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AAAJ
15,2

A literary theory perspective on accounting

Towards heteroglossic accounting reports

184

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Keywords *Oil industry, Gas industry, Accounting, Theory*

Abstract *This paper adopts a literary theory perspective to depict accounting reports and information as texts rather than as economic commodities and so available for analysis from the vantage point of semiotic linguistic theory. In doing so it takes the literary turn followed by many of the social sciences and humanities in recent decades. It compares and contrasts four dominant genres of literary theory – expressive realism, the new criticism, structuralism, and deconstructionism – to developments in accounting. The paper illustrates these and other ideas in the context of the controversies surrounding the oil and gas accounting crisis and practices circa 1961 to 1990. The paper concludes by outlining a new way of preparing accounting reports based on Mikhail Bakhtin's notion of the heteroglossic novel. This approach calls for making accounting for an enterprise an ongoing conversation rather than a monologic process of closing down on a single meaning.*

Philosophy's central concern is to be a general theory of representation, a theory which will divide culture up into the areas which represent reality well, those which represent it less well, and those which do not represent it at all – despite their pretense of doing so (Rorty, 1979, p. 3).

This paper speculates about the nature of accounting in terms of its representational nature. In doing so, it takes a literary theory approach to understanding the nature of accounting reports. It suggests that developments in accounting and those in literary theory are comparable in many important respects and illustrates this in the context of the oil and gas accounting controversies of the 1970s and 1980s and uses the annual reports of Ranger Oil Limited (ROL) to ground the discussion. The paper concludes, following Bakhtin (1963, 1981, 1994), that a shift in accounting practice to “heteroglossic” rather than “monologic” accounting reports may be timely.

This paper adopts a literary theory perspective to depict accounting reports and information as texts rather than as economic commodities and so available for analysis from the vantage point of semiotic linguistic theory. In doing so it takes the literary turn followed by many of the social sciences and humanities in recent decades. Thus it compares and contrasts four dominant genres of

The first author is grateful to the Social Sciences and Humanities Research Council, Canada, for research grants which provided partial support for this research.



Accounting, Auditing &
Accountability Journal,
Vol. 15 No. 2, 2002, pp. 184-222.
© MCB UP Limited, 0951-3574
DOI 10.1108/09513570210425600

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literary theory – expressive realism, the new criticism and deconstructionism – to developments in accounting.

The paper illustrates how the conventional, common-sense view of accounting as an objective reflection of reality resembles expressive realism in important respects. It shows how the thinking behind the GAAPs, postulates, and standards approach to accounting has similarities to the new criticism. It likens accounting theories such as agency theory and political economy accounting to structuralist ways of analyzing a novel's meaning. And it demonstrates the power of deconstructivist readings of accounting reports for exposing the politics of the text. The paper argues that the correspondence theory of philosophy underpins expressive realism, the coherence theory underpins the new criticism, philosophical positivism underpins structuralism, and an ironic liberal pragmatist philosophy underwrites the idea of heteroglossic texts.

The paper illustrates these ideas in the context of the controversies surrounding the oil and gas accounting crisis and practices *circa* 1961-1990. The paper concludes by outlining a new way of preparing accounting reports based on Bakhtin's (1895-1975) notion of the heteroglossic novel. This approach calls for making accounting for an enterprise an ongoing conversation rather than a monologic process of closing down on a single meaning.

The paper follows the "linguistic turn" taken in many of the social sciences and humanities in recent years (Rorty, 1979, 1998; Habermas, 1992; Bertens, 1995; Docker, 1994; Potter, 1996). Linguistic turn refers to the idea of treating the phenomenon or object of interest as a text and analyzing it for its textual properties using methodologies from literary theory, linguistics, and semiotics. The aim is to understand the meaning inherent in or arising from the object and to uncover how that meaning came to be constituted with language (Arrington, 1997). As Giddens (1984, p. xvi) explains, such research "accords a fundamental role to language, and to cognitive facilities". Since accounting is frequently referred to as the "language of business" and since both preparers and users must rely on language as much as numbers to construct and to interpret accounting reports (Lavoie, 1987), it seems reasonable to investigate accounting reports for their narrative qualities[1].

"Text" is used in its familiar sense as referring to any written or spoken product of language. It includes the "transcript of an interview or a conversation, and texts which are combinations of words and images as for example in advertising" (Fairclough, 1992, p. 4). Accounting studies along these lines have appeared recently which analyze the corporate annual report as a total text including script, numbers, and pictures (Graves *et al.*, 1996; McKinstry, 1996; Preston *et al.*, 1996).

The idea of investigating accounting from a linguistic perspective has been present in the accounting literature for some time (Belkaoui, 1978, 1980). Several research studies have been carried out along these lines. Thornton (1988), for example, showed how accounting relies on metaphors to

produce meaning. Arrington and Francis (1989) used a deconstructionist approach to analyze Jensen's (1983) influential agency theory article. Later Arrington and Francis (1993) made the case for investigating accounting reports for their narrative qualities. Amernic (1997) also showed the power of deconstruction to illuminate the textual ploys and play in accounting research. Moore (1992) argued that literary theory should be useful in understanding accounting as a social practice. Cooper and Puxty (1994) presented a semiotic reading of an important UK accounting text following Barthes' (1974) linguistic structuralist analysis. Cooper (1995) showed how language plays a central role in constructing accounting meaning. Cooper and Puxty (1996, p. 286) argued that accounting, like history, can only be understood as text and so "there is no access to anything except through language". Hopwood (1996, p. 55) called for more research investigating annual reports as narratives which "mobilize, in increasingly creative ways, text and visual images alongside the accounting data". Amernic (1996, p. 59) demonstrated how literary theory can be usefully included in accounting teaching and concluded:

... it is only when the concepts of rhetoric, metaphor and deconstruction are introduced ... that a deeper insight may be gained into the complex social tapestry of accounting.

Funnell (1998) demonstrated the importance of counter-narratives as epistemologies for accounting research. And Llewellyn (1999) outlined the potential for narrative research to expose how accounting reports act as strategic stories that are used to "persuade" organizational participants to alter their vision of the organization. Sydseff and Weetman (1999, p. 459) showed how "applied linguistics can be tailored to the specific situation of an accounting narrative – the operating and financial review". These studies indicate that while a linguistic turn for accounting research "... is quite exciting ..." and although it holds promise, "much more needs to be done" (Arrington, 1997, p. 9)[2].

Following these leads, this paper proposes that there are important similarities in the historical developments in literary theory with those in accounting. In recent years the former has experienced major paradigm shifts including:

- expressive realism;
- the new criticism;
- structuralism;
- deconstructionism; and
- post-structuralism.

The paper argues that, while by no means isomorphic in either time or space with literary theory developments, there are similarities which offer an opportunity to review some of the fundamental tenets of accounting theory and practice.

The research reported below treats the financial statements section, including the auditor's report, of Ranger Oil Ltd's (ROL) annual reports (*circa*, 1961-1990), as a series of texts amenable to analysis from a literary theory perspective. ROL was chosen because it has remained primarily an oil and gas exploration company since its incorporation in the 1950s until the 1990s, and so the changes made in its accounting practices are easily identified since they remained in the same business over that period (see Table I). The results may be applicable to other oil and gas exploration and production companies, and may well be extrapolated to other industries[3].

Year	(1) Successful efforts	(2) Full cost (no deferred taxes)	(3) Full cost (with deferred taxes)	(4) Full cost (per SEC-ASR #253)	(5) Reserve recognition accounting (SEC #5878) (US\$)	(6) Changes in NPV of future cash flows per SFAS-19 (US\$)	(7) World price of light crude (4th quarter) (US\$)
1961	53	214					
1962	108	289					
1963	(9)	313					
1964	342	322					
1965	223	227	156				
1966	335	154	111				
1967	(121)	156	121				
1968	283	461	311				
1969		342	182				
1970		601	431				1.35
1971		1,051	761				1.75
1972		1,339	812				1.90
1973		1,702	1,094				13.65
1974			1,183				10.40
1975			1,423	1,256			10.46
1976			1,945	1,778			11.51
1977			3,424	2,461			12.70
1978			2,302	(3,773)			12.70
1979				10,942	44,785		22.84
1980				25,501	145,731		31.22
1981				16,979	(99,709)	(193,478)	34.16
1982				28,185	(7,966)	(13,698)	33.23
1983				38,146		(41,107)	28.75
1984				(13,271)		(17,257)	28.75
1985				(23,864)		1,984	28.00
1986				5,475		(49,691)	27.83
1987				6,450		12,112)	17.59
1988				10,204		2,966	17.06
1989				29,220		104,865	
1990				40,260		46,579	

Note: Data in italics are retroactively presented according to the accounting changes subsequently adopted

Table I.
Various kinds of net
income (\$000s) reported
in ROL's annual
reports, 1961-1990

Background on oil and gas accounting

Oil and gas exploration and production firms are capital intensive. They incur large sums of money in the search for oil and gas reserves before the results – successful or unsuccessful – are known. These expenditures (which in general tend to be much greater than the “lifting” costs on production) are often referred to as “intangibles” and include the costs of:

- acquiring property;
- government permits and the like;
- geological and geophysical work;
- drilling;
- casing pipe;
- road construction;
- interest charges;
- site clean up; and
- legal fees.

The revenue stream for successful exploration projects ensues over many years and most wells continue producing oil and gas decades after the costs to find them to have been expended. These enterprises, then, face uncertain pay-offs from these expenditures with the revenue streams extending well into the future. Accounting for them poses formidable problems[4].

Four main accounting models have been used by the industry to deal with these issues:

- (1) immediate write-off of all costs;
- (2) full cost;
- (3) successful efforts; and
- (4) reserve recognition (RRA), also referred to as discovery value accounting.

Under immediate write-off, all costs of exploring for and discovering oil and gas are expensed as incurred while revenue is recognized when reserves are produced. (This violates the matching principle and is seldom used today.) Under the full cost method, intangible expenditures are capitalized in one account and written off as depletion expense (on a unit of production basis) while revenue is recognized as reserves are produced. The major objection to full costing is that it results in long-term assets on the balance sheet – dry holes and abandoned properties – that have no value.

Under the successful efforts method, intangible costs are allocated to specific cost centers such as:

- individual wells;
- oil fields;

- geographic territories; and
- capital assets.

This method calls for expensing all costs during the exploration and development stages unless they can be associated with capital assets (e.g. a specific well, a specific property, a property right, a structure, or some tangible equipment). They are capitalized if they can be reasonably associated with specific actual or potential reserves of oil and gas and written off later on a unit of production basis. Revenue is recognized when reserves are produced. While this method results in a better measurement of assets on the balance sheet than does full costing, it violates the matching principle since dry holes are necessary to find productive wells and should be “attached” to the revenues earned.

