



“Accounting, Economics and Law A Convivium”

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SASE Research Network No P, M.I.T., Boston, 28-30 June 2012

The Editors of “*Accounting, Economics and Law – A Convivium*” are pleased to announce the program of our SASE Network Annual Conference, comprising the following **network conferences** and panels:

- ✓ **Accounting and Taxation I** - Accounting Perspectives
- ✓ Accounting and Taxation II - Legal Perspectives
- ✓ Accounting standards and other financial regulations: What is global and what is local?
- ✓ Accounting, Finance and Development: The socio-politic Fabric of Institutions
- ✓ **Authors meet Critics**: “The Embedded Firm. Corporate Governance, Labor, and Finance Capitalism”
by Cynthia Williams and Peer Zumbansen
- ✓ **Authors meet Critics**: “The Shareholder Value Myth: How Putting Shareholders First Harms
Investors, Corporations, and the Public” by Lynn Stout
- ✓ Cooperatives: Perspectives from accounting, economics and law
- ✓ **Corporate Governance and Regulation I** - Regulating Transnational Companies (TNC)
- ✓ Corporate Governance and Regulation II - Ownership and Society
- ✓ Corporate Governance and Regulation III - Emerging Issues
- ✓ Corporate Governance and Regulation IV - Accounting and Control
- ✓ The Socio-Economics of Exchanges for SMEs: a Comparative Approach
- ✓ **The concept of Prudence in Economic Life and Regulation - I**
- ✓ The concept of Prudence in Economic Life and Regulation - II
- ✓ The critique of agency theory and shareholder value: towards a richer theorization of corporate
governance
- ✓ **Varieties of Financial Regulation I** - Fair Value Accounting Regimes
- ✓ Varieties of Financial Regulation II - Global Monetary Systems
- ✓ Varieties of Financial Regulation III - Financial Regulation and Crises
- ✓ Varieties of Financial Regulation IV - Financial Regulation Regimes
- ✓ Varieties of Financial Regulation V - Banking and financial crises

Our journal is available at the following link: <http://www.degruyter.com/view/j/ael>

Reuven Avi-Yonah, Yuri Biondi, and Shyam Sunder

All Academic Session Code: 164916
Accounting and Taxation I - Accounting Perspectives

Participants:

(Moderator) Shyam Sunder, Yale U

Papers:

Thoughts on Tax and Financial Reporting: Theory and Regulation

Shyam Sunder, Yale U

Applying IFRS in Separate Accounts in Italy: Implications on Dividend Distribution and Taxation

Claudia Mezzabotta, Università degli Studi di Ferrara, Italy

The Reporting Gap: Evidence on Book-Tax Differences in Germany

Benedikt Zinn; Christoph Spengel

All Academic Session Code: 164917
Accounting and Taxation II - Legal Perspectives

Participants:

(Moderator) Christoph Spengel

Papers:

Hide and Seek: Global Pursuit of Wealthy US Individuals and Their Taxable Income

Dennis Bogusz

Risk Management through Minimal Professional Autonomy: the Case of Tax Preparation Work

Roman Galperin

Tax Harmonization in Europe: An Impact Assessment of the proposed Council Directive on a Common (Consolidated) Corporate Tax Base (CC(C)TB)

Christoph Spengel; Benedikt Zinn

Understanding 'Double Taxation' in International Transfer Pricing

Michael Durst, IntLegal

All Academic Session Code: 157644

Accounting standards and other financial regulations: What is global and what is local?

Abstract:

The goal of establishing global standards in the accounting field is expressed by the G20 calling for "convergence" of accounting standards, but it is also explicit or implicit in many other fields of financial regulation. With a little hindsight, it seems that many prior questions remain to be asked and answered, to help advance on that new road: about the nature of the objective itself, the degree of uniformity required, the right balance with local rules, the desirable governance solutions, including the implementation of rules, in some critical areas of the financial arena as they have emerged from the crisis, like accounting, prudential standards, corporate governance or compensation rules.

