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In Search of What Accounting is *not*

Speculations on the future of valuing, transparency and a new aesth-*etics* for governing capitalism and democracy

Paolo Quattrone

Introduction

It was back in 1985 when Anthony Hopwood, studying the intertwining of accounting and the social, demonstrated the importance of a historical approach for understanding how 'accounting had become what it is now' (1985, p. 365). His call for a positive knowledge about the processes of accounting change must have sounded odd to the ears of those (mainly Anglo–American academics, I must add) who believed that accounting was a simple and neutral technique for profit measurement and managerial control. For them, accounting was context-less: an instrument of value measurement designed to serve shareholders' interests on a trajectory towards greater transparency and accuracy of representation. So unusual was this call, that in 1987, Hopwood had to reiterate it – this time in negative terms – when he stated that accounting 'has the tendency to become what it was not' (Hopwood, 1987, p. 207). Thinking of accounting in terms of what it *is not* was a revolutionary approach.

It is on this turn towards what I label *negativism* that this essay draws upon an image of what the future of accounting studies could look like, to envision the crossroads that academics and practitioners may be required to take in the next few years.

Hopwood's call for a study of the unfolding nature of accounting has been fruitful. It allows accounting books to be practiced and accounting treatises to be read. If they were not changing, did not have a multiple nature and purpose, and were therefore continuously unfolding into something different, they would soon become pieces of furniture, inanimate objects on the bookshelves of firms, offices, and homes (Quattrone, 2009). After all, a book is a book if it is read (Johns, 1998) and accounting is accounting if it is a working practice (as the suffix -*ing* suggests).

So, accounting has this tendency to become what it was not. A reductionist (or, for a lack of better term, a naïf) may be tempted to depict this multi-centennial practice of accounting as being all about financial matters and profit calculations. But as soon as one looks more closely at how accounting works 'in action' (Robson, 1991; Preston, Cooper and Coombs, 1992; Briers and Chua, 2001), one is forced to abandon prejudices based on the assumption that accounting is mere bean-counting and embrace a completely new world – or better yet, a vast array of worlds of different ontologies – now displayed before one's eyes, provoking one's imagination.

It is only when one looks at what accounting is *not* that the possibilities for conceiving of accounting in alternative, subversive, emancipatory and revolutionary terms begin to proliferate. It is only when accounting leaves the comforting harbour of economic functionalism and positivism (Watts and Zimmerman, 1990) to sail towards new and unchartered territories that accounting becomes an instrument of hegemonic domination and an engine of modern capitalism (Neimark and Tinker, 1986; Neimark, 1994) or the quintessential mediating instrument of modernity that transforms human beings

into calculable economic selves (Miller and O'Leary, 1987) ready to be disciplined (Hoskin and Macve, 1986) in the name of efficiency. Only then does one realise that accounting emerges 'to count, not the visible, but the invisible' (Meyer, 1986, p. 351). When one abandons a belief in the possibility of understanding what accounting *is* and responds to the call for thinking of accounting in terms of what it *is not*, then new light can be shed on this well-established, diffused and pervasive practice of our times.[1]

Once the *non plus ultra* commandment has been ignored and the theorisation of accounting has sailed beyond the Pillars of Hercules in the rough sea of relativism, it is clear that they cannot be observed without observers changing their nature. Even as a physical particle cannot be measured without its nature and contours changing through the act of measurement, accounting has a political ontology (Mol, 1999) that is relative (or relational), incomplete, transient and unfolding.

This relativism is crucial because, as Latour stated, 'A little relativism takes one away from realism; a lot brings one back' (1988, p. 173). This is what has happened since Hopwood's appeal to look at what accounting *is not*. Since then, studies detailing the importance of more or less mundane features of the practice have mushroomed, as a quick (and therefore biased and partial) glance