Reserve recognition accounting deviates radically from these three methods. Following economic theory, RRA deems net income to be the increase during the accounting period of new reserves discovered, along with the changes in the present period in the value of previously discovered reserves, both measured in terms of an estimate of their future net present value. Anchored in a current value concept, RRA avoids the cost allocation problem and, while it accords with economic theory, several highly uncertain factors (e.g. when the reserves will be produced and in what quantities, what the price will be then, and what the cost of capital will be during that period) make the measurement problem in RRA formidable and its results tenuous.

Since each of these methods has major drawbacks and no one emerges as clearly the best, it is not surprising that accounting principles setting bodies, especially in the USA, became embroiled in lengthy, contentious, and politically infused debates in attempting to develop a uniform standard for the industry (see the Appendix). Against this background, the paper investigates the changes that have taken place in oil and gas accounting over the years from a literary theory perspective.

Expressive realism

Expressive realism refers to the common sense view of literature. It takes language to be a transparent medium and assumes that a novel acts like a mirror to reflect reality. Language is seen as a way of naming things and, as with a clear window, gives access to the pre-existing world of objects and ideas[5]. So a good literary work is seen as re-presenting that world in a way that the reader recognizes as commonsensical and true[6].

The canons of literature are those valuable novels which are deemed to tell the truth about human nature, reflect the historical period that produced them, provide deep insights about the world in general, and so in a special way are worth reading (Eagleton, 1983). These great works capture a literal mirroring of the reality and of our ideals about the world “out there” which, it is assumed, exist independently of either the author’s intentions or consciousness or the novel itself.

Expressive realism assumes that these authors have captured the world more insightfully and imaginatively than do run-of-the-mill writers. They have an extraordinary experience for life, a reverent open-mindedness, an honest moral intensity, and near superhuman powers of originality and wisdom (Felperin, 1985). Their rare subjectivity enables them to direct the reader's attention the myriad things going by which are most worthy of concern and contemplation. They give form to their own particular experiences and world views in a manner that is more insightful, more immediate, and more honest than the rest. Their narratives vividly and forcefully describe the realities of life and its metaphysical forces in a way that delights, instructs, and enables the reader. And the literary critic, also a person of rare and visual sensitivity (not unlike but not equal to the great authors), is able to "sort out the sheep from the goats, the genuine works of literature from the pretenders and the look alikes" (Felperin, 1985, p. 6). Like the oenophile, the critic can "taste and smell" greatness, mediocrity or dross in the product. While it takes an exceptional author to produce a great work, it requires the eye of the sensitive critic to spot it[7].

Expressive realism, however, brings with it a major conundrum. If the world exists for all to perceive and capture, why do different narratives (even those of gifted authors) of the same pre-existing, objective reality come into being? If the objects and facts are there for all to perceive, why are there so many different versions? Are some true and some false? And literary critics argued among themselves over which novels were or were not the great ones. The expressive realist response, "that reality can be re-presented in different ways without any of them being simply wrong" seemed to many to be unconvincing since it leads to an endless trail of different and competing interpretations – what its critics call a virtual sea of subjectivity – rather than a clear window on reality and truth.

The oil and gas accounting practices in the 1960s illustrate these problems. Both full cost and successful efforts seemed commonsensical, yet the resulting net earnings figures were significantly different. As shown in Table I, ROL's net earnings during the period from 1961 to 1968 differed considerably between the successful efforts and full cost methods. At the time, neither the Canadian Institute of Chartered Accountants nor the American Institute of Certified Public Accountants had issued an opinion statement on the matter. Both methods were acceptable and auditors' reports certified either as "presenting fairly" the financial position of the firm.

Accounting as expressive realism

The conventional or traditional perspective of accounting has some similarities with expressive realism. It takes accounting to be a translucent medium which presents factual data to the world about an enterprise's financial transactions and economic events. A good accounting is deemed to be one that represents the entity in a way that users recognize as commonsensical. Solomons (1991a, b) captures this perspective in describing

accounting as being like a telephone – a neutral medium that promotes the exchange of information between the enterprise and the user; and while it is not an actor in the exchange, it is important that accounting measures be representationally faithful[8].

Perhaps the most prevalent view of accounting information even today sees it as corresponding to some real object, activity, or process which lead to real efforts (costs) and to real accomplishments (revenues) and so gives meaning to basic accounting notions such as “costs attach” and “realization” (Ijiri, 1980, p. 13; Paton and Littleton, 1940). This accounting criterion for income recognition holds that revenue should be recognized whenever there is a market transaction – a real event – and that receipts have been received or are reasonably assured – another real event.

The expressive realism position is also evident in the chairman of the Securities and Exchange Commission’s recent plea for:

... technical rule changes by regulators and standard setters to improve the *transparency* [italics added] of financial statements ... [c]orporate management and Wall Street need to undergo wholesale cultural change, rewarding those who practice greater transparency of financial statements (Harold Lwewitt, cited in Macintosh *et al.*, 2000, p. 29).

And the USA Financial Accounting Standards Board’s SFAS #133 (1998) *Accounting for Derivative Instruments and Hedging Activities* deemed “lack of transparency” as a major flaw that the GAAP would overcome. Contemporary accounting thought still clings to the expressive realism idea that accounting reports, and the information in them should correspond faithfully to some objective reality against which their faithfulness and objectivity may be verified and judged.

Such a position, it is important to realize, adopts, if only implicitly, the correspondence theory of philosophy. This position argues that the truth of a statement, such as accounting income or capital, exists independently of its capture in linguist (alpha and numeric) or other representational media. The gauge or measure for judging its truthfulness, then, is whether or not it mirrors – that is to say corresponds to – the intrinsic nature of the object “out-there” or the thing in itself, as Nietzsche called it. In short, a true representation is deemed to be one that corresponds to reality as it exists in its own right.

This reality-representation distinction is vital to the objectivist accounting position[9]. It holds that a statement is true by being a linguistic “picture” of a fact in virtue of the way its linguistic elements are arranged. Statements that correspond to facts are deemed to be true. They are assumed to have relationships with something outside of language; something extra-linguistic. Something like “net income” then is assumed to exist before its capture in a financial statement. Yet it can only be represented linguistically and so it too is embedded in language.

Correspondence theory, however, is hoisted by its own petard. It can only provide “reasons” for the belief that a linguistic representation corresponds with some thing in itself[10]. Since these reasons are also linguistic, they

must come between it and its linguistic representation. But these reasons are also beliefs and so the correspondence notion, although still the common sense or taken-for-granted conventional view of accounting, looks more like an infinite regress of subjective linguistic reasons and beliefs about the properties of the thing in itself than it does about its true nature. So it seems doubtful that such a notion of truth “explains anything at all” (Prado, 1992, p. 101)[11].

The correspondence theory of truth, as Arthur (2001) shows, is also the taken-for-granted position underpinning much of conventional auditing theory whereby auditors somehow arrive at an opinion that a particular financial statement presents “a true and fair” picture. Either way, it is hard to conceive of an accounting “net income” or “capital” existing somewhere “out-there” before its capture in an accounting report.

In sum, the common-sense view of accounting assumes that the financial reality of an enterprise is “out-there” prior to its capture in accounting reports. The proper way of ascertaining this reality is thought to be with objective and verifiable measurement processes. This realist correspondence view of the accounting assumes the financial reality of a corporation exists independently of accountants, auditors, and accounting reports. Yet accounting runs up against the same problem that undermined expressive realism. Different equally qualified professional accountants come up with different financial statements for identical transactions and events.

To recap, expressive realism assumes that language is a transparent medium, that a novel acts as a mirror of a reality that exists in some extra-linguistically realm and that a good representation corresponds to that reality. The common-sense view of accounting follows this line of reasoning. Yet, both suffer from the problems that come along with their correspondence philosophical theory of truth underpinnings, as well as the subjectivity conundrum. In the face of such drawbacks some theorists turn to a different literary theory genre – the “new criticism”.

New criticism

The new criticism came on the scene as a supplement or successor to expressive realism. In fact, it flourished as an important genre of literary theory in the 1930s through the 1950s (Eagleton, 1983, p. 46). Its central tenet holds that instead of assuming that a novel (text, poem, work of art, etc.) reflects some pre-existing reality or ideal, it could be appreciated for its aesthetic qualities as a genuine work of art. This called for focusing on the form of the text and the artistry with which it was constructed. A text can be read for its aesthetic qualities in accordance with accepted principles of good taste. Its true meaning, its essential property, is deemed to be its artistic internal organization which was more important than an accurate representation of some external reality or ideal. Thus the new criticism concentrates on the relationships within the text, focusing on those elements which give it its distinctive aesthetic form and character.

This approach, however, required establishing a distinct, unique literary language, a set of codes, and some standard criteria of excellence which all competent writers and readers could use. These criteria would make it possible to arrive at a consensus among literary scholars and critics concerning the merits of a novel and so put an end to the endless stream of subjective reinterpretations of canonical works. The achieved meaning was not necessarily in some outside reality; nor in the author's mind or intentions; nor in the critic's subjective interpretation. It was an aesthetic accomplishment right there on the printed page. Paraphrasable ideas and extractable propositions from a particular novel – its content – were less important than artistic form[12]. Instead of reading a novel or poem as a reflection of reality or ideals, it could be read for its beauty in accordance with the principles of good taste.

For new critics, this meant that a novel should be appreciated for the way it uses literary devices such as harmonized connotations, tones, images, symbols and other semantic devices such as parody, irony, and contradiction to create a coherent, balanced, solid and artistic edifice. A great work could be spotted by its subtlety, integrity, and mastery of these textual elements which give it a recognizable distinctive character all of its own. It is deemed to be a carefully crafted, orderly object whose aesthetic form can be recognized by an objective, hard-headed, stringent, and critical decomposition of the work. Special attention needed to be given, for example, to repetition not only of images and symbols but also of sound effects and poetic rhythms. A trained reader could, by means of a close reading, reveal whether or not a text was a carefully crafted, orderly object containing observable aesthetic formal patterns (Wimsatt, 1970).

So new critics treated the work like a Grecian urn – a self-contained, self-referential and exquisite work of art – the meaning of which is trans-historical, timeless, and universal. The critic's job, then, consisted of using these standards and criteria to unfold and explain how the textual elements and details came together as an integrated whole, to search out the way the terms modified each other, and to discern how the linguistic materials coalesced into a thematic, organic, and aesthetic whole (Culler, 1982; Eagleton, 1983). The achieved meaning lay not in some external, real or ideal world pre-existing its capture in the work, nor in the author's intention or consciousness. It is right there on the printed page.