Participants:

(Moderator) Gary J. Previts, Case Western Reserve University

Jerome Haas, Autorité des Normes Comptables (ANC)

Shyam Sunder, Yale U

Rahul Prabhakar (Oxford U), Varieties of Regulation: Domestic Preferences and Global Outcomes in Finance

Tamar Frankel, Boston University School of Law

Karthik Ramanna, Harvard Business School

All Academic Session Code: 164911

Accounting, Finance and Development: The socio-politic Fabric of Institutions

Participants:

(Moderator) Thierry KIRAT

Papers:

Do Legal Origins Matter ? Insights into the impact of Colonial Policies on the quality of political and market institutions in 92 developing countries

Thierry KIRAT

Adaptation of international banking standards to emerging market circumstances within the European Union

Zdenek Kudrna

A democracy without National Accounting: the debate about the origins of the Italian crisis

Simone Misiani, University of Teramo

The Political Economy of Accounting: Insights into the Evolution of Corporate Social Responsibility

Sylvia Maxfield, Simmons College

All Academic Session Code: 156121

**Authors meet Critics: The Embedded Firm. Corporate Governance, Labor, and Finance Capitalism
by Cynthia Williams and Peer Zumbansen**

Abstract:

The globalization of capital markets since the 1980s has been accompanied by a vigorous debate over the convergence of corporate governance standards around the world towards the shareholder model. But even before the financial and economic crisis of 2008/2009, the dominance of the shareholder model was challenged with regard to persisting divergences and national differences in corporate law, labor law and industrial relations. The present collection explores this debate at an important crossroads, echoing Karl Polanyi's famous observation in 1944 of the disembeddedness of the market from society. Drawing on pertinent insights from scholars, practitioners and regulators in corporate and labor law, securities regulation as well as economic sociology and management theory, the contributions shed important light on the empirical effects on the economy of the shift to shareholder primacy, in light of a comprehensive reconsideration of the global context, policy goals and regulatory forms which characterize market governance today.

Participants:

(Author) Cynthia Williams, University of Illinois School of Law

(Discussant) Thomas Clarke, UTS;

(Discussant) George Mocsary, Connecticut School of Law;

(Discussant) Olivier Weinstein;

(Moderator) Lynn A. Stout (UCLA Law)

All Academic Session Code: 156129

Authors meet Critics: The Shareholder Value Myth: How Putting Shareholders First Harms Investors, Corporations, and the Public by Lynn Stout

Abstract:

By the beginning of the twenty-first century, many observers had come to believe that U.S. corporate law should, and does, embrace a “shareholder primacy” rule that requires corporate directors to maximize shareholder wealth as measured by share price. This Essay argues that such a view is mistaken. As a positive matter, U.S. corporate law and practice does not require directors to maximize “shareholder value” but instead grants them a wide range of discretion, constrained only at the margin by market forces, to sacrifice shareholder wealth in order to benefit other constituencies and the firm itself. Although recent “reforms” designed to promote greater shareholder power have begun to limit this discretion, U.S. corporate governance remains director-centric. As a normative matter, several lines of theory have emerged in modern corporate scholarship that independently explain why director governance of public firms is desirable from shareholders’ own perspective. These theories suggest that if we want to protect the interests of shareholders as a class over time—rather than the interest of a single shareholder in today’s stock price—conventional shareholder primacy thinking is counterproductive. The Essay reviews five of these lines of theory and explores why each gives us reason to believe that shareholder primacy rules in public companies in fact disadvantage shareholders. It concludes that shareholder primacy thinking in its conventional form is on the brink of intellectual collapse, and will be replaced by more sophisticated and nuanced theories of corporate structure and purpose.

Participants:

(Author) Lynn A. Stout (UCLA Law)

(Discussant) Marleen O'Connor, Stetson School of Law;

(Discussant) Faith Stevelman, Seattle School of Law;

(Discussant) Charles O'Kelley, Seattle School of Law;

(Moderator) Thomas Clarke, UTS

All Academic Session Code: 167207

Cooperatives: Perspectives from accounting, economics and law

Abstract:

It is, perhaps, no accident that the United Nations 64th General Assembly has declared 2012 as “International Year of Cooperatives.” Newly-elected President of the International Co-operative Alliance, Pauline Green, said that the U.N. declaration: “represents the depth of understanding of the entire co-operative movement. The co-operative model is a better choice and offers the basis for a more sustainable way to do business when compared to traditional capitalist models now under scrutiny. What sets this model apart from others is that all co-operatives, whether they are small farmers or large consumer-owned entities, share the values of democracy, solidarity, equality, self-help and self responsibility, creating businesses that serve the greater good as opposed to maximizing profit for the very few.” This session will offer perspectives from accounting, economics and law to better understand facts and features of cooperatives.