[1] The same change of perspective has happened in finance – at least since it was discovered that financial models are an 'engine and not a camera' of financial markets (MacKenzie, 2006). Here again, it is by moving beyond the taken-for-granted notion of what finance is and studying it in action (Callon, Millo and Muniesa, 2007; Stark, 2009) that one understands the performative nature of financial formulas – how they interact with trading rooms and computers (Stark, 2009) – that make traders live in a "screen reality" (Knorr Cetina, 1999): a reality which, as much as the reality which accounting inhabits, is hyper-real (Macintosh, Shearer, Thornton, and Welker, 2000) and therefore representative of *no*-thing. Once again, it is this negativism that we must confront in order to understand how finance and society are linked in valuation exercises. I am referring here to the recent establishment of two academic journals: *Valuation Studies* and *Finance and Society*. What accounting has experienced with *Accounting, Organizations and Society*; *Accounting Auditing and Accountability journal;* and with *Critical Perspectives on Accounting* is going to happen in finance as well. Exciting times ahead!

at the accounting literature of the last forty years clearly demonstrates. It is now less heterodox to reflect upon the incompleteness of accounting calculations and controls (Quattrone and Hopper, 2005); on the effects that this incompleteness generates on managers' behaviours (Jordan and Messner, 2011); on notions of order (Ezzamel, 2009); and on the ways in which accounting's ambiguity provides a space for mediation, compromise and innovation (Chennall, Hall and Smith, 2013; Busco and Quattrone, 2014). We can reflect on the impossibility of meeting increasingly difficult and pervasive accountability requests (Roberts, 1991; Messner, 2009) in organisations and societies that live in orgies of calculations (Meyer, 1986), auditing trails and risk registers (Power, 1997; 2007). We can even concede that accounting works not only as a coercive tool, but also as an enabling tool (Ahrens and Chapman, 2004; Preston, 2006) that generates innovation (Mouritsen, Hansen and Hansen, 2009) and could therefore have emancipatory effects (Gallhopher and Haslam, 1996). It is clear by now that accounting does not have any essence (Miller and Napier, 1993) and that any attempt to reduce it to a single regime of truth reduces its complexity and mystery (Quattrone, 2004; 2015a; Ward, 2015) and makes it dull.

Accounting is therefore a 'strange object' (Law and Singleton, 2005), and as is the case with diseases (Mol, 1999), information technologies (Orlikowski, 2000; Hopper and Quattrone, 2006) and religious orders (O'Malley, 1993), it remains intrinsically difficult, to understand what it is. We may not know how to define a blood leaver disease, but we know that it is a disease because of an irrefutable fact: It kills (Law and Singleton, 2005). Hence the need to look not at what these objects are, but at the effects they generate and how they remain apparently homogeneous by engaging difference and being always other than

themselves (Ricoeur, 1992; Quattrone and Hopper, 2006; Quattrone, 2015). We know more, not less, by thinking of them in terms of what they *are not*.

Translating these arguments into accounting terms requires speculation on the series of multiple, incongruent and at times irreconcilable orders of worth (Boltanski and Thévenot, 2006; Stark, 2009), valuation regimes, rationalities and logics (Friedland and Alford, 1991) that are available for our imagination to elaborate upon without running the risk of reifying them again for positivist consumption. Value, worth and regimes of valuations also constitute that common space where various examples of cutting-edge research on accounting are meeting in interesting ways. This will be the first area of my speculation in this essay.

The risk of falling into the trap of exploring issues of valuing and worth in positivist (rather than negativist) ways is always under ambush, however. How is one able to provide an explanation and an authoritative account if the account cannot produce a positive knowledge of reality and cannot find this authority in its ability to generate transparency? If *worth* remains defined in negative terms in order for it to provide users with the possibility of negotiating what it is in pragmatic terms, what kind of transparency must accounting produce? This will be the second area of speculation in this essay.

And yet accounting is also a technical matter. Unlike such disciplines as strategy, marketing and leadership, which make a currency of their ambiguity, accounting has a technical dimension (and a long historical extension of this technicality) that makes it combine ambiguity with the apparent functionality of

the technique.[2] People have performed accounting calculations for centuries and, since the Renaissance, have calculated interest in a way that differentiates it from usury (Johnson, 2015). So any attempt to speculate on the future of accounting cannot disregard how ethical issues of worth and value require not only alternative modes of reflective representation and transparency, but will also have to be translated into a new aest-*ethics* for accounting techniques. How to draw an account (or whatever will supplant it) to embody and generate social relationships are not mundane issues. How to design and perform the visual space of accounting is the third speculation of my essay. Account-*ing* is, above all, practiced, and it is practiced through numbers, formulas, and visualisations on pieces of papers, on computers screens, and in people's minds.

