



1-1-2002

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Recommended Citation

Winfried van den Muijsenbergh, *Corporate Governance: The Dutch Experience*, 16 *TRANSNAT'L LAW*. 63 (2002).
Available at: <https://scholarlycommons.pacific.edu/globe/vol16/iss1/6>

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Corporate Governance: The Dutch Experience

Winfried van den Muijsenbergh*

Ladies and Gentlemen, or if I may say, friends of McGeorge, and friends of friends of McGeorge, I am extremely happy to be here at the 2002 annual International Law Symposium today. Not only because I love this campus and its good company, but also because I had the opportunity to learn about international corporate governance. I was deeply impressed by the distinguished professor from Cambridge University, discussing the corporate governance system in Australia, and then hearing the very distinguished professor from New York explaining how the corporate governance system functions in Japan. Last, but definitely not least, I enjoyed the presentation of the professor from Los Angeles explaining to us how the system in Slovenia functions. In line with our theme on international business and law, I thought our audience could benefit to hear from the Dutchman on how the system works in the Netherlands.

I am saying this with a lot of modesty because I have to admit that until seven years ago, the word “corporate governance” in Holland was virtually unknown.¹ Nobody was interested in the topic. There was no public debate. There was a limited amount of literature on this topic, and the term “corporate governance” was not even used.² This was a strange predicament because the Netherlands was one of the first nations to be concerned about corporate governance.

I. HISTORICAL LOOK AT CORPORATE GOVERNANCE IN THE NETHERLANDS

The year 2002 marks the four hundred year anniversary of multinational corporate governance. Although not in existence today, four hundred years ago the United East India Company was founded.³ It was the first functioning multinational company with an organizational structure and international operations.⁴ More importantly, it created a system of operation where the capital was separated from the management.

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1. See John H. Farrar, 33 INT'L LAW. 927, 928 (1999).

2. *Id.*

3. See Dutch East India Company, at http://100.1911encyclopedia.org/D/DU/DUTCH_EAST_INDIA_COMPANY.html (last visited Oct. 4, 2002) (copy on file with *The Transnational Lawyer*) (noting this company was “founded by a charter from the Netherlands States General on the 20th of March 1602”). However, the company was eventually dissolved in 1798. *Id.*

4. See *id.* (noting that the company had its headquarter in Batavia, Java). The company had a monopoly on trade between the East Indies and imported its products duty-free and “was authorized to maintain armed forces by sea and land, to erect forts and plant colonies, to make war or peace and to arrange treaties *Id.*”

The United East India Company had more than sixty governors.⁵ Of course, with sixty governors there was trouble with governance. To a large extent, corporate governance is about creating balanced decision-making, and the United East India Company faced the problem of how to create a system of balance in decision-making. That is in my view what corporate governance, to a large extent, is about. To remedy the problem of governance by sixty governors, the United East India Company created a smaller council led by seventeen governors.⁶ The seventeen governors came from different parts of the United Netherlands. Amsterdam, being by far the largest and most important city had the right to nominate eight.⁷ Zeeland, an important trade province, had the right to nominate four.⁸ There were four other regions, which each had the right to nominate one workman, bringing the total number to sixteen. A seventeenth governor was selected, either by Zeeland, having already four members, or by one of the smaller groups. This representative system prevented Amsterdam, the most important and powerful city, from dominating the corporate structure, and at the same time, allowed smaller cities or provinces to wield their power, especially with the swing vote. Nevertheless, this governing board of seventeen, known as the *collegium*, was empowered to make a collective decision.⁹

II. THE EVOLUTION OF CORPORATE GOVERNANCE IN THE NETHERLANDS

Although the Netherlands was one of the first nations to implement a system of corporate governance, it appears to have lost its advantage of being a leader in its field. However, because of an increase in international business and the Dutch integration within Europe, there has been a renewed domestic interest in the uses of the corporation. Politicians realized that corporations could add value to society, and now corporations are not just seen as capitalist institutions but as institutions that are of crucial importance to Dutch society.

As stated by the professors this morning, corporate governance depends entirely on historic situations, on cultural traditions, and on the situations in each country.¹⁰ Therefore, the system that might work well in one country is not necessarily so ideal in other countries. We heard this morning the interesting example of Japan. For many years everybody was looking in amazement at its economic success. But apparently the Japanese model of corporate structure,

5. *See id.*

6. *Id.* (highlighting that "the independence of states which constituted the United Netherlands was recognized by the creation of local boards at Amsterdam, in Zeeland, at Deift and Rotterdam, Loom and Enkhuizen").

