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Really Rethinking Financial Reporting: A Discussion of *Rethinking Financial Reporting: Standards, Norms and Institutions* by Shyam Sunder

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Abstract:

Professor Sunder's book raises significant issues about the state of financial reporting, particularly his concern at the proliferation of complex rules for which there are only questionable justifications. In this review essay issue is taken not that there isn't a problem with current financial reporting, but with the unexamined premise about the nature of that problem and the role that accounting and auditing play in the regulation of the modern, powerful corporation. It is argued that rules are the logical consequence of a competitive order and that resorting to norms as an alternative to rules or standards promises no better alternative unless there is a critical examination of who is to be the community to which norms apply. Thus, it is crucial to question the premise of decision usefulness as the underlying purpose of accounting vis-a-vis the publicly traded corporation. I argue that re-considering the historical norms of accounting that are based on the premise that holding corporations accountable, is crucial to really rethinking financial reporting.

Keywords: financial reporting, norms, accountability

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1 Introduction

Professor Sunder (2016) has provided those of us who think about accounting (and those who should be thinking about it) an excellent bit of scholarship to stimulate some long overdue re-examination of the problems of financial reporting for publicly traded firms. I have been asked to put my thoughts on the record in hopes that the important issues raised by Professor Sunder will continue to be debated and discussed. There are problems with financial reporting to be sure, but the nature of those problems is not indisputable. Professor Sunder has explicated what he thinks those problems are and suggests some remedies. If I agreed whole-heartedly with

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the arguments in Professor Sunder's book, this discussion would end right here with a simple suggestion to read the book. Any attentive person would be hard-pressed to disagree that the state of financial reporting is less than ideal. Financial scandals continue to occur, bubbles form and burst, and in spite of the enormous investment made in developing and verifying complex financial reporting standards, but for the intervention of the government, the Great Depression would have repeated itself. Though "publicity of accounts" or "transparency" has been the proclaimed remedy to financial failures of various kinds since the nineteenth century there doesn't appear to have been the kind of progress that a century and a quarter of time to work on the problem would anticipate. Perhaps "If at first you don't succeed try, try the same thing again" is not appropriate advice when it comes to the problem of financial reporting. Professor Sunder argues that to make financial reporting more effective, or at least not as ineffective as it is now, we recover what the term Generally Accepted Accounting Principles (GAAP) originally referred to, i. e., a reporting system governed by norms, rather than rules or standards. However, Professor Sunder attempts to take us back to the future via a route based on a fundamental premise about financial reporting that is actually quite modern. I will attempt in this commentary to suggest another route back to a future of "norms" but based on a different fundamental premise about accounting, that being accountability. Accountability views the problem of financial reporting as merely one problem within the syndrome of problems of containing corporate power to violate 'norms' of acceptable commercial behavior. Accountability is, after all, the oldest norm accounting has so if one intends to return to a regime of norms governing the practice of accounting it seems incumbent upon accountants to reconsider the norms that have given it its form and structure when it was actually GAAP.

2 The problem with financial reporting?

There can be little argument with Professor Sunder's opining that, "... I think of financial reporting not simply as a social phenomenon but also as a human artifact engineered to serve human purposes" (Sunder, 2016, p. 99). Accounting, of which financial reporting is one element, is indeed purely a human invention. It is not a natural kind governed by laws laid down at the moment of the Big Bang, but a practice that serves ends defined exclusively by human beings. As a human practice accounting, manifested as financial reporting, cannot be judged on a strictly scientific basis; since it involves human purposes, it inescapably involves value judgments involving the choice of purposes to be served. Soll (2014) makes this point about the history of double-entry accounting: it served to abet corruption as well as to reveal it. When judging the adequacy of financial reporting, we can't avoid discussion of the purposes it is serving.

Professor Sunder, I believe rightly, claims that financial reporting is now plagued by a proliferation of complex, arcane standards (rules) that don't seem to serve very well any putative purpose of financial reporting. The purpose he presumes financial reporting serves is now too rule bound (see: West, 2003 for a particularly trenchant assessment of how rules create incoherence that undermines accountants' claim to be members of a learned profession). These rules stifle the alleged Hayekian workings of an organic society that operates quite well with social norms when organized as a competitive order that is constructed to suppress human proclivities to plan (Hayek, 1948, 2007). Professor Sunder's basic premise is that financial reporting is to serve the workings of a competitive order by providing financial information to the "market," described by Hayek as something analogous to IBM's Watson – a machine capable of processing unlimited amounts of information about itself, which makes any attempt to model it or replace it with expert planners the ultimate human folly.¹ It would seem to follow then that any information necessary for smooth market functioning would be contained within the market itself; any effort to dictate what type and form of information should be provided is a kind of "planning" imposed from the outside, which by definition, detracts from the workings of the market.