What is worth? Where, when, how and for whom?

Think of a conventional income statement, at least in what has become the most diffused format in accounting textbooks, business school classrooms and published financial reports. Such a statement would begin with sales at the top. It would then subtract the cost of goods sold (and calculate a gross margin), then deduct the other operating expenses (and calculate the operating profit), consider the interest expenses on debt, and less likely, the financial returns on financial investments, to arrive, finally, at the net profit after deducing taxes.

When I show this format to my students, I always ask: 'Why do we organise the entries in this way? Why do we calculate gross and operating profits? Why

[2] I am referring here to the work of Pollock and Williams (forthcoming), on the possibility of identifying a new visual genre (Czarniawska, 1999) for business.

profit before tax?' I rarely get answers that go beyond the need to separate the main from supporting operations or direct from indirect costs (the latter being a partially wrong answer).

Not many people view this format as a strong political statement. It emerged, I was taught, when business underwent a twofold transformation. The first concerned the functionalisation of businesses and organisations, with manufacturing as king, supported by such other functions as administration, marketing and logistics. All these activities required financing, and hence the cost of the provision of financial resources and the return generated on its surplus was to be clearly highlighted. Then the effect of tax had to be considered and managed. Each function was managed by a manager who would be accountable to the owner, the separation between ownership and management being the second of two large transformations that occurred during the initial phases of capitalism.

The bottom line of this statement signified the purpose of all of that calculative and representational power: the interest of the owner and, later, of more or less diffused shareholders who controlled through the gaze of income statements how their capital was employed and managed by functional managers and what return it generated. That bottom line was not bottom at all. It became, in fact, the top priority of modern capitalism. The aesthetics of the income statement, with its lines, orders, numbers and neat logic was, in fact, an 'aesth-*etics*', wherein 'values' were reduced to 'value', and maximising profit became *the* value *par excellence*. That was where the economy met the social and the political, through accounting as the mediating technology (Miller and Power, 2013).

Few things are more political and powerful than this income statement format – powerful because, as with every institution, its power goes unquestioned. It is not scrutinised. Its functionality is taken for granted, 'It is all about managing functions well!' my students often shout. It is powerful because it channels calculations towards a clear purpose. As rhetoricians say, there is no inventory (no *inventio*, no classification) without intention (without *intentio*, without purpose). The entire accounting system is geared towards the clear intention of this income statement. It has lost what late medieval and early modern accountants knew far too well: Every intention is always '*in*-tention', and that tension needs to be managed through visualisations that offer a space for managing them rather than representations seeking to suppress tensions in the interest of one of them. In this statement, there is no tension; it is clear what worth is, what value is, where, when, how and for whom it is to be calculated. At least it is clear in principle, because the world of practice always resists and escapes these easy, functionalist and positivist classifications (De Certeau, 1984). This format for the income statement was not designed to operate in a world of tensions and alternative modes of representations and valuing (Stark, 2009), but was aimed at suppressing both tensions and resistance with the result of generating more of them.

The late twentieth century witnessed an attempt to remedy these limitations. Following stakeholders' approaches and the emergent concerns with societal and environmental issues, other forms of reporting have been developed. The Accounting for Sustainability (A4S) initiative, the Global Reporting Initiative (GRI) and Integrated Reporting (<IR>) are just a few examples of attempts to

respond to the reductionist approaches drawing on an ideology of maximising profit in the interest of shareholders, which will make many everyone happy.

The great financial crisis sent scholars of mainstream finance through the same examination of conscience with microfinance, social investment and endogenous critiques of corporate governance (Meyer, 2013), as ways of expiating guilt. The result of attempts in both fields has not yet been comforting (with <IR> providing some hope, if the project abandons the shareholder as the main beneficiary of its integrated efforts).

