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## THE EXPANSION OF CORPORATE GOVERNANCE

Yvon Pesqueux\*

### Abstract

The beginning of this reasoning puts forward the problem of the nature of the company and of its institutional justification, particularly according to the balance “contribution – remuneration” addressed to its stakeholders and to the society, as well as the vocation of corporate governance to focus everything on economic value creation. The political sphere having lost its traditional function of sense making is then confronted with a dilemma:

- to answer, according to its doctrinal logic, social problems by developing public services,
- to limit this development to face the contesting of public utilities according to the argument of efficiency and, at the same time, favoring the development of companies according to the legitimacy of privatizations. These two aspects represent the dialectical argument of the place of the State in a liberal perspective with an oscillation between a ‘positive’ State according to the legitimacy attributed to its intervention and a ‘negative’ State, which has to intervene the least possible, while guaranteeing the conditions of development for companies. On front of the lack of a political answer, private initiative tends to develop, in a palliative way, with NGOs for example, NGOs which are ruled according to corporate governance, but adding this new kind of organizations with an institutional vocation to fulfill missions of public utility. Their modes of governance are inherited from corporate governance but according to a humanist and social objective. The research question of this text is to know how far the expansion of governance we experience today is related (or not) with corporate governance and what does it mean. The lines of reasoning of this text are as follows:
- comments about the development of ‘intermediate’ organization,
- the discussion of a ‘broad’ conception of governance,
- comments on the *White Paper on European Governance* issued by the European Commission.

**Keywords:** Civil society, Contractualism, Governance, Institution, Organization

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### Introduction

If we historically consider the role of the company since the industrial revolution, let us recall that, with a company, we talk of producing goods and services, creating wealth and workplaces. The vocation of this institution to generalize its modes of governance puts the stress on two of these aspects: the production of goods and services and wealth within the dynamic of unlimited material creativity. The logic of efficiency established the base of a material progress for consumers and employees within the framework of the ‘fordian’ regulation, i.e. when salaries grew correlatively to the production of goods and services and when material wealth ended in a continuous increase of living standards in Occidental countries. Since then, companies had continued to spread efficiency through quality improvement and costs and price crunching, but not any more according to a ‘fordian’ regulation with some distribution of purchasing power, but under the angle of the superiority given to shareholders’ interests. Labor

being seen under the angle of a cost, it is ‘normal’ that its place is questioned and, at the same time, the value attributed to labor in the company and in the society.

The beginning of this reasoning puts forward the problem of the nature of the company and of its institutional justification, particularly according to the balance “contribution – remuneration” addressed to its stakeholders and to the society, as well as the vocation of corporate governance to focus everything on economic value creation.

It is under the light of this argument that we can speak of the ideological vocation of the company to generalize efficiency to all organizations. Efficiency is proposed to inspire public services’ functioning, while their justification is rather founded on a doctrinal logic of public action and on its omniscience. It is because of representative democracy that public services were developed in Occidental democracies during the XXth century. Today, the disputation of public institutions generally ends on the disputation of the State.

Completed by the vocation of accounting

representation to represent the activity of all organizations according to the transparency principle reduced to its financial dimension, the ideology of corporate governance is strengthened by the development of 'legal beings' which, according to the lack of public utilities, are not exactly companies. It is for example the case with public devices possessing an industrial and commercial character in France, agencies in Great Britain, NGOs on an 'international' level, etc. In other words, the diffusion of the efficiency ideology and of corporate governance modalities have induced to escape from the legitimacy related to a political doctrine of public utilities and social activities, activities which were situated outside the sphere of companies' activity. The State and its public utilities suffered from the application of this logic, and they finally lost the legitimacy of their doctrinal logic. Therefore they appear more and more as being able to offer an answer to social problems.

Then standards developed with an accelerated growth in all possible domains:

Standards of quality to offer a frame for comparing performance among organizations or organizations and their customers. They found bases for a charter of good relations or, in another possible understanding, for orders to which should obey organizational agents, thus making the relation "customer – supplier" a canonical relation of the organization.

Standards of conception, which come to guarantee the legitimacy of the performance, as well as the relations with suppliers, even then with users.

IT standards which offer a frame for internal and formal information systems as well as for relations among organizations (for example with computerized data exchange protocols),

Accounting standards, which guarantee the semantic orthodoxy of this kind of information, etc.

At the same time, the development of standards as they become an institutional reference, empties the concept of responsibility by reducing it to the dimension of conformance. And the distance between conformance and conformism is often very short!