Participants:

Wasson D. Russel, National Rural Electric Cooperative Association (NRECA)

David P. Swanson, Dorsey & Whitney

Philip W. Miller, Virginia Cooperative Council;

(Moderator) Thomas Clarke, UTS

All Academic Session Code: 164912

Corporate Governance and Regulation I - Regulating Transnational Companies (TNC)

Session

Network P: Accounting, Economics, and Law

Abstract:

Round Table on the Proposal Paper on "Regulating Trans-National Companies" by Sherpa Association

Discussion Paper:

Regulating Transnational Companies (TNC) - 46 Proposals

Yann Queinnec, Sherpa; Sandra Cossart, Sherpa

Participants:

(Discussant) Jean Philippe Robé, Sciences Po, Paris;

(Discussant) Lynne Louise Dallas, San Diego Law

(Discussant) Olivier Weinstein, Paris XIII U

(Discussant) René Reich-Graefe, Western New England University School of Law

(Moderator and Discussant) Thomas Clarke, UTS

All Academic Session Code: 164913

Corporate Governance and Regulation II - Ownership and Society

Paper Session

Network P: Accounting, Economics, and Law

Participants:

(Moderator) Olivier Weinstein (Paris XIII U)

Papers:

Property, Power and Governance and the historical transformations of the corporate system.

Olivier Weinstein

Corporate accountability and individual liberty: Reframing (and transcending) the shareholder empowerment issue

Marc Moore

Corporate governance codes before and after the financial crisis

Annette Petow, Clifford Chance LLP

How can corporate governance codes improve board practices? Evidence from regulatory theory

Annette Petow, Clifford Chance LLP

Accounting, Inc.

Jeroen Veldman; Andreas Jansson, Linnaeus University, School of Business and Economics

All Academic Session Code: 164914

Corporate Governance and Regulation III - Emerging Issues

Participants:

(Moderator) Benjamin Coriat, University of Paris 13 North

Papers:

Short-termism, the Financial Crisis, and Corporate Governance

Lynne Louise Dallas, San Diego Law

Liquidation as a corporate preference: what can be said about the voluntary insolvency?

Nadine LEVRATTO, CNRS

Can Sustainability Accounting Lead to Internalization of Negative Externalities?

Gwendolyn Yvonne Alexis, Monmouth University

Compensation of Managers: Where do we come from? Where are we going? A Comparative Lawyer's View about a Corporate Social Irresponsibility

Ivan TCHOTOURIAN; Frederic Grotino, University of Montreal

The France Telecom Suicides: Management Control, Tone at the Top, and the Sociology of the Workplace

Nihel Chabrak; Russell Craig, Canterbury University; Nabyla Daidj, Institut Télécom - TEM Research

All Academic Session Code: 164915

Corporate Governance and Regulation IV - Accounting and Control

Participants:

(Moderator) Keith Duncan

Papers:

Reconceptualizing Accounting in the Family Business Context

Keith Duncan; Ken Moores, Bond University

Accounting analysis of Ahold fraud

Alessandro Ghio

Reporting methods for Joint Ventures: a current controversy in financial reporting convergence

David Alexander, University of Birmingham; Pascale Delvaille, ESCP Europe; Frederic Demerens, Novancia; Anne Le Manh; Chiara Saccon, Ca' Foscari University of Venice

Necessarily untrue: On the use of discounted cash flow in the valuation of exploratory projects

Liliana Doganova

All Academic Session Code: 157311

The Socio-Economics of Exchanges for SMEs: a Comparative Approach

Organized by Paul Lagneau-Ymonet (Paris-Dauphine) & Angelo Riva (European Business School – Paris)

Abstract:

Braudel (1979) considered the stock exchange to be a “shortcut for the merchants’ world”. There begin the power struggles to organize the mobilization of capital: financing States and enterprises; controlling means of production; reaping the profits of intermediation; and, finally, speculating. Stock exchanges have long since functioned as local monopolies, which often constituted hybrid extensions of the public authority, in order to limit and order the circulation of capital in a given territory. From the 1980s, they gradually became limited companies. Then, at the start of the 21st century, many of them listed themselves on the stock exchange they operate. At the same time new unregulated trading venues, often backed by banks, entered the “market for markets” and were allowed to compete with stock exchanges. The banks themselves put in place new private markets to internalize the orders of their clients. The exchanges, which organized competition among intermediaries and the disclosure of their trades, have been exposing since then to new competitive pressures. These pressures pushed the exchanges to merge and concentrate their efforts on the more profitable market segments. The new competitive landscape raises new concerns about the stock exchanges’ commitments in supporting the Small and Medium Business (SME’s) access to the market. SMEs are continually put forward as powerful engines of growth, employment and innovation. At least from the MacMillan Committee, regulators and academics know that SMEs suffer from a gap in banking credit. Often, markets have been seen as potential sources of new and cheaper funding for these enterprises. Nevertheless, even the rare SME’s exchanges often indicated as successful are not exempted from criticisms. Also the relationship between markets and SMEs has been proving to be very difficult. A large body of academic literature shows the key-role of the socio-economic structures in the well-functioning of a market. Nevertheless, little research has been done on the socio-economic organisational structures of exchanges for SME’s. That is the reason for which the organisers seek contributions that focus on the organization of stock markets for SMEs and their intermediaries. Rather than considering the stock exchange simply as the market for listed securities, the session will also look at the other side of the stock exchanges for SME’s: the market for financial intermediation devoted to SMEs. What is the role of market structures in the relationship between markets and SMEs? Under which conditions does a stock exchange contribute to the financing of SMEs? What are the implications of the new competitive landscape for the contribution made by markets to the development of SMEs? Today, entrepreneurs, issuers, local intermediaries, regulators and public powers, as well as medium- and long-term investors, are obliged to ask these key questions once again. Extended abstract (circa 2000 words) must be sent to paul.lagneau-ymonet@dauphine.fr and angeloriva@ebs-paris.com by March 30th 2012. Answers will be communicated by mid-April. Selected authors will make available their contributions by June 1st 2012.