When I studied accounting at the University of Palermo some time ago, our accounting professor saw the format of income statement I have just described as just one amongst six different formats, and not even the most prominent one (see, for instance, Ranalli 1984). We were taught the value of diversity – the same diversity that environmental and social accounting is now seeking to address by enlarging the positive realm of the measurable. Now it is well-known that different orders of worth are competing with each other (Bolansky and Thévenot, 2006), generating a resonating sense of dissonance (Stark, 2009). I fear, though, that this is not enough to provide accounting with a bright future. Its future may actually be found in its past, where we can be positive without being positivist (Quattrone, 2015b).

Accounting remains geared towards the representation of some clear value-as-values, be this value singular (the maximisation of profit) or multiple (those of various stakeholders or of more sophisticated different valuation regimes). They are all about value – but how to account for the fact that the continuous unfolding nature of value in practice remains absent from accounting textbooks (at least from those for sale today).

Ethnographers and anthropologists know that to show the normal in a different light, they must travel to different spaces to expose the normal to differences. In some cases, this defamiliarisation can be achieved not by going to a different space, but by going to a different time. And this time does not have to be a remote one if the space is chosen carefully.

So let me travel back to Italy for a moment to see what worth was in those years immediately following the end of World War II (Quattrone, Monfardini and Ruggiero, 2014).

Picture this historical moment. Italy is in bad shape. It needs to be reconstructed. The 'allies', as we called the USA after the fascists lost the war, are willing to help through a large investment plan later known as the Marshall Plan (Djelic, 1998; Kipping and Bjarnar, 2008). But there is no such a thing as a free lunch. Money would have arrived only in exchange for turning over companies to be sold on the free market. And to do this, plenty of cutting-edge management and accounting knowledge of the kind I have described in this section was to be made available to the Italian troglodytes.

The journey of the plan from Washington to Rome was not a smooth one, however, as it encountered a couple of problems on its way. The first was a simple question that many people in Italy asked: Who was going to buy these companies once they have been turned around? Certainly not Italians, who did not have the required financial resources. The second problem was less opportunistic but equally pragmatic. The accounting solutions proposed by the US consultants presupposed the pursuit of profit as an end in itself. This solution conflicted with the economic doctrine of the Catholics, which stated that profit

was a means for a much bigger end: the pursuit of the common good. (The Vatican was in Italy after all.)

Pasquale Saraceno was one of the key managers of IRI, the company that administered the funds of the Marshall Plan. He was also one the authors of the *Camaldoli Code*, a document written by some members of the Catholic cultural elite to define the official Catholic position on economic matters. Saraceno was an academic, one of the most prominent pupils of Gino Zappa, who theorised that the firm rather than the market or the state was the institution devoted to the satisfaction of human needs via the production and distribution of wealth (Zappa, 1957; see also, Canziani, 1987; Zan and Zambon, 2000; Biondi, 2006; Dagnino and Quattrone, 2006). Although not a communist, Saraceno was not an ultra-liberalist either and believed in this institutional role of the firm as mediator between the production and distribution of wealth: a space between the state and the market. He also believed that this mediation required a series of coherent techniques such as accounting and management practices, which became the tools for speculating on the nature of that 'common good' to be pursued. This technical dimension was neither irrelevant nor mundane, because, not surprisingly for a religious definition, this 'common good' remained purposefully undefined and had to be constantly searched through specific practices, procedures and rituals.

After a few years of negotiations, of changing consultants parachuted to Italy from the USA, of correspondence between USA and Italy, the institutional and technical solutions to these two problems were found. Institutionally, IRI would have continued to be a holding company owned by the Italian State, which would have had a stake in the capital of firms (along with other shareholders)

operating in the market economy (a good compromise between US corporate capitalism and USSR government-controlled Communism). Technically, planning and budgeting at IRI, whose turnover in the 1960s accounted for several points of Italian GDP, would have been done with an income statement based on *value added* rather than *profit*, where the value produced by an organisation was to be distributed amongst various stakeholders (banks; the state; and the organisation, its shareholders and its workers), in order to safeguard its continuity as an institution. This technical solution created a space to look for a common good without predefining 'common' and 'good' (cf. Boltanski and Thévenot, 2006). Different orders of worth (economic, industrial, civic, religious) and interests in dissonance could meet through the value-added format, but they could never be aligned even minimally, because this would have presupposed a clear definition of these different orders of worth (Boltanski and Thévenot, 2006). While, in line with the Catholic doctrine inspiring the institutional and technical design of the IRI solution, this worth remained a mystery to be interrogated constantly by infinite processes of mediation, invention and re-invention happening in the planning and budgeting procedures facilitated by the value-added statements.