While the new criticism skirts the issue of whether or not a novel or other text corresponds to some thing in itself, it too rests on a philosophical foundation – the coherence theory of truth. Coherence theory recognizes that language must always come between us and the true nature of objects “out-there” and so adopts the position that what is true is simply the statement or belief that best coheres with the overall network of our experience and beliefs. So a true principle is one that fits with our other principles; a true argument is one that follows from our other beliefs and conclusions; and a

true piece of evidence is one that fits into our hypotheses. Our principles, arguments, and hypotheses add up to a coherent picture.

Coherence theorists, then, judge the truthfulness of a linguistic representation by whether or not the statements about it cohere with all the other statements making up the accepted package of statements. So a false statement is one that does not cohere with the others. Importantly, coherence theory does not claim that there is no “brute reality” out there. It only claims that while a thing in itself may well exist, the truth of it is beyond our ability to represent it in some single, absolute, final way using language. As such, coherence theory adopts an intra-linguistic position in contrast with the extra-linguistic position taken by correspondence theory[13].

Shortcomings

While the new criticism emerged as the successor to expressive realism’s dominant position, its prominence did not last. One major defect that became apparent lay in the claim that a text’s true meaning (even if complex and ambiguous) is its aesthetic value which is permanent, unchanging, and timeless. The problem was that since language changes over time, as do the social-historical circumstances of readers and interpreters, so must the meaning of a particular text change. For most of the great novels, their own historical, cultural setting was too different from today’s to allow for valid interpretation in the present. Once out of its original context, a work’s meaning and relevance depreciates considerably.

Another problem concerned the promise that a common language and standardized codes of excellence would reduce and even eliminate subjectivity. Instead, it seemed that subjectivity had merely shifted to competing interpretations of aesthetic tastes and the artistry of the text. Sundry explications of the great works (paradoxically, each with their unchanging, aesthetically appealing forms and universal truths) continued to appear. And, just as daunting, literary theorists began to realize that language helps to construct meaning rather than merely capturing it. Moreover, as with correspondence theory, the coherence philosophical presuppositions also “turn out to be rhetorical ornaments of practice rather than foundations of practice” (Rorty, 1998, p. 64). And, crucially, literary theory seemed to be out of step with the increasing demand within universities in general for scientific, objective, and rational inquiry. In consequence, as we shall see later, a new genre – “structuralism” – developed in the hopes that literary theory might regain a place of respectability within the academy.

Accounting similarities

The accounting profession’s undertaking more than half a century ago to develop and elaborate fundamental accounting standards, postulates, or principles bears some resemblance to the new criticism initiative. By the 1940s, while there continued to be a strong emphasis on the notion of accounting as an accurate, faithful representation of financial transactions

and events, there was also a mounting desire to establish accounting as a deductive process in which fundamental principles could be recognized and from which unchallengeable rules and procedures could be derived. The goal was to reduce the number of alternative ways of producing accounting reports from the same events and transactions. Just as the new criticism sought to develop a methodology for unequivocally determining the aesthetic merit of a work of literature, so too accounting academics and practitioners sought to develop a uniform set of postulates, principles, and standards for indubitably determining the proper way of presenting true and fair accounting information.

In this, Paton and Littleton (1940, p. 4) led the way, observing that "... existing practice is in conflict with itself at a hundred points ...", they attempted to develop a consistent framework of accounting standards and to establish a distinctive and unique accounting language (e.g. matching, cost, earnings, realization, costs attach, accomplishment, and objective verifiable evidence) that all professional accountants would understand and rely on. This set of principles would, it was hoped, overcome the prevailing subjectivity and variations in reporting for similar transactions and events[14]. Such a common system would result in self-contained, self-referential accounting reports that all could respect and admire as carefully crafted, orderly texts with observable formal patterns that readers would appreciate as solid pieces of professional work. Thus, it was hoped, accounting reports would feature:

... uniformity, precision, feasibility, objectivity, verifiability, freedom from bias, etc ...
(Grady, 1965).

Accounting at the time was also seen as an aesthetic endeavor. As May (1943, p. 1) proclaimed, "accounting is an *art*, not a science" [italics added]. And the committee of the American Institute of Accountants (1953) asserted that accounting is:

... the *art* of recording, classifying and summarizing in a significant manner and in terms of money, transactions and events which are in part at least, of financial character" [italics added].

So accounting reports could be judged for their artistic unity and the integrity of their elements as well as for following the prescribed postulates.

The oil and gas accounting controversies which took place later are indicative of these problems and initiatives. When Congress, in 1973, wanted to know the quantities and the cost of domestic oil reserves, they found that there were competing ways of accounting for the same reality. Congress saw this as excessively flexible, lacking in uniformity, unreliable for public policy making, irrelevant, and highly disturbing (Gorton, 1991). Moreover, it seemed that self-interested parties could influence accounting numbers and reports in order to sway other parties such as shareholders, bankers, stock analysts, government agencies providing subsidies, employees, and tax policy makers.

The solution seemed to be to develop one distinctive oil and gas accounting method to which all would adhere and which would be in accordance with official generally accepted accounting principles (GAAPs). Accountant reports would then be appreciated for their good taste and their artistry in conforming to time-honoured postulates and traditions. FASB's selection of successful efforts in 1977 (see the Appendix) as the only acceptable method can be seen as an attempt (as with the new criticism) to develop a unique language and set of constructs that all would use, thus reducing or even eliminating the prevailing subjectivity.

Accounting's postulates and standards period, however, soon encountered similar problems to those that kept nipping at the heels of the new criticism. For one thing, even though, or if, all accountants agreed to follow them to the best of their ability, quite different renderings of net income and capital were still possible from the same database of events and transactions even though the accountants closely followed the prescribed rules of the chosen method since many of the rules and standards could only be stated in general terms. So the professional accountant still had to exercise considerable subjective judgement in applying them.

In the oil and gas accounting example, the FASB's selection of successful efforts (by a vote of four to three) as the only method was a highly subjective enterprise since no scientific theory could be used to decide which method is best. At base, the choice is one of which cost allocation strategy is better than another; yet as Thomas' (1969, 1974) seminal work showed, any method of allocation is inherently atheoretical and arbitrary and so, in the final analysis, must be subjective. Moreover, even within successful efforts, a great deal of subjectivity prevails in allocating costs to various hydrocarbon properties. And, as with the new criticism, accounting was faced with the general feeling in society that professions and academic subjects should be objective, rational and scientific in nature and not left to the idiosyncratic whims of those individuals who society relies on for truth and proper guidelines for actions. Modern industrialism, advancing technologies, and scientific progress indicated that accounting, along with literary theory and criticism, was in need of a wholesale and radical revamping. Not surprisingly, then, both came to adopt their own "brand" of structuralism, the movement that had made impressive inroads into most of the social sciences and humanities.

Structuralism

Structuralism came into prominence in literary theory in the 1960s. Structuralists contend that the individual elements of any purposive system have no meaning in their own right but only by virtue of their relationship with the other elements in the system. "The images do not have a 'substantial' meaning, only a 'relational' one" (Eagleton, 1983, p. 95). This relationship is defined by the system's structure, its organizing laws, principles, and its rules that set it in motion (Sturrock, 1986). While not visible on the surface of the

system, these laws can be discovered (or uncovered) to reveal the system's inner workings[15]. So literary structuralists eschew the traditional project of elucidating and evaluating the author's message (Phillips, 1980, p. 374). Instead, they investigate:

... a text's relation to particular structures and processes, be they linguistic, psychoanalytic, metaphysical, logical, sociological or rhetorical. Languages and structures, rather than authorial self or consciousness, become the major source of explanation (Culler, 1982, p. 21).

The words on the page are a reflection of the organizing principles and rules which lie below the surface (Felperin, 1985).

Structuralists, then, are less interested in what a novel has to say on the surface than they are with the structure that allows it to say what it says. The structuralist:

... refuses the "obvious" meaning of the story and seeks to isolate "deep" structures within it which are not apparent on the surface ... (Eagleton, 1983, p. 96).

So rather than taking the story at face value:

... a structuralist analysis will try to isolate the underlying set of laws by which these signs are combined into meanings (Eagleton, 1983, p. 97).

The surface imagery (essential for the expressive realist) and the aesthetic aspect (vital for the new critic) are seen as merely variations of some fixed, permanent, organized ordering of the elements below the novel's surface where its true meaning lies waiting to be excavated. Meaning and reference are the effects of deep structures and the organized play of language. The words on the page are a reflection of concealed depths.

Northrop Frye[16] was particularly influential in establishing structuralism. He argued, as Eagleton (1983, pp. 91-2) explains, that:

If you examined it [a novel] closely, you could see that it worked by certain objective laws, and criticism could itself become systematic by formulating them. These laws were the various modes, archetypes, myths and genres by which literary works were structured.

Earlier, the Russian Formalists such as Roman Jakobson had pursued a similar line of analysis in looking for and uncovering what they believed were "... the deep laws and structures underlying literary texts" (Eagleton, 1983, p. 98). While Czech structuralists "... insisted on the structural unity of the work: its elements were to be grasped as functions of a dynamic whole ... " (Eagleton, 1983, p. 109). Docker (1994, p. 54) neatly sums up structuralism this way:

The characteristic structuralist method was to assume and search for, in any phenomena from myths in traditional communities to mass culture in American and European societies, the langue, the single deep structure that would explain it ... For Saussure and his followers this meant the parole, how people talk, is directed by langue, a single deep inner structure that would explain it.

Ahearn's (1989) analysis of Jane Austen's *Pride and Prejudice* is an exemplar. An expressive realist interpretation would see it as showing how delaying

Elizabeth's wedding brings about a good, happy marriage as the solution to a woman's conflicts, desires, disappointments, and survival, and giving laudatory consent to the beauty of Darcy's estate. New critics would acclaim the book for its aesthetic qualities. Ahearn's structuralist reading, in contrast, claims to reveal the novel's deep infrastructure – the emerging capitalist mode of production with its inner laws of forces and relations which determine Elizabeth's being and which reveal the political unconscious of the text, particularly:

... the new relations among the classes and increasing alienation among individuals, including vicious economic struggle and the unhappiness of women in what Marx and Engels sneeringly called Bourgeois marriage (Ahearn, 1989, p. 31).

Structuralism flourished for a while in literary theory in the hopes that it could overcome the pervasive subjectivity of both expressive realism and the new criticism. It was also seen to be a response to the demand in universities in general for more scientific and objective modes of inquiry. Developments in accounting followed suit since structuralism (deducing underlying laws of phenomena) was seen as quasi-scientific.