The political sphere having lost its traditional function of sense making is then confronted with a dilemma:

to answer, according to its doctrinal logic, social problems by developing public services,

to limit this development to face the contesting of public utilities according to the argument of efficiency and, at the same time, favoring the development of companies according to the legitimacy of privatizations.

These two aspects represent the dialectical argument of the place of the State in a liberal perspective with an oscillation between a 'positive' State according to the legitimacy attributed to its intervention and a 'negative' State, which has to intervene the least possible, while guaranteeing the conditions of development for companies.

It is under these conditions that C. Castoriadis (1998) raises the problem of the corruption of elected representatives. Representatives elected with the help of such or such lobby, representatives who become in fact representatives of these lobbies. C. Castoriadis considers the developing of "a type of individual which is not any more the individual of the democratic society who can fight for more freedom, but a type of individual which is privatized, which is locked into its small personal environment and become cynical in front of Politics". Then voters choice negatively, in a utilitarian way, according to what they consider as being the lesser evil and not in a positive way, according to principles. Liberalism, in a current meaning, consisting in legitimizing the dissociation of the sphere of private activities from that of the public domain, dissociation which questions the foundations of the freedom of public action, that of the agora, deprived from its legitimacy.

On front of the lack of a political answer, private initiative tends to develop, in a palliative way, with NGOs for example, NGOs which are ruled according to corporate governance, but adding this new kind of organizations with an institutional vocation to fulfill missions of public utility. Their modes of governance are inherited from corporate governance but according to a humanist and social objective.

However, NGOs publicly raise the question of the place attributed to private initiative: is it still the company? NGOs constitute a new institutional group which does not clearly belong neither to the categories of the public utilities nor to those of the companies, despite their importance in social life today.

The research question of this text is to know how far the expansion of governance we experience today is related (or not) with corporate governance and what does it mean.

The lines of reasoning of this text is as follows:  
comments about the development of 'intermediate' organization,  
the discussion of a 'broad' conception of governance,

comments on the *White Paper on European Governance* issued by the European Commission.

### **Between the company and State bodies, the development of 'intermediate' organizations**

To explain the creation and the development of NGOs, let us add this following moral argument of L. Ferry (1996) that, since the 1960s, the radical suspicion of the morality would have driven to the refusal of moral standards. And nevertheless, this goes according to the recognition of causes deserving sacrifice that, in a sense, constitutes the proof of the obstinacy for a transcendence beyond the context of legitimacy of the utilitarian Reason associated to the development of corporate governance considered as an ideology of the society functioning.

And sacrifice to humanitarian issues is here voluntary, for the benefit of other people. The human being would have become object of transcendence on an individual basis, outside institutions. The duty of humanitarian organizations assistance is inspired and exceeds, at the same moment, Christian charity. The humanitarian organization does not collide with the limits of religious, national, ethnic membership. But it is necessary not to underestimate the media perspective of humanitarian actions, capable of provoking mass emotion, which ends on a humanitarian 'performance'. In the same way, it is not possible to darken the justification that they operate in front of a *Raison d'Etat*, States bodies, companies and citizens, "freed in a sense from the necessity to build and to implement a 'Common Good' and to obey it". Humanitarian action raises the problem of the articulation between Politics and NGOs even though they are symbolic of a sacrifice for the others and meaningful. NGOs raise the question of the vocation to build a common goal in a period of a lack of Politics, the 'great men' having been absorbed with the techniques of power connected to the modes of governance (transferred from the companies) within public utilities.

The weight of intermediary organizations tend to break the link "contribution – remuneration" for evaluating the criteria remuneration of market, particularly with media or bodies like the CIO, for example. It is the case, for example, of companies of the media sector buying more and more broadcasting rights, giving then a new dimension to an income, which up to then remained marginal. It is more generally the case with intellectual property rights, which become very important today like for software royalties. There is also there a modification of the fundamentals for the representation of the equity of the relation "contribution – remuneration" according to the reference to a work amount in the name of an individual value postulated for an artist, a creator or a sportsman, decreed by media without any debate as for the social value attributed to a specific activity or a team. And mediatised sports appear and develop and the federations of 'new' sports knock at the Olympic International Committee's door, which becomes creative of economic value - situation very far from any sports ethics - because broadcast competitions multiply payments of broadcasting rights. It is how the 'managerialisation' of the society operates today.

