

## SASE/Rio de Janeiro 2023

### Schedule

#### Wednesday, 12 July, 2023

18:00-19:30 Zoom

VIRTUAL - P: Roundtable: Taxation and Regulation

Track: \*P: Accounting, Economics, and Law

#### Thursday, 13 July, 2023

16:00-17:30 Zoom

VIRTUAL - P: Roundtable: Can investors and policy-makers learn from financial disasters? If no, why not; if yes, how?

Track: \*P: Accounting, Economics, and Law

Not only in recent times, but throughout history, economic and financial crises and scandals are constantly and inexplicably repeated for similar reasons. Throughout history, from ancient civilizations and scriptures to yesterday's newspapers, financial misdeeds, scams, and disasters appear in all societies with remarkable regularity of which cryptocurrencies are only the most recent example. Attempts to warn and educate people so they are not taken in by financial scams, and to regulate financial transactions have also been with us forever. Parallel and persistent co-existence of these two phenomena over thousands of years raises three questions: (1) Why don't people learn from history to avoid being trapped in scams? (2) If they cannot learn to escape them, what could be the reasons for this failure to learn from experience. (3) What, if anything, can be done to reduce the incidence of financial fraud. The real question is not whether we can learn from financial disasters, but how could we so blissfully ignore what we had already learned from financial disasters to re-create the conditions that create them? Investigating that questions is a place to start to learn that the answer to the question posed as the panel theme is not simply a technical one, but a moral and, thus, political one we will discuss.

#### Thursday, 20 July, 2023

13:30-15:00

P: Corporate Social Responsibility and Reporting (I): accounting and society

Track: \*P: Accounting, Economics, and Law

15:30-17:00

P: Corporate Social Responsibility and Reporting (II): accounting and public policy

Track: \*P: Accounting, Economics, and Law

20:00-21:30

P: Financialisation and beyond: the case of Brazil

Track: \*P: Accounting, Economics, and Law

#### Friday, 21 July, 2023

13:30-15:00

P: Responsible Corporate Governance (I): financialisation and the business firm

Track: \*P: Accounting, Economics, and Law

15:30-17:00

P: Responsible Corporate Governance (II): corporate governance and the law

Track: \*P: Accounting, Economics, and Law

18:15-19:45

P: Responsible Finance and Society (I): sustainability and systemic risk

Track: \*P: Accounting, Economics, and Law

Saturday, 22 July, 2023

18:15-19:45

P: Responsible Finance and Society (II): polity and the law

Track: \*P: Accounting, Economics, and Law

20:00-21:30

P: Taxation, Society and the Law

Track: \*P: Accounting, Economics, and Law

## **VIRTUAL - P: Roundtable: Can investors and policy-makers learn from financial disasters? If no, why not; if yes, how?**

11:00 - 12:30 Thursday, 13th July, 2023

Zoom

Track \*P: Accounting, Economics, and Law

Not only in recent times, but throughout history, economic and financial crises and scandals are constantly and inexplicably repeated for similar reasons. Throughout history, from ancient civilizations and scriptures to yesterday's newspapers, financial misdeeds, scams, and disasters appear in all societies with remarkable regularity of which cryptocurrencies are only the most recent example. Attempts to warn and educate people so they are not taken in by financial scams, and to regulate financial transactions have also been with us forever. Parallel and persistent co-existence of these two phenomena over thousands of years raises three questions: (1) Why don't people learn from history to avoid being trapped in scams? (2) If they cannot learn to escape them, what could be the reasons for this failure to learn from experience. (3) What, if anything, can be done to reduce the incidence of financial fraud. The real question is not whether we can learn from financial disasters, but how could we so blissfully ignore what we had already learned from financial disasters to re-create the conditions that create them? Investigating that questions is a place to start to learn that the answer to the question posed as the panel theme is not simply a technical one, but a moral and, thus, political one we will discuss.

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### **Roundtable: Can investors and policy-makers learn from financial disasters? If no, why not; if yes, how? (Virtual)**

#### **Theme Track**

P: Accounting, Economics, and Law

#### **Moderator**

Guler Aras

Yildiz Technical University, Turkey

#### **Participants**

Guler Aras

Yildiz Technical University, Turkey

Participant Role Chair

Shyam Sunder

Yale University, USA

Participant Role Chair

Paul Williams

North Carolina State University, USA

Participant Role Panel participant

Güzhan Günay

Borsa Istanbul, Turkey

Participant Role Panel participant

## **VIRTUAL - P: Roundtable: Taxation and Regulation**

13:00 - 14:30 Wednesday, 12th July, 2023

Zoom

Track \*P: Accounting, Economics, and Law

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### **Roundtable: Taxation and Regulation (Virtual)**

#### **Theme Track**

P: Accounting, Economics, and Law

#### **Moderator**

Reuven Avi-Yonah

Michiban Law School, USA

#### **Participants**

Nir Fishbien

Michigan Law School, USA

Participant Role Panel participant

Nicola Sartori

Milano Bicocca University, Italy

Participant Role Panel participant

Tamir Shanan

College of Management, Israel

Participant Role Panel participant

Carlo Garbarino

Bocconi University, Italy

Amedeo Rizzo

University of Oxford, United Kingdom

Participant Role Panel participant

## **P: Financialisation and beyond: the case of Brazil**

15:00 - 16:30 Thursday, 20th July, 2023

Track \*P: Accounting, Economics, and Law

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### **Financialisation and beyond: the case of Brazil**

#### **Theme Track**

P: Accounting, Economics, and Law

#### **Moderator**

Kurt Mettenheim  
FGV-EAESP, Brazil

#### **Participants**

### **Social Housing, Financialization and Accounting: reflections from the Covid-19 pandemic in Brazil**

Thauan Carvalho<sup>1</sup>, Fernanda Sauerbronn<sup>1</sup>, Jim Haslam<sup>2</sup>

<sup>1</sup>UFRJ, Rio de Janeiro, Rio de Janeiro, Brazil. <sup>2</sup>Durham University, Durham, England, United Kingdom

#### **Theme Track**

P: Accounting, Economics, and Law

#### **Abstract/Description**

We reflect on financialization as institutional violence in social housing in Brazil during the Covid-19 pandemic. Social housing construction in Brazil entails a form of institutional education due to its highly financialized and consequently violent scenario. Through Santos' theory of urban economic circuits we elaborate a historical record of the main milestones of the sector, highlighting financialization as a main ideological force. Santos brings to the surface finance as a category to analyze the territory geographically. The Brazilian geographer divides the world in two groups, superior and inferior, to explain how socio-spatial inequalities reproduce different degrees of territorial financialization. The superior refers to first world countries, or the global north, while the inferior corresponds to the third world countries, also called the global south. In this perspective, the current regulatory and institutional mechanisms have increased resources allocated to housing finance. They provided guarantees for construction players investing their capital in construction and development companies. Concurrently, a combination of public and private resources, national and international capital, has boosted social housing's production. Behind this, a profitability logic governed housing finance, which shifted from the traditional banking model and, for Royer, incorporated rationality and financial evaluation tools into public housing policies. Accounting is a social technology and (for Boyce) "a form of social power," that can here play a powerful or restrictive role. During the pandemic, many forced evictions and removals from communities manifested, perpetuating various forms of violence linked to the financialization of life and rights. The Observatory of Removals, an initiative of researchers from several NGOs, Labcidade, LabHab (FAUUSP) and LabJuta (FBAC), surveyed between April and June 2020, revealing that at least 285 families were impacted by eight new eviction cases). The study here elaborates upon the difficulty in getting minimum information regarding the cases, a recurring phenomenon with forced removals. Our study acknowledges the work of some accounting scholars who have explored new accountability models in the social housing field (Collier, 2005; Smith, 2012, 2017), and accounting's actual role in social housing (Manochin et al., 2011; Ejiogu et al., 2018; Westerdahl, 2020). Our finding points to the need to (re)think alternative forms of social housing outside the financialized logic, involving the participation of the people, social movements, public authorities and specialists. A viable way forward is through technical assistance. It legally "assures to low-income families the right to free public technical assistance for the design and construction of social housing" (Federal Law

11.888/2008) due to its proposal of integrated and interdisciplinary actions to consider the city and housing in all its complexity. We suggest that future research can explore the use of Counter Accounts (Gallhofer & Haslam) as resistance to this highly financialized and consequently violent housing framework in the Brazilian context.