The proliferation of rules, however, is a phenomenon that prevails throughout modern societies, not just financial reporting. This proliferation of rules Graeber (2015) labels the Iron Law of Liberalism² which he defines as:

The Iron Law of Liberalism states that any market reform, any government initiative intended to reduce red tape and promote market forces will have the ultimate effect of increasing the total number of regulations, the total amount of paper work, and the total number of bureaucrats the government employs. (Graeber, 2015, p. 9)

This phenomenon is vividly illustrated in the U.S. by considering the rules that govern intercollegiate athletic competitions. The National Collegiate Athletic Association (NCAA) was formed to regulate intercollegiate athletic competitions to insure that such competitions adhered to values consistent with the notion of the amateur, scholar athlete. Today the rule book that regulates the recruiting, competition and academic progress standards for college athletes exceeds 400 pages. Davies (2017) explains this phenomenon as the paradox of competition.

Within the classical liberal view of competition being the natural order of things, Davies notes “... there is implication of *norms* (emphasis added) constraining how competition takes place and guaranteeing a sense of fairness” (Davies, 2017, p. 62). Thus, in any competition there is an initial presumption of equality since all are expected to play in accordance with the rules of the competition.³ However, there is always inherent in competitions a threat of violence. Though competitions are organized and bounded by norms or rules paying homage to a spirit of equality and fair play, the ultimate purpose of any competition is to win. A competitive order starts from a premise of equality but strives to reach a state of maximum inequality. As Davies describes it “... the task of the competitors themselves is to maximize inequality in ways that benefit themselves” (Davies, 2017, p. 67). Thus, according to Davies:

An effective competitive strategy is therefore radically anti-normative. While the rules (and any external enforcer of them) seek to uphold the ‘spirit’ of fairness in how the competition is conducted, the strategic competitor not only ignores this spirit, it also seeks to subvert the interpretation of the rules in ways that are advantageous to themselves. (Davies, 2017, p. 67)

Thus, as we observe with the growing size of the NCAA rule book, each coach or athletic program seeks to find ways to “cheat” and each time a new strategy for cheating is discovered new rules are created to prevent the success of that particular strategy.⁴ Even in a game like golf which prides itself on self-enforcement of the rules in the tradition of “honourable gentlemen” the original set of rules that covered one page of text has now grown to over 100 pages, along with a separate volume of “interpretations.” In a society organized as a competitive one rules will always be broken and the usual remedy for broken rules is to create new rules against the behavior that cheated on the previous rules. Broken rules create new rules, ad nauseam.

3 Are norms any better than rules or laws?

The paradox of competition does not on the face of it suggest that norms are any better than rules at preventing the consequences of strategies for maximizing inequality that result from striving to win a competition. Professor Sunder defines norms: “These are shared expectations held of one another’s behavior in the relevant community” (Sunder, 2016, p. 7). Norms differ from rules or laws in their informality and the tacit understanding and acceptance of them by some definable community. Thus, there must be a community with definable boundaries in order for a person to know they are a member of that community and bound to honor the norms. However, norms suffer from the same weakness as that of rules or laws. Examples of norms that exist within “relevant communities” include repugnant ones like female genital mutilation, slavery in the southeastern U.S. during the ante-bellum period, spanking for misbehavior at school (a universal practice when I was a child), “omerta” among criminal gangs, and the list goes on and on. Whether we are dealing with norms, rules or laws there is no escaping the problem of evaluating those norms, rules or laws on the basis of some criteria. What makes the norms mentioned above repugnant to most civilized human beings is that even though the norms are acceptable to the “relevant community” the problem still remains as to whether there is legitimacy to the power of that community to adopt and enforce such norms.