Governance is turned into a way of giving managerial guides, governance being confused then with guidance and monitoring, this confusion being realized today with what can be qualified as a bulimia of standards.

It is probably why we face particularly vague definitions of governance. For example, J. Kooiman (1993) defines it as "a model or a structure, which appears in a socio-political system as the common result of the interaction of all actors present. This model cannot be reduced to a single actor or to a group of actors in particular. Governance means to

guide / to direct. It is a process by which human organizations, whether private, public or civil, take the steering wheel to control themselves". Brandt's Commission on Global Governance (1996)<sup>5</sup> defines it as "the sum of ways and means through which individuals and public or private institutions, administer their common business. It is a continuous process in which different interests in conflict can be arbitrated and achieved on cooperative action. This includes the formal institutions and the regimes charged to apply decisions, as well as arrangements that people or institutions accept or perceive as being conform to their interests". It is what is founding the wide conception of governance in relation to a procedural meaning, which consists in organizing, with the concerned social groups, reflexive returns on situations. Governance is then understood as a regulation of political power and connected to the analysis of relations and systems of rules to take into account the multiplicity of points of view in the processes of decision. It invites to pay attention to the variety of interactions within societies, according to the preoccupations of organized actors.

Governance in a broad sense allies two 'anglo-american' notions: that of compliance (to conform to procedures) and that of explanation (to explain oneself by producing a credible and justifiable argument). It is related to agonism and to the agreement by consensus.

Why would the State go against the well being of the people, even though it is felt as such! As J. Theys (2002) points out: "essentially pragmatic, the concept of 'governance' sends finally to a 'tools box' filled of managerial receipts or instruments supposed to bring answers to the crisis of traditional democratic politics".

It is then question, for the different leaders, of having to integrate the question of the 'Common Good' as a 'strategic issue' and to have to report on its realization to boards of directors whether they are (or not) constituted by shareholders. Governance can also be expressed through the articulation established with 'diffuse' stakeholders in case of accidents (Erika's wreck for example) or in a society understood through the categories of the lobby. In return, it is what allows companies' leaders to behave in a mimetic way and, as such (we are then in front of the demonstration of a bourgeois class which does not say its name), to propose standards applicable to a 'Common Good'. Concerning governance, we have to manage according to standards, or to Ethics.

The question of the political substance of the company is then raised, particularly that of the multinational company. Governance induces to read the political control of companies' activity according to a regulation made of standards (and not in terms of laws). These aspects are important to be put in

<sup>5</sup> *Environmental Governance*, Introduction paper, EEC, Future Studies Unit, 1996

parallel, even though the modalities of application are not necessarily more simple for the regulation compared with the rule. Governance is then anchored in the more general subject of globalization and comes to constitute one of the elements of debate and induces to ask the question of Global Governance.

Let us call back the polysemy of the word 'global' which, in English means, at the same time, 'general' and 'world'. The demonstration made here being founded successively on these two aspects, the first concerning a restricted conception and the second a broad conception of governance. In this second meaning, it is a question, in a way, as M. Guillaume (2004) points out, of a regime which would understand at first the society as a totality and which would propose it a fate, at least a future and not only a simple future of survival. The foucauldian meaning of the term, governance can be considered as a social technology, which objective is not to establish the conditions of a rational consensus but to defuse the potential of antagonism which exists in social connections (Mouffe, 1994), to obtain a reasonable consensus even a kind of harmony. Governance is the passage from antagonism (the recognition of the enemies) to agonism (the recognition of the opponents and the search for a consensus). It is then another representation given to rivalry. Governance as a technology would mark the passage of a conception of the exercise of power in the organization centered on the inspection for a conception centered on the control.

The consideration of the Other, from the expression of his own interests, ends on the emergence of a Global Governance. It marks the recognition of other actors arisen within the "liberal moment", mainly NGOs, whose public watching role is susceptible to have an impact on the activity of a company. In a more general way, governance is made of the modalities of creation and management of a space of consideration.

Governance really takes an ideological dimension when we examine its vocation to be applied to all kinds of organizations. Such a perspective is far from being neutral because challenging democratic control principles (inspection made by civil servants) in the name of transparency through an inspection made by auditors. Auditing firms have the vocation of substituting themselves to this democratic control, modifying the nature of civil servants activities and to widening the field of privatizations. But a more detailed examination of this situation can end on the conclusion that companies should paradoxically be today, because of these privatizations, in a situation of institutionalization, particularly because of their vocation to discuss 'Common Good'? They would exist as if their organizational model would have vocation to universality. It is what works with corporate governance and, in particular, its associated modes of control, to be applied to organizations.

