

*A response to, 'Reflections on the Critical Accounting Movement:  
The reactions of a cultural conservative'*

Lesley Catchpowle  
University of Greenwich

*Introduction*

In recent years there has been a growth in critical research as an alternative to mainstream research in traditional accounting. Increasingly critical methodology, emphasising a more holistic treatment of social phenomena within a broader societal context, has begun to attract attention; so much so that even culturally conservative academics now feel compelled to make an assessment of this movement. The following is a response to the comments made in the paper, 'Reflections on the Critical Accounting Movement'. The reply does not attempt to address all the points made by the original Author, only those considered being central to his/her argument. Moreover, I have tended to concentrate on those comments directed towards Marxist methodology, as this is the ideology most closely associated with my own.

The author begins - correctly in my opinion – by identifying the ideological base of Critical Accountancy (C.A) to be critical social theory. It's useful to get a definition of what social theory is, as this is never really spelt out in the article. By critical social theory I assuming the author means an ideology that traditionally seeks to understand society as a whole, as opposed to its very different and separate forms. Such an understanding distinguishes between, and makes generalizations about different kinds of society, and is concerned in particular to analyse modernity - the forms of social life which have come to prevail first in the West and then the rest of the world. More directly such a theory presupposes a grand narrative, with Marx, Weber and Durkheim being regarded as major social theorists. Of late though, the definition has undergone a shift with the postmodernists, such as Lyotard rejecting (wrongly in my opinion) such meta-narratives. Instead, social theory has come to incorporate the views of postmodernists, whose subject represents the collapse of these grand narratives, the abandonment of any attempt to case the entire historical process into a single interpretative scheme. Therefore, the author is right to identify the two main currents within the Critical Accounting movement as: those who seek an understanding of their subject with reference to grand narratives, such as Marxism; and others who reject such

grand narratives and seek to *'push the boundaries of radical critique'* within *'the tortured world of post-modernism'*

After identifying the *'ideological nourishment'* of C.A to be social theory, the author then proceeds – somewhat accusingly - to argue that *all* Critical Accountants are driven by a desire for radical reform underpinned by New Left ideologies, adding that *'criticisms directed at accounting, seem really to be condemnations of society'*. My immediate retort must be 'but of course, what did you expect?' My understanding from spending time with Critical Accountants - I not an accountant - is that they are attempting to help students and other readers to have a different, yet more informed understanding of the current system (capitalism) within which they work, or account for. Only by analysing the system will a better perception be achieved. Would the author have us study such a subject without reference to society, even - dare I venture to add - the 'real' world? Such an analysis does inevitably entail us challenging and criticising the system, even in some cases calling upon the established grand narratives of the likes of Marx and Weber, in order to make sense of the mass of confusing empirical data that surrounds us. And oh what a mass of confusing data there is to choose from! How does one explain the threats to the Mexico economy in 1994-5, the Asian and Russian crashes in 1997-8, or the complete collapse of the Argentinean financial system in 2001, especially as all four promoted the virtues of the free market and privatisation?

Would the author get us – as he suggests - to call upon the economist Hayek to explain the current *irreversible* changes wrought by the spread of neo-liberalism? Should such neoliberals from the Austrian School - who popularise the support of the unfettered free-market ideologies, and already enjoy the full attention of the majority of the capitalist world, including the accounting establishment. - be used to critique the present system? Of course not! Critical accountants do what they say they are doing, they are moving away from the widely held opinion, they are criticising current practices, they are trying to find an alternative (however unsuccessful at times) to the status quo, therefore they are hardly likely to look to Hayek, a major advocate of the current mess, to find a solution!