For example, a standard excuse that Americans utilize to retain reverence for the Founding Father slave owners like George Washington and Thomas Jefferson is that they were products of their times and in their time slavery was an acceptable economic norm. But that is only the case in the “relevant community” which consisted of white, Anglo-Saxon property owners. Slavery has never been acceptable to another relevant community – that being the community of people who are enslaved (the story of Exodus provides some confirmation of that claim). Slavery has never been acceptable to the slaves and it is only the power that one “relevant community” has over another that makes norms like slavery or female genital mutilation appear to be acceptable. What makes norms (rules and laws as well) legitimate is whether the “relevant community” involved in the forming of those norms is legitimate. For example, Habermas (1998, p. 135) opined at great length on the process not the content being the basis of legitimacy for governance, i. e. “... discourse theory explains how private and public autonomy are internally related. The law receives its full normative sense neither through its legal *form* (emphasis in original) per se, nor through an a priori moral *content* (emphasis in original), but through a *procedure* (emphasis in original) of lawmaking that begets legitimacy.” Key to legitimacy of norms is whether the consequences of norms are deliberated by everything upon which the consequences are inflicted. The problematic for norms (or rules or laws) is ultimately a problem of specifying the boundaries of the “relevant community.” Norms in preference to rules still leaves the boundary problem to be solved.

If norms are to be a feasible substitute for an ever expanding mass of arcane rules (providing there is not a corresponding expansion in the mass of arcane norms) then more attention must be paid to what represents the relevant community that is elided in Professor Sunder’s case for norms. An example adapted from Bayou,

Reinstein, and Williams (2011) helps illustrate why the relevant community for financial reporting norms is not simply the community of capital providers. The foundation of accounting consists of two well-known identities learned in the first course in accounting: $\text{Assets} = \text{Liabilities} + \text{Net Assets}$ (called Equity in the case of private businesses) and $\text{Net Income} = \text{Revenues} - \text{Expenses}$. The norms or rules or standards of accounting will provide the definitions for each of these “elements” of the financial reports. In recent history the relevant community providing the definitions of the elements has been the investing community consisting of professional accountants, CFOs, analysts, and others who comprise the finance community (a descriptor that does serious damage to the concept of community). Net income = Revenues – Expenses seems innocuous enough. However, translated into another equivalent form there is considerably more underlying the accounting identity that is germane to identifying just who is part of the “relevant community.”

- Net income means net income of the corporation, which is the same thing as the gross income of the corporation’s shareholders.⁵
- Revenues are the economic values the corporation is able to capture via its activities.
- Expenses are the costs of capturing revenues and collectively represent a drain on the incomes of shareholders whose privileged position is evidenced by their occupying the left hand side of the equation.
- Expenses are, however, the gross incomes of all those who provide resources that enable the firm to do whatever it does: employees, suppliers, creditors, government (which bestowed life on the corporation in the first place and protects its privilege of limited liability). These gross incomes are accompanied by demands from capital to be maintained and by the unaccounted for externalities whose value to shareholders is that they be negative (the price that nature and powerless humans pay for shareholder prosperity).⁶

The altered identity (more consistent with an entity view of the corporation) indicates that the relevant community is much more expansive than Professor Sunder implies:

Revenues = gross income of shareholders + gross income of employees + gross income of suppliers + gross income of government + capital maintenance + net externalities.⁷

The modern corporation is actually a social institution created to aggregate economic wealth and the relevant community affected by corporate actions is virtually everything on the planet earth. Thus, the relevant community for whom financial reporting norms should be acceptable is a mighty big one indeed and is not confined to that consisting of what we euphemistically refer to as investors (speculators or, as Adam Smith called them “projectors,” is a more apt term).

4 Remembering accounting norms

It would be logical to construe the preceding discussion as an adamant rejection of the idea that norms are a compelling solution to financial reporting problems. That would not be a correct characterization of my conclusion. In spite of the same problem in evaluating norms that we have with laws or standards, reconsidering the importance of norms is a very useful intellectual exercise for accounting academics and policy makers to consider. History is a useful place to gain understanding of the present. As Professor Sunder notes the need to rethink financial reporting is not the consequence of never having accounting norms, but a consequence of the abandonment of norms in favor of standards/rules. After all, GAAP, the term we still employ to describe financial reporting rules, connotes their process of development is more analogous to norms than to standards, rules or laws.⁸