## The 'broad' conception of governance

J. Lesourne (2004) approaches the question of the birth of governance from the passage of a 'strict' State (of yesterday) to a current 'soft' State. By 'strict' State, he means a sovereign State, which defines and applies the laws within its borders. New political zones have since be developed (zones of international cooperation, community zones and zones of transfer of sovereign power) in correlation with the development of transnational actors (multinationals, financial institutions, research centers, media, traffickers and terrorists, lobbys). They use subsystems such as information systems, markets and are in relation with migration (permanent or temporary), and / or in relation with real or virtual places of meeting, military multilateralized conflicts. Governance develops also in relation with multiplied global problems linked with transnational actors, environment, terrorism, bioethics and capital flows. Of the other side, the State remains the legal base of international agreements, whether global or regional (in Europe, for example) in a situation where it controls a reduced fraction of the income. It is why J. Lesourne mentions the existence of six challenges related to a global governance: macroeconomic regulation, micro-economic regulation, redistribution, safety, environment, problems connected to research and to application of what is related to life on earth. Let us remark that these challenges have only partially an ethical dimension.

He is then going to propose the entering in a realist logic where States keep initiative but consult to introduce external perspectives within the framework of the exercise of their sovereign power and the logic of international community. It is a situation where the importance of the United States and the difference or not with Europe is important. Governance has something to do with Politics (and not mainly Ethics) and politics is related with States' sovereignty and interests geographically localized. And European political logic, influenced by German and French political thoughts, tends to induce a governance by procedures while American influence is anchored in a conception related to principles. But it would also be possible to add that governance, in a broad sense, is a palliative to desintegrating tendencies, which weaken today the inter States cooperation model by reflecting contradiction between the transnational character of the expansion of capitalism and the fragmentation of international systems of cooperation. It is doubtless that national governance establishes today an essential operator within the functioning of world political system. World political system is then considered in terms of a reference to partially contradictory criteria of governance. J. Lesourne (2004) considers seven contradictions: freedom, participation, efficiency, equality (of chances, conditions, regarding the effort, etc.), safety, sustainability and adaptability (political version of the flexibility). It is the way in which these

criteria are performed, which allows to found a value judgment on such or such country.

In a more concrete way, the three current 'pillars' of a system of global governance are now considered as being:

business life towards the categories of the free trade as defined by the WTO (World Trade Organisation),

Finance with sacrosanct principle of the free circulation of capital under arbitrage of the IMF (International Monetary Fund), of the World Bank and the OECD (Organization for the Economic Development Cooperation).

The systems of production of international standards (with among other institutions, the ISO (International Standard Organization).

As U. Beck (2003) points out, lines of opposition in the era of globalization, are based on the opposition between institutions and organization. With governance, if it is question of institutionalizing organizations, it is no more a question of institutions but that of a reproduction of organizations with the same modalities of functioning even though their interests diverge.

The broad conception of governance contains the idea of statutory superimposing rules of different nature: rules of institutional and political nature and managerial rules. Moreover, it is what induces today to speak about governance instead of democracy. With governance, it is in a way question of accepting the superiority of a society (based on groups of interests today qualified as stakeholders) on a political society made concrete by the representative democracy. Governance is conceived as a set of modalities of articulation "individual - society - political representation" to reach a consensus between groups of interests, according to a 'democratic facade'. Being this, it is important to stress the 'weak' conception of society considered in this context. In a sense, it is a conception 'in defect' as far as society would tend to represent all that is neither the State nor the company.

## Governance and society

American 'neo-liberal' school of philosophers rehabilitates the notion of 'pre-civil' good manner, good manners considered *in abstracto*, in the political dimension of a deliberative democracy where 'everything is allowed' according to good manners of terms of debate. It is not only an analogy with the relations within the market, an institution where 'pre-civil' good manner play an important role (let us recall how far the market turns around the blind spot of trust as being the source of a deal). Good manners are this 'veil', which allows to go out of the market without saying it: it is because of it that, despite the equivalent proportion of men and women, we would be saved from a market of exchangeable partners. But how 'pre-civil' good manners return to a naturalist perspective and, by extension, to tolerance? Can we

conceive an exploitation of the human being by the human being in 'good manners'. Indeed, F. Bourricaud<sup>6</sup>, writes that "good manners supposes reciprocity. In this way, they appeal to the calculation of 'well understood' interests. We do not respect for a long time the others' preferences if the others do not respect ours. There are no good manners without regular and defined expectations". And tolerance, good manners, politeness, etc. are mixed and essential to A. Smith's 'spontaneous benevolence' of the original sympathy. Good manners also raise the question of society as a foundation of the public space.

