage in the Hague for Qian and his American colleague Warren Christopher to discuss their different opinions about Taiwan, nuclear proliferation, human rights and trade. The KLM here acquired its permission to fly directly to Beijing. Dutch football players joined the national Chinese team, and businesses finally profited from the foreign policy (NRC Handelsblad, April 10, 1996).

But then the Dutch Minister of Foreign Affairs stood up. Van Mierlo received a beating at a general discussion with parliament that he had neglected human rights. And given the fact that Van Mierlo was a very ideological politician, that had hurt him personally. He thought that the Netherlands had a reputation to uphold and decided to use his chairmanship of the European Union, in 1997, to denounce the human rights violations in China. He did this during the annual meeting of the Human Rights Commission of the United Nations in Geneva in March (Baehr, et. al., 2002).

In his speech, he paid special attention to the work of human rights defenders that were 'made speechless by their own government'. He referred to Moshood in Abiola in

Nigeria, Daw Aung San Suu Kyi in Burma, and Wei Jingsheng in China. The Chinese delegation interrupted immediately. The Chinese delegate argued that the Dutch minister was not in a position to intervene in internal Chinese affairs, especially not, because of the Dutch police actions in the former Dutch Indies, and because of the situation in the 'backyard of the Netherlands', referring to the fall of Srebrenica. At this time, the representatives of the member states of the EU had not complained about Van Mierlo's courageous moralism, but when the common decision-making process for the draft resolution started, it appeared that first France and then Germany, Italy, and Spain had decided to withdraw their support for the draft. They were afraid that the signing of the draft would have economic consequences for their bilateral relation with China (Baehr, et. al., 2002). So, van Mierlo's attacks on China were without any support from Europe.

#### **4.5.2 The response**

Immediately the visit to China of the minister Hans Weijers of Economic Affairs was postponed. The Dutch ambassador was summoned. The long-awaited visit of vice premier Zhu Rongji was cancelled. China wanted to set an example for anybody publicly criticizing China. The whole business world of the Netherlands attacked the minister (Van der Heijden, 2004, p. 231).

For the Dutch Ministry of Foreign Affairs the upheaval was no surprise. Although there was a consensus within the European Union about the human rights position towards China, the German Chancellor Helmut Kohl and the French President Jacques Chirac decided to hold back their ministers. Confrontation with China is not of this time anymore, said Chirac. But Van Mierlo was not completely alone. Great-Brittain and Denmark agreed with his motion that the resolutions against countries like Zaire, Irak,

Iran and Birma were hypocritical if China was not included in the list. 'I don't want the European Union to hold a double standard', said Van Mierlo. But what Van Mierlo did not realize was that a big part of Europe, and a majority of the member states of the UN, wanted to treat China nicely in order to cash tremendously.

Hans Blankert, the new chair of the employers' organization VNO-NCW reacted furiously. 'There is no understanding of the sensitivity that the Chinese feel towards open criticism, The damage done by the minister could be more than 800 million guilders'. H.G. van Buren from the Dutch Center for Development of Trade was speaking of 'pure masochism':

To see that it's going wrong, but still go strong. If you know that the big countries don't want to participate, you should cool down as a small country. Also, you should actually stimulate trading with China. Trade leads to wealth, and wealth leads to a middle class, and a middle class will bring any authoritarian regime down.' (Baehr, et. al., 2002)

On the other hand, parliamentarian Maarten van Traa from the PvdA was speaking of 'courage language'. The damage done to the business world eventually would turn out to be not that bad, he predicted:

The often cited 'sensitivity' of the 'Eastern Chinese' that we should take in consideration is first of all a reverence for China's power, not for its sensitivities. I hear little about the sensitivities of Milosevic or the Burmese military, which we, completely justified, are criticizing openly (Van Traa, 1997).

Also the Ministry of Foreign Affairs was disappointed :

In the past it was always possible for the Netherlands to maintain economic contacts and at the same time have a political dialogue about human rights. It's a shame that that's no longer possible (Blussé & van Luyn, 2008, p. 220).