7. *See id.*

8. *See id.*

9. *See id.*

10. *See Farrar, supra* note 1, at 928.

based in large part on tradition, could only be successful during that period of time. Currently, the Dutch are debating the issue of how to best organize a company. Are we converging to an American model or not? I have to disappoint the Americans amongst us here because, to a certain extent, the Netherlands only has some attributes of the American model; but the Netherlands is not completely converging into this model. The Netherlands is a very small nation, composed of trade, laborers, business leaders, and a social democratic structure. People are comfortable with decisions being made in groups in the political arena, as well as in the business environment. Therefore, the Dutch system of corporate governance resemblances, to a certain extent, that of Germany and Slovenia.¹¹

For many years the prime idea behind the Dutch corporation was not so much the maximization of shareholder value, but basically to continue its own existence. The company is not only here to serve the best interests of its shareholders and to keep its clients happy, but society should be served as well. Therefore, the company should take care with regard to externalities such as environmental matters in a diligent way—all this often leading to increased costs and subsequently directly lowering shareholder value.

The philosophy upon which the Dutch corporate governance system was founded is based on achieving a consensus between all stakeholders.¹² Stakeholders include the government, employers, labor unions, and shareholders. In contrast, American and British companies are based on shareholder maximization, or rather maximizing the short-term profits for the shareholder.¹³ Dutch corporations are not based on maximization of short-term profits for the benefit of shareholders, but rather the main concern is a sustainable, stable, and continuous growth.¹⁴ This stable and continuous growth not only serves to benefit the shareholders, but also society through welfare and social security programs.¹⁵ A stable corporation promotes a stable tax base, in turn, making the social security and welfare programs more stable. In order to create a system that is beneficial for all stakeholders' employers, labor unions and shareholders consult each other about economic goals and the policy instruments to be used.¹⁶ Despite the fact that the shareholder does not receive as much profit as he would in a shareholder maximization economy, it is believed that the shareholder is best served in the long run.

11. For an extensive analysis of the Slovene governance system, see Stephen Bainbridge, 16 *TRANSNAT'L LAW*. 45 (2002).

12. *By Invitation: The High Road that Leads Out of the Low Countries*, 351 *ECONOMIST*, Issue 8120 (May 1999).

13. *See id.*

14. *See id.*

15. *See id.*

16. *See id.*

III. CORPORATE STRUCTURE IN THE NETHERLANDS

In the Netherlands, there are two different types of corporations: the *Naamolze Vennootschapo* (“NV”) and the *Besloten Vennootschap* (“BV”).¹⁷ The latter is like the limited liability company, whereas the other entity is the public company. The main difference between the two is the ability to transfer stock.¹⁸ Only the NV corporation can list its stocks on the Amsterdam Stock Exchange or other indexes.¹⁹ However, if either type of company has one hundred or more employees and equity over sixteen million euros or twenty-five million Dutch guilders, it must implement certain governance features, including a mandatory supervisory board and works council.²⁰ Figures dating back to 1995 note that there were about two thousand public companies, about one hundred thousand private companies, about three and a half million sole proprietorships, and out of those companies only about six thousand or so companies had more than one hundred employees. I am giving you some of these figures in order to show you that, of course, we are talking about a relatively small market.

Statutory large companies have a two-tier system of management. The corporate structure is divided into two boards, the supervisory board of directors and the managing directors. The supervisory board meets only three to four times per year, whereas the managing directors, or executives, are responsible for the day-to-day operation of the business.

In these statutory large or structured companies, the supervisory board has many powers. Supervisory boards have the power to elect their own members,²¹ to nominate and terminate employment agreements with the Chief Executive Officers, and are also charged with nominating the whole managing board.²² In addition, the supervisory board has the power to control the annual accounts, leaving the shareholders with virtually no say on the adoption of an annual budget.²³ The supervisory board consists of “professional managers,” independent of the company, but required by law to serve its interests.²⁴

17. See John C. Brouwer, *Joint Ventures in the Netherlands*, 535 PLI/TAX 579, 588 (2002) (highlighting the fact that “both corporations can be used for the same business purpose and their audit and disclosure requirements are almost identical”).