The Catholics, unlike the Protestants, love mediations. The role of the Catholic Church was to mediate between celestial and terrestrial matters. IRI mediated between the state and the market, and value-added planning and budgeting was there to mediate amongst different notions of the common good. Once again, to be valuable (and possible) this mediation was not based on any assumption about worth (something that would have prevented complex compromises): to conceive of the possibility of mediation and compromise that were always dissonant. It was better to design institutions and planning

procedures in terms of what common good *was not* rather than what it *was*; defining 'common' and 'good' once and for all would have made it easy to agree or disagree. 'Common good' was therefore conceived as an empty but powerful signifier – a more humble but productive approach.

The IRI case makes for interesting speculation about the future of accounting, because it offers insights on how to redefine procedurally the notion of worth and what counts in contemporary organisations, economies and societies.

What worth is, what counts as value and valuing, no longer happens in the offices of the powerful International Accounting Standards Body (IASB) or in markets, which have proven relatively inept in valuation. The nature of worth is relational. It happens in networks; it depends on attachments, on framing, contexts and opportunities. This relativism needs to prompt a process of questioning and reflection on what worth could be rather than merely representing what it is. Pablo Picasso's *Women of Algiers* was worth USD 179 million at Christies in New York, but I doubt it would be worth that much in the degraded periphery of Palermo.

So the first speculative exercises that scholars of accounting will have to do in the next ten years or so concerns several questions. What is worth? Where, when and how is it generated? And for whom?

I suggest that these questions should be addressed in negative terms (the only way in which true speculation and reflection can happen), because to move beyond value and worth as finite entities to be attached to equally finite entities (be they physical, as in the positivist attempts of stakeholders theory, or speculative, as in the orders of worth in Boltansky and Thévenot, 2006; and

Stark, 2009), the only way of thinking of these categories as open is to think of them in negative terms. Asking us what worth *is not* is the precondition for its endless search, for a democratic debate that can produce mediations by finding resulting notions of worth that are not in contradiction, but differ from each other. It is the design principle of new governance that can guarantee the notion of worth to unfold and respect alterity. Knowing that worth cannot be conclusively defined is the precondition for finding it.

Once this ethical issue is rightly framed in negative terms, another problem arises: how to make such speculation operationable in practice, on a daily basis, in the process of account-*ing.* Ethics need to become '*aesth*-etics' – to be transformed in a new technical form of accounting. This requires two other speculations: The first is on the notion of transparency, another pillar of contemporary positivist and representationalist accounting; the second, possibly the most difficult to translate into practical wisdom, concerns the technical aspects of reframing accounting in negative but operational terms. Once again history is there to help.

Beyond transparency and reporting?

As I mentioned in the previous section, responses to calls for balancing the tyranny of shareholders' value have been attempted by enlarging the realm of the measurable from the economic to the social and the environment. These attempts have been victims of another act of tyranny: the tyranny of transparency (Strathern, 2000). So if the industrial revolution sanctioned the triumph of profit as the ultimate value for which to fight, post-industrial societies are still struggling to understand what measures should supplant it. They have

complemented profit-related measures with other key performance indicators concerning, for example, social inequality and the environment. The triumph of CO_2 emissions as the ultimate measure of climate change is only one of many examples of this tyranny of transparency. A tyranny that presupposes what is to be made transparent, thereby achieving the paradoxical effect of throwing a veil of opacity on the immeasurable, which is, therefore, unmeasured. This positivist search for transparency has achieved the astonishing result of increasing the level of opacity in which we live. It has ignored the observation that 'not everything that counts can be counted, and not everything that can be counted counts' (a quote attributed to Einstein).

To avoid falling once again into the tyranny of transparency, a new theoretical and epistemological approach is needed. Once again, history may help in this theoretical venture – this time the history of the Society of Jesus, the Catholic Order established in Rome in 1540 (Quattrone, 2015a).

