

Corporate governance and the Dutch Royal Family

Corporate governance has long been applied to listed companies and certain not for profit organisations. The government has also discovered corporate governance. It is now time for governance, in particular the core values of transparency and accountability to be applied to the Royal Family.

In 2005 Queen Beatrix celebrated her twenty-fifth jubilee as sovereign. On 31 January 2007 she will have her 69th birthday. The year 2005 must also have been a difficult year for the queen since she lost her beloved Prince Claus and probably that was reason for continuing her reign rather than descending after the pinnacle of the jubilee. However, time has come for Queen Beatrix to clear the way for her son Prince Royal Willem-Alexander to continue her responsibilities as the new sovereign. By doing so the Dutch Royal Family would also distinguish itself positively from the English Royal Family.

This article will not argue that in conformity with the best practice rules of the Tabaksblat Code a contract must be agreed with the sovereign for a fixed or maximum period of time that may be extended periodically dependent on performance (see also best practice rule II.1.1 and the explanation for executive board members, and best practice rule III.3.5 for non-executive board members). Nevertheless one may question whether in the twenty-first century, it should be a matter of fact that notwithstanding the responsibilities of the joint cabinet for the acts and neglects of the sovereign, the sovereign herself seems to block transparency and accountability or at least does not apply these core values.

Meanwhile, Prince Willem-Alexander who will become aged 40 in 2007 has been able to thoroughly prepare for many years as the new sovereign. He became a specialist in the area of water household, fulfills many responsible functions, possesses ample experience as a board member, knows the world outside The Netherlands intimately due to many voyages and meetings with world leaders, the great and influential people of the world. Moreover, together with his wife Maxima he has created a happy family, he clearly lives a balanced life and he or at least his wife enjoys much popularity with the Dutch people. In other words he is ready to become sovereign and at his age and after such extensive preparation, it would be appropriate to cease practicing for the job and to succeed as soon as possible the great veteran with twenty-five years of service who is close to her seventies.

There might also be another alternative scenario. The United Kingdom shows that such a scenario can degenerate gravely. Queen Elizabeth, now 80 years old, has been queen since 1953 of the United Kingdom, monarch of Australia, Canada, New Zealand and various islands. Apparently she is still eager to continue and her son The Prince of Wales, who is 58 years old, clearly has a problem waiting to succeed his mother. Or very possible his mother regards her son as not fit to succeed her. Whatever may be the case, corporate governance is applied by the English Royal Family in a most peculiar way. In fact this is most surprising since the United Kingdom is regarded to be a champion in the field of corporate governance. The results of the Hampel, Cadbury, Higgs Committees, the Combined Code etcetera require a strict interpretation and also support the view that one should not speak about the Dutch discount, but rather about the UK discount.

Finally, apart from the issue of succession and irrespective of the formal constitutional responsibilities, there are various matters which would deserve transparency by the Royal Family (rather than by a family historian): Why did Queen Wilhelmina reject at the time the construction of a refugee camp in the vicinity of Apeldoorn? As a result Camp Westerbork was constructed and thankfully used during the German occupation and subsequently by the Dutch government. Why did Queen Juliana have so much difficulty accepting the fulfillment of the death sentence of German war criminals who were convicted after prudent judiciary procedures were met?

And lastly why would Queen Beatrix wish to make clear (informally) that (contrary to Minister Verdonk) she does not need to shake hands of muslim and jewish clergymen? Transparency and accountability must grow, a separate Tabaksblat Code for the Royal Family is not required, but hopefully King Willem-Alexander may give an expeditious and proper modern application of corporate governance.

This article was first published in The Netherlands Legal Journal (Nederlands Juristenblad) on 12 January 2007 by M.L. Mock (interim manager, senior legal counsel and director of an advisory bureau in Amstelveen. He publishes regularly, i.a. in the field of corporate governance).