Participants:

(Session Organizer) Riva Riva; (Session Organizer) Lagneau-Ymonet Lagneau-Ymonet

Papers:

The Alternative Investment Market and the trajectories of technology-based small firms: An empirical study
Valérie Revest, University of Lyon; Alessandro Sapio

To be added

All Academic Session Code: 157858

The concept of Prudence in Economic Life and Regulation - I

Organised by Sabine Montagne (University Paris Dauphine)

Abstract:

The basic idea is to share insights about birth, change and death of categories (schema), which can be rhetorical, organizational or legal, and are used by economic and political actors in order to regulate economic struggle, to balance interests. These categories are produced by the State (legislators, courts) and public and private economic actors to stabilize economic fields and maintain a kind of “social public order” (to avoid cutthroat behaviours). They are used by (incorporated in) general legal norms as taken for granted schemas and tend to become “natural” and familiar. These categories or norms share a common feature: they are thought as “reasonable”. They seem to be both technically accurate (academic knowledge) and politically useful (justice). In fact they are not “common knowledge”, they are greatly interpreted according to concrete situations (fight over economic power) and economic change. They are used in various ways that allow for changing their meaning. The concept of prudence is one of these categories. The fiduciary duty of prudence (in trusts) is a clear example: it seems to be evident (how to disagree with this rule) but does not have any precise definition and allows for any interpretation convenient to the most powerful actors. This session will examine various uses of this concept by the main actors of the financial order (rating agencies, accounting standards organizations, regulators and judges) and will try to understand why it is so useful in some cases, how it has drastically been recast and, in some cases, has disappeared.

Participants:

(Session Organizer) Sabine Montagne, CNRS; (Discussant) Benjamin Lemoine

Papers:

The “prudent investor” rule: How financiers put a legal standard to use

Sabine Montagne, CNRS

Forcing banks to account for risks they take: The fight over accounting standards in Europe

Matthias Thiemann

Regulating Through Ratings – How the political mandate for prudence seeded the conditions for structured finance

Martha Poon, New York University

All Academic Session Code: 157857

The concept of Prudence in Economic Life and Regulation - II

Abstract:

The basic idea is to share insights about birth, change and death of categories (schema), which can be rhetorical, organizational or legal, and are used by economic and political actors in order to regulate economic struggle, to balance interests. These categories are produced by the State (legislators, courts) and public and private economic actors to stabilize economic fields and maintain a kind of “social public order” (to avoid cutthroat behaviours). They are used by (incorporated in) general legal norms as taken for granted schemas and tend to become “natural” and familiar. These categories or norms share a common feature: they are thought as “reasonable”. They seem to be both technically accurate (academic knowledge) and politically useful (justice). In fact they are not “common knowledge”, they are greatly interpreted according to concrete situations (fight over economic power) and economic change. They are used in various ways that allow for changing their meaning. The concept of prudence is one of these categories. The fiduciary duty of prudence (in trusts) is a clear example: it seems to be evident (how to disagree with this rule) but does not have any precise definition and allows for any interpretation convenient to the most powerful actors. This session will examine various uses of this concept by the main actors of the financial order (rating agencies, accounting standards organizations, regulators and judges) and will try to understand why it is so useful in some cases, how it has drastically been recast and, in some cases, has disappeared.