At a meeting of Ampek, the Amsterdam-Beijing association of entrepreneurs in the capital city that was celebrating its tenth anniversary, Zhu Manli, the new Chinese ambassador in the Netherlands said:

China and the Netherlands have become important partners. (...) The economic cooperation was growing and that should continue that way. But differences in opinion can only be solved through a 'constructive and non-confrontational approach. (...) Because economic cooperation is not only in the interest of China. (Reformatorisch Dagblad, 1997).

That's something the Dutch already discovered.

#### **4.5.3 The silence**

It took a year for the ties to recover again. That was celebrated with the visit of premier Li Peng in February 1998, the man that in the West was still associated with the repression of the demonstrations in 1989. The Dutch authorities, that in the month before tried really hard to prevent any shred of human rights to ruin the party. Premier Li Peng would be confronted as little as possible with 'normal Dutch people' (Verweij, 2010, p. 34). Also the press was prevented access in such a repressive manner that foreign correspondents filed a complaint at the Netherlands Government Information Service.

'Demonstrations prevent our countries from having a harmonious relationship', said a Chinese official that was also aboard of the Mississippi Queen, the vessel on which Li drove through the harbor. The 'Release student leader Wang Dan' that demonstrators were shouting was already carried away by the wind (Berbers & Nysingh, February 14, 1998).

The Chinese Prime Minister didn't come to talk about politics, but to sign contracts. Namely, an agreement with Dutch Royal Shell for the construction of a petrochemical complex in Southern-China, worth of 9 billion guilders. This turned out to be the biggest foreign joint-venture in the history of China (Shell, 2004). Never so many captains of industry joined a Dutch minister, 120 in total. The offending H-word was not used again. The big damage to the economy, that was predicted by the VNO-NCW-chair Blankert, did not happen. The Netherlands was exactly in line with the European policy that decided that China would not openly be criticized anymore. According to the European Ministers of Foreign Affairs China would try to improve its human rights better than before (Trouw, February 28, 1998). How they were aiming to achieve this remained a mystery of course. Finally the long awaited visit of Queen Beatrix and Prince Claus could continue. Nothing stood in their way anymore and ten years after its initial planning, they could finally enjoy their visit in 1999.

#### **4.6 Recent developments**

In this chapter we have seen the historical development of the relation between the Netherlands and the People's Republic of China with the four major moments of instability. In the year after the Van Mierlo's incident, the two parties seemed to have found a balance between their mutual expectations. As long as China

trades with the Netherlands, they in turn, will agree to solve potential problem that may arise regarding human rights violations with the magic words 'constructive dialogue'. Especially after China joined the World Trade Organization in 2001, the relation seems well managed by both parties. When the ambassador of human rights Renee Jones-Bos plans to pay a visit to the Falun Gong in Hong Kong, any risk of exacerbating the situation was tempered by both parties. First the Minister of Foreign Affairs Jozias van Aartsen symbolically cancelled his visit to China after the Chinese government asked him to cancel the ambassadors visit to the Falun Gong. But soon after China invited him to come and van Aartsen claims that his visit was only delayed, and never cancelled. Here, the two parties still formally perform their expected roles, and are aware of the expected response. The Netherlands still shows that human rights is a major point in their foreign policy with this minor action, because it is not in accordance with the European and American policy to only treat human rights issues with China behind closed doors, but this seemingly courageous action has no real implications. On the other hand, China provides ample investment opportunities over the years. The Dutch bank ING gets one of the seven licenses that the Chinese offered to European insurers in exchange for support of the European Union in the same year (van der Heijden, 2008, p. 127).

Also in 2008, when the Chinese were preparing for the Olympics in Beijing, a potential moment of relational instability was skillfully tempered by both sides. In the Netherlands a public debate arose because several prominent Dutch public figures, like the comedian Erik van Muiswinkel openly criticized the fact that the Prince of the Netherlands, who at that time was a member of the International



Olympic Committee, had agreed to the allocation of the sport festival in a country where human rights violations were part of every day policy. But since the Prime Minister of the Netherlands is the formal representative of the royalty, Jan-Peter Balkenende at that time, could not refuse to visit the event, unlike his European colleagues.