It is now necessary to briefly approach the question of what is a civil society considered today as the place for citizenship (Mattéi & Benéton, 2004). This idea of civil society is born with Locke with the meaning of a 'common space of life' with a split between the State (of political order) and the social order. Beyond the requirement of a public space (that of the democracy), the recognition of a private space appears as necessary, society being a kind of individuals' agglomeration of varied interests. 'Common good' is expressed in the public space of the State and the questions of the life in that of a society, these two spaces being at the same time connected and loosened. Moreover, the separation of these spaces is considered as one of the founding aspects of modernity, separation having come to modify the expression of freedom. Since this, freedom is considered as being exercised in three moments with the family (biologic level), society (social level) and the State (political level). In civil society, individuals are considered as social beings and not as citizens (in the political meaning of the word). The political institutions are then considered as coming to 'secure' the universe of the arbitrary power of the particular wills, offering the conditions of exercise of freedom, social order being otherwise susceptible to dissolve in political order. The 'subject' is assuming himself in the three moments that are the family (private sphere) and the society (social sphere) and Politics (the State). In other words, the social space is situated between the biologic space of the family and the space of politics, a dialectical tension appearing then between these spaces (civil society being the third space). The expression of the social is that of the masses, building a legitimacy of the preference as the expression of personal freedom. In society, bourgeoisie ('high' figure of the citizenship as far as the middle-class person - *Bürger* - is also the citizen) and proletariat (the 'low' figure) leave the place to the mass: the mass and not the class, the mass and its communities! The connections between Politics and social tend to become a link of exteriority, social being separated from politics. In return, the State tends to become an 'administrative' State, the

<sup>6</sup> F. Bourricaud, article « civilité », *Encyclopedia Universalis*

administration of things taking in a sense the step on the government of people. Public concern is reduced to social problems and government of people into the management of things in a form of 'communitarization' of the society. Social Sciences developed within the framework of an 'administrative' State which is also an *Etat-savant* are then going to treat human facts as things. Society is then confronted with egoism and with conflicts, administrative domain becoming the place of resolution of these tensions, even though Politics remain the only place allowing to 'think' freedom. Strike, for example, can be qualified as a social movement but not as a political movement (we would then speak of 'revolution'), even when it is made against a State (no more of a political but of an administrative substance). We then expect from the State an arbitrage between particular demands, the 'objective' aspect of 'Common Good' leaving the place to a private use of 'public goods', Social Security taking the step on the political freedom. The State opens the public space to the choices between 'Common Goods', where its 'crisis' comes from, when we refer to the notion of civil society because the State cannot be a collection of private spaces. There is then a crisis of the general will and the State intervention is reduced to an impossible role of sending orders in front of the autonomy considered as the legitimate expression of individuals' freedom within society. *Etat-nation* leaves place to a 'regional' and a global society, although they are not social sub-system like others, but peculiar sub-system because they 'command' the others. 'Free' business is indeed possible only if exchanges are secured. Considered as a political association today, the space of politics does not possess any more a defined limit and does not legitimate the respect for a regulation. It leaves civil society to be only based on the contractual link, whose archetype is the economic contract. Legitimacy granted to the autonomy then comes to found a contractualist and possessive ideology. It discriminates between strong links among some people and weak links with all in the distinction, which operates between 'we' and 'the others'. The evidence of weak links then tends to substitute consensus to agreement. Consensus possesses the appearance of a lesser violence, but affects the possibilities of identification. The 'General' is considered as more important than the 'Universal' and reduces the vocation of the human being to realize his humanity in a 'civilized natural state'. Divergent opinions are no more reported, radical agonism of the dominant opinion tending to create unique opinion. Contractualism tends to make of the contract and its shadow, the property, 'the' 'social global fact'.