18. See *id.* at 587 (noting that foreigners can hold the shares of both companies).

19. See *id.* (discussing in general the “transfer restrictions” imposed by the BV, and also further noting the distinctions between the two types of companies).

20. See Abe de Jong et al., *The Role of Self Regulation in Corporate Governance: Evidence from the Netherlands* (1998), available at <http://netec.mcc.ac.uk/WoPEc/data/Papers/dgrkubcen200059.html> (copy on file with *The Transnational Lawyer*).

21. See Brouwer, *supra* note 17, at 588.

22. As a result, the managing board is more likely to follow the lead of the supervisory board.

23. See de Jong et al., *supra* note 20, at 4.

24. See *id.* at 5.

The other tier is the management board, which may be as small as one member.²⁵ Like most management boards, the managers are responsible for day-to-day operation of the business and guide the execution of policy. In the Netherlands, however, the management board is usually in possession of all of the company's information and has the power to control the flow of information to the supervisory board members. The management board also has the responsibility of considering proposals for the works council.²⁶

Another important feature that we must discuss, regarding Dutch corporate governance, is the possibility of listing on a stock exchange. In order to be listed, the company must be worth around five millions dollars, must have been profitable for over three years, and cannot have too many takeover defenses. Obviously, you also need shares. When companies first organize, shares are issued that have voting, dividend, and trading rights.²⁷ But when the companies meet the size of the statutory company, some of these rights are divided and shifted to a Trust Office, made up of supervisory and managerial boards and outsiders.²⁸ Often, the outsiders are independent lawyers, law professors, and businessmen. These shares are not the equivalent to what you would call shares *per se*; for reasons I will discuss, we call these shares "certificates." The right to vote for an 'ordinary' shareholder is not attached to the certificates, but this right is given to the Trust Office.²⁹ So basically, if you buy a certificate you do not buy the right to vote, but the shareholders still keep their dividend rights.

In essence, companies that have one hundred employees or more, a works council, and more than sixteen million euros in equity (twenty-five million Dutch guilders) shift the power from the shareholders to the supervisory board.³⁰ In fact, power is concentrated in the two-tier board, whereby the supervisory board makes many important decisions and has the ultimate say. The management board essentially keeps the operation running. People coming from a system where shareholder value maximization is typical may find this to be a frightening perspective. In fact, I had clients say that the Dutch system looked a bit like the communist system, where the power was in the hands of a small group of people and as a capital supplier you basically only had the right to wait and see what would happen.

IV. LACK OF SHAREHOLDER INFLUENCE

In the Netherlands, many investors have little or no influence on the way a company is operated. Unlike in the United States, information will not always be

25. *See id.*

26. *See id.*

27. *See id.*

28. *See id.* at 6.

29. *See id.*

30. *See id.* at 4.

distributed to shareholders in Dutch corporations.³¹ In some cases, however, the board would share information with only larger pension funds, international investors, and national investors.³² Of course, what we would consider insider information was given to these institutions while other shareholders, not having the opportunity to be invited, were kept in the dark. Due to the influence of the strict rules on insider trading from American and British systems, this system is, of course, no longer acceptable.

The shareholders, historically, did not attend the meeting because they had very little power. The lack of shareholder influence was welcomed because the board thought of “the risk as being too big.” There is a fear that there will be a small group of shareholders that will take control, forcing the managers and the supervisors to suffer at the whim of the small group or even face dismissal from office. Studies have been conducted which demonstrate that supervisory boards of corporations are satisfied if only twenty-five-to-thirty percent of shareholders actively take an interest. Those who did attend the meetings tended to be retired people. They received a nice meal, and coffee, and were allowed to ask a question. Typically at the end of a meeting a shareholder would stand up and applaud the board for all the fantastic work that it had done in the previous year. Although the shareholders were allowed to ask questions, the critical questions were not asked, nor expected.

I remember when I was a student, some of my classmates and I purchased a share and attended a shareholders meeting. We asked questions; however, it was very ill received. The president of the board was unable to handle our questions and treated us like we were naughty schoolboys. That has changed over the years, but still, if you compare the level of shareholder influence to that of the United States you would be highly surprised.

V. THE ROLE OF LABOR IN THE DUTCH CORPORATE GOVERNANCE STRUCTURE

The Dutch system of corporate governance provides extensive protection for laborers.³³ Employees have substantial powers to affect corporate governance, despite dwindling numbers in union membership.³⁴ In the Netherlands, unions have a long-standing tradition of cooperation.³⁵ Depending on the size of the

31. See David J. Berger, *The Second Common Market: Development of a Unified Standard for Reviewing the Action of Target Directors in the United States and the European Community*, 9 INT'L TAX & BUS. LAW. 1, 15 (1991).