Structuralism in accounting

Structuralism, in the form of neo-classical economic theory, emerged as an important theoretical base for accounting in the 1960s, gained momentum in the 1970s, and in the next two decades came to dominate research and practice, especially in the USA. That economics is a structuralist endeavour has been often overlooked, but as Sturrock (1986, pp. 64-5) opined:

Economics, be it noted, is the structural study par excellence ... An economy is the ideal example of the functioning whole all of whose parts interact and depend on one another ... while econometrics ... is unadulterated structuralism.

And Saussure (1959) used economics as the model for developing his influential, seminal, structuralist semiotic theory of language[17].

By incorporating neo-classical economics into accounting, informational perspective researchers were able to integrate a whole range of contradictory and non-rational accounting practices, principles, and theories into a single model. Information economics, agency theory, transaction cost analysis, and efficient markets research in accounting flourished. Moreover, economic theory found its way into GAAP and practice as, for instance, in accounting for pensions, bonds, leases, installment sales, and, as we shall see, oil and gas accounting.

A key aspect of this development was the net present value model. Asset and liability accounts were seen not so much as representative of past expenditures, but as repositories of future streams of cash flows. As one influential study stated:

Since wealth is most basically an expression of future net economic benefit to be received by the owner of wealth, it seems most correct theoretically to measure wealth and its change (income) by appropriately discounting future transactions (Mueller, 1971, p. 29).

Regardless of what was reported on the face of financial statements, the true economic meaning could be revealed by uncovering the below-the-surface structure which followed the rules and logic of the net present value model.

Marxist-based accounting research is also founded on structuralist presuppositions[18]. Tinker (1980, p. 158), for example, contended that the social relations of production structure accounting reporting:

... political and social conditions predicate any economic analysis, thus the accounting results are only as good as their political and social precepts (moral injunctions) . . .

Furthermore:

... markets are not “free” but structured and we have to discern the structure if we are to explain the distribution of income.

Along similar lines, Cooper (1980, pp. 164-5) argued that accounting is driven by the relations of power (the status quo) in society and so:

... accounting information is used as a means to support groups who are currently powerful in society . . . a mere tool of the powerful groups.

And Hopper and Armstrong (1991, p. 433) contend that:

... [t]here is a relationship between systems of accounting and phases in the evolution of capitalist control of the labour process . . .

and

... [b]y the 19th century, labour had become formally subordinated to capital (Hopper and Armstrong, 1991, p. 413).

As with economics-based accounting studies, Marxist accounting researchers sought out the below-the-surface organizing laws which structure accounting practices and reports.

Oil and gas structuralist accounting

The FASB's selection of successful efforts (SFAS #19) as the official, uniform method, and the SEC's tacit endorsement of it, alleviated some of Congress' concerns regarding the lack of uniformity of reporting practices. It did not, however, overcome the prevailing disquiet regarding either full cost or successful efforts accounting for energy enterprises[19]. This opened up some space for SEC chairman Harold Williams, “ . . . a strong advocate of current economic values rather than historical costs in financial reporting . . . ” (Gorton, 1981, p. 39), to press for reserve recognition accounting (RRA). In consequence, the SEC issued ASR #5878 (26 October 1978) which confirmed SFAS-19 as a commission regulation but, importantly, also required RRA as supplementary, unaudited information. Four years later, FASB issued SFAS-69 which required as supplementary information both the quantities of proven and probable oil and gas reserves and a standardized measure of the present value of their future cash flows. The economics-based structuralist model became an integral part of oil and gas enterprises' financial reports.

Ranger Oil Limited's response

Ranger Oil began following these requirements in its 1980 annual report as unaudited supplementary information along with this caveat:

Although management supports the additional disclosure requirement of the future net revenues and net revenues and net present values of reserves prepared under specific guidelines, they feel there are too many inherent difficulties in the estimation process to utilize this information in determining earnings for a period. The earnings determined under RRA will differ substantially from the cash flow generated from production operations and do not reflect the funds available for dividend payments or exploration and development.

Thus, ROL's annual reports for 1980, 1981, and 1982 contained both historical cost net income (on a full cost country-by-country basis) and RRA earnings. As Table I indicates, these two sets of earnings differed significantly.

In 1983, ROL's accounting practices changed again in order to conform with SFAS-69, which came into effect at the end of 1982. This directive outlined in detail the method to be followed to develop a standardized measure of discounted future net cash flows from oil and gas reserves, as well as changes for that year. Also in 1983, ROL's annual report included supplementary information (as required starting in 1983 by the Canadian Institute of Chartered Accountants (CICA) but withdrawn in 1986) of net earnings calculated on a current cost basis. Regarding the current cost information, the reports stated that:

... while inflation and changing prices have effects on its operations ... these disclosures do not approximate these effects, as such they have limited value.

Thus, between 1981 and 1985, ROL's annual reports included a variety of earnings calculations which differed significantly (see Table II).

The discovery value accounting initiative, however, came undone when the price of oil fell from around \$40 in 1980 to about \$17 in 1988. (Experts earlier had predicted a price of at least \$50 by the mid-1980s and such estimates were used in RRA statements.) The wide swings in reported income (see Tables I and II), due in large part to price movements, cast a large shadow of doubt on the net present value model. Consequently, later in the 1980s both the SEC and the FASB dropped these reporting requirements. And while successful efforts

Year	Audited historical cost net income (\$)	RRA earnings (\$)	Unaudited supplementary information	
			SRFS - 69 earnings (\$)	CICA current cost earnings (\$)
1979	10,942	44,785	N/A	N/A
1980	25,501	145,371	N/A	N/A
1981	16,979	(99,709)	(193,478)	N/A
1982	28,185	(7,966)	(13,698)	N/A
1983	38,146	N/A	(41,107)	15,826
1984	(15,860)	N/A	(17,257)	(27,186)
1985	(23,864)	N/A	1,984	(30,799)

Table II.
Selected information
contained in ROL's
annual reports
(1979-1985)

were deemed the preferred method, a form of full cost (country-by-country cost centers) was also acceptable[20].

Conundrums

While the structuralist movement gave literary theory a boost and held sway for a time, drawbacks began to surface. The subjectivity problem that plagued expressive realism and the new criticism had not, it seemed, gone away but had simply shifted to another ground. In order to deploy structuralism, the literary theorist had subjectively to pre-select the particular theoretical framework which would illuminate the deep, below-the-surface meaning of the object. As structuralist interpretations of the great works of literature mounted up, it became apparent that each was based on a:

... preemptive or biased reading ... neglecting the distinctive themes of a work to find in it the manifestations of a structure or system prescribed by their discipline (Culler, 1982, p. 20).

Different researchers appropriated different structuralist theories (Marxism, Freudian or Lacanian psychology, various branches of philosophy, categories of cultural anthropology, etc.) to analyze a particular work. Each of these interpretations, as with the different models for oil and gas accounting, came across as equally forceful, yet yielded quite different meanings for any particular novel.

So, on the one hand, it looked like specific structuralist scholars rigidly and mechanically extracted the same themes and patterns from a variety of works, thus making every novel they analyzed a carrier of the identical meaning. On the other hand, depending on which framework was deployed, a particular novel could mean almost anything (Culler, 1982). Structuralist analysis seemed to merely corroborate the truth of the particular theory drawn upon rather than unearthing the narrative's achieved meaning[21]. In a similar fashion, as the ROL quotation above illustrates, economics-based RRA produced information of a highly tenuous nature and was seen to contain so many inherent estimation difficulties as to be useless in determining earnings, nor was it helpful for determining the amount of funds available for additional investments in oil and gas properties or for dividend payments. Moreover, RRA subsequently proved to be highly inaccurate.

As with expressive realism and the new criticism, structuralism is underwritten by a specific philosophical theory – positivism. Positivism is firmly grounded on science and scientific description. Science is a hypothetical-deductive process featuring the formulation of laws derived from descriptive generalization and unbiased observation. It holds that “science provides humanity with the clearest possible ideal of knowledge” (Beck, 1979, p. 28). Phenomena of all kinds – natural and social – can be explained by scientific laws. Any speculation as to ends, final causes or transcendental grounds is ruled out as mere illusion. So positivists look empirically at social conduct in terms of its concrete workings and observable relations amongst its members.

While positivism is primarily concerned with producing facts, it runs into trouble, ironically, since scientific statements are by their very nature linguistic descriptions and so, as with correspondence theory, language always comes between both the natural and social world out there and the scientific descriptions of them. Since language is always historically and socially contingent, no such statement can ever be a final, permanent thing.

Furthermore, as Lyotard (1984) made clear in his seminal book, *The Postmodern Condition: A Report on Knowledge*, “capital-S Science” came on the scene with the enlightenment project as a highly successful attempt to replace traditional handed down narrative knowledges contained in and legitimated by myths, legends, superstitions, and various religions which had no firm grounding except for belief. Yet science itself was underpinned and legitimated only by narrative knowledge contained in other metanarratives – progress, reason, truth, history, and identity. Thus, while science is critical of and wanted to replace narrative knowledge with scientific knowledge, ironically, “science relies on narrative knowledge for legitimation” (Poster, 1990, p. 143)[22], the very process it originally wanted to eliminate. Science itself was grounded in narrative knowledge.

Moreover, if a text of any kind:

... can be shown to have a structure, it is all too easy for the critic then to show that this structure is the object of the text and of the author. The text is thus perverted into the realization of a structure which pre-existed it, it is predetermined (Sturrock, 1986, p. 141).

This is to say, the text must have been constructed to represent a predetermined structure, the very opposite of the structuralist position. This pitfall was elaborated exhaustively by Jacques Derrida, who is generally attributed to be the developer of deconstruction, a special strategy for reading a text.

Deconstruction

Deconstruction emerged in the late 1970s and early 1980s as an *avant garde*, radical genre of literary theory and criticism. Developed by Derrida (1967, 1976, 1981) as a poststructuralist strategy for reading a text of any kind, a deconstructive analysis proceeds by unpackaging (or un-constructing) the text in order to reveal how the text came to construct some central, coherent meaning and to expose the struggle over centrality of meaning embedded therein. Importantly, however, it does not attempt to destroy or destruct the text. Rather, it aims to open it up in order to reveal the plenitude of meaning therein. A deconstructive reading also hopes to reveal the politics of the text and is:

... ultimately a political practice, an attempt to dismantle the logic by which a particular system of thought, and behind that a whole system of political structures and social institutions, maintains its force (Eagleton, 1983, p. 148).

While expressive realism, the new criticism, and structuralism attempted to write or interpret a text in such a way as to construct some sovereign meaning,

package it neatly, and present it to the reader as a tidy bundle with a central, coherent, and final substantial essence, a deconstructionist reading, in contrast, reverses this process to show how that meaning came to be constructed. The deconstructor scrutinizes and interrogates the text to ferret out the linguistic moves and literary ploys used to arrive at that meaning. As Derrida (1967, p. 21) puts it, the goal is "... neither the destruction nor the demolition but the de-semination, the de-construction" of the text.