The reference to a 'weak' notion of 'civil society' as a foundation for governance in a broad sense reflects, in fact, an evolution of the representation of the place of the organization in the society. The reference to a 'civil society' is going to be an intermediary for the use of 'stakeholders' for

companies, to its use for societies. Reference to a 'civil society' then acts the passage from the focalization on the 'class' to the focalization on the 'mass', to understand a 'civil society' being considered as more attractive. It is under the name of the 'civil society' that we will be able to multiply in the infinity the number of stakeholders in correlation with emotion, mediatization and penalties obtained in courts. Mediatization and judicial penalties build, in a way, the legitimization of a 'civil society'. 'Civil society' and 'stakeholders' represent then the much more coarse idea of multiplicity of social coexisting actors, social actors where we find 'ancient' ones (cf. trade unions) and new ones (cf. NGOs). Reference to civil society then becomes a condition of existence of the reference to stakeholders and, more widely, a condition of existence of the stakeholders' theory addressed to societies. Governance is there to limit the 'over' stake by one of these stakeholders. But it enacts the uncertainty related to the stakeholders' interests by merging interest and social tension, which allows to abolish the reference to the second (social tension). For example, it works like this with trade unions, considered as old forms, then 'trepassed' by ONGs, considered as 'modern' and more in phase with a society in which trade unions should be in a way excluded. We should then turn from the duality 'class - conflict' to the trilogy 'mass - society - interest' in a perspective which, in fact, allows to legitimize capitalism as a political order. The stakeholder theory addressed to society then tends to establish the premises of a theory of society from the company, theory which is fundamentally management centered.

In that sense, governance ends on an 'ethicization' of politics because of the reference to 'principles' to found evaluations and by omitting to think any articulation between democracy and sovereign power as we can see it in the *White Paper on Governance* (European Union). Moreover, this White Paper offers one of the key institutional definitions of governance.

### **Comments on the *White Paper on Governance of the European Union***

The reflection on this White Paper was launched by Delors' Commission, within foresight team and resulted, under the Prodi's Commission, with the White Paper of 2001<sup>7</sup>.

Actions quoted by the *White Paper on Governance* are:

- To establish a dialogue with associations of regions and cities,
- To structure relations with civil society,
- To adopt minimal standards of consultation,
- To build a public confidence in the scientific expertise,

<sup>7</sup> [http://europa.eu.int/comm/Governance/index\\_fr.htm](http://europa.eu.int/comm/Governance/index_fr.htm)

To use instruments of autoregulation,  
To frame and supervise the creation and functioning of regulation agencies,  
To introduce a bigger flexibility into the application of European standards,  
To redefine roles and responsibilities of European institutions,  
To promote discussion about the reform of global governance.

“The notion of ‘governance’ indicates rules, processes and behavior which influence the exercise of powers at a European level, particularly in terms of inclusiveness, participation, responsibility, efficiency and coherence. The application of these five principles strengthens the principles of proportionality and subsidiarity”. The modalities of governance aim at the recognition of rules (to found the rights of various groups of interests), the process of decision-taking, ruling behavior of the Union’s institutions, States, civil society, five ‘new’ principles and two ‘classical’ (proportionality and subsidiarity). Towards the three ‘pillars’ of global governance mentioned above, those of European governance are the market, the negotiation and the protecting State.

Moreover, the seven principles of governance are in coherence with two World Bank’s<sup>8</sup> general principles of governance, another place of institutionalization of this broad conception of governance (legitimacy and efficiency). Let us recall that there are also indicators of efficiency of governance published by the World Bank. They are also built according to the OECD principles (1999), which is one of the other places of institutionalization of the notion. This congruence is underlining the vocation of these principles to legitimate a universality of governance conceived in a broad sense. We could say that such a governance (particularly the World Bank conception sent to developing countries) establishes the today ‘developpementalist’ ideology. It occupies the space left empty by the ‘developpementalist’ theories of the Welfare State or those of the socialist State for a defense of the categories of an ‘efficient’ State, where managerial categories serves as reference.

Governance assigns a particular role to the State, which is to know how to organize a ‘minimal’ State which is, at the same time, an ‘organizing’ State, particularly of the conditions of a free market, development being conceived as the resultant of the development of companies. As such, reference to this conception of governance points out the passage of the legitimacy of Welfare State to that of an ‘organizing’ State.

For the European Union, the notion is proposed on the basis of the trilogy “legitimacy - efficiency – justice”, the last one (justice) being considered as the

end of any public or private system of governance (with the White Paper, there is a confusion between these two systems).