32. Klaus Hopt, *Labor Representation on Corporate Boards: Impacts and Problems for Corporate Governance and Economic Integration in Europe*, 14 INT'L REV. L. & ECON. 203, 205 (1994).

33. See Mike Pullen et al., *Foreign Law Year in Review: European Law*, 34 INT'L LAW. 907 (2000).

34. Michael Wallerstein et al., *Unions, Employers' Associations, and Wage-Setting Institutions in Northern and Central Europe, 1950-1992*, 50 INDLRR 379, 383 (1997); see also Margriet Kraamwinkel, *Traditional Unions and the "New Worker" in the Netherlands*, 22 N.C. J. INT'L L. & COM. REG. 511, 537-38 (1997).

35. Sigmund Timberg, *Industrial Organization and Regulation in the Netherlands and United States: Some*

company, the employer must install a works council and guarantee that it has rights to certain information as well as the right to advise the employer regarding various social subjects. This predicament is in contrast to the United Kingdom, where unions were perceived as institutions that were counter productive for many years. Again, the Netherlands is a consensus society, so people are comfortable with unions having some influence.

Workers are granted a significant amount of power within the corporations. For example, a company cannot simply terminate a labor agreement without prior approval; these agreements may only be terminated after prior approval of either the court or a labor market agency.³⁶ The labor market agency and the court will only grant the termination of a labor agreement when they find an employer to have good reason. Even after employment, ex-workers receive substantial unemployment compensation, including a payment of seventy percent of their salary while unemployed. Workers also enjoy substantial disability benefits and sickness benefits. The downside is, of course, that taxes, including social security tax are higher.³⁷

Moreover, certain decisions of shareholders or directors may not be enforced until implemented by the works council.³⁸ This last fact surprises many businesses based on the U.S. or U.K. model. In a situation involving substantial change such as a merger or the acquisition of another company, the corporation must first notify the works council and the union.³⁹ Often times, collective bargaining agreements between the company and the works council require the employer to request the advice of their works council prior to a merger or acquisition.⁴⁰ If the works council opposes the takeover, the decision cannot be implemented until one month has lapsed, and during that period, the works council has the right to go to a specialized court in Amsterdam and request the court to decide whether the decision to take over this company is unreasonable.⁴¹ One example of the works council's power involved the Ford Motor Company. Ford sought to close down a subsidiary in the Netherlands due to a low profit margin. However, Ford omitted to request the advice of the works council because Ford felt the decision of whether or not to close down a company belonged to Ford. Subsequently, the works council went to

Comparative Reflections, 106 U. PA. L. REV. 525, 526-27 (1958) (comparing the regulation of the United States and that of the Netherlands, and concluding that the United States is much more competitive than the Netherlands).

36. See Kraamwinkel, *supra* note 34, at 512 (noting that “[u]nions are a very important part of the Dutch corporatist version of the welfare state”). Both on a company and on an industry-wide level, unions play a paramount role in collective bargaining.” *Id.*

37. See *id.* at 528 (noting that “the Dutch welfare state was based on capitals modes of production, the consequences of what were alleviated by the government through a well-developed system of social security”).

38. See *id.* at 522-23 (noting that in the Netherlands, workers are represented by unions and or a works council). The works councils are required by the Act on Work Councils (Wet op de Collectieve Arbeidsovereenkomst 1927 or Wet Cao). *Id.* at 523.

39. See *id.* at 537-38 (highlighting that in the Netherlands, worker representation is a dual-channel system, where workers are represented by both works councils and by unions).

40. See *id.*

41. See *id.*

court. The court determined that Ford's decision to close the subsidiary without investigating alternative possibilities to keep the business ongoing was unreasonable. Thus, Ford was required to operate the subsidiary for one year despite its incurred losses.