A deconstructive reading scrutinizes the particular text in question in an attempt to expose the implicit or explicit metanarratives or logocentric impulses which underpin the achieved meaning. (Logocentrism is the felt need to find and bring some permanent, final meaning about how things are or should be into the present[23].) A deconstructionist reading reveals these metanarratives and logocentric moves in order to show how they were defined and legitimated by what they marginalized or excluded (Norris, 1982; Ryan, 1982). It attempts to disrupt, disturb, and de-theologize that meaning.

So deconstruction involves producing a historical narrative to show how a particular text got constructed in the way that it did. This history is "genealogical" in the sense of beginning with the achieved, central meaning and going back in time to uncover the rhetorical steps taken to arrive at it (Sarup, 1993). Deconstruction is often misread as a form of relativism. Whereas relativism holds that there are different, self-contained traditions, ways of life, and world views, each of which should be judged in accordance with their own standards (Trigg, 1985), deconstruction takes a text on its own terms and writes about its historical evolution[24].

The first step consists of carefully sifting through the textual material to reveal something already there. In particular, the deconstructor looks for the way that some crucial words (signifiers) got hierarchised by ceding them a place of privilege over their alterities (their self-same, binary opposites such as: good/evil, white/black, man/woman, heaven/hell, young/old, culture/nature) and which comprise its metaphysical hierarchy.

In a traditional philosophical opposition we have not a peaceful coexistence of facing terms, but a violent hierarchy. One of the terms dominates the other (axiologically, logically, etc.), occupies the commanding position. To deconstruct the opposition is above all, at a particular moment, to reverse the hierarchy (Derrida, 1981, p. 41).

The second step involves temporarily reversing the text's metaphysical hierarchy by privileging the opposite side. The third and final step reveals how the struggle for dominance is undecidable[25].

Deconstruction is philosophical only in the sense that it "refuses to grant philosophy the kind of privileged status it has always claimed as the sovereign dispenser of reason" (Norris, 1982, p. 18). More specifically, it takes a stand against "western philosophy's dream of enjoying a total presence that is undisturbed by absence or lack" (Taylor, 1986, p. 3). Whereas this "logocentric impulse" – the longing for some unmediated presence of truth – of western philosophy has privileged oneness and unity in an effort to overcome plurality and reduce the many to one, deconstruction interrogates and blurs the

boundaries between philosophical writing and literary theory. It accomplishes this by:

... seeking out the process of producing the [philosophical] text: the organization of the discourses which constitute it and the strategies by which it smooths over the incoherences and contradictions of the ideology inscribed in it (Belsey, 1980, p. 129).

Deconstruction does not endorse philosophy's quest for some meaning that lies outside of the play of language – a meaning that exists in itself as foundational and unchanging (Culler, 1982, p. 189).

Accounting and deconstruction

Deconstruction has been advocated as a way to analyze accounting reports, theory and texts (Macintosh, 1988; Arrington and Francis, 1989; Tinker and Neimark, 1990). Arrington and Francis (1989) offered a deconstructive reading of Jensen's (1983) influential article to show how it privileged positive agency theory research over normative principle-agent research only by evoking a normative, moralistic structure. (Put differently, it privileged positive agency theory over normative agency theory, but it legitimated this hierarchization by means of a normative narrative; it had to be normative to be positive.) They also revealed the politics of Jensen's text which claims that the positive research tradition originated in the 1970s at the University of Rochester when, in fact, the University of Chicago is generally given credit for its appearance in the 1960s. Similarly, Tinker and Neimark (1990) deconstructed Williamson's (1981) text which privileged capitalistic production organizations (hierarchies) over governance by bilateral transactions in the marketplace (markets) by invoking the market narrative of survival of the fittest. And Amernic (1996, pp. 59-60) showed how:

... it is only when the concepts of rhetoric, metaphor and deconstruction are introduced (to analyze three different accounting firms' written opinions on a real life revenue recognition issue for a funeral home company) that a deeper insight might be gained into the complex tapestry of accounting.

Deconstructing ROL's 1982 net income figure

Deconstruction can be drawn on as a way of reading ROL's accounting reports. The first deconstructive move is to identify the privileged hierarchical metanarrative. In the "Consolidated statement of earnings and retained earnings" of ROL's 1982 Annual Report, net income is reported as \$28,185,000. The "Notes to consolidated financial statements", Section 1(e) Accounting Policies state:

The company follows the "full cost" method of accounting for oil and gas operations whereby all costs of exploring for and developing oil and gas reserves are capitalized ... in centres established on a country-by-country basis and depleted using the unit-of-production method based on estimated proved oil and gas reserves in each cost centre.

The statements are signed as "approved" by two senior directors and attested to "... present fairly the financial position of the company ... and the results of its operations" by ROL's auditors. The reported net income is also highlighted

throughout the annual report and cited in the financial highlights and in sections of the chairman's report. Historical full cost net income is privileged as the central meaning.

Elsewhere in the 1982 annual report, however, as part of the supplementary financial information (unaudited) section, another "bottom line" figure appears. The "Oil and gas reserves and related reserve recognition accounting data" [Section 1c] "Summary of oil and gas producing activities" states "Results of oil and gas activities on the basis of reserve recognition accounting" resulted in a \$7,966,000 loss. The preamble to Section 1(c) reads:

The following information with respect to Reserve Recognition Accounting ("RRA") has been prepared in accordance with the Securities and Exchange guidelines. Under this method of accounting, annual earnings are based on the change in value of proved reserves relative to the exploration and development expenditures incurred for the corresponding period.

Although management supports the additional disclosure requirement of the future net revenues and net present values of reserves prepared under specific guidelines, they feel there are too many inherent difficulties in the estimation process to utilize this information in determining earnings for a period. The earnings determined under RRA will differ substantially from the cash flow generated from production operations and do not reflect the funds available for dividend payments or exploration and development.

Thus, the reserve recognition accounting income figure is marginalized (unaudited and supplementary), while the full-cost net income figure is given center stage.

The metanarrative underpinning full cost is the traditional historical cost accounting story. Its basic principle holds that historical (original) cost is the primary basis for the measurement of productive assets and for incurred liabilities at the time they were acquired. Historical cost is objective when there has been an arm's length transaction between an entity and an outside party and is verifiable when there is documentation (invoices, vouchers, receipts, bank cheques, contracts, etc.) of that transaction. ROL's historical cost accounting reports attempt to present the past in the present financial report.

In contrast, RRA, underpinned by a neo-classical economics based metanarrative, holds that what is crucial in terms of information is the marginal (next, future, incremental) cost which should be the basis for the measurement of assets and liabilities. While it is recognized that subjective judgements must be made to arrive at and predict these future costs, they are nevertheless deemed to be more relevant than past costs which are "history" and "sunk". RRA attempts to bring future events and transactions into present financial reports. RRA, however, in ROL's case is treated as supplementary and inappropriate for income measurement.

As an aside, a supplement, as Derrida (1976, pp. 269-316) explains in detail, can mean something added to make up for a deficiency (e.g. a dietary supplement). It can also refer to an addition to something already complete (e.g. a supplementary course reading list). And it can indicate that too much has been added, thus resulting in an overflowing (e.g. a steroid medication as a supplement to an athlete's weight training program). Thus "the play of the supplement is indefinite" (Derrida, 1976, p. 298). In ROL's case, the

supplementary RRA statements functioned in all three senses. Thus, the meaning in the report is rendered permanently undecidable.

The next deconstructive move is to temporarily privilege RRA. At the time, RRA received a great deal of support as being more relevant for users than historical cost. For example, SFAS No. 1, 1978 declared that economic decisions of users of accounting reports are best facilitated by information regarding future cash flow prospects. While Harold Williams, chair of the SEC in 1977, reported that before coming to the commission as a member of the Board of Phillips Petroleum, he:

... had some sense of the inadequacy of the various methods (successful efforts and full cost) of accounting ... When it came to oil and gas accounting neither of the (historical cost) methods that were in use gave you much information of any economic value ...

And while cost is:

... certainly a lot safer in some respects it is useless, or next to useless (Gorton, 1991, p. 39).

Along similar lines, Richard Adkerson, a partner in Arthur Andersen & Co. and the SEC professional accounting fellow, testified:

My conclusion was that you could not make significant improvements in the basic financial statements without abandoning the historical cost concept (Gorton, 1991, p. 39).

Clarence Sampson, the SEC's chief accountant at the time, stated:

My own views run towards giving people value information. The people who are trying to make decisions about investments ought to know what the assets are worth (Gorton, 1991, p. 39).

And Arthur Andersen & Co.'s position at the time stated:

There is substantial support in sound business logic for the application of discovery value accounting in the oil and gas industry ... which would *vis-à-vis* historical cost accounting ... (1) provide an improved measure of the capital position of the entity, (2) accord with the economic facts of the industry, (3) result in a more useful and meaningful statement of operations, (4) permit better comparison among companies in the industry, and (5) present the facts in a fair manner (Arthur Anderson & Co., 1969, p. 117).

Research also supported the RRA model. Bell (1983), for example, found that revenue recognition accounting had a significant effect on stock market prices and that this reaction was more pronounced than the market's response to traditional historical cost earnings disclosures. While Skinner (1987, pp. 466-87) contended:

The oil and gas production industry is an industry whose financial performance is not well portrayed by traditional historical cost accounting ... Both methods (successful efforts and full cost) are subject to the fatal flaw that they do not measure the real success of the enterprise ... the information most relevant to the financial position and operations of an oil and gas producer concerns its producible reserves ... If it were possible to recognize the value of reserves when discovered, there would be a much closer correlation between the economic fortunes of an enterprise and the operating results as expressed in accounting statements (p. 468).

These points of view clearly privilege RRA over historical cost methods.

The final deconstruction move involves permanently disturbing the oppositional hierarchy. While future cash flows may seem more important today than past costs, they would not be forthcoming if the past expenditures had not been made. Arguably, future cash flows are very much a function of past expenditures and so cannot be privileged over past costs. Conversely, past expenditures were made in order to acquire future cash flows and the decision to incur them was based on estimates of future cash flows. So while the future depends on the past – the past anticipates the future. Neither side of the oppositional hierarchy seems able to claim superiority. The meaning of the accounting report is this struggle embedded in it.

Although a deconstructivist reading can result in increasing our awareness of what is at stake in constructing and in reading accounting reports, it does not say much about what might be done to improve on current oil and gas accounting practices. For this the paper now turns to the work of Bakhtin (1895-1995), particularly his conception of the heteroglossic novel, to speculate about a different kind of accounting report.