Over the years the interaction has remained the same, the Netherlands openly mention the words human rights and China in the same sentence to satisfy the domestic constituency, and China keeps the economic relationship healthy. On October 28<sup>th</sup> 2015, the Dutch King held a speech at the China Executive Leadership Academy. Here, without openly criticizing China, he made clear that the Netherlands and China have differences, and that these don't have to be openly discussed, but internally, like differences among friends. He did openly talk about the virtues of a developed civil society and taught the Chinese that 'listening to people' is important on all levels of governance. This interaction epitomizes the intention of both parties for the time to come.

## Chapter 5

### *Case Analysis*

#### **5.1 Case 1 – The Submarine Crisis (1980 – 1984)**

To determine whether or not the model fits the data, we have to analyze if the values of the independent variable '*(in)stability*' and the dependent variable '*Objective of Dutch foreign policy*' are the same as anticipated in the hypothesis.

##### **5.1.1 Stability**

The behavior of the actors in a period of stability is represented by '*congruent policy*'. In the period covering the whole case, from 1980 to 1984, the point of reference that the decision-makers used to make interpretations of the relationship is defined on May 16th 1972 by the "*Communiqué of 16 May 1972 concerning relations between the Kingdom of the Netherlands and the People's Republic of China*" where both parties agreed to a mutual understanding of the nature of the relationship. In the period from 1972-1980 both sides of the relationship had congruent interpretations of this agreement.

##### **5.1.2 Instability**

The initial moment that kicked off the destabilization process was the granting of the arms export license to Taiwan in November 1980 by the Netherlands. Immediately Dutch informing actors and decision-making actors realized that it would be the Netherlands itself that would initiate the instability if the license was not retracted, indicated by the resistance and warnings coming from the Ministry of Foreign Affairs, the legislative branch and the academic realm. The final verdict was given by the

decision-making actors on February 20, 1981 in the *Letter of the Prime Minister, Minister of General Affairs to the Chairman of the House of Representatives*, where the Prime Minister and the Minister of General Affairs stated that the government would not retract the license, and also emphasized that it didn't consider its policy to be incongruent with the point of reference of May 16th 1972.

The confirmation of the fact that a period of instability had begun was provided by China on May 1981, when the diplomatic relations were reduced to *chargé d'affaires*, and thereby signaling that the interpretations of the nature of the relationship were incongruent. The model predicts that when a party has determined the relationship to be '*destabilized*' by itself it will proceed to implement policy that is characterized by '*self-restraint*', either in the form of '*ontological tolerance*', and/or the '*yielding of direct national interest*'.

### **5.1.3 Stabilization**

In this case, the national interest of the Netherlands is the trade with Taiwan, as indicated by the Government (especially the Ministry of Economics) and members of parliament. Given the fact that on December 28th 1983 the Dutch government after long deliberation decides to not trade with Taiwan in order to stabilize the relationship with China, the hypothesis that

*Hypothesis: The Dutch foreign policy towards China is aimed at stabilizing the relationship when instability occurs, and when the destabilization of the relationship is perceived to be caused by itself, the foreign policy will be based on*

*H<sub>1</sub>: Self-restraint, in the form of ontological tolerance and/or the yielding of national interest, can be confirmed for Case #1.*

#### **5.1.4 Instability**

After the stabilization process, both parties came together to determine a new point of reference for congruent policy. This point is defined by the agreement concluded on 1 February 1984, where China and the Netherlands restored full diplomatic relations and agreed on the nature of the relationship:

The representation of the Dutch government has informed the representation of the Chinese government of the decision of the Dutch government to not issue a license for the further export of weapons to Taiwan. The Chinese government appreciates the decision of the Dutch government. (...) Both parties agree to not only normalize but also intensify the relations (d'Hooghe, 1992)

With compliance of both sides, a period of stability was introduced where both sides of the relationship agreed on their common interpretations of the nature of the relationship, which increased the predictability of the other party's behavior and allowed them to be more certain of the other party's commitment to the relationship.

## 5.2 Case 2 – June Fourth Incident (1989 - 1991)

In case #2, the same method will be applied. To conclude if model fits the data, we look whether or not the independent variable '*(in)stability*' and the dependent variable '*Objective of Dutch foreign policy*' are the same as anticipated in the hypothesis.