In chapter two of his book Professor Sunder discusses the dilemma of establishing how we can determine what is good financial reporting. Six perspectives on financial reporting are identified indicating that financial reporting is analogous to blind persons describing an elephant – they are all partially right but, at the same time, all wrong. If we are to rethink financial reporting, from which of the six perspectives are we to rethink it? And is it necessarily going to be the case that we will conclude from each of those perspectives that “norms” are what the preferred answer is to the financial reporting “problem?” I read chapter two as a rather effective deconstruction of the underlying premise for the arguments in favor of norms made in the rest of the book. This premise is the one that has dominated accounting policy for the past 50 years and goes by the name “decision usefulness,” which FASB/IASB concepts indicate is the purpose of financial reporting: to provide decision useful information. It is a premise that signals another triumph for the intellectual imperialism of economics (Reiter, 1998). Yet, as Professor Sunder observes (and Williams and Ravenscroft (2015) analyze in depth) decision usefulness is not a feasible purpose for financial reports because decision usefulness is not an inherent property of any accounting datum. At the individual level every person has a different context

of decision and at the macro-level it has yet to be demonstrated that accounting data are useful for economic prediction. Though the financial reporting revolution (Beaver, 1981) promised an empirical basis for resolving reporting issues based on demonstrating decision usefulness, that promise has never been fulfilled.

Could it be the case that we already have all of the appropriate norms we need but we have failed to understand to what “financial reporting” problem those norms respond and by which they were shaped? In the sixth edition of Finney and Miller’s *Principles of Accounting* (1963) chapter 16 is titled simply “Accounting Principles.” One thing that has always plagued accounting is the misplaced hair-splitting about what to call things, much like arguing about how long is a “piece” of string. Finney and Miller claim accounting has two basic assumptions: going concern and stable dollar. They further describe important “features” of the accounting process: objectivity, conservatism and consistency. They discuss the nature of expenditures being both for assets and expenses. Conventions such as cost and matching are described as necessary for measuring profitability. So accounting depends on many things: conventions, assumptions, features, principles, standards, rules, qualitative characteristics, etc. ad nauseam, but what are all of these things other than “norms” of accounting practice. Whatever terms we use to describe these “norms” they have been around for quite some time so it is reasonable to ask what makes them norms?

Since the early 1950s with the publication of *Five Monographs on Business Income* (1973) the consensus among the accounting intelligentsia is that those norms are silly since they do not serve the purpose of accounting alleged by economists! The norms of accounting are the norms of historical cost and allegedly historical cost woefully misses the mark for telling us about the profits (a fundamentally subjective idea a la Hicks) and value of a firm. These are what are economically important about a business and accounting fails in the eyes of economists to come up to economic “norms.”⁹ But why should accounting be judged by the norms of economists? Since at least the early 1960s accounting academics (and now practitioners and policy makers, as well) have been trying to make the old norms of accounting serve the purposes of financial reporting indicated by the different norms of economists, which has led to some spectacularly incoherent documents like the Concepts Statements.¹⁰ The norms of accounting developed over centuries to deal with a different financial reporting “problem” than the one Professor Sunder advocates we rethink, which is a problem bounded by the norms of economics and finance. No more trenchant explanation of this has been provided than the one by the late Professor Yuji Ijiri (*Accounting, Economics and the Law: A Convivium*, 2018, Vol. 8, Issue 1 d is a memorial issue dedicated to the contributions of Professor Ijiri to accounting thought).

In his *Studies in Accounting Research* #10 Ijiri (1975) succinctly stated the clash of norms that threatened the coherence of accounting:

Though the fundamental principles [norms?] of accounting have not changed, we are now *interpreting* (emphasis in original) the same principles from a more user-oriented viewpoint. Thus, what has changed is our interpretation of accounting methods and not the fundamental substance of accounting. (Ijiri, 1975, p. 31)

Ijiri concludes that what makes the norms of accounting make sense is to understand these norms were formulated over time to reflect the nature of accountability relationships. For example there is no need to record cash transactions if all we want to know is how much cash to report on a balance sheet. We simply count it. We establish the processes of accounting not to provide information about the amount of cash but to insure that the amount of cash is as it *should* be. Accounting norms are indeed “norms” in that they reflect how people are to behave and to provide a basis for assessing whether people have indeed behaved that way. An important aspect of financial reporting discussed in only four pages in Professor Sunder’s book is that of the audit. What is the purpose of an audit? Professor Sunder claims it is hard to defend truth as the determinant of financial reporting quality, yet the sole purpose of an audit is to establish, via a process of evidence gathering, what the truth is. The norms of accounting are largely aimed at “telling the truth” about whether societal norms of commercial behavior have been met. Accounting norms are not recipes for producing useful information for investors and creditors but implicit norms of behavior for conducting commercial activities among diverse parties. As Bayou et al. (2011) argue the quality of financial reports lies in how completely they provide a narrative about what any organization did to get to where it is at the moment – these reports situate the organization in time. The more complete and comprehensive that narrative is the better we understand what the organization has done. Thus, accounting’s historical norms are not about prediction, but retrodiction – providing as comprehensive an explanation of how the organization reached its current situation as possible. Auditors do not provide assurance that accounting reports are decision useful since whether they are or not is indeterminate. Auditors provide assurance that the reports confirm that the behavior of the persons producing those reports is consistent with societal expectations about how commerce is to be conducted. In a private conversation with Professor Ijiri many years ago he made the claim that even if no one looked at financial statements, an audit has value since it is a social process of anointing the producers of those statements with legitimacy, i. e. the institutions of business are conducting themselves in ways that are consistent with social norms of right business conduct.¹¹ An audit’s value lies as much in its ritual value as in the numbers in the audited reports.