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## **From financialization to de-financialization in Brazil and the US: New roads to democratic socialism in the New World**

Kurt Mettenheim

FGV-EAESP, Sao Paulo, SP, Brazil

### **Theme Track**

P: Accounting, Economics, and Law

### **Abstract/Description**

This paper explores evidence from Brazil (since the 1990s) and the US (since 2010) of counterforces to financialization and innovative policies for social inclusion and redistribution. A comparison of social sector financial balance sheets in the US, Brazil, and the UK reveals the ideological veil and wedge of finance behind financialization over the last decades. However, fundamental indicators since 2010 go in the other direction. This paper will explore the new financial roads to social economies and opportunities for democratic socialism in the USA since 2020 and PT government in Brazil since 2023.

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## **Evidence for pro-cyclicity of fiscal policy in state governments: the case of Rio de Janeiro in Brazil**

Kleyton da Costa<sup>1</sup>, Bruno Sobral<sup>2</sup>, Carlos Miranda<sup>3</sup>

<sup>1</sup>PUC-Rio, Rio de Janeiro, Rio de Janeiro, Brazil. <sup>2</sup>UERJ, Rio de Janeiro, Rio de Janeiro, Brazil. <sup>3</sup>SEPLAG, Rio de Janeiro, Rio de Janeiro, Brazil

### **Theme Track**

P: Accounting, Economics, and Law

### **Abstract/Description**

Pro-cyclicity, as a fiscal policy approach, neglects the requirement to mitigate the impacts of the economic cycle. Consequently, it is imperative for governments to eliminate the effect of the economic cycle, asset prices, and singular occurrences from their conventional fiscal outcomes (primary balance). When considering an economic scenario where the prevalent situation is an economic recession and fiscal crisis, it is important to evaluate the capacity and performance of states in the implementation of countercyclical policies that do not generate significant social costs and can lead the economy to a stable environment. In the State of Rio de Janeiro (SRJ), it is still relevant to note the relationship between economic activity and tax revenue, particularly with regard to the ICMS. From the perspective of regional development, the state is going through a process of relative and historical lag of its economic and social indicators, that is, its levels of employment, output, economic activity, income inequalities, well-being conditions, etc. are increasingly distant from the average observed by the aggregation of other states. On the other hand, the presence of budget constraints (through restrictive and pro-cyclical fiscal rules) has led the state to a position of neglecting its central role in the planning and formulation of both strategic programs for economic development and investment in high-impact economic and social projects (expansion of the stock of capital through infrastructure, logistics, public health, education goods, expansion of urban resilience capacity to adverse natural phenomena, etc.). The primary balance does not efficiently capture the effort of the fiscal authority, as there is a set of unforeseen factors that can affect the fiscal results of a particular country or subnational entity, acting more strongly on expenses and revenues.

In this way, by removing cyclical and non-recurrent components from the analysis, the structural fiscal balance allows for a robust analysis of the expansionary or contractionary impact caused by a discretionary act by fiscal policy for different periods. In light of an economic scenario where the prevalent situation is one of economic recession and fiscal crisis, it is important to evaluate the capacity and performance of states in implementing countercyclical policies that do not generate significant social costs and can lead the economy toward a stable environment. The objective of this article is to assess the orientation of fiscal policy in the SRJ between 2003 and 2021, by analyzing the structural fiscal balance and the discrepancy between the estimated output gap and actual GDP. The findings reveal that the SRJ primarily adopts a procyclical fiscal policy orientation, with fiscal measures that are in contrast to the output gap. This means that during economic recessions, when the output gap is negative, the SRJ tends to implement fiscal measures that further decrease economic activity, rather than counteracting the negative effects of the recession.

## **P: Responsible Corporate Governance (I): financialisation and the business firm**

08:30 - 10:00 Friday, 21st July, 2023

Track \*P: Accounting, Economics, and Law

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### **Responsible Corporate Governance (I): financialisation and the business firm**

#### **Theme Track**

P: Accounting, Economics, and Law

#### **Moderator**

Jim Haslam

Durham University, United Kingdom

#### **Participants**

### **Where the Wild Things Are? The Governance of Private Companies**

Asaf Eckstein<sup>1</sup>, Gideon Parchomovsky<sup>2</sup>

<sup>1</sup>Hebrew University, Jerusalem, Israel. <sup>2</sup>Pennsylvania University, USA

#### **Theme Track**

P: Accounting, Economics, and Law

#### **Abstract/Description**

Private companies far outnumber public ones but receive scant scholarly, public, or regulatory attention and little is known about their governance. In this Article, we begin to fill the void by shedding light on the governance of the largest 200 private companies in the world – some of which are as large as the top public companies. We embarked upon our study with two principal hypotheses. The first is that there exists a governance gap between private and public companies. According to this hypothesis, the governance structures in public companies are much closer to the ideal than the governance regimes found in private companies. The second hypothesis is that there exists a governance gap between the largest and the smallest private companies—specifically, that the governance structures in largest private companies are better than those found in the smallest. We expected to see governance gaps because private companies are not subject to the same regulation as public ones, are free of the rules imposed by exchanges and the guidelines of institutional investors, and are also largely immune from public and media pressures.

To test our two hypotheses, we hand-collected data about the following parameters that have attracted much attention in the corporate literature on public corporations and are considered the building blocks of good corporate governance: board composition with an emphasis on board diversity, separation of the roles of CEO and chairperson, CEO tenure, directors' tenure, director elections, directors independence, use of external gatekeepers, such as accounting firms and legal counsels, and the extent of their involvement. We then analyzed the data we collected and compared our findings to the existing data on public corporations.

Surprisingly, our findings reveal that there is no significant governance gap between the 200 largest private companies and public corporations. There are some differences on various metrics between the private companies we studied and public corporations, but the disparities are mostly not substantial and do not give rise to serious concerns. On most good governance metrics, private companies do as well as the flagship corporations. Furthermore, we observed no critical difference in the governance of the largest and smallest private companies in our sample. Even though on some metrics the largest companies did better than the smallest ones, on our parameters we obtained the opposite result and for most variables there were no differences at all. On the whole, the smallest companies in our sample did as well as the largest ones.



We proceed to discuss four theories that explain our unexpected results and explore the policy implications of our findings. Concretely, we examine the need to impose additional regulation on the largest private companies and weigh the option of adopting a model code for private companies that can inform the development of their future governance. We conclude that the governance in the 200 largest private companies does not establish a prima facie case for a regulatory intervention and that the best path forward is to continue to monitor and study the governance of the largest private companies to ensure that it remains in high standing.

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## **Institutional investors and the distribution of dividends in the oil and gas sector**

João Victor Machado<sup>1</sup>, Fernando Sarti<sup>2</sup>, Rodrigo Lanna<sup>1</sup>

<sup>1</sup>UNICAMP, São Paulo, São Paulo, Brazil. <sup>2</sup>UNICAMP, CAMPINAS, SÃO PAULO, Brazil

### **Theme Track**

P: Accounting, Economics, and Law

### **Abstract/Description**

Companies that operate in the oil market have assumed a prominent position under the aegis of industrial organization. Throughout the history of the World Petroleum Industry, companies with significant financial scale have been developed, ranking among the largest and most profitable companies in the world. With the change in the energy paradigm, pressured to reduce environmental damage, IMP is going through a transition period to adapt to the forces that lead to a low carbon economy. This movement materializes in the strategic redirection of these corporations and their investors.

The changes are also concentrated in the role played by finance, based on the phenomenon of financialization, which implies a new configuration in the accumulation plan of non-financial companies. The relationships between basic market variables such as supply, demand, investment and price have become progressively controlled by the financial markets, with repercussions on the management and corporate performance of these companies, embodied in the concept of shareholder value maximization (SVM) .

SVM indicates certain changes in the strategic reorientation of management models adopted by companies. More specifically, it assumes that activities must be maximized in order to guarantee the release of cash flow to the shareholder, with the purpose of obtaining the seal of approval of the financial market in the share appreciation. This orientation assumed a prominent character from the moment that institutional investors became an integral part of the financing of these institutions, instigated by the proliferation of financial products on oil. In this sense, the hierarchy of decisions within the company has changed. Shareholders took an even more influential position on operational direction. Thus, the search for a precise understanding of the evolution of the sector along with the transformations of the contemporary capitalist economy is justified.

The objective of the research was to evaluate the main factors that influence the payment of dividends by Oil and Gas companies, especially the participation of institutional investors. The hypothesis to be tested was that the economic-financial performance and the control of institutional investors influence the payment of dividends. A regression model was used, estimated using the GMM – Generalized Method of Moments. The results indicated that the distribution of dividends is significantly related to the history of distribution to shareholders, profitability and indebtedness, but not with the control of institutional investors. The explanation for the non-conclusive results of the participation of institutional investors lies in the level of heterogeneity of this class of investors with different characteristics, strategies, time horizons and interests. The organized evidence helps to understand the strategic direction of the sector in a period with changes in the energy and financial paradigm.