That brings us nicely to another major criticism levelled at the Critical Accountants, that being the movement is extremely conventional in its leftist posturing, being second-hand dealers in ideas, *'with the death of God and Karl Marx in the nineteenth century leaving them to seek new prophets in the twentieth'*. As a Marxist of twenty years standing I certainly don't find this accusation 'new'. The view that Marxism in particular

has nothing to say about the modern world is a common one. Moreover, many people making these accusations often look instead to the ideas of Adam Smith, who pre-dates Marx by some seventy years, or even John Stuart Mill, who was a contemporary of Marx. Therefore, the difficulty is not with the 'old' theories, but with the 'left-wing' theories. Nevertheless, despite the authors dismissal of such dated ideas the theories do have much to tell us about the current crises, especially as the Marxist method (if you accept nothing else), teaches students to look beneath the surface appearance. It is also interesting to note that while world capitalism might have appeared to have triumphed in the first half of the 1990s, in the late nineties as economies slid into deep trouble, Marx appeared to enjoy a revival in some circles. The reason was clearly linked to, as President Clinton notoriously put it, 'the economy, stupid'.

Nevertheless, since the author addresses the issue of leftist dogma several times, claiming *'more conservative accountants may be uneasy with the movement's enslavement to conventional leftist dogma. ...'* One might as well defend such accusations more specifically from the Marxist point of view. Principally, it's important to explain that the Marxist model is very different from the caricature, largely presented as result of Stalin's distortion of Marxism. Yet, under such a guise, accusations of reductionism and determinism are commonly used when critiquing the Marxist Method. Both are alluded to in the paper, for example the Author states.... *'some in the movement seek self-justification in the reductivism of modernist dogmas such as Marxism...'* or even *'It is challenging to assess objectively a movement that seethes with radicalism and subjectivism and whose recommendations are often phrased with exhortatory simplicity';* and finally *...the frequent Critical Accounting tendency towards simplistic dichotomising – capitalism versus socialism, bourgeois versus the proletarian....'*

Firstly in reply, the Marxist theory is anything but reductionist, with the main Marxist method, dialectical materialism, rejecting such an approach and choosing instead to emphasise the importance of the 'totality'. Simply translated the 'totality', which is central to the theory of historical materialism, entails analysing the whole picture, with all the elements being considered and viewed in relationship to each other - that includes the economy, politics, society, ideology and much more. More especially, as anyone who has ever taken time to study such a method realises, the theory is anything but reductionist or simple, it is a highly complex ideology requiring the student to analyse and understand many different components in what is after all, an extremely complex and changing society.

In response to the related accusation of determinism – i.e., Marxism claims that historical change is the inevitable outcome of productive forces, or more crudely, capitalism will automatically collapse because it is based on a rotten system of economic exploitation - certainly there was a strand in the Marxist tradition during the Second International, which argued that History developed according to inevitable economic laws. Nonetheless, Marx himself did not argue there would be an automatic progression from one society to another. Marx used Hegel, who was really a post-Enlightenment philosopher, to make a dialectical critique of precisely that kind of simplistic progressivism, recognising the importance of the notion of contradiction in society. Furthermore he was not, as some accuse him, a mechanical materialist, arguing instead that 'Men make their own history, but do not make it just as they please', crucially he recognised society as being shaped by 'contradictory material forces'. In other words, crises in capitalism poses many different alternatives rather than determines outcomes. How workers react to a major economic slump depends on a number of contradictory factors, not just their material circumstance, they include their collective organisations, different ideologies, political leaders etc. Therefore to reiterate, Marxism was never intended to be a dogma, it was really a guide to action, always capable of continuous growth, with the ability to analyse and respond to an ever-changing reality. It is a reality that has admittedly changed a great deal since Marx's day, but then that's no reason to reject such a theory, especially as I see no evidence of main stream accountants rejecting the ageing theories of Adam Smith or Ricardo.

A further criticism the author makes of the movement is its tendency to be subjective rather than objective, often lending itself to over-emotionalise the issues....' *it is a body of writing saturated by a will to believe, frequently oozing an impetuous zeal for inflaming sentiments of and mobilizing the actions of its readers...*' Once again this is a cheap jibe. Why the empirical data and accompanying theories presented by the Critical Accountants should be any less objective than those presented by neoliberal Accountants is beyond me - unless of course the author is arguing that the uncritical acceptance of mainstream accounting practices on the part of governments and the establishment, means it obtains automatic objectivity in research. Furthermore, in terms of the accusation of over-sentimentality, I can only fathom that the author is referring to the Critical Accountants' predisposition to bring into the equation the economic and social effects of accounting, on ordinary people's lives. For example, does the Author perceive the outrage - expressed by some critical accountants in response to the fact that millions of employees' pensions have been threatened by the

actions of Enron's discredited auditors, Arthur Anderson - as nothing more than emotional overdrive?