Heteroglossic texts

Bakhtin is considered to be the harbinger of post-structuralist literary theory. Without knowing it and well ahead of his time, he pre-empted much of its spirit and form (Sturrock, 1986, p. 136). Bakhtin was a Russian literary theorist whose life work was a struggle against the soviet government's program in the 1920s and 1930s to homogenize (i.e. "Leninize") all soviet culture and art, including novels and literary institutions. The government required all authors to join the Soviet Union of Writers and, in an all out drive to ensure a single stylistic and institutional perspective, declared "socialist realism" as the only "necessary aesthetic unity"[26].

Bakhtin identified two major genres of novels – the monologic and the heteroglossic. In the monologic, the author dominates the characters and events. He or she knows everything about them, including things the characters themselves do not know. Bakhtin sees Tolstoy as the master of the monologic novel. In *Three Deaths*, Tolstoy describes and analyzes the lives and deaths of a noblewoman, a coachman, and a tree. He knows all about them and gives each, including the tree, a definite and final meaning. He "finishes" them and "finalizes" the narrative.

The heteroglossic novel, in contrast, gives equal weight to the characters' and the author's voices. The latter is not the ultimate authority and does not impose any unique, final meaning or ideological view on either the characters or the plot. For Bakhtin, Dostoevsky is the master of the heteroglossic novel. His characters exist as autonomous, self-conscious, unfinished beings who interact dialogically and on an even plane with the other characters, and with Dostoevsky himself. Moreover, the characters' and the author's views are contradictory, developing, and unfinished.

The reason for this, Bakhtin contends, lies in the nature of "utterances", a key concept in Bakhtin's theoretic. Utterance denotes any concrete conversation,

discourse, thought, or word as it is uttered in social settings. They are two-sided social acts with a speaker (author, character, etc.) on the one side and a listener (responder, character, etc.) on the other. Words do not arrive with a pre-existing meaning before they are uttered, rather:

... it (meaning) belongs to a word in the position between speakers ... meaning is realized only in the process of active, responsive understanding (Volosinov, 1929, quoted in Morris, 1994, p. 35)[27].

The specific concrete utterance is the locus for understanding the dynamic and creative forces of the life of language (Morris, 1994, p. 73).

Words when uttered are alive.

Utterances, Bakhtin explains, contain two major contradictory forces – centripetal and centrifugal. The centripetal is a centralizing force which tends to drive the novel towards a unified, central, final meaning. Its opposite, the centrifugal force, is a decentralizing power which tends to drive the novel towards contradiction and complexity. These two forces interact to produce “heteroglossia” – defined as multi-voiced, discursive acts. Heteroglossia ensures that meaning stays alive, in-process, unfinished and engaged in a continuing social dialogue or conversation with a:

... carnivalesque irreverence towards all kinds of authoritarian, repressive, monologic ideologies (Lodge, 1990, p. 21).

Moreover, life itself is heteroglossic:

... a force field created by the general ceaseless Manichaeian struggle between centripetal forces, which strive to keep things together, unified, the same; and centrifugal forces which strive to keep things various, separate, apart, different (Docker, 1994, p. 171).

In sum, any utterance is a continuation of the dialogue which preceded it as well as the one which will follow.

Only the current of verbal intercourse endows a word with the light of meaning (Volosinov, 1929, quoted in Morris, 1994, p. 36).

Utterances arrive imprinted with a social history and leave with a social future.

Implications for accounting

Bakhtin’s ideas can be applied to accounting reports. In the first instance, it seems clear that current practice strives to produce monologic accounting statements. In the ROL example, the financial statements attempted to present a single meaning for each of the accounts including, importantly, net income and shareholders’ equity. Furthermore, the auditors’ report certifies to the authenticity of this final meaning. And the Congress’ call for one method for all, along with FASB’s initial declaring of successful efforts as the only method, bears witness to the monologic impulse in traditional accounting. ROL’s statements favour Bakhtin’s centripetal force with its penchant for monologic meaning by using the voice, so to speak, of historical full costing. Preparers and

auditors, it seems, strive to tame the centrifugal force embedded therein which wants to keep the meanings of the statements open, alive, and unfinished.

Yet, as discussed above, this can be achieved only by suppressing the other “voices”, in this case the centrifugal force in the annual report. The most obvious of these is the RRA statements which get degraded as presenting only supplementary, unaudited information unsuitable for either determining earnings or making investment decisions. Along similar lines, the replacement cost accounting information also gets marginalized as not being useful.

Following Bakhtin, then, an argument can be made that accounting practice, principles, and theory should move towards heteroglossic accounting. This could entail giving the various voices equal expression. In the oil and gas instance these are: immediate write-off, successful efforts, full costing, and RRA. In fact, it would not be very difficult to prepare financial statements which included each of these narratives along with a succinct explanation of how each was prepared and an outline of the theory behind it. The report could also outline the major points of disagreement and contradiction between them, with each method having a rejoinder. The result would be an open, dialogic and multiple perspective report. The basics of such a heteroglossic accounting report for an oil and gas exploration company could be as follows.

In the first instance, the accountant would not attempt to package all the events and transactions (both past and future) into one final, monologic report. Rather, the aim would be to produce a report that allows the various other “voices” currently embedded but muffled in the monologic report to “speak”. The report could include four different statements of net earnings and balance sheets, each of which could be deemed to “present fairly” or present a “true and fair view” of the enterprise’s state of financial affairs, prepared in accordance with its particular presuppositions. The report could include a general preamble describing the problems involved in accounting for oil and gas exploration along the following lines:

Oil and gas exploration and development enterprises present two perplexing questions in accounting for their operations. As the industry is highly capital intensive, the first issue concerns when and how to expense the normally substantial up front expenditures on property acquisitions, geological and geophysical expenses, drilling and testing costs, and general administrative expenses. The second issue concerns the matter of when to recognize the revenue involved in the discovery of recoverable quantities of oil and gas reserves. Accountants have relied on four main different and incommensurable methods of dealing with these two issues, each of which holds certain advantages and limitations. Moreover, each method stands in its own right as a reasonable and understandable way to account for oil and gas exploration and development operations.

The four methods are known as: 1. immediate write-off which expenses costs as incurred and recognizes revenues when reserves are produced; 2. full costing which capitalizes all exploration and development costs and expenses them over the production of all oil and gas reserves discovered, with revenues recognized when reserves are produced; 3. successful efforts which trace all such expenditures to either specific successful properties or to specific unsuccessful properties and expense the costs of unsuccessful exploration immediately when the property is abandoned, while expensing the costs of successful efforts over the production of the oil and gas reserves discovered on successful properties and recognizing revenue when reserves are produced; and 4. discovery value or reserve recognition accounting which

capitalizes the fair value of the recoverable reserves at the time they are discovered along with all exploration and development costs and amortizes these amounts against the income collected from the sale of their subsequent production.

In this way, the various voices would be allowed full expression. Immediate write-off is the voice of most taxation authorities. Successful efforts proponents (such as the FASB) prefer balance sheets which do not include properties (assets) which have been abandoned and have no value. Full cost advocates prefer income statements which include all the costs of discovering oil and gas reserves. And economists (along with some public accounting firms and SEC officials in the 1970s and 1980s) favour RRA accounting which deems future net cash flows as the relevant information for decision makers, particularly those in the capital market. A heteroglossic accounting report would present each of these voices and let them engage in a social dialogue[28].

Heteroglossic accounting would be underwritten by pragmatism, a philosophical position that is seen as "America's most distinctive contribution to the world community of philosophy" (Beck, 1979, p. 121)[29]. Early pragmatists argued "that any purely objective truth, that is, any truth supposedly established apart from the function of giving satisfaction, is nowhere to be found" (James, 1907, cited in Beck, 1979, p. 121). And in stronger form as, "there is no such thing as knowledge determined by exclusively theoretical, speculative, or abstract intellectual considerations" (Dewey, cited in Beck, 1979, p. 121). Pragmatism also held that "the processes and materials of knowledge are determined by practical or purposive considerations" (Dewey, cited in Beck, 1979, p. 121). So pragmatists argued that the function of philosophy is not to think up timeless laws of life, eternal principles, or natural laws. Rather, they looked to concrete cases where ideas and meanings make a difference in achieving a satisfactory solution to a practical problem. A true belief or hypothesis leads to the successful resolution of a problem. And "the test of whether a belief is true is whether acting upon it leads to practical consequences which are satisfying" (Beck, 1979, p. 124). What is "true" is what "works".

Pragmatism is also vitally concerned with the workings of language and vocabularies and their relation to notions of truth. In this it tries somehow to go beyond the idea, now at least 200 years old, whether the truth is made or discovered. So pragmatists are not interested in questions such as "can a linguistic representation correspond to some thing-in-itself out there beyond language?" Or, "does this linguistic representation cohere with the other linguistic statements in a package of statements about the particular thing-in-itself?" Instead, the pragmatist is interested in understanding how such linguistic representations lose their habits of using certain words to represent truth and start using other certain words to represent the same thing.

So pragmatists eschew offering arguments against the correspondence, coherence or positivist theories of philosophy since this would mean that they would have to use the same vocabulary and would be expected to show how that vocabulary is inconsistent in its own terms. Crucially, this is not to say

that there is no truth out there beyond language because that would be to claim to know something about what they claim cannot be known. Rather, it is to say that while the world is out there, descriptions of it are not. So the truth is deemed to be the property of sentences, which are part of vocabularies, and which are made by humans. For the pragmatist this means that vocabularies can be changed and truths are historically contingent.

Some pragmatists, especially ironic liberal ones, speak of a “final vocabulary”. It consists of those words which one uses to describe and justify personal opinions, sentiments, viewpoints and outlooks on the world in general, especially the “big questions” of life. Some of these words are plastic and flexible and get used pervasively such as true, right, beautiful, good, ethical and their counterparts false, wrong, ugly, bad and reprehensible. Others are used in a more narrow sense such as progressive, professional, America, Christian, and the Church. Both kinds are “the words in which we tell, sometimes prospectively and sometime retrospectively, the story of our lives” (Rorty, 1989, p. 73). Such words are “final” in that they are as far as one can go with language to describe and justify personal beliefs.

If such beliefs and opinions are challenged, one can invoke venerable authors and canonized works, or one can recycle one’s final vocabulary in a circular and emotive fashion using rhetorical ploys to produce non-rational effects on the feelings, attitudes, and emotions of those involved in the debate. The aim is to persuade them of our manner of thinking and valuing. Either way, one has no recourse except more words. MacIntyre (1981) illustrates such emotivism in the context of beliefs about large scale wars.