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## **Insights into corporate governance dynamics at the local-global interface: Constructing the Japan Corporate Governance Forum's "Corporate Governance Principles", 1997-2006**

Jim Haslam<sup>1</sup>, Sonja Gallhofer<sup>2</sup>, Akira Yonekura<sup>3</sup>

<sup>1</sup>Durham University, Durham, United Kingdom. <sup>2</sup>University of Glasgow, Glasgow, United Kingdom. <sup>3</sup>Heriot-Watt University, Edinburgh, United Kingdom

## **Theme Track**

P: Accounting, Economics, and Law

## **Abstract/Description**

Shareholder primacy and value enshrined in the Anglo-American corporate governance system, constituting the so-called global “gold standard” of corporate governance have been promoted throughout the world as nation states came face to face with a neoliberal globalism. This drive for a global Anglo-American corporate governance system posed challenges for nation states as the neoliberal values and type of capitalism that underpin it often clashed with principles underpinning systems in place in the nation states challenged by the implementation of it into their local context. The challenges were exacerbated because implementation was often the result of macro-economic and political pressures from outside as well as inside the nation state. The Anglo-American corporate governance system often threatened local socio-economic institutions that had developed over time and that were an integral part of the social and cultural fabric. Further, the consequences of changing a contextually embedded local corporate governance system and replacing it by the Anglo-American system are wide-reaching with a potentially negative impact on the wellbeing of people and the planet. We explore some of the issues and challenges that can arise in local attempts to implement the Anglo-American corporate governance system through a historical case study that offers an in-depth analysis of the interrelationship between corporate governance, globalisation and local systems in Japan in the context of pressure to change. The paper focuses on the efforts of the Japan Corporate Governance Forum (JCGF) to arrive at a set of Corporate Governance Principles. Our critical narrative analysis of the various versions of the Corporate Governance Principles published between 1997 and 2006 reveals how a local private sector attempt to regulate corporate governance was both facilitated and restrained by developments in and demands of the context, global and local. The two initial versions of the Corporate Governance Principles indicate a push for the adoption of much of the Anglo-American corporate governance system, articulated as the global standard, whereas the final version constitutes a much more hybrid system. Our chronological analysis of the different versions of the Corporate Governance Principles draws attention to how a local self-regulatory attempt was shaped by the seemingly unsurmountable difference between the values underpinning the Japanese and the Anglo-American corporate governance systems. It highlights some of the challenges and threats to the Japanese way-of-life that can arise from implementing the Anglo-American system into the local Japanese context. This especially arises because of a threat to local institutions and economic arrangements, such as, for example, life-long employment and the goal of the firm, which implicates a threat to socio-economic security as well as an increase in people’s uncertainty about the future which can negatively impact on social and psychological wellbeing. The insights from our study are of relevance beyond the Japanese context (for recent work see also Watanabe, Giddens and Takatoshi, 2008). In drawing attention to the challenges inherent in the interrelationship between the local and the global they can inform attempts to regulate corporate governance and accounting disclosure globally.

## **P: Responsible Corporate Governance (II): corporate governance and the law**

10:30 - 12:00 Friday, 21st July, 2023

Track \*P: Accounting, Economics, and Law

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### **Responsible Corporate Governance (II): corporate governance and the law**

#### **Theme Track**

P: Accounting, Economics, and Law

#### **Moderator**

Asaf Eckstein  
Hebrew University, Israel

#### **Participants**

### **The Rise of Corporate Giants in the United States, 2004-2021: Theory, Evidence and Policy**

Asaf Eckstein<sup>1</sup>, Gideon Parchomovsky<sup>2</sup>

<sup>1</sup>Hebrew University, Israel. <sup>2</sup>University of Pennsylvania, USA

#### **Theme Track**

P: Accounting, Economics, and Law

#### **Abstract/Description**

For many decades, virtually all the largest public corporations in the U.S. have been conglomerates, i.e., corporate groups comprised of a parent and multiple subsidiaries. Despite this commercial reality, no unique body of law for conglomerates has been developed. Corporate law evolved, and continues to evolve, with the standalone corporation as its exclusive focal point. This legal focus has driven a wedge between the law and the business world. Corporate law, as applied to conglomerates, can be described as “arcane and defunct.”

Conglomerates differ from standalone corporations not only in the scale and scope of their operations, but also in the inter-dependencies that exist among entities in the group and the international nature of their activities. In this Article, we set out to fill the gap between corporate law and its largest, and arguably most important, subject matters by advancing a set of legal principles, uniquely designed for conglomerates. To gain an insight into the world of conglomerates, we collected and analyzed statistical data on the largest 100 corporations on the S&P 500 list over 5-year intervals, beginning in 2004 and ending in 2019. We also collected and analyzed data about the aforementioned corporations in 2021.

Building on our empirical and theoretical foundations, we advance a core set of principles for a conglomerate law, designed to preserve the economic benefits of conglomerates while minimizing the costs. Specifically, we redesign the doctrines of liability and veil-piercing in conglomerates and corporate groups, repurpose fiduciary duties in wholly-owned subsidiaries, redefine oversight liability, and advanced a multi-variegated approach to the challenge of cross-border activities.

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### **Private Power and Institutional Norms at the Crossroad. On the application of the director's (“human rights”) duty of care to corporate groups**

Bonheur Minzoto

University of Manchester, Manchester, United Kingdom

## **Theme Track**

P: Accounting, Economics, and Law

## **Abstract/Description**

This paper examines how the bargaining power of corporate officers interacts with legal rules and norms in corporate groups' governance of human rights. It inquires whether, and if so, to what extent, directors ought to have in contemplation human rights issues of other companies in the group in their respective assignments, cognisant of legal and regulatory obligations imposed on the parent company.

"Corporate groups and human rights" is a matter of current active concern. In England, the development has centred mostly on judicial rulings. The UK Supreme Court has confirmed in successive decisions that a parent company can owe a duty of care to third parties and be liable for its subsidiary's torts (*Vedanta v Lungowe*; *Okpabi v Shell*). In France, the development is centred on statutory reforms, imposing obligations on parent companies to oversee the human rights compliance of their subsidiaries. These can be termed the "parent company proxy regulation".

In principle, notions of separate personality and limited liability do not allow to impose group-wide director's duties. In this light, how should a director's duty of care apply in the context of the "parent company proxy regulation", and what obstacles might a claim against directors for breach of this duty face? The aim is to enhance our practical understanding of corporate groups' accountability concerning human rights. The paper also contributes to ongoing academic and policy debates on group interest by analysing this notion in the context of the raft of mandatory and market-led sustainability due diligence regimes.

## **P: Responsible Finance and Society (II): polity and the law**

13:15 - 14:45 Saturday, 22nd July, 2023

Track \*P: Accounting, Economics, and Law

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### **Responsible Finance and Society (II): polity and the law**

#### **Theme Track**

P: Accounting, Economics, and Law

#### **Moderator**

Horacio Ortiz

East China Normal University, China

#### **Participants**

### **Times of finance: methods, states and organizations**

Horacio Ortiz

East China Normal University, Shanghai, China. Centre National de la Recherche Scientifique, Paris, France

#### **Theme Track**

P: Accounting, Economics, and Law

#### **Abstract/Description**

This paper is based on interviews and participant observation carried out with financial professionals working in mergers and acquisitions (M&A), venture capital and private equity in Shanghai, Beijing, Hong Kong and Western Europe between 2011 and 2016. It focuses on the everyday practices at Merge Consulting, a consultancy firm working in M&A between China and Western Europe, as well as documentary research conducted on the standardized methods of valuation of an investment for listed and non-listed companies in the financial industry. The paper analyzes how financial professionals' practices of time are constitutive of the social hierarchies they produce by how they distribute money. The paper mobilizes a conceptual framework that foregrounds the multiple imaginaries of time that are part of everyday practice. This contrasts with analyses of the relation between finance and time that tend to focus on one kind or a very limited set of temporalities, such as short-term speculation, discounting the future, securing a recurrent rent or capital accumulation. The paper focuses on three sets of temporalities that are crucial for how financial professionals allocate money: temporalities of financial methods of valuation and investment, of states and of organizations.

