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Jumping on the wrong bus: Reflections on a long, strange journey

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ABSTRACT

This essay is a reflection on my academic career. The strangeness of my career journey is due to the coincidence of my birth: I was born into and grew up in a United States when the New Deal consensus was the prevailing framer of social, political and economic debates, but entered my Ph.D. studies in accounting at the moment that New Deal consensus was being quite forcibly replaced by one shaped by anti – New Deal intellectuals. The resulting Neoliberal revolution has profoundly reshaped American society and is proceeding to reshape others globally. The effect of neoliberalism in Western democracies has been the reshaping of political decision making via colonizing every aspect of economic, social and political life with the framing of market logic. Neoliberalism also profoundly changed the academic discipline of accounting from the one I believed I was entering (the wrong bus I got onto) into one that made me an outsider for my entire academic career. My work has been focused on various aspects of the bad consequences for accounting of that radical change. One of those consequences has been to remove imagination and intellectual playfulness (what little there was) to replace it with a stultifying, dogmatic, methodologically driven system designed mainly to produce politically correct academic reputations. Another consequence has been the stripping of what is essentially a moral discourse (it's accountability, stupid) of any ethical content in order to create an economically technical discourse (e.g., predicting cash flows) without any proven technical capabilities.

1. Introduction

The editors of *Critical Perspectives on Accounting* asked me to prepare a reflections piece focusing on the work I have done being a nuisance to the American accounting academic establishment. Being asked such a thing means you are pretty much past it and ready to transmit any wisdom acquired to those less far along on their scholarly journeys. My academic career has been one shaped more by serendipity than by purposeful design. Without the fortuitous creation of *Accounting, Organizations and Society* and *Critical Perspectives on Accounting*, my academic career would have died a long time ago for lack of a place to speak my mind. My gratitude to Anthony Hopwood, David Cooper, Tony Tinker and Lee Parker for creating homes for the likes of me is as profound as it can possibly be. "I get by with a lot of help from my friends" is a truism that I acknowledge every day.

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The concomitant obligation is in turn to be a friend; there are more than enough self-important people in academia already so we hardly need anymore. Reflecting will now commence.

2. The Reagan kink

The first of many, many figures in Thomas Piketty's book *Capital in the Twenty-first Century* (Piketty, 2016) is a plot of the top decile's share in U.S. national income from 1910 to 2010. The graph shows that from 1910 to 1940 the top decile share of national income fluctuated between 42% to as high as 50% of U.S. national income. That share dropped dramatically from the start to the end of WWII when the top decile's share declined to approximately 32%. It remained there for 35 years during which the average American enjoyed his or her most prosperous period in American history. However, starting in 1980 the graph takes a dramatic upward turn and national income share of the top decile returns to levels not seen since the Stock Market Crash in 1929. It isn't a coincidence that the radical change in direction of the income share curve begins in 1980. If one buries oneself in the library to inspect trends in social statistics pertaining to any metric reflecting average human well-being (e.g. infant mortality, incidence of Type 2 diabetes in children under 12, homelessness, etc.) they all reflect the dramatic change in direction (for the worse, not for the better) in 1980. This kinking of statistical trends I label the Reagan kink to reflect the fact that it is not mere coincidence that the radical change in the prospects of most Americans coincided with the election of Ronald Reagan as President of the United States (at about the same time Great Britain began to experience the same "kink" but in its case it is the Thatcher kink) (Hacker & Pierson, 2010). What Reagan's election culminated was the political triumph of an organized and well-funded ideological movement that began in 1947 as the Mont Pelerin Society. The organizers labeled this political movement "neoliberalism."

The history of the neoliberal revolution in both the U.S. and U.K. is familiar to readers of *Critical Perspectives on Accounting*. Initially, the neoliberal agenda was primarily a European issue since the founder of the Mont Pelerin Society, Frederich Hayek, focused on the threat he perceived for human liberty posed by growing socialist inclinations following WWII (Hayek, 2007). The experience of German National Socialism and Stalinism in the U.S.S.R. led him to believe that the inevitable result of any form of government economic planning was totalitarianism (Jones, 2012). The nascent movement Hayek began by enlisting like-minded intellectuals from both sides of the Atlantic remained in obscurity, but not inactivity, for over a quarter century. As Mirowski (2013) explains, Hayek's version of neoliberalism was not laissez faire since concentrated economic power was anathema to Hayek's vision of a free market economy. Governments were essential in Hayek's market order since it was only government that could enforce the rules of the game to create a competitive order that minimized the coercive power of one human over another. Hayek's libertarian inclinations led to his fixation on individual liberty and the insistence that only the "invisible hand" of the market could insure the reality of liberty.

To be sure a utopian fantasy, Hayek's version of neoliberalism had an even more fantastical American version (Friedman, 1962). Stripped of any concern for corporate power by Joseph Schumpeter and Ronald Coase, Friedman's Chicago School version of neoliberalism boiled down to a rather un-nuanced laissez faire. Markets worked, but not for the reason Hayek claimed they did, since the Chicago School wrapped itself in scientific language and created an intellectual conundrum for neoclassical economics that can't be resolved (Mirowski, 2013). According to Hayek it is human ignorance that insures that "markets work", i.e. are preferable to any form of government planning. This is because human knowledge would always be inadequate for any planner to understand all that markets understand by the mere fact of how Hayek claimed they work (they don't actually work that way (Foley, 2006)). Based on Smith's (1937) invisible hand metaphor, in turn based on 18th century notions of balance and equilibrium from natural science, the market reflected a "natural kind." Like a nature's equivalent of IBM's "Watson" markets distilled the Big Data of millions of individual, freely chosen acts into prices that were the natural guide to human conduct. Just as phototropism thoughtlessly directs the sunflower to face the sun, which works to the benefit of sunflowers, so does human nature directed by market prices produce the optimal benefit for all human beings (but apparently not to the optimal benefit of most other beings).

However, though Hayek explicitly repudiated the idea that empirical science had anything to offer since it was the natural inscrutability of the market that made it work, the Chicago School and its program of "positive" economics wrapped economics with a mantle of science thus presuming that scientific understanding of a market economy is the purpose of "economic science". Markets could be discerned as more or less "efficient" by scientific means such that economists could sit in judgment over government policy where the sole criterion for policy is whether it contributes to or detracts from efficiency. Market solutions are always preferred because market outcomes, as Hayek claimed, must be accepted on faith. This is what creates the conundrum for neoclassical economics that Mirowski (2013) describes. How do you have a science about something that must be accepted as an article of faith?[1]

[1] Of course all science is based on some element of faith. The natural sciences proceed on the faith that the laws of nature were set at the time of the Big Bang (what preceded it is beyond the ken of science) and that those laws are the same throughout the universe. Maybe the answer is "42" and we have been asking the wrong questions all along.