One moral argument against war is “justice for the innocent”. It is based on the presupposition that in a modern war estimates of future escalation are never reliable and the difference between military personnel and civilians is almost indistinguishable, and so the innocent (civilians) are unjustly attacked. “Therefore, no modern war can be a just war and we all ought to be pacifists” (MacIntyre, 1981, p. 6). Another moral argument is “liberty for the oppressed and exploited”. It is based on the presupposition that:

... wars between the great powers are purely destructive; but wars waged to liberate oppressed groups, especially in the Third World, are a necessary and therefore justified means for destroying the exploitive domination which stands between mankind and happiness (MacIntyre, 1981, p. 6).

So war is morally justified. Thus, one is left with choosing between justice for the innocent, on the one hand, and liberty for the oppressed and exploited on the other hand. Yet we have no untarnished, rational, or logical way of deciding on these competing claims except by reversion to words. So it would seem that all we can do is engage in a war of words using our final vocabularies.

But the ironic liberal pragmatist is not satisfied with this. He or she believes it is possible to invent a new, final vocabulary in the hopes that a change of vocabulary might open spaces for improving the public sphere, especially institutions of liberal democracy, work towards the greatest happiness of the

greatest number, promote ideas that might improve the public sphere in the hopes:

... that life will eventually be freer, less cruel, more leisured, richer in goods and experiences, not just for our descendants but for everybody's descendants (Rorty, 1989, p. 86).

The ironic liberal pragmatist, however, recognizes that in creating a new final vocabulary for the betterment of the public sphere, one must also harbour private doubts about that vocabulary. So the ironist, to use Rorty's term:

... has radical and continuing doubts about the final vocabulary she currently uses ... realizes that argument phrased in her present vocabulary can neither underwrite nor dissolve these doubts ... (and) she does not think that her vocabulary is closer to reality than others, that it is in touch with a power not herself (Rorty, 1989, p. 73).

He or she realizes that the final vocabulary is contingent and fragile and so, while prescribing for the public sphere, in her private sphere is never quite able to take herself seriously. The ironic, liberal pragmatist accountant, then, would realize that the current final vocabulary for, say, oil and gas accounting is contingent and fragile and would try to invent a new final vocabulary for public use while realizing that he or she would harbour private doubts about it. Heteroglossic accounting reports would be such a new "final vocabulary".

Conclusion

This paper attempted to illustrate some of the important features that historical developments in accounting share with those in literary theory. The traditional view of accounting as an objective, neutral portrayal of a pre-existing reality seems akin to the presuppositions of expressive realism. The postulates, principles, and standards movement in accounting appears to have similarities to the new criticism's attempt to establish standard aesthetic criteria for literary theorists, critics, and authors alike. Structuralist approaches to accounting, such as neo-classical economics and Marxist analysis, bear some resemblance to the structuralist movement in literary theory. And literary theory's deconstructivist analysis seems like a promising way of unearthing the inherent instability of accounting information and of destabilizing dominant accounting theories. Finally, Bakhtin's contrast of monologic and heteroglossic texts comes across as an appropriate way to challenge the prevalent practice today of producing monologic accounting reports and it points towards the possibility and potential of heteroglossic accounting.

In this, it is important to understand that the paper does not claim that these accounting developments are isomorphic in either form, space, or time with those of literary theory, nor does it argue that the latter influenced accounting developments. Rather, the paper hoped to show how a literary theory perspective might lead to a different view of the nature of accounting and accounting reports than those of the conventional perspectives. The aim was to deepen our understanding of this integral aspect of contemporary society.

Implications

This section explores some of the potential implications arising from a literary theory perspective of accounting. In the first instance, it indicates that claims to the effect that accounting reports and information reflect in an objective and transparent manner some thing in itself such as income or capital can only be sustained by invoking the correspondence philosophy of truth. Yet many contemporary philosophers deny the possibility of such a relationship. They argue instead that the best we can do is “search for the widest possible intersubjective agreement” (Rorty, 1998, p. 63) about the truth of a statement, thus undermining the common-sense, conventional view that accounting does or should be a transparent lens on income or capital.

A literary theory perspective also problematizes the generally accepted accounting principles school of thought, also widely held, which is underwritten by the coherence philosophy of truth school. Importantly, the principles school has a long and distinguished history, especially in the USA. One seminal paper insisted that principles were fundamental truths (Bryne, 1937), while another distinguished accounting authority said that principles were to be treated as “a general law or rule adopted or professed as a guide to action, a settled ground or basis for conduct or practice” (May, 1937, p. 423). And Paton and Littleton, in their highly influential, seminal monograph which was to dominate accounting thought for decades, and even today as a cornerstone of accounting principles courses, argued for a framework conceived to be “a coherent, coordinated, and consistent body of doctrine” (Paton and Littleton, 1940, p. iv).

The principles school, however, falls prey to the conundrum that plagued the new criticism – it could only be legitimated with rhetoric. In short, the principles school was linguistic in nature and clearly not scientific. Moreover, as with the correspondence notion, it too was not scientific but only subjectively linguistic. The structuralist school of accounting thought aimed to overcome this by transforming accounting:

... from an elusive (rhetorical) art into a science ... (and so eliminate) judgments and decisions made by people (Sterling, 1979, p. 3).

Yet scientific descriptions of facts are constructed with language on the basis of judgments and decisions by people. Deconstruction, which adopts a radical, anti-philosophical stance, adds weight to this contention by showing how any central meaning or truth can only be achieved by rhetorical moves such as the hierarchization of dualities and the cunning use of supplements.

Finally, the heteroglossic approach to preparing accounting reports can be seen as a “new vocabulary” for improving the public’s understanding of the issues at stake when accounting prepares monologic reports and information with the aim of improving the public’s understanding of accounting and perhaps reducing the so-called “expectations gap”. In doing so, however, ironic liberal pragmatist accountants would recognize the risk that the public may seriously question the profession’s virtual monopoly on accounting and related

services and attempt to radically change the rules of the game, even to the extent of calling for the revoking of any such monopoly. Such accountants would also come to harbour serious doubts in private about heteroglossic accounting, realizing that such a vocabulary is no closer to reality than monologic accounting, that the former can only be underwritten by using words, and that it is, as with monologic accounting, historically contingent and so fragile.

Moreover, heteroglossic accounting would likely require more professional skills than does monologic accounting and so perhaps be more costly. This cost, however, could well be outweighed by the benefits to society at large. Yet who knows, admitting in public that there is no one true “bottom line”, while perhaps unlikely to evoke an epiphany, could be purgative for the profession.

Notes

1. This approach differs from the “informational perspective” which treats accounting information as a commodity, analyzes it using methodologies of economics and statistical decision theory, and incorporates problems of measurement (issues of valuation, recognition, and disclosure) and the effects of accounting signals on security returns (Beaver, 1996).
2. See also Boyce (2000), Mattessich (2000), Smith and Taffler (2000), and Sydseff and Weetman (1999) for articles taking the literary turn.
3. Very similar problems are encountered in most capital intensive firms with large up-front expenditure and uncertain returns (spread over uncertain future time periods) such as: passenger and military aircraft companies; biotechnology; computer software; large-scale construction projects; scientific R&D firms; mining companies; and airline, shipping and railroad companies.
4. As Skinner (1987, p. 449) explains: “Thus, the crucial questions for oil and gas producers relate to their treatment of costs of exploration, finding, and development of reserves before production begins. The problem is to determine which costs should be written off as they are incurred and which costs may be deferred on the grounds they are applicable to reserves that have been or will be discovered and therefore should be matched with revenue from production”.
5. Just as the nomenclature slave (the “name-caller”) in ancient Rome announced each guest as she or he arrived for the banquet, expressive realism assumes words provide a set of labels for things that pre-exist their being named.
6. This assumes that the world is out there available for all to perceive and represent in words. A successful novel purportedly produces intuitive immediacy that flashes between the narrative and the text (Eagleton, 1983). This follows the Greek idea of mimesis whereby a good work of art (poem, sculpture, epic, pottery, etc.) mimics (imitates) some aspect of reality, experience, and myth.
7. Professional auditors, in a sense, perform in a like manner to the literary critic in that they make subjective judgements as to the truth and fairness of financial statements and are putatively qualified, competent, and equipped with an independent mental attitude and are deemed to be free from influence, interest, or relationships that might impair an objective and professional judgement. The comparison weakens, however, in that auditors earn a fee, in many cases a significant one, and so their objectivity has been frequently questioned in the literature. Moreover, the auditor is constrained by official GAAPs whereas literary critics are not duty bound to abide by the “rules” of good literature. The latter, however, have been accused from time to time of playing favorites.

8. See Tinker (1991) for a critique of Solomons's telephone simile.
9. The objectivist "believes objects of knowledge to be free of subjective components contributed by the knower and so not conditioned by psychological or historical factors or other elements to do with their apprehension or mode of apprehension" (Prado, 1992, p. 173).
10. See Rorty (1998, pp. 84-97) for a cogent critique of the correspondence theory of truth.
11. For a helpful discussion of this point, see Prado (1992, pp. 98-101).
12. For new critics, paraphrasing a text was heresy.
13. Arthur (2001, p. 263) argues for a theory of auditing "which incorporates a coherence theory of truth and relates the underpinnings of auditing to the underpinnings of discursive practice in general". In doing so, however, he seems to ignore the subjectivity problem inherent in coherence theory.
14. These standards shall be "... definite, meaningful, and widely applicable, and that urge the employment of such methods as an essential basis for judgement in constructing and appraising financial statements" (Paton and Littleton, 1940, p. 5). Such standards would be stated "... in such a way that they will be useful guides to procedures over a wide area of application ... to afford a basis for conformity" (Paton and Littleton, 1940, p. 5). Furthermore, accounting standards "... like those of any other field of human endeavour, should be in accord with the accepted hallmarks of clear thinking. Thus accounting standards should be orderly, systematic, coherent; they should be in harmony with observable, objective, conditions; they should be impersonal and impartial" (Paton and Littleton, 1940, p. 6).
15. In this structuralism followed the epistemological and ontological assumptions of the physical sciences. The laws of electromagnetism, for example, are not visible on the surface of a compass – the purpose of which is to tell direction – but they dictate the movement of the compass needle. Structuralist literary theory attempted to follow suit. As Docker (1994, p. 105) sums it up: "The strategy of the narrative we can call structuralist, the search beneath supposed surfaces for an ultimate structure, for essences that, once discovered ... explain a phenomenon conceived as a whole, a unity".
16. Northrup Frye's structuralist theory included narrative categories, literary modes, mythoi, and mimetic (high, low, and other) patterns of symbolism.
17. Economic theory observes the seemingly confused web of outward appearances of economic units (individuals, partnerships, corporations, etc.) as they compete for gains ("goods") and struggle to avoid losses ("noxious"), and reveals how they behave according to the laws of economics (supply and demand, equilibrium and survival of the fittest, etc.) regulated by the "invisible hand" of the market.
18. For example, political economy (Tinker and Neimark, 1987), labour process (Hopper and Armstrong, 1991), and ideological critique (Broadbent and Laughlin, 1997) accounting studies.
19. While the SEC's ASR #253 (3 August 1978) adopted successful efforts, it also announced that neither successful efforts nor full cost could provide useful information for either government policy making or for private sector investment decisions.
20. Country-by-country full cost is akin to successful efforts as it uses countries as the appropriate cost centre rather than basin-by-basin or well-by-well cost centres; so it could also be called successful efforts using countries as cost centres.
21. In semiotic terms, the structuralist had to repress (suspend or bracket off) the referent (the surface meaning or what was said) in order to isolate and privilege the below-the-surface organizing formation (Eagleton, 1983).
22. As Lyotard (1984, p. 29) puts it: "Scientific knowledge cannot know and make known that it is the true knowledge without resorting to the other, narrative, kind of knowledge, which

from its point of view is no knowledge at all. Without such recourse it would be in the position of presupposing its own validity and would be stooping to what it condemns: begging the question, proceeding on prejudice. But does it not fall into the same trap by using narrative as its authority”.