The paper analyzes four temporalities present in financial methods of valuation and investment: a multi-year horizon of rent-extraction; a notion of infinity present in the concept of risk-free rate of return serving as foundational standard of value; a notion of infinity presupposed in statistical calculation using prices supposedly produced by efficient markets, and the presupposed endless interaction of investors interact; and a notion of the short-term to speculate on price variations. Secondly, financial professionals combine these temporalities with three temporalities of states: the temporality of state policies considered as stabilizing the horizon of operations, privileging certain financial methods and sectors of activity; a longer-term horizon of geopolitical relations including political considerations about the future of states and the financial industry in global monetary distribution; the short-term of governmental actions, in particular the Chinese government's purchase of stocks during strong price variations in Shanghai and Shenzhen stock exchanges in 2015. The third section concerns organizational times, including the standardized steps and various rhythms of M&A transactions that can take years to be completed with different speeds and moments of stillness and acceleration. Financial professionals combine these temporalities with their personal trajectories, which include distinctions between professional and non-professional times.

The paper shows that financial professionals mobilize these temporalities differently at different moments,

and that their importance is also dependent on organizational and institutional processes that are not encapsulated in the limited temporalities of financial methods. The article contributes to an analysis of the relation between time, power and money showing how monetary hierarchies are produced by the mobilization of multiple imaginaries of time in various power relations which, in the case of the financial industry, concern power relations inside and outside the financial industry itself, in the global space of its operations.

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## **Economists, Lawyers, and the Judicialization of International Economic Law**

Joseph Conti

University of Wisconsin-Madison, Madison, WI, USA

### **Theme Track**

P: Accounting, Economics, and Law

### **Abstract/Description**

The rise and fall of hegemonic powers in the modern world produced different world orders yet until the 20th century none had relied as deeply on the production and enactment of positive international law. How and why has this happened? This paper accounts for the judicialization of international economic law through a socio-historical analysis of a sequence of competing “projects,” each seizing on a common discursive formation around what international law is and does to restructure what a state is and does. Focusing on international trade and investment, the argument is that a necessary condition for the judicialization of international affairs was the embedding of the discursive formation referred to as liberal legalism in American and European policy networks. Once in place, this formation offered, over time, an increasingly deep repository of justifications centered on law for competing projects to order international affairs.

Each competing legal project for post-war economic order sought to reconfigure and constrain state power, but in different ways and for different ends, but each relied, in part or whole, on legal discourse and techniques of power. In the first part of the 20th century, lawyers and peace advocates articulated a general model of international liberal legalism but received relatively modest resource investments. Advanced by a hegemonic United States with a growing administrative state where lawyer-statesmen and, increasingly, economists and business planning groups shaped policymaking, the destruction of the Second World War generated a social and political opening in which “the international” appeared as new professional jurisdictions and legal idealism as a plausible alternative to sovereign nationalism. That opening was short-lived, and the most radical of those projects, world federal government, failed while the embedded liberalism of Bretton Woods set the framework for international economic law for the next two decades. Nonetheless, liberal legalism was transposed onto a new set of issues. Through the G-77 and UNCTAD, the Third World demanded a developmental international law defined by absolutist forms of sovereignty, positive legal rules, redistributive finance, and the United Nations (UN). Multinationals and Northern powers agreed on the value of positive legal commitments but instead sought to maintain preferential access to the resources of those countries, free trade, and avoid the UN’s majoritarian politics. As demands for development and human rights intensified in the mid-1970s and think tanks proliferated, a neo-liberal project articulated by Chicago School’s law and economics, which spread throughout the American legal profession and regulatory apparatus, sought to weaken sovereignty and invest in the legitimacy of international courts to protect property rights, constrain regulatory states, and ensure “free” and competitive international markets. At the end of the century, a transnational legal field for trade and investment had emerged that had transformed the institutional character of sovereignty and relationships between territory and state power. This is the product of a successful entanglement of realist political and economic projects in the re-articulation of a discursive formation centered on legalism and judicial institutionalism as a non-idealist motor of change.

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## **Regulations, big data, and AI**

Shabnam Mousavi, Mario Rasetti  
Center for AI, Turin, Italy

### **Theme Track**

P: Accounting, Economics, and Law

### **Abstract/Description**

Ever increasing human-machine interactions diminish the meaningfulness of efforts to separate the role of humans from machine in the producing of final outcomes. There is a looming expectation that machines will soon be programmed to have some sort of free will, which will give them the ability to perform tasks beyond those possible after mere training with existing (big) data. There are fundamental differences between mental processes—arising from a combination of natural capacities and limited memory—and the processing of information by computing machinery. Finally, both the ways that human mind works and much of how intelligent machines arrive at their final solutions remain in black boxes. Together, these four items imply that the fear of digitalization is valid, and its destiny unclear.

Even though legal regulations likely fall short of controlling undesirable machine developments, we are not to passively await our digital future. Science can help us make sense of black box processes, if not solving them, through developing a theoretical framework. Theories not only give meaning to observations, but also provide methods to reverse engineer observed outcomes and to predict future outcomes.

The numerous scenarios we wish to make sense of are algorithmically difficult and structurally complex: The emergent results from nonlinear interactions between the parts of systems we wish to explore cannot be derived from their individual properties.

We review the state of the art of methods and instruments that AI relies on, and describe some promising perspectives of advances in data science, theoretical mathematics and physics that, when brought together, can help build a theoretical framework capable of structuring regulatory systems capable of dealing with the complex phenomena that increasingly dominate our every operations, including financial institutions.

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## **Mortgage Securitization, Court Fees, and the Adjudication of Foreclosure**

Walker Kahn  
University of Wisconsin-Madison, Madison, WI, USA

### **Theme Track**

P: Accounting, Economics, and Law

### **Abstract/Description**

A growing body of research explores the court systems' increased utilization of fines and fees to both discipline criminal defendants and generate much-needed revenue, but little is known about impact of court fees outside the context of criminal proceedings. This study examines the social and legal consequences of court fees in civil mortgage foreclosure litigation in Cook County, Illinois from 1992 to 2006. By theorizing the court's growing reliance on fees for funding operations as a micropractice of financialization and contextualizing it both within the macro-level financialization mortgage markets and meso-level financialization of municipal governance, this research examines how the court's efforts to manage tensions in foreclosure litigation between markets, formal rights, and informal protections enabled mass foreclosure, and increased housing precarity and social inequality. Findings indicate that the court's dependence on filing fees generated by mortgage foreclosure cases transformed the structure and function of the court, legally disempowered debtors, empowered repeat-player plaintiffs, and enabled practices that would lead to the 2007 financial crisis.

## **P: Corporate Social Responsibility and Reporting (I): accounting and society**

08:30 - 10:00 Thursday, 20th July, 2023

Track \*P: Accounting, Economics, and Law

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### **Corporate Social Responsibility and Reporting (I): accounting and society**

#### **Theme Track**

P: Accounting, Economics, and Law

#### **Moderator**

Nihel Chabrak  
Independent, UAE

#### **Participants**

### **Annual Reporting and Constituting Reality Re-Visited: Images in the Annual Reports of Saudi Public Corporations and the Saudi State's Vision 2030**

Nihel Chabrak<sup>1</sup>, Jim Haslam<sup>2</sup>, Danny Show<sup>3</sup>, Maria Moreno<sup>4</sup>

<sup>1</sup>INDEPENDENT, DUBAI, DUBAI, UAE. <sup>2</sup>DURHAM UNIVERSITY BUSINESS SCHOOL, DURHAM, United Kingdom.

<sup>3</sup>Maynooth University, Ireland. <sup>4</sup>UAEU, UAE

#### **Theme Track**

P: Accounting, Economics, and Law

#### **Abstract/Description**

In an ongoing research study, we draw attention to a dimension of public annual accounting reports that focuses on the use of images in the annual reports of key State-Owned Enterprises in Saudi Arabia. Our choice of significant State-Owned Enterprises facilitates an analysis of how the images in the annual reports play a part in constituting the reality of the Saudi state's attempts to remake itself into a modern and global state, as exemplified by its Vision 2030, whilst retaining its commitment to Islam.

Our work seeks to re-visit and develop a theoretical framing of images in reporting that has untapped potential. Preston et al. (1996), in *Accounting, Organizations and Society*, highlight how images in annual reports can constitute reality in significant and consequential ways (see also Preston and Young, 2020, *Accounting, Organizations and Society*; cf. Hines, 1988, *Accounting, Organizations and Society*; and MacKenzie's, 2006, book 'An Engine not a Camera'). Our paper elaborates a framing that builds upon this position, informed by a theoretical appreciation of images in the humanities and social sciences. We argue that this vein of theorising has been underdeveloped and relatively scarcely drawn from research on images in corporate reports. As a result, notions that powerful forces can shape images in such public reports to constitute reality favourable to their projects have been somewhat displaced.