### 5.2.1 Stability

In order to know when the interpretations of the nature of the relationship became incongruent, we first have to determine when the interpretation was congruent. As was determined in the analysis of case #1, the last point of reference was agreed upon by both parties on February 1<sup>st</sup> 1984, but this agreement is complementary to the initial point of reference of May 16<sup>th</sup> 1972. In the period from 1984-1989 both sides of the relationship had congruent interpretations of these agreements.

### 5.2.2 Instability

In this case, the period of destabilization was rather short, as the relationship was destabilized by an almost instant shock. This moment was the massacre committed by the government of the People's Republic of China on June 4<sup>th</sup> 1989. One could argue that the destabilization was already anticipated earlier, when the Dutch government cancelled the state visit of the Queen and her husband four days before departure (Landsberger, 1989).

Now the observant reader can make a claim that the People's Republic of China actually deemed the relationship to be destabilized at the moment that they were sanctioned by the Netherlands, since they argued that human rights violations are a domestic affairs, which, according to the point of reference, should not be infringed upon. This, however, does not affect the model, because the construct of '*instability*' is defined as a period in which both sides of the relationship have incongruent interpretations of the

nature of the relationship. This is the accurate, because on June 7th, the Netherlands stated that human rights violations can never be considered a domestic affairs, which makes their interpretation of the relationship different from China.

Consequently, it was instantly clear for the Netherlands who the destabilizing actor in the relation was. The model predicts that when a party has determined the relationship to be '*destabilized*' by the other, it will proceed by implementing policy that is characterized by '*symbolic action*', which contains '*self-help*' and '*self-restraint*', as indicated by the hypothesis.

### 5.2.3 Stabilization

The '*self-help*' was characterized by the immediate objective of the Netherlands to concert its efforts in a multilateral context to increase its effectiveness, which can be interpreted with the Balance of Power model. The multilateral sanctions were established on 27 June 1989. Bilaterally, most aspects of the relationship with China were downgraded, signaling to China that the Netherlands had a different interpretation of the conditions for a stable relationship.

In this case, the '*self-restraint*' of the Netherlands concerns '*ontological tolerance*'. The ontological tolerance is represented by the fact that, although the Netherlands used '*self-help*' to punish China, it applied its values concerning human rights inconsistently, by retaining diplomatic contact and withholding further action while this was demanded from not also informing actors, and also several decision-making actors. This is best represented by the statement: "Right now we don't want to take actions that will hinder cooperation with China in the long run." (Blussé & van Luyn. 2008, p. 216).

This was done, in accordance with the construct of '*symbolic sanctions*', to not permanently harm the relation with China, but to allow China to return to the long-term calculus of a stable relationship. This logic didn't only apply for the Netherlands, also the US did not respond to the deportation of American journalists and the Chinese critique on 'hegemonic anti-China waves coming from the US congress'. This was because president G.H. Bush didn't want the turbulence to escalate and prevent China from being able to return to the long term calculus (Blussé & van Luyn, 2008, p. 218).

Also it can be concluded that the Netherlands applied its values inconsistently by giving priority to national interest, according to the policy recommendations from the Ministry of Foreign Affairs (Foreign Affairs, 1979). Nevertheless, it can be argued that the decision-making actors did consider the degree of turbulence to be severe. As one of the last industrialized countries the Netherlands normalizes its relations with Beijing in the autumn of 1991, a year after the multilateral sanctions were lifted. Also the fact that the multilateral weapon embargo still remains, is a signal to China that the European Union still considers human rights not to be a domestic affair, but a universal principle that also China ought to uphold if it seeks to maintain stable relations.

Given the fact that bilaterally most aspects of the relationship were downgraded, and multilateral sanctions were established as a reaction to the destabilization, while at the same time retaining diplomatic contact with the authoritarian regime and prioritizing national interest over human rights, the hypothesis that

*H<sub>1</sub> hypothesis: The Dutch foreign policy towards China is aimed at stabilizing the relationship when instability occurs, and when the destabilization of the relationship is perceived to be caused by the other, the foreign policy will be based on*

*H<sub>2</sub>: Symbolic sanctions, in the form of a combination of Self-restraint and Self-help, can be confirmed for Case #2.*

### **5.3 Case 3 – China’s Negligence (1990 - 1992)**

As in the previous two analyses, we have to determine if the values of the independent variable '*(in)stability*' and the dependent variable '*Objective of Dutch foreign policy*' are the same as anticipated in the hypothesis.