The Jesuits knew well that it was impossible (and even dangerous) to reduce the complexity of material and spiritual life to its representation (be this an accounting number or the architecture of a church). The risk was idolatry. So, when accounting for their Order, they tried to embed into their administrative practices the idea that cosmological orders are incomplete (Ezzamel, 2009) and human selves are imperfect and therefore in need of continuous ordering. The recognition of this incompleteness and imperfection in their visualisation practices ensured that accounting helped to speculate on how this ordering could be managed, rather than using these visualisations as objective representations for understanding whether a finite order was finally achieved: that achievement was a material, but also spiritual impossibility. Accounting thus

embedded a form of rationality that was procedural rather than substantial: Processes, not outcomes, were the ends of their rationality.

But how did they do this? The Jesuits were eclectic innovators and often recombined practices already in use for their ordering purposes. One of these practices was double-entry bookkeeping. In the first half of the sixteenth century, double entry was still a relatively new practice, although fast diffusing and codified in treatises. The Jesuits have been adopting it across their entire network of houses and colleges since the beginning of their operations in 1540.

The use of the cash account and related cash box in the administration of the Jesuit colleges are two of the most relevant examples for understanding how techniques that are now believed to be aimed at producing objective representations and providing a supposedly factual transparency were once used as instruments of moral and ethical reflection for envisioning the future rather than representing the past. The padlock for the college cash box required two keys (Flori, 1636, p. 72) – one to be kept by the procurator, who was in charge of economic affairs, and one by the rector, who had overall responsibility for the college and its overall missionary, pedagogical and economic activities. This provision required that every cash movement and its record in the accounting books could happen only after a continuous mediation and discussion of the potential usages of the funds (e.g. pragmatic needs related to the running of the college, political matters related to the Jesuit influence on the local community, pedagogical and religious concerns), for which the procurator and the rector acted as spokespersons. The translation of cash movements into accounting inscriptions would have reduced (as does every graphical representation) the multifaceted nature of the Jesuit administration to a mere

financial matter, leading to an incontrovertible financial truth and to unreflective actions. Rather, the Jesuits used many types of visualisations to interrogate what *was not* representable and question the underlying rationale of each cash transaction. For them, I argue here and elsewhere (Quattrone, 2015a), recording financial transactions (that could be inscribed into accounts) was a way of questioning and speculating upon that which was not possible to represent, which therefore required reflection, scrutiny and the expression of judgment. In that sense, their practices were intrinsically religious, as they were used to interrogate the mystery of the unknowable (an absence) rather than trying to re-present it (i.e. making it present *again*). That was not only an epistemological impossibility (as we would now say from a constructivist perspective); it would also be morally and ethically dangerous, as it would make people believe that they could take 'right' decisions if they were well-informed, thus losing that sense of fallibility and incompleteness that characterises Jesuit 'indifference', wisdom and unfolding rationality. Making reasonable decisions rather than rational decisions was a more modest but pragmatically achievable aim.

Once again, paying attention to what *is not* visible generates positive but not positivist effects, with visual inscriptions such as an account used as a pretext to speculate on what is not finance; for the Jesuits, financial matters were always beyond finance.

This is the basis of the negative epistemology that inspires the notion of *rhetoric* or *maieutic machine* that Cristiano Busco and I have developed (Busco and Quattrone, 2014; Quattrone, 2015b). We view accounting not as answer machines that provide calculative solutions to managerial problems (Burchell *et al*., 1980), but as spaces, methods and rituals for raising the right questions.

Performing mediations and compromises in organisations, economies and societies offers, in our view, a much more promising future for rethinking the underpinning epistemology of accounting and resulting notion of transparency.

A move away from positivism and towards negativism does not contradict the human need to know more, but recognises that knowledge and transparency cannot be imposed on what is to be observed. They are negotiated and contested categories, the definition of which can be performed only in practice. As noted by Flori (1636), the Jesuit accountant who is said to have been the first to describe the accruals in his accounting treatise, accounting is a *scientia prattica*: a pragmatic science. If it were about truth, it would have to have been in the realm of (fundamentalist) theology. If one is to abandon the economic fundamentalism of profit as the value of our organisations, economies and societies, a more relativist approach is needed. Recalling Latour (1988), a great deal of relativism brings one back to reality – or not far from it.