Vision 2030 is ostensibly concerned with transforming the social and business culture in Saudi Arabia. It appears to elevate the status of women in the Saudi economy and society, attempting to make greater use of their productive capacities. In addition, it emphasises a concern to open up more to the world. This concern is consistent with a policy of attracting more foreign investment, international labour and tourism to move the economy beyond its dependence on oil.

A relatively novel feature of our analysis is that we seek a reasonably open and non-dogmatic approach to gain insights into how images are seen. Therefore, we extend and deepen the analysis through interviews with key constituencies vis-à-vis annual reports in Saudi Arabia. This then informs our critical interpretation.



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# The limits of accountability: conceptualising the relationship between organisational accountability and public trust

Theresia Harrer

Hanken School of Economics, Finland

## Theme Track

P: Accounting, Economics, and Law

## Abstract/Description

### Abstract

Public trust is critical for organisations. Without it, organisations are unable to attract employees, obtain key resources such as funding, or create novel ideas. Yet, although it is well established that public trust is vital for organisations to survive, people are increasingly sceptical that organisations take their social responsibility seriously, leading to a further decline in trust. It is therefore unsurprising that an increasing number of works investigate how organisations can (re)build trust with the public.

The extant literature suggests that organisations can (re)build public trust by increasing their accountability. Once organisations disclose enough high-quality information about their activities, they are more accountable for potential wrongdoings and as a result also more trustworthy in the eyes of the public. And indeed, numerous works show that the transparent disclosure of information of intentions and actions (e.g., in annual reports) develops organisational accountability and as a result public trust in organisations.

However, despite such findings, there is increasing evidence that organisational accountability does not foster public trust in organisations. For instance, Michelon et al. (2020) highlight that a clear and accurate disclosure of (financial) information may only create an illusion of public trust because it builds on hierarchical forms of accountability. Similarly, Quattrone (2022) notes that trust is subjective and the objectivity of hierarchical accountability may therefore be misleading at best. Thus, while it may well be that organisational accountability may (re)build public trust, there is increasing evidence that it does not.

In this paper I propose that this puzzle prevails because there is little work that establishes how organisational accountability and public trust relate to one another. In this paper, I therefore aim to fill this gap by conceptualising the relationship between organisational accountability and public trust.

Building on the accounting, public policy, and organization theory literature I start by reviewing the definitions of organisational accountability and trust. I outline the four main forms of organisational accountability (legal, professional, managerial, social) and the two main elements of public trust (good reasons to trust and weak, inductive knowledge). Having clarified the definitions, I then a) highlight the differences between public trust in organisations and organisational accountability (in object, timing, and consequence of evaluation), and b) develop a conceptual model that outlines how organisational accountability and public trust relate to one another.

The paper contributes to the accountability literature by highlighting first, how organisational accountability relates to public trust and second, the trust-related boundary conditions of organisational accountability. Practically the paper can be helpful for standard setters to develop (sustainability) reporting directives, and for organisations to apply these directives.

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Michelon, G., Rodrigue, M., & Trevisan, E. (2020). The marketization of a social movement: Activists, shareholders and CSR disclosure. *Accounting, organizations and society*, 80, 101074.

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# Re-imagining accounting institutions: sustainability reporting and the moralization of capitalist markets

Salomé Duqué

Copenhagen Business School, Copenhagen, Denmark

## Theme Track

P: Accounting, Economics, and Law

## Abstract/Description

Environmental issues and bleak global indicators highlight the limits of the current global capitalist system's mode of production and consumption and the need for radical and structural transformations (Geels, 2010, 2011). Industry, financial markets, and the public sector now widely recognise the importance of sustainability for the planetary future – at least in principle – and have demonstrated leadership in sustainability issues. Among various private initiatives, sustainability reporting constitutes an opportunity for organizations to identify and tackle environmental and social impacts. While acknowledging the potential of sustainability reporting, critical accounting literature has also pointed to its current drawbacks, preventing organizations to initiate the transformations needed for tackling climate issues (Everett & Neu, 2000; Senkl & Cooper, 2022). Beyond the technical aspect of this issue, the debate raises philosophical and ethical questions; What is the moral imperatives of business enterprise? How do we, as human, relate to future uncertainties for acting in the present? How do we understand the constraints of dominant economic systems, such as capitalism, in this effort? The case of the global development of sustainability reporting standards highlights the difficulties of aligning the core assumptions of financial capitalism, prioritizing economic growth and capital accumulation with sustainable development, environmental conservation, and social justice.

Capitalism is defined as an imperative to economic growth and accumulation of capital via 'formally peaceful means' (Boltanski and Chiapello, 2005, p.4). A core assumption is that capitalism suffers a persistent normative deficit, leading to crisis, dissonance, and societies' dissent. For maintaining societal consent and taming the threat to the natural reproduction of the capitalist order, capitalism must continually reinvent its legitimating moral norms. Within this mechanism, accounting constellations and institutions have a complicit role in sustaining capitalist structures (Chiapello, 2007; Cooper, 2015; Spence, 2009; Tinker et al., 1982). By constructing realities and social relations, accounting practices have historically structured the present from a view of the future, through the creation of shareholder value and profit optimization, paving the way for financial capitalism (Hines, 1988; Perry & Nölke, 2006). Therefore, the task of moralizing capitalism implies the establishment of temporal orders, determining future-oriented social actions.

The question of how to organize for transformation requires a connection between individual and organizational behaviours and economic and societal levels phenomena; structural constraints are complex and embodied by agents (Emirbayer & Mische, 1998). This paper conceptualizes recent efforts to develop global sustainability reporting standards and adapt accounting institutions to sustainability challenges as an attempt by actors to create a new 'moral' convention for fixing global financial capitalism normative deficit. Drawing on archival documents and semi-structured interviews with standard-setters, I seek to explore how those actors and their organizations' moralization project re-imagine the temporal orders of capitalism, informing social economic actions in markets. Ultimately, this article contributes to the literature in critical accounting studies and to the discussion on the potential of sustainability accounting to promote system-level transformations, market (re)creation or to simply adapt the existing capitalist temporal orders and moral norms to current global challenges.

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## Effects of Combined Graph Manipulation Techniques on Analysts' Perception of Firms' Performance

Rodrigo de Oliveira Leite<sup>1</sup>, Ricardo Lopes Cardoso<sup>2</sup>, Armando Balloni<sup>3</sup>, Thiago Richter Fonseca<sup>3</sup>

<sup>1</sup>Federal University of Rio de Janeiro, Rio de Janeiro, Rio de Janeiro, Brazil. <sup>2</sup>Getulio Vargas Foundation, Rio de Janeiro, Rio de Janeiro, Brazil. <sup>3</sup>Getulio Vargas Foundation, Rio de Janeiro, Rio de Janeiro, Rio de Janeiro, Brazil

## **Theme Track**

P: Accounting, Economics, and Law

### **Abstract/Description**

Organizations aim to present a favorable image to the market, and one strategy to achieve this is through the use of graphs in financial reporting. The utilization of these illustrations has become widespread in recent decades (Beattie et al., 2008) and has been extensively used in financial statements (Merkl-Davies, Brennan, and McLeay, 2011). Several studies in accounting have demonstrated that analysts' views of a company's performance can be altered by manipulating graphs (Cardoso et al., 2016; Moriarity, 1979; Smith and Taffler, 1996; Stock and Watson, 1984; Tang et al., 2014).

This study investigates the impact of combined graph manipulation techniques (presentation enhancement, measurement distortion, and selectivity) on analysts' perceptions of a firm's performance in financial reporting.

We conducted an experiment with randomly assign financial analysts, who were given the task of rating the financial performance of fictitious companies based on different graphs, some manipulated with combined techniques, and some with an isolated technique or no manipulation.

The results were estimated through Ordinary Least Squares (OLS) regressions, which suggest that a set of manipulations combined and colored in blue increases the analysts' perception of the company's performance compared to any manipulation technique in isolation, except for information selectivity.

The study contributes to practitioners by highlighting the combined effect of graph manipulation techniques and to organizations by avoiding the use of graphical impression management techniques in financial reports.

Previous studies investigated the effect of graph manipulation techniques on analysts' perceptions of a firm's performance, however, no research has assessed the influence of combined graph manipulation techniques.

This paper contributes to practitioners by highlighting the combined effect of graph manipulation techniques, so they can prevent deception; and to organizations by avoiding mistakenly using graphical impression management techniques on their financial reports; and it raises a red flag to stakeholders (employees, customers, shareholders, suppliers, creditors, communities, and governments) regarding the possibility of generalized use of graph manipulation techniques on financial statements.