23. A metanarrative is “... any thought system which depends on a ground or a first principle” while logocentrism is the “... disposition, the longing, for a ‘transcendental signifier’ which would directly relate, correspond, to a secure stable ‘transcendental signified’ (i.e. a *logos*). Examples of such signs include: idea, matter, the world spirit, God, etc. Each of these concepts acts as the foundation of a system of thought and forms an axis around which all other signs circulate. Derrida argues that any such transcendental meaning is a fiction” (Sarup, 1993, p. 37). Any such *logos* would be “... the meaning of meanings, the linchpin or fulcrum of the whole thought-system, the sign around which all others would obediently reflect” (Eagleton, 1983, p. 131). It would “... refer to no other signifier, would exceed the chain of signs, and would no longer function as a signifier” (Derrida, 1981, pp. 19-20).
24. Derrida’s deconstructions parallel to some extent Nietzsche’s and Foucault’s genealogical research. While Nietzsche conducted historical analysis of various reigning values to show how they are the result of man’s will to power, and Foucault wrote histories of the appearances in the 18th century of various discursive formations (regimes of truth) regarding “normality”, Derrida analysed the history of sundry highly influential texts of western civilization. Nietzsche dismantled values, Foucault de-doxified reigning discourses, and Derrida provoked, disturbed, and unsettled the central achieved meaning of various canonical philosophical texts, including those of Plato, Rousseau, Husserl, and Lévi-Strauss (Mahon, 1992).
25. Miller’s analysis of Milton’s *Paradise Lost* illustrates deconstruction. He shows how Milton incorporates Eve within the biblical metanarrative of creation where she is depicted as inferior to Adam and he in turn to God. Miller then points to an earlier description of Eve in the poem, one which depicts her in a luxuriant, wanton, untamable state of nature. This reverses the metaphysical hierarchy by showing that this earlier Eve existed freely in nature prior to creation. This Eve is more natural and originary than, and thus superior to, Milton’s biblical, subjugated Eve. Thus, the harmony of the creation metanarrative is disrupted and the doubleness of Eve’s meaning (already there in the poem) is revealed. In the third and final step, Miller shows how the poem is undecidable as to any final, permanent meaning. The struggle between natural Eve and the creation story Eve is embedded in the poem and permanently undecidable. The two Eves are forever symmetrical and irreconcilable. Miller also reveals the politics of the poem, the man-made construction of women as inferior and subjugated to men. His deconstructive reading shows that neither can be inferior or superior (*New York Times Magazine*, 1986).
26. Bakhtin was arrested in 1929 during Stalin’s purge of Leningrad intellectuals but was saved from certain death in a labour camp when Lunacharsky, head of the Commissariat of Enlightenment, wrote a favourable review of his book about Dostoevsky. His sentence was reduced to exile in provincial towns until his release in 1961. This historical context had a huge influence on Bakhtin, whose works might not otherwise have been so insightful and profound (Docker, 1994).
27. It is widely believed that Bakhtin wrote this book although it was signed by Volosinov. This was due to the political climate in the USSR at the time when all writers were under constant watch for ideological impurity by soviet government bureaucrats.
28. Clearly, such a position would seem threatening to the accounting profession. Exploring this, however, is beyond the scope of this paper.
29. Important spokespersons have been Pierce, James, Dewey, and others such as Wright and Holmes (see Beck, 1979).

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Appendix. Key events of the oil and gas accounting controversies

The controversy began in the mid-1970s when the OPEC nations announced a total embargo of their oil to the USA along with a 5 per cent reduction in production for western European countries until a peaceful solution was forthcoming for the Middle East situation. (The OPEC nations were incensed by President Nixon's decision to give Israel over two billion dollars in military aid after the Ramadam/Yom Kippur war (Al-Farsy, 1990)). The price of light crude rose from \$1.35 a barrel in 1970 to \$14.00 by 1978 and hit nearly \$40.00 in 1980. An alarmed US Congress asked the Department of Energy (DOE) in 1973 to provide it with the size and the costs of domestic reserves. When DOE replied that it did not have this information, Congress mandated the SEC (under The Energy Policy and Conservation Act (EPCA), 1975) with requiring filing companies to report both the quantity of oil and gas reserves and their costs. They also charged the SEC with developing uniform regulations for oil and gas accounting by 23 December 1977 (for a detailed description of these events, see Gorton (1991)).

The EPCA stated that the SEC had the authority to either prescribe such rules or to rely on the Financial Accounting Standards Board (FASB) for their development. It also stipulated that interested parties must have the opportunity to provide written comments (beyond 22 December 1977, if need be) with respect to the SEC relying on FASB's promulgated accounting standards. The SEC had already (ASR #150, January, 1974) stated that in meeting its statutory obligations over the years, it had looked to the accounting profession's standard setting bodies for

leadership. Since the FASB had already scheduled an oil and gas accounting project, the SEC announced early in 1975 that it would rely on FASB for its charge under the EPCA.

In May, 1976 the SEC issued SAR #5706 requiring filing of details of reserves and production, and in January 1977 indicated officially (SAR #5801) that FASB should take the lead in developing uniform accounting standards. FASB held public hearings (which were not well attended and were later described as "sterile") during March and April 1977. Anticipating a successful efforts decision, proponents of full-costing (mostly small companies) launched a full scale lobbying campaign in Washington while FASB mounted a counter lobby. On 30 June 1977 the SEC released SAR #5837, soliciting comments regarding its responsibility under the EPCA and stating that it would try to coordinate the FASB's reporting requirements. On 15 July the FASB voted (four to three) to issue what was to become the controversial SFAS-19 exposure draft calling for the use of successful efforts only and the elimination of full cost. On 31 August the SEC adopted SFAS-19 (in SAR #5861) as a Commission regulation.

The full cost lobby took the case to the DOE, the Federal Trade Commission, and the Department of Justice, among others, arguing that while the EPCA needed the reserve and production information for public sector decision making, this did not mean that the SEC should mandate one public accounting standard for the private sector. While requests to the FASB to hold public hearings on its exposure draft seemed to have little effect, the lobby was successful in getting Senators Haskell and Bartlett to introduce, on 16 October 1977, an amendment to the 1977 Public Utilities Act which would make it illegal for the SEC to eliminate full costing under the authority granted the SEC by the EPCA. More pressure was exerted on the SEC when the Department of Justice wrote to SEC acting chairman, Donald Kirk, indicating that the SEC had a statutory obligation to hold hearings on SFAS-19.

On 26 October 1977, the SEC issued SAR #5878 reconfirming SAR #5861. And, in a move that initially seemed removed from the full cost versus successful efforts controversy (SAR #5861), also required (effective after 28 December 1978) disclosure of the net present value of future net revenues from proven reserves. (Thus, economics-based RRA (discovery value) came "in by the back door", so to speak.) At this juncture the full cost lobby tried to extract an "understanding" from the SEC that it would hold public hearings on SAR #5878 (and so in effect on SFAS-19). Such an eventuality would, importantly, be an unprecedented departure from the SEC's long standing practice of fully supporting the FASB's GAAP, thus keeping accounting standard setting in the domain of the private sector.

In the meantime, the SEC's officials became concerned that SFAS-19 was brought on in haste and that the entire issue needed reviewing with a broader scope and starting over from the very beginning. Consequently, on 7 November, the SEC's chairman, Harold Williams, informed the sub-committee managing the Public Utilities Act that the SEC intended to solicit public comment and hold public hearings regarding SFAS-19. On the same day, the SEC issued a release soliciting written comments on whether or not it should rely on the FASB's determinations in general and whether or not the SFAS-19 successful efforts dictum was appropriate. The SEC also, as permitted by the EPCA, extended the deadline for comments beyond 22 December 1977.

The SEC held public hearings during March and April 1978, followed by private hearings in May, June, and July. Opposition to the FASB's successful efforts only position proved to be substantial. The Department of Justice Anti-Trust Division, for example, testified that SFAS-19 favoured big companies and would harm or even lead to the elimination of many small companies. On 19 December 1977 the SEC issued ASR #257 and ASR #258 which reaffirmed the conclusions in ASR #253, adopting the DOE definitions of proven reserves. It also outlined the form of full cost accounting by allowing a country-by-country cost centres approach as an acceptable alternative to successful efforts.

These eventualities provided a space for the FASB to reconsider its position. In February 1979 the board issued SFAS-25 which amended SFAS-19 by: changing its effective date to fiscal years ending after 25 December 1979; suspending indefinitely the effective date of adoption of successful efforts; adopting the SEC's definition of reserves; and requiring companies switching away from successful efforts to justify the change (as required under ABP 20). The effect of suspending the effective date meant that companies previously using full cost could continue to

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use it. Then in 1982, the FASB issued SFAS-69 (superseding SFAS-19 and SFAS-25) which established comprehensive financial statement disclosure for oil and gas accounting and which incorporated much of the SEC requirements. Under SFAS-69 companies now had to disclose as supplementary information: proved oil and gas reserves (as per ASR-257); capitalized costs; costs incurred for property acquisition, exploration, and development, results of operations; and a standardized measure of discounted future net cash flows from reserves.

222

Thus, nearly a decade after the OPEC initiative leading to the "energy crisis", Congress finally got the information and regulations it wanted from the DOE to maintain an up-to-date energy database. Moreover, the FASB's pronouncements coincided with the SEC's regulations. It seemed, then, as if the setting of accounting standards and reporting practices would remain in the hands of the accounting profession and the private sector.