5 Let's really rethink financial reporting

On page 24 of his book Professor Sunder notes that financial reporting was left to social norms “... until the number and size of publicly owned business enterprises grew to a significant proportion of economic activity” (Sunder, 2016, p. 24). This is the rub, the elephant in the room that has to be addressed head on. This is the issue of corporate power. Hayek, the hero of the libertarian, markets work miracles element of the accounting intelligentsia, was quite adamant about the dangers of corporate power: “A state which allows such enormous aggregations of power to grow up cannot afford to let this power rest entirely in private control” (Hayek, 2007, p.205).¹² The consequences of this enormous corporate power are well-documented. Piketty (2014) attributes the fact that the disparity in income from labor in the U.S. between the top decile and the rest being the largest in human history to the compensation of the “C-class” (CEO, COO, CFO, C-whatever) that leads powerful corporations. Lessig (2011) has defined a phenomenon he labels dependence corruption that is corrupting democratic processes to the power of vested corporate interests to shape the political agenda (e. g. ALEC). The Dark Money (Mayer, 2015) that sustains the U.S. plutocracy is corporate money. The norms of accounting are the norms of accountability. The problem of financial reporting that accounting norms need to solve is not that of “quality” of information benefitting the corporate community, but the problem of a comprehensive narrative about what are the manifestations of this corporate power. The so-called financial reporting problem is not an independent problem that has an optimal solution. It is simply one element of a larger system of “problems” that require simultaneous consideration. Solving the financial reporting problem is not just an accounting problem, but one that will certainly require reforms of corporate law. The ease with which corporations can acquire and create other corporations taxes the capabilities of accounting alone to provide any reliable report of their activities.¹³ Auditing is the professional remit of accounting as a profession and professions allegedly serve the general interest, not vested interests. Auditors are the public's eyes and ears inside these far-flung enterprises, yet these auditors are not permitted to apply their alleged expertise to comment on the behavior of management (as government auditors are required to do in the case of management of government activities). If norms don't lead them to tell us about what the consequences of these enterprises are, it is perhaps no surprise we have so many regulations. Even all the regulations we allegedly have don't seem to be enough.

Notes

1 ‘Market’ has always been a rather loose term. Today among the neoliberal elite it acts as a panchestron – the universal panacea for all that ails mankind. The Greek agora was a physical place where people gathered to exchange goods, but in modern parlance market seems to stand for anything that produces outcomes one prefers and government represents that which causes outcomes one considers bad. Humans’ abilities to spontaneously organize themselves to accomplish collective tasks (something one would expect from the most social mammal there is (Joyce, 2006)), cannot be captured under the singular rubric of market forces. Physicists have managed to distinguish forces of nature into separate, measurable categories: weak atomic, strong atomic, gravity, electromagnetism but economists still speak of market forces without any precise way of distinguishing how much of a social outcome is due to market force as opposed to some other social force of which there must surely be some since something must drive humans’ misplaced belief in planning.

2 Graeber uses the term liberalism in its sense as a product of the Enlightenment whereby a liberal advocated greater freedoms for individuals and greater reliance on reason rather than religious dogma for conducting human affairs. The political movement labeled by the first attendees at the organization of the Mt Pelerin Society as neoliberalism was conceived as an effort to restore liberalism which they saw as being threatened by statist ideas of social planning. In the U.S. historical “liberals” are now labeled conservatives who believe in small government, market governance, etc.

3 Without such an expectation competitions would devolve into games of Calvin Ball, a game played by Calvin and Hobbes in the like-named cartoon strip. Each competitor spontaneously makes up a rule that favors him or herself.

4 This is a phenomenon confined to the United States where college athletics is very big business, which illustrates how the proliferation of rules is related to the amount of money involved in the competition.