## **P: Corporate Social Responsibility and Reporting (II): accounting and public policy**

10:30 - 12:00 Thursday, 20th July, 2023

Track \*P: Accounting, Economics, and Law

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### **Corporate Social Responsibility and Reporting (II): accounting and public policy**

#### **Theme Track**

P: Accounting, Economics, and Law

#### **Moderator**

Martin Giraudeau  
Sciences Po, France

#### **Participants**

### **Who Owns Accounting? The Rise of Intellectual Property Rights Over Accounting Methods (18th-21st centuries)**

Martin Giraudeau  
Sciences Po, Paris, France, France

#### **Theme Track**

P: Accounting, Economics, and Law

#### **Abstract/Description**

A revolution took place in the world of business, but behind the scenes, over the past 40 years: accounting, which had historically been a public good, was turned into a private asset. The key mechanism explaining this revolution is the rise of intellectual property (IP) rights over accounting methods. In the public interest, such methods had been deliberately excluded from the list of patentable or copyrightable subject matters in the early years of modern IP regimes, in the 18th and 19th century, but everything changed from the late 1970s, as the world became both digital and global. On the one hand, software became patentable, and this possibility opened the floodgates for the patenting of business methods, including especially accounting ones, at a rapidly accelerating rate until today, but by only a handful of large corporate actors, from the information technology industry. On the other hand, the International Accounting Standards Board started copyrighting global accounting standards, and selling them, their translation, and the associated guidance notes to national regulators around the world. As it became both digital and global, accounting was thus appropriated by a small number of powerful corporate actors.

Drawing on mixed methods from historical research in archival repositories to Natural Language Processing on the Google Patents database, the paper traces this history, over three centuries and focusing on the case of the United States of America. It also draws a number of analytic conclusions from this history. The literature on transnational governance and accounting standard-setting accuses corporations of capturing accounting regulation through lobbying and influence over IASB processes, but it only scratches the surface of the privatization of accounting, underestimating its breadth and missing its key mechanism. As the paper demonstrates, the patenters and copyrighters of accounting do not only influence regulation: through IP rights, they literally own accounting, and therefore control the future of accounting innovation. More fundamentally, the paper questions the nature of accounting, by revealing the historical tensions that have existed, and are particularly acute nowadays, between various definitions of accounting: as text; as technology; or as service. Legal professionals, and the courts, have repeatedly tried to stabilize these definitions, so as to allocate – or not – different types of intellectual property rights over accounting methods. So have accounting professionals, to protect their expertise. The struggles they have all

encountered in these attempts however point to the fact that we still don't know what accounting is – which doesn't prevent multiple actors from seeking to own it.

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## **Commensuration as an environmental process: Money and its circulation in the Anthropocene**

Alexander Paulsson

Lund University, Lund, Sweden

### **Theme Track**

P: Accounting, Economics, and Law

### **Abstract/Description**

Markets and market-based policy instruments are generally designed to fix the problems markets have created. While scholars in economic sociology and in the social studies of markets have explored how such market-based instruments operate, which kind of expertise they mobilize, and what kind of representations of the environment they are built upon, it has not yet engaged with the most significant artifact used in nearly all kinds of markets: money. Still, social theory has long been preoccupied with understanding what money is, how it operates and its implications for social relations. Conventional money is ostensibly an artifact with universalizing properties, working as a unitary metric, enabling commensuration, which, in turn, propel consumption patterns causing environmental degradation and entropic metabolic processes.

In this paper, I focus on the relation between money and the environment by discussing commensuration as an environmental process. After all, the use of money as a metric in circulation is predicated upon exchange of labor-time, raw materials and embodied energy, in ways that are often poorly recognized in relation to the global climate crisis. Money, as a universalizing artifact and unitary metric, is not only a precondition for commensurability, it is also a condition for the possibility of generalized exchange. Money act upon consumers in so far consumers use money on a daily basis to compare a huge variety of goods. While consumers tend to choose to purchase comparatively cheaper goods, produced under lax environmental conditions and in places characterized by low labor standards, money literally obscures the social relations underpinning it, as Marx put it.

Because of the performativity of the conventional money-form, commensuration has put everyday consumption is on an unsustainable path. Drawing on recent insights on the usage of money in the social sciences, I expand on the possibility of transforming money, so as to make this artifact perform otherwise. If money would be designed in other ways, for example if multiple forms of money would be out to use for different purposes, it would hinder commensuration as it could circulate in local spheres of exchange and thereby make consumption more sustainable.

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## **Who's Socially Responsible? The Double Bind of Materiality**

Sheen Levine<sup>1,2</sup>, Razvan Lungeanu<sup>3</sup>

<sup>1</sup>University of Texas, Dallas, Texas, USA. <sup>2</sup>Columbia University, New York, New York, USA. <sup>3</sup>Northeastern University, Boston, Massachusetts, USA

### **Theme Track**

P: Accounting, Economics, and Law

### **Abstract/Description**

Some call on corporations to serve society, not just the bottom line. Some disagree, others doubt that a company can be civic-minded. Either way, the debaters often neglect to ask what members of society perceive as social responsibility. Using archival data, press coverage, and behavioral experiments, we suggest that public perception hobbles the promise of corporate social responsibility. We ask how members of society interpret a corporation's actions and attribute the extent of its social responsibility. Employing a blend of experimental and econometric methods, we examine which actions create an aura of social responsibility. We find that consumers perceive a corporation as more socially responsible when it supports more causes, even if the total amount spent remains identical. For example, a company that devotes \$1 million to vaccinating children in Africa against malaria tends to be perceived as less responsible than a company that spreads the same amount across several causes.

What's more, a corporation is perceived as less socially responsible when it supports material causes, those that are related to its core activity. For example, when a pharmaceutical spends money on free vaccination, the public perception is less favorable than when a software company does the same. These results reveal the double bind of materiality: Members of society reward corporations for supporting numerous causes and penalize them for supporting material ones. So, a corporation may be better perceived when it does not specialize. Paradoxically, a corporation may be rewarded with better perceptions of responsibility when it spreads its charitable giving across numerous unrelated causes — even if doing so undermines the effectiveness of dealing with those social issues. We discuss how the double-bind of materiality can hobble the promise of corporate social responsibility in addressing social needs.

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## **"Accountants as mediators in the implementation of public policies in Argentina. An analysis based on the study of the Emergency Assistance to Work and Production program during the COVID-19 crisis"**

Soledad García Sosa

Universidad Nacional de San Martín(UNSAM), San Martín, Provincia de Buenos Aires, Argentina. Universidad Nacional del Litoral (UNL), Santa Fe Capital, Santa Fe, Argentina

### **Theme Track**

P: Accounting, Economics, and Law

### **Abstract/Description**

In Argentina, compliance with the tax laws of productive units implies the interpretation of the regulations, the preparation and presentation of affidavits, the invoicing and issuance of receipts, the upload of data, and the completion of other procedures in addition to the payment of taxes. Most of these procedures are carried out through the digital platform of the Federal Administration of Public Revenues (Administración Federal de Ingresos Públicos- AFIP), the entity in charge of the application, collection, and control of taxes at the national level. In this framework, accountants assist their clients and become essential.

During the COVID-9 crisis, the Emergency Assistance to Work and Production program (Asistencia de Emergencia al Trabajo y la Producción - ATP) aimed at sustaining productive units through benefits such as the postponement or reduction of social charges, salary subsidies, and credits, was implemented in record time in Argentina. Although it was not a tax policy, the work of the accountants was key to quickly interpreting chaotic and changing regulations and using the AFIP digital platforms through which the program's registration, claims, and controls were managed.

In fact, from the analysis of in-depth interviews with accountants and national regulations and inspired both by studies on the sociology of law as well as on regulations and public and semi public bureaucracies, this paper investigates the role of accountants in the implementation of public policies. I will show how these professionals acted as mediators in the ATP program based on their expertise and their professional networks. Which are composed by large companies that update tax laws, blogs and profiles on social networks, and other colleagues. Thus, accountants embody different roles about two planes. On the one hand, concerning the norms, they acted as legal intermediaries insofar as they disseminated, interpreted, and translated changing norms through translation chains, but which also implied manipulation of the meaning of the law. On the other hand, regarding the AFIP systems, the accountants solved operational problems and collaborated with AFIP in correcting errors, while handling the data load. Therefore they can embody multiple roles that can facilitate the implementation of public policies, while manipulating the law

and data for the benefit of their clients, making compliance and non-compliance a grey area.