VI. PUSH FOR LIMITATIONS ON BOARD-MEMBER POWER

The proponents of the Anglo-American model are convinced that companies that have a strong shareholders' influence over corporate decisions are preferable to companies with only a small supervisory board of directors that makes all decisions. This is because without shareholder influence, small enclaves of people control the larger corporations in the Netherlands. For example, in 1996, there were a total of five hundred and ninety-three supervisory board memberships in the large structured companies.⁴² Of these, sixty-nine members were seated on two boards, thirty-two on three boards, and twenty on four or more boards, which basically meant that the real power was concentrated in the hands of a relatively small group of twenty to fifty people.⁴³

This has led to the suggestion that a private person should hold no more than two board memberships. Many people believe a person cannot meaningfully hold more than two board positions because the supervisory board possesses a deal great of responsibility and power. Moreover, it is inadvisable for a person to hold more than two board positions due to the fact that there is increasing legal liability. Fifty years ago, legal liability was virtually non-existent, so it was an honor to be on the board. Board members received nice profits and were only required to attend three meetings per year. Those days are over. Legal liability for supervisory board members has been enacted and is enforced.⁴⁴ Every board member must live up to the standard of a "prudent board member."⁴⁵ Thus, I expect, to a certain extent, there will be a convergence towards the American model and the number of board memberships accumulated will be reduced.

The Netherlands formerly imposed age restrictions on the supervisory board. Historically, once a director was nominated to the board, the director remained on that board until they reached the age of seventy-two. The age limitation has been eliminated. However, automatic renewal of membership to the supervisory board is not necessarily a positive act. This is due to the fact that many supervisory boards select members based on vague criteria.⁴⁶ Moreover, the works council or shareholders may attempt to block an appointment in order to have their person

42. See Peters Committee, *Recommendations on Corporate Governance in the Netherlands* (1997), available at www.ecgi.org/codes/country_documents/netherlands/nl-peters_report.pdf (copy on file with *The Transnational Lawyer*).

43. See *id.*

44. Hopt, *supra* note 32, at 205-06.

45. *Id.*

46. See de Jong, *supra* note 20, at 5.

selected as a director at some point in the future.⁴⁷ Due to these conflicts, I believe a term of office for supervisory board members will be created.

There is still no legal obligation for the supervisory board to step down if a bad business decision is made. The United States has a good tradition; if and when the business fails, the board usually steps down, thus, allowing another board to operate the company. This tradition does not exist in the Netherlands. If the supervisory board members make a bad decision, the members will not resign even if the company fails. However, there is a growing sentiment in the Netherlands that the supervisory board should resign if it continually makes improper business decisions. However, there is one instance when a supervisory board resigned. When the National Railroad Company began to dysfunction dramatically, the Minister of Transportation, Public Works and Water Management threatened that if the performance did not increase by five percent in a given period of time, he would take action.⁴⁸ Although the performance of the railroad increased by 4.9 percent, the Minister of was unsatisfied and insisted that the supervisory board of the railroad company be dismissed. The supervising board voluntarily resigned.⁴⁹ That was the first time in Dutch history that an entire board and the management stepped down in order to clearly show that if you feel you can do a better job the chore is up to you.

There is no obligation to disclose conflicts of interest in a Dutch corporation. This poses a problem because a lot of bankers are members of supervisory boards, thus they may have cross-holdings. What is a banker supposed to do if he knows that the company is having trouble and his bank is one of the top financiers? Since there are no rules governing this area of the law, the duty to disclose conflicts of interest has always been left to the discretion of the board member. Sometimes bankers who felt they did not have a swing vote kept quiet about their conflict, while other bankers made it known that they would not participate in the decision making process. As a result of conflict disclosure rules in the United States and England, the Netherlands has seen a growing consensus that, as a board member, you should step out of the boardroom if you have a conflict of interest. At the very least, a board member with a conflict of interest should say "listen I have a potential conflict of interest, and I leave it up to you other board members whether I should remain in or out of the room."

As a result of internationalization and of many important funds being based in Anglo-Saxon companies where shareholder value maximization is one of the driving ideas, many people believe the Netherlands should focus on shareholder

47. Hopt, *supra* note 32, at 205-06 (noting that the works council and the shareholders have the right to object an appointment if good cause is shown and to propose a new candidate for the supervisory board position; however, these actions are not necessarily binding on the supervisory board).

48. See European Industrial Relations Observatory On-Line, *Dutch Railroads Board and Managers Resign*, at <http://www.eiro.eurofound.ie/print/2002/01/inbrief/NL0201121N.html> (reporting that the board "resigned in January 2002, along with part of the management board, including the chief executive").

49. See *id.*

value maximization. Seven years ago, the Netherlands decided to study this topic to see how our system should be improved.

