

Editorial

Beckett Buys into "Tomorrow's Company"

On Thursday, 4 March, Board of Trade President, Margaret Beckett, swept into PIRC's Sixth Annual Conference (the first at which a government Minister had ever deigned to speak!). By the time she had swept out, company law reform was on the agenda, with a well structure Consultative Document and a strong nod in the direction of modern thinking, such as that of the RSA's **Tomorrow's Company Inquiry**.

Beckett's key points were:

- Improving the competitiveness of UK companies is at the heart of the government's agenda;
- The business community knows that, in order to thrive in today's competitive global market, companies must work closely with their shareholders and employees; and this requires a modern approach to corporate governance;
- Support for the Stock Exchange's work in developing a combined Cadbury, Greenbury and Hampel code;
- A coded warning that, if these "best practice" recommendations are not followed, then legislation will result;
- A full-scale review of company law.

The Consultative Document sets out an extremely well-ordered process, with an open approach to consultation which can only be welcome. There will be an overall Steering Group, with Working Groups on discrete topics. The aim is to produce a Companies Bill early in the next Parliament, which will modernise the law without changing for change's sake, and will be written in an integrated way and (hopefully!) in clear English. It will also be a framework for any legislation necessary if the business community does not adopt "best practice" on corporate governance.

Tomorrow's Company

One of the working groups will surely be in and around the topic of directors' duties, not least in the context of the recent shareholder/stakeholder debate. In the Consultative Document, Mrs Beckett specifically refers to the RSA's **Tomorrow's Company Inquiry** in this context; she has clearly adopted its line of reasoning that nothing in present company law prevents directors from looking to the long-term sustainable growth in value of their companies as opposed to the short-termism that is sadly too prevalent in British boardrooms, but rightly raises the question whether the law on this should not be clarified, as a way of encouraging a cultural change, but not so as to be absurdly prescriptive. The legal argument on this latter point was set out in detail in a lecture last November by Philip Goldenberg at the Institute of Advanced Legal Studies. Mr Goldenberg, a member of our Editorial Board, was the legal adviser to the **Tomorrow's Company Inquiry** and was published last month in *The Company Lawyer*.

In her speech, and in an article in the *Financial Times* on the day of the PIRC Conference, Mrs Beckett also referred favourably to the recent publication by The Centre for Tomorrow's Company, of a paper on improving corporate reporting, *Sooner, Sharper, Simpler*. This sets out inclusive and practical methods of improving corporate accountability and calls for companies to make their reports more accessible by

introducing a core report which is published at the same time as the preliminary results, with supplementary reports.

The participants in the RSA's **Tomorrow's Company Inquiry**, and the Centre for Tomorrow's Company set up to carry on its work, can justifiably pat themselves on the back for the significant effect they have had on the whole corporate governance debate. Knowing them they won't, they will be off on their next project!

Susan Nicholas

Obituary

Professor Laurence B C Gower FBA

We are very sorry to record that Professor "Jim" Gower (a founder member of our editorial board) died in December 1997 at the age of 83. He was a 'name' to all company lawyers and was generous enough to allow us to use the connection long after he had retired from active participation in the journal.

His textbook *The Principles of Modern Company Law*, first published in 1954, is a thoughtful (but still practical) account of the subject, which played an important role in establishing the subject as appropriate for university degree courses.

In the City of London he will be most remembered for his DTI-sponsored "Gower Report" (Cmnd 9125), which laid the foundations for the 1986 Financial Services Act. This involved his operating as in effect a one-man Royal Commission. He had earlier served as a member of the Jenkins Committee, whose 1962 Report (Cmnd 1749) was most influential in the company law reform field.

He graduated in law from University College London and in 1937 was admitted as a solicitor. Following his war service he was appointed the Sir Ernest Cassel Professor of Commercial Law in the University of London. In 1965, following a period of university teaching in Africa, he was appointed as a member of the then newly-constituted Law Commission for England and Wales. From 1971 to 1979 he served as Vice-Chancellor of Southampton University.

A more detailed Obituary may be found in *The Times* of 5 January 1998.

Keith Walmsley

Apology

Article by Sukhminder Panesar

We are very sorry to record that there were errors in the citation footnote to Mr Panesar's article "Actual Fraud and Gross Negligence: The Scope of Trustee Exemption Clauses" on page 8 of the January issue. The footnote should have read as follows:

**Senior Lecturer in Law, School of International Studies and Law, Coventry University.*

We apologise to Mr. Panesar for this unfortunate mistake.