These professionals reveal themselves, not only as mediators in compliance with tax laws but also as mediators of assistance policies for productive units, mainly for medium and small companies. Therefore, these contributions become doubly essential to reflect on both types of policies. As Nun (2011) suggests, taxation implies a double social relationship with the State, where there is a fiscal collection of resources and an application of public spending. Hence, the accountants mediate in the centre of this double social relationship between the State and the productive units.

## **P: Taxation, Society and the Law**

15:00 - 16:30 Saturday, 22nd July, 2023

Track \*P: Accounting, Economics, and Law

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### **Taxation, Society and the Law**

#### **Theme Track**

P: Accounting, Economics, and Law

#### **Moderator**

#### **Participants**

### **Tax Obedience at COVID Times: A Role Play Illustrating Tax Policy Dilemmas**

Yael Efron, Nellie Munin

Zefat Academic College, Zefat, Israel

#### **Theme Track**

P: Accounting, Economics, and Law

#### **Abstract/Description**

Demonstrating how theory is relevant to real life has always been the aim of many educators. Teachers in all subjects and institutions struggle with the need to convey theoretic concepts to a varied group, hoping to foster curiosity and maintain interest. In law schools particularly, where cohort is largely interested in a practical legal vocation, educators often search for the appropriate balance between teaching the theoretic concepts and their application in professional life. We often search for didactic tools that mediate between theory and its implementation. The need for such pedagogy is even greater with complex issues such as tax laws and policies. Teaching this subject matter requires deep understanding of the values underlining each policy choice, the political and economic interests involved as well as the social, economic and political implications of tax laws. Additionally, tax laws involve highly technical aspects which may frustrate and even bore some of the students. For these reasons, an innovative pedagogy is required.

The law school experience, for many students, offers the opportunity to not only get acquainted with the current legal scheme, but also to develop an individual worldview regarding its underlying values. Exposing students to the law-implementation process, power struggles amongst the interest groups, lends a new perspective as to who the law serves and why. Thus, allowing students to contemplate their own values and interests vis-à-vis those adopted in the law. Such critical thinking supports both their professional and their personal development and may improve their functioning as citizens and taxpayers.

The article will describe an experience which took place at Zefat Academic College (ZAC) School of Law in Israel. We designed and implemented a role play to illustrate universal challenges of tax avoidance faced by tax regimes globally due to COVID-19 times.

The role play simulates in class the proceedings regarding three representative cases of disobedient taxpayers, under different circumstances, during the pandemic. The students represent the interest groups involved and affected by the tax authority's policy and approach regarding tax avoidance in COVID times, and role-play their negotiations and argumentation with the tax authority and in court.

The article describes the simulation, the considerations underlying its design and conduct, as well as the analysis of its didactic value, in light of relevant literature. Although it was not conducted as a scientific experiment, we appreciate the value of disseminating the knowledge accumulated in the process among educators, and thus invite our colleagues into our experiences and insights.

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## **The debate on a uniform tax rate on consumption in Brazil**

Mauricio Pinheiro<sup>1</sup>, Leonel Pessôa<sup>2</sup>, Melina Rocha<sup>3</sup>

<sup>1</sup>UERJ, Rio de Janeiro, Rio de Janeiro, Brazil. <sup>2</sup>FGV Direito SP, São Paulo, São Paulo, Brazil. <sup>3</sup>York University, Toronto, Ontario, Canada

### **Theme Track**

P: Accounting, Economics, and Law

### **Abstract/Description**

The debate on a uniform tax rate on consumption in Brazil

Maurício Canêdo Pinheiro, Leonel Cesarino Pessôa e Melina Rocha

The reform of consumption taxation has been discussed for some years in Brazil. One of the main controversies among experts is the adoption of a uniform rate for all goods and services. One of the arguments against the adoption of a uniform rate is that the supposed regressivity of taxation on consumption could only be minimized with a "reasonable number of tax rates".

This paper is part of an empirical research that aims to show how the adoption of a uniform rate, combined with other factors, can have a better distributive outcome than the use of differentiated rates.

The work focuses on the discussion about the transfer of the reductions in the tax rate on consumption to the final consumer. Public opinion believes that a reduction in the VAT rate means a lower price, as if any rate reduction were automatically and completely passed on to prices. Tax policymakers also assume other effects of a reduction in rates, for example, a demand increase for the good that had the rate reduced or the increase in employment.

Even the most developed literature on tax policy, until recently, did not point out the nuances with respect to this issue. The proposals related to the VAT in the Mirrlees review, for example, rely on the key assumption that VAT incidence falls fully on consumers – an assumption made by default."<sup>[1]</sup>

The objective of this paper is to investigate, based on an econometric model, whether in states of São Paulo, Rio de Janeiro and Minas Gerais in Brazil, a reduction in the consumption tax rate was passed on to the price of the products that had the rate reduced in the past 20 years.

One of the conclusions is that, in Brazil, the identification of the applicable rate is a much more complex problem than in other countries. In this respect, we analyzed and presented aspects of the Brazilian tax system with regard to the identification of the reduction of the tax burden. Secondly, the results show how the transfer to final consumers was equivalent, on average, to one third of the reduction in rates, which shows that the assumption that every reduction is passed on to the consumer is wrong.

[1] Benzarti, Y. et al. (2017). What Goes Up May Not Come Down: Asymmetric Incidence of Value-added Taxes. In fashion: Journal of Political Economy, 2020, Vol 128, No. 12, p. 4441.

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## **Corporate taxation - how to differentiate between corporate actors and other companies**

Anna-Lena Scherer, Ute Schmiel

University of Duisburg-Essen, Essen, Germany

### **Theme Track**

P: Accounting, Economics, and Law

## Abstract/Description

OECD countries often distinguish between non-transparent and transparent taxation of companies (PWC, 2023). Non-transparent taxation means that income is taxed at the company level and, if distributed, again at the individual owner/shareholder level. In contrast, transparent taxation means that income generated at company level is attributed to the individual owner/shareholder and only taxed there (pass-through/flow-through). We can find different distinguishing criteria: For example, in Germany the differentiation is generally based on the legal form of the companies whereas in the USA, companies can choose whether they are taxed (non-)transparently, in case they fulfil specific criteria (check-the-box). Reasoning the distinction between non-transparent and transparent taxation of companies is also important when we consider the current developments in taxation under the OECD's Two-Pillar-approach and under the EU's BEFIT approach.

We argue that the differentiation should be based on the distinction between corporate actors with a separate ability to pay and companies held by only a small number of people without a separate ability to pay. Our analysis is motivated by the idea that there are reasons to differentiate between big companies (like Walmart, Amazon) as corporate actors on the one hand and small companies on the other hand. While we can find the idea of corporate actors in Business Ethics, Social Ontology, Legal Philosophy, and Accounting (Bratman, 2017; Pettit, 2017; Robé, 2011; Avi-Yonah, 2004; Biondi, 2017), they are almost unknown in economic tax research (Devereux et al., 2021).

We begin by discussing that existing reservations against seeing big companies as individual actors result from mainstream market theory. Yet, mainstream market theory is, from our perspective, not adequate because of its unrealistic and inconsistent assumptions. Hence, we need to re-examine big companies using an adequate market theory. Therefore, we secondly apply the political-cultural market theory (Fligstein & McAdam, 2012) and provide a theoretical foundation for the idea that corporate actors have a separate ability to pay. Thirdly, we analyze the implications for taxation to find adequate criteria for the differentiation between corporate actors and other companies.