VII. DRIVE FOR SHAREHOLDER RIGHTS

The supervisory board should have the confidence of the shareholders. Since the Dutch corporate governance system allows the supervisory board to nominate its own members as well as the CEO, the desires of the shareholders are not necessarily important to the board members. The idea of confidence in the shareholders was forgotten several years ago. It seems obvious that the supervisory board should have the confidence of shareholders, but the consensus model of corporate governance prevents such a change at this point. Although the corporate governance system in the Netherlands has taken steps to the shareholder maximization, it will not fully make the transition until the supervisory board demonstrates confidence in the shareholders.

As a result, it is difficult for shareholders to take control of a corporation. Essentially, the directors of the supervisory board have free reign to accept or rebuff takeover bids even though the shares are widely held.⁵⁰ Despite this, there are no laws or legislation creating the mandatory public offer if the shareholder acquires a certain percentage of the shares.⁵¹ However, creating a mandatory public offer is becoming a topic of discussion. Due to the fact that the supervisory boards have such a strong power to reject hostile takeover bids, a hostile takeover usually ends up in litigation before a specialized court in Amsterdam, where they come up with interesting judgments.

There is a proposed directive that should be in the guidelines for all European Union member states regarding the moment at which the obligation comes into existence to make a bid on the remaining shares. Currently, there is no regulation, and we have recently had two interesting cases involving hostile take over bids. One case involved a company in North America, which is listed on the Amsterdam Stock Exchange, and the other involved a large Australian company, Westfield Real Estate Company. In each situation, the company purchased thirty percent of the shares of the target company and went to the board and stated "listen, we want to take over control. We want to buy your assets and we want to fire you as board members." However, in both situations the board declined the offer, and there were various ramifications. I will not discuss those in detail.

50. Scott Mitnick, *Cross-Border Mergers and Acquisitions in Europe: Reforming Barriers to Takeovers*, 2001 COLUM. BUS. L. REV. 683, 686 (2001).

51. Simon MacLachlan & William MacKesy, *Acquisitions of Companies in Europe—Practicability, Disclosure, and Regulation: An Overview*, *International Lawyer*, 23 INT'L LAW. 373, 376-77 (1989). Problems occur because it is difficult to assess the composition of a company's shareholders and to be sure that the details of the bid have been successfully communicated to the shareholders. *Id.* The Netherlands does make it possible for a shareholder holding 95% of the issued share capital of the target to buy out the minority. *Id.*

Thus, the question arises “what attitude should you have as a board towards a substantial shareholder?” Can you just neglect his interest knowing that he has virtually no legal means to enforce his will or should you, under the circumstances, take that shareholder, that important shareholder, very seriously and give him the opportunity to be represented on the board or the opportunity explain to the other shareholders his plans. This seems to be the trend of the courts, giving the shareholder more rights. The courts are implementing rules and principles that are not yet embodied in laws. Thus, creating this discussion on corporate governance.

VIII. CONCLUSION

I would like to come to a conclusion because you have heard a lot about governance, and maybe you would like to enjoy a little bit of the sunshine. There is a little bit of sunshine for those who advocate the convergence to the American system of corporate governance. As I explained, the developments in the Netherlands, especially the tradition of an important position for shareholders (including shareholder maximization and responsibility), board members, and employees, will lead to the convergence with the American system. You see the same developments in Germany and in the Continental European. Many of the Anglo-Saxon principles are being adopted due to substantial investments from the United States and the United Kingdom, as well as the fact that Anglo-Saxon rules are perceived to properly protect the shareholders and, ultimately, everybody involved in the company. If these rules are to be adopted, it will be the result of a historic development and of how people feel happy with each other.

If the shareholder maximization model is adopted, the very important role that employees and trade unions have played in a Dutch company will be abandoned. So if you compare the shareholder model to the stakeholder model, shareholder value maximization is the driving force of the shareholder model, whereas the goal of the stakeholder model is to allow everybody to get their fair share. It is clear and underlined in legislation that a stakeholder model still is considered the important model in the eyes of the government.

Lower financial results will determine whether or not lawmakers should change the law. Still, lawmakers should not only measure the value of legal provisions on the basis of profit and share price ratios because labor and social responsibility of corporations and their place in society are, although objectively difficult to measure, important criteria. I am sure that within the next few years, discussion will continue. I am very interested to see whether part of the European values—maybe as a result of certain events that happened here—might influence the discussion.

* * *