Modes of representation in the economy: Towards a new financial '*aesth*-etics' of communication for capitalism and democracy?

Not many people know that the Latin word for 'account' is *ratio*. *Ratio* did not mean 'reason' but 'calculation' (and, indeed, 'account', Goody, 1986, pp.12; 49ff). In late medieval and early modern times, it was an expression of a figurative ability to recombine accounting *loci* in *rationes* (i.e. 'schemes' or 'ordering devices', see Carruthers, 1998, p. 39) to solve problems pragmatically. A good *maestro razionale* (i.e. the early modern Italian accountant) had to be able to make associations amongst text, images, accounts, and what they all stood for, in

ways that would have proved useful and generated wisdom. In fact, the *Libro della ragione* did not mean '"Book of Logic" but instead "Ledger"' (Murray, 1978, p. 205) and *Ragioneria*, in contemporary Italian, means 'accounting' (Goody, 1996, p. 12), showing a remnant of that medieval link between *ratio* and account, which now typically goes unnoticed.

The word *ratio* also reveals the 'aesthetic code' (Gagliardi, 2006: 6) of accounting calculations – a code based on the idea of balance, proportion and symmetry. In relation to symmetry, Weyl noted how the concept immediately prompts an imagery of proportioned harmony and stated how 'beauty is bound up with symmetry' (1952, p. 3). He thus linked aesthetics with ethics for, at least from Greek times, according to Aristotelian ethics, the idea of symmetry 'carries also the connotation of "middle measure", the mean towards which the virtuous should strive in their actions' (Weyl, 1952, pp. 3–4). This feature also characterised medieval and early modern civic beings (Carruthers, 1990; 1998) and early modern forms of organizing in religious organizations (Quattrone, 2015). The aesthetic code of accounting is therefore intrinsically ethical.

This 'aesth-etics' of symmetry also builds a key link between visual and material representations on the one hand and matters of moral legitimacy and justness on the other. Since Roman times and through the Renaissance, until the emergence of the accounting profession (Puyou and Quattrone, 2014), accounting was a source of rational and legitimate behaviour because it offered a *ratio* – a proportion – that was masterly managed by the accountant (*ratiocinator* in Roman times, *maestro rationale* in the Renaissance and the rational accountant in Modernity), to establish and maintain ties amongst the

soci (plural of the Latin *socius*, i.e. a partner, a companion, an ally) of a community, thus making what Latour (2005) has defined as 'socie-*ties*'.

The account was the space where these relationships were established and managed and the design of this space was highly relevant to the type of interaction it allowed. Material and visual agencies can be seen as playing a key role in the formation of strong and durable ties amongst members of a society, leading to some form of legitimate and supposedly rational order, based on notions of reciprocity (a reciprocity which has been crucial in defining legitimate forms of order and behaviours since antiquity; Ezzamel, 2009). Accounting spaces, as demonstrated in the case of IRI, generate effects, thanks to their specific form of visual arrangement.

Think of a classroom. The arrangement of the desks in that space would symbolise the kind of social interaction amongst pupils and between each of them and the teacher. Desks organised in rows facing the teacher would mean that the teacher professes and the students listen. Reorganise them in a Harvard-style lecture theatre, and the teacher becomes a lecturer, a centre of coordination for a debate amongst students around a case study with no clear answer. Here, once again, the absence rather than the presence of a solution initiates and sustains a dialogue that would otherwise be difficult, just as the silence at Harvard Business School allows the persistence of the institution more than do words spoken aloud (Anteby, 2013). Now think of that classroom space with round tables where executives are seated. The executives would now be the knowledge masters and the lecturer a facilitator and possibly a rapporteur.

An account is similar. The design of its visual space is neither neutral nor irrelevant to the way social and power relations are governed and managed.

How can we then organise that space to facilitate dialogue, questioning and more balanced and proportionate views? How can we organise that space so the search for transparency does not impose truth on the accounting users, thereby closing the debate? How can we organise that space to create the conditions of possibility for a more democratic governance of contemporary capitalism?

Those who think that accounting history is a 'waste of time' would be surprised to find that the recent history of accounting provides another example from which to begin the reconstruction of accounting's 'aest-ethical' code.