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## Champions of Disruption or Status Quo Powers? Examining the Complex Roles of China and India in Global Tax Governance

Michael Tyralla<sup>1</sup>, Yujia He<sup>2</sup>

<sup>1</sup>City University of Hong Kong, Hong Kong. <sup>2</sup>University of Kentucky, USA

### Theme Track

P: Accounting, Economics, and Law

## Abstract/Description

The ascendance of the G20 to unprecedented prominence in the global policy arena has as much potential to further the erosion of the US-led liberal international order by fundamentally reshaping the institutions of global governance it is built upon as it does to stabilize it by successfully co-opting the most influential emerging market powers. This has led to a deluge of academic studies on the involvement of emerging

market powers in virtually every area of global governance with the conspicuous exception of international taxation, which has remained largely neglected. This represents a surprising gap even on its own, but it becomes a remarkable one when the following three considerations are taken into account. First, in the wake of the global financial crisis, it was the newly empowered G20 that tasked the OECD to embark on what would turn out to be the most far-reaching reform of the international tax system to date. Second, it is the emerging market powers that have been among the most active in pushing the boundaries of what was considered as possible throughout the G20/OECD reform momentum thus far, despite the odds still heavily stacked against them in numerous ways. Third, it is the emerging market powers (along with many developing countries) that have for decades been calling for a fundamental reform of the international tax system and of the way it has been governed, and should the G20/OECD reform momentum ultimately fail or fall short of its stated objectives, it is arguably they that stand to lose more in relative terms than the advanced economies. In this article, we fill a part of this gap by examining the complex roles of China and India in the ongoing G20/OECD regulatory efforts aimed at tackling the global scourge of offshore tax evasion and avoidance. Our scope includes negotiations over the Common Reporting Standard (CRS), the Base Erosion and Profit Shifting Project (BEPS), as well as Pillar 1 and Pillar 2 of the so-called BEPS 2.0. Employing the theoretical and conceptual tools of world-systems analysis and historical institutionalism, and combining them with data from dozens of extensive interviews with key local and international stakeholders, we compare the distinctive approaches used by China and India to further their objectives in this area, and analyze the extent to which their respective actions have been part of a consistent grand strategy, mere contingency, or something in between. We find that in general, China has pursued a more cautious approach in the negotiations, taking pains not to needlessly aggravate the US and other key members of the OECD, while India has pursued a more confrontational approach throughout. We conclude by exploring the rationale behind these distinctly different approaches, and discuss their possible implications for the future of global tax governance.

## **P: Responsible Finance and Society (I): sustainability and systemic risk**

13:15 - 14:45 Friday, 21st July, 2023

Track \*P: Accounting, Economics, and Law

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### **Responsible Finance and Society (I): sustainability and systemic risk**

#### **Theme Track**

P: Accounting, Economics, and Law

#### **Moderator**

Matthias Thiemann

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#### **Participants**

### **The Institutionalisation of Sustainable Banking: Case Studies From Australia, Italy, Turkey and the Uae**

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#### **Theme Track**

P: Accounting, Economics, and Law

#### **Abstract/Description**

This paper investigates banks' institutionalisation of Sustainable Banking (SB). It proposes a four-dimensional conceptualisation of sustainable banking, which could be "absent", "low", "high", or "paramount". When these forms are interpreted through the lenses of institutional theories, we develop a four-step process of the institutionalisation of SB, namely: "negating", "learning", "disguising", or "revealing". The paper uses case study methodology and deep qualitative analysis of data extracted from reports and websites of four banks selected for being leaders in their sustainability "actions" and "talks" in four countries with different cultural, social and development contexts, specifically the United Arab Emirates, Italy, Turkey, and Australia, to contextualise the SB institutionalisation process. The study covered the years 2006 (before the crisis), 2009 (during the crisis), 2012 (when signs of recovery were glimpsed) and 2015 (when the Sustainable Development Goals (SDGs) were launched). Findings show that

since 2009, all banks' "declared purpose" has been to create value for stakeholders, even though their reports showed much greater "concerns" for shareholders. The banks are mainly in a "learning stage", with the integration of sustainable banking in their core business reaching an intermediate level in a context characterised by moderate institutional pressure. Banks' sustainability actions are ahead of their sustainability talks, still dominated by shareholders' disclosure patterns. With a significant increase in societal expectations and regulatory requirements for sustainability starting in 2012, banks started moving to a "disguising stage" with an increasing sustainability disclosure compared to the level of integration of sustainability concerns into their core business. Sustainability words become louder than sustainability actions, and banks start engaging in "organised hypocrisy" and "decoupling".

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### **Green Securitization, a Legal Structure Currently Unfit for Ecological Transition**

## Theme Track

P: Accounting, Economics, and Law

## Abstract/Description

Since the 2008 financial crisis, the European banking sector and its regulating authorities have been seeking to revive securitization markets. The most recent attempt in this direction is the inclusion of green securitization in the European sustainable finance agenda. Building on Katharina Pistor's work on the legal coding of capital and Eve Chiapello's work on financialization as a socio-technical process, our proposed contribution focuses on the legal structuring of green securitization. Based on the legal documentation and sustainability frameworks of four green securitization deals concerned with energy-efficiency home improvements, it critically examines the new kind of financial circuits that are being constructed to channel funds towards projects deemed to create positive impacts on the environment. Our analysis shows that green securitization's current legal structure fails to properly incorporate sustainability considerations, whether in its contractual terms, financial metrics, or parties involved.

First, securitization transactions' environmental claims rest on voluntary sustainability frameworks, which implies a range of stakeholders tied to the financial sector (standard setters, second-party reviewers, data providers, etc.), with no one accountable for the environmental commitments made. Following these frameworks, funds tend to be allocated to loans with limited environmental benefits, and substantial amounts remain unallocated due to the current lack of eligible green loans to securitize. While monitoring traces the allocation of proceeds, there is little to no environmental impact assessment.

Second, green securitization's truly binding commitments are enshrined in its legal documentation, which does not cover environmental performance. Securitization's legal structure rather secures timely flows of payments, first to a series of financial intermediaries (investment banks, trustees, servicing agents, credit rating agencies), then to investors, without regard to the achievement of established energy-efficiency targets. It induces legal and social distance between debtors and creditors, which weakens accountability for environmental breaches and reduces the odds of collaboration between debtors and creditors in case of default, potentially leading to higher rates of foreclosures.

Third, green securitization requires large volumes of eligible green loans, whose origination must be standardized and accelerated. It relies on the same automated underwriting technologies as mainstream securitization, and entails similar problems: it spurs demand for real estate and speeds housing development, with corollary pressure on the environment; it relies almost exclusively on quantitative financial data, which do not weight green criteria and exclude contextual information on borrowers' particular circumstances, such as their need and will to improve their home's energy-efficiency; and over time, it yields lower underwriting quality, higher default rates, and more lenient environmental standards.

We conclude by imagining what green securitization's legal structure would look like if it were less financialized: it would share decision-making power with non-financial stakeholders (such as local governments, environmental groups, or consumer protection associations), it would incorporate solid non-financial data on the needs and impacts of the environmental commitments being made, and it would contractually tie financial performance with environmental performance.

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## **The Political Economy of Monetary-Fiscal Coordination**

Sebastian Diessner

Leiden University, The Hague, Netherlands

### **Theme Track**

P: Accounting, Economics, and Law

### **Abstract/Description**

Central banks and finance ministries have been faced with growing calls for better monetary-fiscal coordination in recent years. Such coordination has been advocated in both deflationary and inflationary environments and for both entering and exiting from asset-purchasing programmes (quantitative easing and tightening). It has also been embraced and put forward by an ever-wider coalition of remarkably different stakeholders, ranging from financial market participants such as asset managers, to both mainstream and heterodox economists, to progressive think tanks. Yet, how can the supposedly 'silver bullet' solution of monetary-fiscal coordination be expected to play out across different contexts in practice? This paper seeks to shed light on this question by comparing and contrasting formal and informal monetary-fiscal coordination efforts during the post-financial crisis and pre-COVID-19 period.

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## **The macroprudential regulation of the investment fund industry : a comparative study of the UK, the US and the Euro-zone**

Matthias Thiemann

Sciences Po Centre d'études européennes, France

### **Theme Track**

P: Accounting, Economics, and Law

### **Abstract/Description**

This paper traces the attempt to regulate the systemic risks inherent in the business models of investment funds in the US, the UK and the Euro-zone from 2010 onwards. Macroprudential authorities in all three jurisdictions had identified investment funds, including hedge funds identified as sources of systemic risks linked to liquidity and maturity mismatch as well as (hidden) leverage at the latest by 2012, subsequently pushing for a macroprudential regulation of these entities. These attempts were first seeking a G-SIFI designation for the largest funds both at the international level as well as in the US, but these attempts failed by 2015, giving way to an activities based approach. This new approach was seeking to intervene in practices, rather than regulating entities. This approach required the collection of data as well as the production of evidence of these deleterious consequences, a charge difficult to achieve for macroprudential authorities, given the lack of official data collected. Macroprudential authorities sought to deal with the burden of proof by either employing theoretical reasoning based on negative externalities or simulation in stress-tests of market based finance. While these endeavors were stopped politically in the US with the Trump administration in 2017, both the UK and the Euro-zone pursued this path further, leading to advanced regulatory work in both jurisdiction by 2021. This leads to the paradox that while the Covid crisis revealed the much greater vulnerability to the risks of this sector in the US, regulation is more advanced in the other two jurisdictions. Yet, without movement in the US, regulatory progress in the UK and Euro-zone will be limited. Global in nature, the investment fund industry might once more avoid regulation, albeit being at the heart of the financial distress during March 2020, making central bankers the victims of their own QE based success in maintaining financial stability during Covid.