5 This statement acknowledges that the victor in the old proprietary vs. entity view of corporate income is the proprietary view. This is certainly the prevailing belief behind accounting deliberations over income. For example, accountants refer to the double taxation of corporate income, which only makes sense if one equates the corporation with its owners. However, corporations are separate legal entities and are taxed as such. Interest paid on debt financing is taxed as income to the creditor about which no one seems to see a problem. Dividends are merely what the corporation has to pay for equity financing and from an entity perspective is no different than interest (see Biondi 2011; 2013 for extended analyses of the consequences of these opposing views of the status of the corporate entity).

6 The problem of externalities introduces an entirely different order of measurement difficulty for accounting (Biondi, 2014). The problematic nature of this “measurement” issue merely points out the shortcomings of economic reasoning since externalities enter into the calculation only if they can be “priced”, which it is doubtful they can be in any meaningful monetary sense. This is so since any economic valuing of externalities is dependent on the “monetary” valuing humans alone are willing to assign to them. (Heaven forbid sentient creatures like porpoises, etc. should value themselves differently). However, it is possible for humans to value them in some sense that does not involve commercial logic. Further, why is it the case that the valuation project is alone the province of human beings? This brings to mind Mark Twain's rejoinder to Alfred Russell Wallace's claim of intelligent design in the universe intended to culminate in man. Twain (based on what was accepted scientific understanding of the age of the universe and man's emergence on earth at that time) put the absurdity of Wallace's claim in humorous perspective: “Man has been here 32,000 years. That it took a hundred million years to prepare the world for him is proof that that is what it was done for. I suppose it is, I dunno. If the Eiffel tower were now representing the world's age, the skin of paint on the pinnacle-knob at the summit would represent man's share of that age; and anybody would perceive that that skin was what

the tower was built for. I reckon they would, I dunno" (Twain, 1903, p. 2). The human hubris that Twain so humorously reveals permeates all economic reasoning; economics presumes the validity of Wallace argument (individual man is all that matters, the ultimate standard of value in the universe) and provides us a rigorous, mathematical "science" built on the religious foundation of this human hubris (we are, after all, created in the image of God). Economics is quite limited in its capabilities to discourse on the problems facing mankind that seem to demand other kinds of valuations, particularly those that depend on human humility (Burch, 1970). Perhaps that is why economics is the dismal science.

7 Professor Sunder agrees with this characterization, see Sunder (2017).

8 However, it should be mentioned in passing that accounting is intimately tied to compliance with law. Many laws that citizens are bound by are enforced via accounting, e. g., paying taxes, usury, fraud, embezzlement, price gouging. Knowledge that such forms of illegality have been committed depend on accounting as a principal form of evidence.

9 Fuller (1988) notes that economics, rather than being a "science" of rationality, has set itself up as the sole arbiter of what constitutes "rational behavior."

10 For example the first concept statement specified that the objective of financial reporting is to provide decision useful information. The second statement then proceeds to specify what the qualitative characteristics of such decision useful information are. However, the objective is also a criterion. If a datum is decision useful, what other property does it need to be decision useful? It needs no other property like verifiable, relevant, representationally faithful, etc. We don't even need a system of accounting to produce such information. The qualitative characteristics are a shadow of the old norms that required that accounting data say something that was factual.

11 With most trades being conducted via computer algorithm with time horizons measured in seconds it is reasonable to ask whether financial reporting matters much at all. It certainly makes one wonder whether it passes an economic cost/benefit test.

12 In one of the great ironies the advocates of markets as the solution to everything always cite Adam Smith as their intellectual fount. Yet even a casual reading of Smith shows that he was not advocating free reign for commercial interests. *Wealth of Nations* was actually a screed against the Mercantile system, a warning about the dangers of corporate power. As Sager (2018), p. 6 summarized it: "In other words, Smith was very far from asking us to put our faith in 'entrepreneurs', those supposed 'wealth-creators' whom neoliberalism looks to as drivers of economic prosperity. On the contrary, giving entrepreneurs free reign would be rather like putting the foxes in charge of the chicken coop."

13 One of the incoherencies of the *Citizens United* case that essentially gave corporations equal status as flesh and blood humans is that flesh and blood humans are not permitted to own other flesh and blood humans – slavery is illegal. Yet corporations are free to buy and sell other corporations with impunity. For an extended discussion of corporate power and *Citizens United* see *Accounting, Economics and Law: A Convivium*, 2011, Vol. 1, Issue 3 located at <https://www.degruyter.com/view/j/ael.2011.1.issue-3/issue-files/ael.2011.1.issue-3.xml>.

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