The final and perhaps most important criticism I wish to address, is the accusation that critical accountants are arguing from the luxury of being academics, and are not connected to the 'real' world, for example... ' *While more than half the world's population struggles to feed itself, and uses accountancy merely calculate the likelihood of survival from one day to the next, state-paid academics in the English-speaking world spend their time rooting out oppression amidst the barren rigours of double entry book-keeping.... a safety valve for rebellious souls, allowing them to engage in bloodless, intellectual terrorism*'.

On reflection, there might be some truth in this, for example much of what has been claimed as the mantle of Marxism in the 20<sup>th</sup> century has been developed within the academic institutions of capitalist society. The more educational institutions have developed, it might be argued the more detached academics have become from immediate involvement in the outside world – especially any political affairs. Furthermore, one cannot help but recognise that the academic reward system encourages academics only to write for academic audiences and discourages them from reaching multiple audiences. It is so often the case that University lecturers remain fearful of writing clear, dramatic interesting narratives, in case they are interrupted as being unsophisticated or lacking theoretical rigour by their contemporaries.

Nevertheless, the Critical Accountants – unlike many other academics – do have a reputation of getting involved with the 'real' world. Armstrong's discussion of controls in British capitalist enterprises (1987); Cooper and Hopper's debates on the effects of Coal Closures (1988); Hammond's depiction of racism in the accounting industry (1997); Cooper and Arnold's research into the privatisation of the Medway Docks (1999); Cousins, Mitchell and Sikka's critique of the Insolvency Industry (2000), to name but a few, can hardly be described as not connecting with the outside world. That said one could only assume the author believes Critical Accountants would be far better occupied agitating on the streets than writing accounts of such events. Yet as Orwell explained in his book, 1984, 'He who controls the present controls the past. He who controls the past controls the future'. Therefore, a theoretical analysis of such events, especially from a historical perspective is as important as practical activity, especially if

one's aim is to get students and readers to fully understand the reasons for the current developments in capitalism and accounting today.

The point is that philosophy and theory *is* important, an analysis of the historical, economic, political and social structure of capitalism is essential to understanding the current machinations of the system. However, where the author is right is that theory alone is inadequate. Some experience of and interaction with the world outside of academia is essential. In terms of critical accountancy, if you separate the notion of critical theory from the rest, you are going to end up with a movement which is directionless, and a whole body of thought that is meaningless - in other words if you start with the wrong premises you end up with the wrong conclusions. Therefore, it is essential that C.A's – as many already do - makes every effort to go beyond the current academic understanding, and continue to engage with the world.

Finally in conclusion, it's a pity the author finds much of the theoretical base of Critical Accounting to be preposterous; serving mainly to inflame passions, and invoke philosophical and political commitments. Nevertheless it is hoped, if this response does little more than encourage the Author to abandon Hayek for a while, and read more Marx, or dare I suggest Foucault (critically of course), this writer will have achieved something.

## **Bibliography**

Armstrong P. (1987) " The rise of accounting controls in British capitalist enterprises", *accounting Organisation and Society*, Vol 12, pp 415-36

Arnold, P & Cooper, C (1999) " Tale of Two Classes: The Privatisation of Medway Docks" *Critical Accounting* , Vol. 27, April, pp 137-152.

Cooper, D. J. & Hopper, T. (eds) *Debating Coal Closures: Economic Calculation in the Coal Dispute*. New York: Cambridge University Press.

Cousins, J., Mitchell, A., Sikka, P., Cooper C. and Arnold P, '*Insolvent Abuse: Regulation the Insolvency Industry* 'Basildon: Association for Accountancy and Business Affairs.

Hammond, T.D (1997)"From complete exclusion to minimal inclusion: African Americans and the public accounting industry, 1965-1988", *Accounting. Organisation and Society*, Vol. 2, No. 6, pp 29-53.