#### **5.3.1 Instability**

The period of destabilization starts in November, 1990, when for the first time in reaction to rumors that Taiwan wanted to continue to trade with the Netherlands the government states that it aims to uphold the common interpretation of the relationship that was agreed upon by the Netherlands and China on 1 February 1984. This statement causes the Netherlands to perceive China's interpretation of the relationship to be incongruent with their own, and therefore initiates the period of instability. This is because the agreement of February 1984 states that China would work on the "intensification of trade relations", but China did not. Therefore, the Netherlands perceives China to be the destabilizer of the relationship.



The model predicts that when destabilization of the relationship is perceived to be caused by the other, the foreign policy will be based on '*Symbolic sanctions*', in the form of a combination of '*Self-help*' and '*Self-restraint*'.

### 5.3.2 Stabilization

In this case, the '*self-help*' applied by the Netherlands in response to the instability is the threatening of trading arms with Taiwan, through parliament, the government and diplomatic ties.

The '*self-restraint*' is the fact that eventually the Netherlands did not buy anything of Taiwan, which was against their national interest at the time. In retrospect, we can simply argue that it was actually in the Netherlands' direct national interest to trade with China instead of Taiwan, but that would be a fallacious statement. At the time, no concrete contracts were signed, and the decision was deemed irrational and criticized until the policy objective of diminishing the trade deficit was reached.

Given the fact that while the Netherlands threatened to trade with Taiwan, the Dutch government after long deliberation decides to yield its national interests in order to stabilize the relationship with China, the hypothesis that

*H<sub>1</sub> hypothesis: The Dutch foreign policy towards China is aimed at stabilizing the relationship when instability occurs, and when the destabilization of the relationship is perceived to be caused by the other, the foreign policy will be based on*

*H<sub>2</sub>: Symbolic sanctions, in the form of a combination of Self-restraint and Self-help, can be confirmed for Case #3.*

### 5.3.3 Stability

After the implementation of the policy, Minister Andriessen of the Ministry of Economic Affairs went to China in April 1992, where he signed 65 orders of a total worth of 1.6 billion dollars. The critique would only dwindle after the numbers were shown, but from this moment on the behavior of both parties was in accordance with each other's expectations and conditions. Therefore we can conclude that a period of '*stability*' had returned.

## 5.4 Case 4 – Van Mierlo's Moralism (1997 – 1998)

Also for the last case, we have to analyse if the values of the independent variable '*(in)stability*' and the dependent variable '*Objective of Dutch foreign policy*' are the same as anticipated in the hypothesis, to determine whether or not the model fits the data.

### 5.4.1 Stability

In the period of covering the whole case, from 1997 to 1998, the point of reference that the decision-makers used to make interpretations of the relationship is defined by the agreement "*Communiqué of May 16, 1972 concerning relations between the Kingdom of the Netherlands and the People's Republic of China*" where both parties agreed to a mutual understanding of the nature of the relationship, together with the joint communiqué of 1 February 1984.

The difference in this case however, is that in April 1992, an 'unwritten' mutual understanding had developed that China would have to at least sustain the intensity of the economic relations, while at the same time the Netherlands would not openly criticize

China's way of handling domestic affairs. In the period from 1992-1997 both sides of the relationship had congruent interpretations of this agreement.

#### **5.4.2 Instability**

In this case, the moment that initiated the period of instability is even more clearcut than the Tiananmen massacre of 1989. It was the moment that the Dutch Minister of Foreign Affairs used his chairmanship of the European Union, to criticize the human rights violations in China. This act was instantly denounced by China, based on an argument of intervention in domestic Chinese affairs. Immediately the visit to China of the minister Weijers of Economic Affairs was postponed. The Dutch ambassador was summoned. The visit of vice premier Zhu Rongji was cancelled. So, instantly, a period of stability changed into a period of instability.