Participants:

(Session Organizer) Sabine Montagne, CNRS; (Discussant) Benjamin Lemoine

Papers:

The Illusion of Neutrality: how market categories disguise the role of credit rating agencies
Alexandra Ouroussoff, Brunel University

“Risk free rate of return”: sovereignty in financial formulas
Horacio Ortiz, CSI, Mines ParisTech, France

Does freedom of speech protect credit rating agencies?
Bismuth Regis, Universite Paris Ouest Nanterre La Defense

All Academic Session Code: 157392

The critique of agency theory and shareholder value: towards a richer theorization of corporate governance

Abstract:

Agency theory asserts shareholder value as the ultimate corporate objective which managers are incentivised and impelled to pursue: “The crisis has shown that managers are often incapable of resisting pressure from shareholders. In their management decisions, the short-term market value counts more than the long-term health of the firm” (Segrestin and Hatchuel 2011, 484; Jordi 2010). Agency theory has become “a cornerstone of ... corporate governance” (Lan and Heracleous 2010, 294). Agency theory in defining shareholder value as the single corporate objective has unbalanced corporate governance and strategic direction. The resulting cycles of crisis and regulation have intensified alarmingly in recent decades. The search for effective regulation and governance continues that inhibits rather than compounds market instability. Achieving sustainable long term value production is the goal. Corporate governance and boards and directors have an essential role to play not only in providing accountability but in promoting value creation.

Participants:

(Moderator) Yuri Biondi, CNRS

Papers:

Dismantling the hegemony of agency theory: Towards a richer theorisation of corporate governance
Thomas Clarke, UTS

New Thinking On “Shareholder Primacy”
Lynn A. Stout, UCLA Law

Regulatory regimes and neo-liberalism
Justin O'Brien, UNSW

Maximizing Shareholder Value as a Theory of Value Extraction
William Lazonick, University of Massachusetts Lowell

Being done with Milton Friedman
Jean Philippe Robé, Sciences Po, Paris

All Academic Session Code: 164918

Varieties of Financial Regulation I - Fair Value Accounting Regimes

Participants:

(Moderator) Jerome Haas, Autorite des Normes Comptables (ANC)

Papers:

The Role of Accounting in the Financial Crisis

S. P. Kothari, MIT; Rebecca Lester

Institutional Underpinnings for the Measurement of the Contribution of Finance to Economic Wealth Creation

Andreas Noelke

Money and accounting: A case of accounting for distressed governmental securities

Yuri Biondi, CNRS; Luca Fantacci, Bocconi University of Milan

All Academic Session Code: 164919

Varieties of Financial Regulation II - Global Monetary Systems

Participants:

(Moderator) Manuel F. Montes, The South Centre

Papers:

Clearing systems as a countermeasure to international imbalances

Luca Fantacci, Bocconi U

Global Imbalances and Global Shifts: Assessing of the Recent Anomalies

Zehra Serin, Fatih University

Keynesian economic cooperation in "crisis" : the OECD in the 1970's

Vincent Gayon, Dauphine U of Paris

All Academic Session Code: 164920

Varieties of Financial Regulation III - Financial Regulation and Crises

Participants:

(Moderator) Tamar Frankel, Boston University School of Law

Papers:

The Structural Breakdown of the Financial System: Reality, Problems and Proposed Solution

Tamar Frankel, Boston University School of Law

Should the new type of banking regulation remain insured?

Nikoletta Kleftouri

The US Glass-Steagall and the Italian 1936 Banking Acts: An Ocean Apart

Federico Barbiellini Amidei, Banca d'Italia; Claire Giordano, Banca d'Italia

All Academic Session Code: 164921

Varieties of Financial Regulation IV- Financial Regulation Regimes

Participants:

(Moderator) Cynthia Williams

Papers:

Financial Reform in the United States: The Relationship between State and Market

Cynthia Williams

The Institutional Transformation of China's Stock Exchanges: A Comparative Perspective

Kai Lu

Fair Value Limited. Contingent preference formation in the setting of International Accounting Standards

Daniel Muegge

All Academic Session Code: 164922

Varieties of Financial Regulation V - Banking and financial crises

Participants:

(Moderator) Kurt Mettenheim, FGV-EAESP

Papers:

Alternative Banks and the "Occupy Wall St." Movement: Comparative and Historical Perspectives

Kurt Mettenheim, FGV-EAESP

How the Banque de France Managed the Crisis of 1889

Riva Riva; Pierre-Cyrille Hautcoeur, Paris School of Economics; Eugene Nelson White, Rutgers University & NBER

The inappropriateness of shareholder primacy as a corporate objective for banks: A hypothetical bargain analysis

Andreas Kokkinis