Legitimacy is translated in a qualitative way (in reference to principles) as well as in a quantitative way (the multiplicity of levels of application) by the use of the notion of ‘civil society’ with:

emphasizing a confusion “representative democracy - participative democracy - direct democracy” which becomes a reality through the notion of ‘legislative citizen initiative’ which ignores the differences of status among citizens who, in fact, do risk not “to be born free and equal in right”. Let us remark that a citizen initiative of an individual supported by a strong lobby risks to receive more listening than that of ‘some’ other citizen. The question of the proof of the representativeness is left opened.

The creation of a ‘European public space’ from the top to the bottom which, in fact, constitutes a ‘scene’ for the deliberation.

The reduction or the disappearance of the distance in the political representation. It is here question of passing ‘above’ States’ heads.

The contents of the White Paper is applicable to the Union, to States, to regions, to cities, to the civil society (present as such despite the absence of its political dimension, as we discussed it above). Governance is then conceived as being applicable to several levels, because of its apparently recursive aspect.

It appears, as such, in the introduction of the European constitution, with the mention made its applicability for States, peoples and citizens.

It is also a question applicable to regions and to cities.

The efficiency objective is translated by the multiplicity of its levels of application, in a ‘vertical’ way, in a ‘horizontal’ way as well as in a ‘circular’ way (it aims ‘networks’ stemming from the use of IT in their relations with the ‘centers’ of power).

Governance is then considered as an answer to:  
the complexity of the contemporary society,  
globalization,  
the stakes of the information society (with the recognition of the ‘society of networks’),

with a complementarity of “top – down” and “bottom – up” approaches, in a context of disappearance of the dichotomy “left – right” (are they so similar?) as far as it would not be in the service of a type of political parties and in the preservation of the founding tradition of the European Community (social democrat as well as liberal). The European Union is then figured as a leader of the cultural variety (with, for example, languages, national symbols of each States, which have a right of citizenship). The European Union is finally considered as being a knowledge-based economy to solve social and environmental problems, according to the techno-scientific utopia.

Governance as principle of justice finds its force

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<http://www.worldbank.org/wbi/governance/pdf/civillibs.pdf>



of conviction from the following objectives:

Reduction of social and economic disparities at a possible minimum level.

Priority given to justice on efficiency.

Existence of four social objectives for the European Union in the Constitution: social justice, full employment, social progress, fights against social exclusion, clauses which make that social objectives should be taken into account by all European Union policies.

Guarantee given to 'economic services of public utility' which, in a way, accept an economic substance of the public utility before its political substance.

Intensification of health service policies.

Non discrimination.

Respect for social laws for the employees, who settle down in another State member.

The absence of sufficient elements of realization is today considered as bound to several problems:

the absence of political action because of an overloaded European diary,

a poor coordination within State members,

irreconcilable priorities within political objectives,

problems of complexity connected to a shared executive power,

problems of the link "government – governance", despite a possible reference to governance 'principles' in the White Paper.

Today, studies tend to found the extension of the governance perimeter by making of the broad conception an instrument of coherence of public policies, from the local level to the supranational level. OECD report dedicated to the principles of corporate governance indicates that "rules governing the government of the company should integrate the idea that, to serve the interests of a company, it is advisable to consider the interests of stakeholders and their contribution to the long-term success of the company".

## Conclusion

The subject of governance can be more generally considered as really structuring organizations' functioning whatever they are. And such a conception of governance (generalized from organizations' functioning) is based on the reference to an evidence of stakeholders to explain aspects such as shareholders' activism, other pressures coming from the civil society (for example with the respect for human rights, for environment) and of the focalization in other distinctive factors such as reputation, image. It is what justifies the extension of the field of

application of governance because of its generic virtue in its vocation to be addressed to all kind of organizations: agencies (another kind of organizations built to minimize any political dimension under the name of expertise), supranational bodies (UN, etc.), public institutions related with States and local governments, associations and NGOs.

Governance opens the question of the status of a civil society 'independently' of an *Etat-nation*. With Corporate Governance as well as with governance in a broad sense reference are made, in both cases, to stakeholders. In a way, Economics is embedding the modalities of State intervention and results in the construction of a new knowledge of government, similar to administrative knowledge, as a sign of a privatization of the society. As we had already pointed out, it tends to establish a continuum between the objects of Administration Sciences of the public sector of those of Organization Science of the private sector on a practical level as well as on a theoretical one. The difficulty is the absence of a reference (and of a definition) of the 'good' governance, outside the implementation of 'principles'.

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