Before the adoption of the IV EU directive on corporate accounts and the subsequent diffusion of the International Financial Reporting Standards (IFRS), the Italian income statement would have had the forms of a symmetrical 'T'. This vertical symmetry (a 'di-*vision*', which would guarantee a good vision, as the Latin etymology of the word suggests) was accompanied by a further horizontal classification into three sectors with entries classified according to their nature and, most importantly, their origin: a market transaction or an accounting valuation. The central horizontal section of the statement would have recorded entries, the value of which was measured by a transaction in the market, and was thus relatively reliable (e.g. purchases). Rather, the top and bottom sections would have recorded values whose measurement was subject to an accounting valuation (e.g. beginning and ending inventory, provisions, accruals), signalling the lower degree of reliability of these values. The resulting profit or loss would therefore have been influenced by the relative weight of these sections: a greater influence of the top and bottom sections of the 'T' account would have meant a lower reliability of earnings and the need for further scrutiny.

This format embedded two key principles. The first was epistemological and the second political. The epistemological principle related to the awareness of the subjective and relative nature of accounting knowledge and measurement, which was unavoidable, and therefore had to be signalled to both preparers and users of the statement. For the Italian accountants of great part of the twentieth century, profit and loss would have been matters of concern to speculate about and be scrutinised rather than matters of fact to be represented and trusted (Latour, 2005; Mouritsen and Revellino, 2014).

The second principle was political. The classification (by nature of the entries in the account and the related signalling effect) acted as a way of balancing shareholder and managerial power, as shareholders and managers would have had a vested interest in inflating the profit for maximising short-term returns (i.e. dividends and bonuses). This would have happened at the expense of the workers, other stakeholders and the long-term interest of the firm as an institution destined to persist. This 'T' account was a simple but smart graphical design. It was not based on positivism, but generated positive balancing effects.

This income statement format, along with IRI's emphasis on value-added budgeting and planning and the Jesuit cash account, did not communicate results to the public. It therefore created a communicative space that was enacted by various stakeholders in a rhetorical exercise. The emphasis, once again, was on the reporting process rather than the outcome of that process, which was, by definition, ambiguous and opaque.

This format also defined evaluation criteria for the goodness of reports, a good report is not one that represents financial realities objectively – an

epistemological impossibility – but one that generates, as an ethical imperative, debate, questioning and mediation. It constituted a space that projected various interests and notions of worth without privileging anyone, as representation of a definite bottom line was not its aim. Here, the search for transparency did not presuppose the value to be represented but allowed this value to emerge from the dialectic around the approval of the financial reports. The report defined a communicative space, an opportunity for debate, rather than the communication of a message conveyed by the preparers of the statement to its users. In this way, the debate of the report had at least a chance of escaping the risk of making the discussion around the approval a meaningless ritual, in which little scrutiny occurs, despite the existence of a full paraphernalia of standards.

Financial numbers, whether in financial statements or markets, have become similar to supermarket snacks: We consume them without asking how they were produced. We are flooded, as never before in history, with financial data. We know little, however, about what we consume. And if labels are there to reassure our insecure selves about the content of what we eat, they do not tell us if this is the food we need. Little is written on the labels that would make us reflect seriously about whether that is the right food for us to eat. Similarly, accounting standards and reporting procedures are there to reassure us on the quality of the data, but they do not warn us that this is not the right information to consume. They make traders obese, quick consumers of the same information through the same financial models with little chance of creating value (Stark, 2009). The result is little reflection on the way and the reason why the information is produced – why one format rather than another – presupposing

and enacting both the tyranny of transparency and of shareholders' value. The early modern accounting reflection has become postmodern finance speculation.

The result is superficial consumption. The false belief in representation has killed the mystery of speculation, of questioning ourselves on the nature of worth, reducing it to what can be materially grasped.

The love of numbers has been lost, and unless we radically rethink notions of worth, transparency and the design of a new 'aest-*ethics*' for accounting techniques, we are left with growing and unstoppable financial pornography, wherein one consumes superficial images rather than seriously debating issues of capitalism and financial democracy. The result of this new idolatry for numbers as superficial figures may be an orgy, but one without love or hope.

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