The model predicts that when a party has determined the relationship to be '*destabilized*' by itself it will proceed to implement policy that is characterized by '*self-restraint*', either in the form of '*ontological tolerance*', and/or the '*yielding of direct national interest*'.

#### **5.4.3 Stabilization**

Given the fact that after this moral statement on human rights, the '*ontological tolerance*' is represented by the fact that the Netherlands did not mention human rights openly again towards China, the hypothesis that

*Hypothesis: The Dutch foreign policy towards China is aimed at stabilizing the relationship when instability occurs, and when the destabilization of the relationship is perceived to be caused by itself, the foreign policy will be based on*

*H<sub>1</sub>: Self-restraint, in the form of ontological tolerance and/or the yielding of national interest, can be confirmed for Case #4.*

## **Chapter 6**

### *Conclusion*

In this master thesis the question was asked how the inconsistencies in the international relation between the Netherlands and the People's Republic of China could be explained. After an overview of the literature on Dutch foreign policy, Dutch Chinese foreign policy, and a review of the theoretical discourse of international relations, it was concluded that this question had so far not been answered satisfactorily.

The Balance of Relationship theory was chosen as theoretical model, because the substantialist theories, neorealism, neoliberalism and constructivism are not strong models to explain change and inconsistencies, while the Balance of Relationship is best suited to do this. Based on the theoretical principles of this theory, it was hypothesized that the Dutch foreign policy towards China is aimed at stabilizing the relationship when instability occurs. When the destabilization of the relationship is perceived to be caused by itself, the foreign policy will be based on self-restraint, in the form of ontological tolerance and/or the yielding of national interest. On the other hand, when the destabilization of the relationship is perceived to be caused by the other, it was hypothesized that the foreign policy will be based on symbolic sanctions, in the form of a combination of self-restraint and self-help.

A methodology for the gathering and analysis of the data was provided, to clarify the operationalization of the constructs and variables in an analytical framework. The

form of analysis that was applied in this thesis is a case study analysis, while the data was composed as a descriptive-historical narrative.

There is a tendency in international relations to heed the calls of selection bias. However convenient, selecting the cases with the a priori knowledge that they will most likely confirm the theory under investigation is not a correct way of conducting research. Therefore, all four cases of major turbulence in the history of Sino-Dutch relations were taken, regardless of the a priori knowledge of how well the data of each case would fit the model.

The case analyses showed that in every case the hypothesis was confirmed. Taking into consideration the current state of international relation theory, the true significance in this research lies in the fact that the traditional models of analyses are not able to explain all cases. This is especially true for case #1, where the yielding of national interest by the Netherlands defies the very basis of the characteristics of the international system that realism endorses. The implication of this result is that the Balance of Relationship theory provides a framework for explaining change and inconsistencies in the foreign policy of a nation, and therefore provides a more systematic way to think about the relationships between countries. The result indicates that direct national interest is confined by the stability of relationships. This helps us to better understand the importance of stable relationships for the attainment of long term national interests. The results confirms the theoretical proposition that states apply relational security, thereby reducing the level of anarchy in the international system, in order to secure their national interests in the long run. This realization forces international relation theorists to rethink the traditional assumptions that propose a static character of the international system, and

it pushes for a perspective on international relations based on dynamism and relationalism. However, there are also methodological weaknesses that can be improved on. The study would gain in strength if the methodological base was more diversified. The proposition that long term cooperation is rational behavior among states can for example greatly benefit from the application of formal models. Also, it can be argued that relational theory can benefit from a more systematic approach towards the analysis of the relation, instead of only taking the foreign policy choices of one side of the relationship as a starting point. This could be a potential improvement of the model.

After starting off in an international context reminiscent to the anarchy that Hobbes described so eloquently, with detained prisoners and utter distrust that occurred during the Cold War, both parties worked towards balancing their relationship, because this is how rational actors can secure their national interest. The visit of King Willem-Alexander and his speech about civil society epitomized the balance China and the Netherlands have found, and will most likely sustain for the time to come.

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