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## Accounting for the Calculating Self

Peter Miller

[W]ith the aid of the morality of mores and the social straitjacket, man was actually *made* calculable.<sup>1</sup>

Sociologists once saw a link between accounting and capitalism.<sup>2</sup> That link was then forgotten, or at least overlooked, for half a century or more. Recently, sociologists have been busy rediscovering the economy.<sup>3</sup> This rediscovery needs to be extended, however,

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<sup>1</sup> Friedrich Nietzsche, *On the Genealogy of Morals*, W. Kaufmann and R. J. Hollingdale, trans. (New York: Vintage Books, 1969 [1887]): 59.

<sup>2</sup> Peter Miller, 'Calculating Economic Life', *Journal of Cultural Economy* 1, 1 (2008): 51–64; Peter Miller and Michael Power, 'Accounting, Organizing, and Economizing: Connecting Accounting Research and Organization Theory', *The Academy of Management Annals*, 7, 1 (2013): 557-605.

<sup>3</sup> Ash Amin and Nigel Thrift, *The Blackwell Cultural Economy Reader* (Oxford: Blackwell, 2004); Koray Çalışkan, and Michel Callon, 'Economization, part 1: Shifting Attention from the Economy Towards Processes of Economization', *Economy and Society*, 38, 3 (2009): 369-398; Koray Çalışkan and Michel Callon, 'Economization, part 2: A Research Programme for the Study of Markets', *Economy and Society*, 39, 1:, 1-32; Michel Callon, ed., *The Laws of the Markets* (Oxford: Blackwell, 1998); Paul DiMaggio, ed., *The Twenty-First-Century Firm: Changing Economic Organization in International Perspective* (Princeton: Princeton University Press, 2001); Neil Fligstein, *The*

to include the multiple and differentiated calculative infrastructures that make and shape the economy and economic relations.<sup>4</sup> It needs to be extended also to include the links between these calculative infrastructures and the ways of governing individuals, actions, and entities.<sup>5</sup> There is little point in studying practices of governing separate from the

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*Transformation of Corporate Control* (Cambridge, MA: Harvard University Press, 1990) and *The Architecture of Markets: An Economic Sociology of Twenty-First-Century Capitalist Societies* (Princeton: Princeton University Press, 2001); Karin Knorr Cetina and Alex Preda, eds, *The Sociology of Financial Markets* (Oxford: Oxford University Press, 2004); Donald MacKenzie, *An Engine, Not a Camera: How Financial Models Shape Markets* (Cambridge, MA: MIT Press, 2006); Donald MacKenzie and Yuval Millo, 'Constructing a Market, Performing Theory: The Historical Sociology of a Financial Derivatives Exchange', *American Journal of Sociology* 109, 1 (July 2003): 107–45; Neil J. Smelser and Richard Swedberg, eds, *The Handbook of Economic Sociology* (2nd edn, Princeton: Princeton University Press, 2005).

<sup>4</sup> Liisa Kurunmäki and Peter Miller, 'Calculating Failure: The making of a calculative infrastructure for forgiving and forecasting failure', *Business History*, 55, 7 (2013): 1100–1118.

<sup>5</sup> Anthony G. Hopwood and Peter Miller, eds, *Accounting as Social and Institutional Practice* (Cambridge: Cambridge University Press, 1994); Andrea Mennicken and Peter Miller, 'Accounting, Territorialization and Power', *Foucault Studies*, 13, 4 (2012): 4–24; Andrea Mennicken and Peter Miller, 'Michel Foucault and the Administering of Lives', in Paul Adler, Paul du Gay, Glenn Morgan and Michael Reed, eds., *The Oxford Handbook of Sociology, Social Theory and Organization Studies: Contemporary*

objects that are to be governed, and the ideas that animate such practices. Put differently, if objects, ideas, and practices for governing economic relations fit each other, this is because they have been made to fit, and we need to pay attention to the ways in which they have come to be aligned.

The focus of this chapter is on one particular part of this calculative infrastructure—accounting—and how the instruments and ideas of accounting make the constituent parts of the economy visible as an economy, and amenable to intervention. More specifically, it is about accounting for the calculating self—how ways of calculating go hand in hand with forms of personhood. For making people responsible is as much about conceptions of the person as it is about the performativity of a particular set of calculative practices. Over 30 years ago, it was said that we go in search of our selves through the genitals.<sup>6</sup> Today, we find who we are through the incessant calculations that we perform on ourselves and others. The following five propositions set out schematically and very briefly what ‘accounting for the calculating self’ means.

First, it means attending to the distinctive capacity of accounting to act on the actions of others. This derives in large part from the ability of accounting to make

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*Currents* (Oxford: Oxford University Press, 2014); Peter Miller and Nikolas Rose, ‘Political Power Beyond the State: Problematics of Government’, *British Journal of Sociology* 43, 2 (June 1992): 173–205.

<sup>6</sup> Richard Sennett, *The Fall of Public Man* (Cambridge: Cambridge University Press, 1974): 74.

comparable the incomparable, by distilling things into a single financial figure.<sup>7</sup> This is more than quantification, calculation, or commensuration, and it is more than ‘trust in numbers’.<sup>8</sup> Many other bodies of expertise quantify, but in doing so they only facilitate comparisons of things that are already comparable. Accounting takes things much further, by financializing them, by distilling substantively different kinds or classes of things into a single financial figure (the return on investment of a division, the net present value of an investment opportunity, the financial ratios of a company). Accounting abstracts from the qualities of things, and places them on an equal footing, one far removed from the messy reality of manufacturing automobiles, extracting oil, or delivering health care. This allows connections to be formed with a whole set of other calculations, whether those of actuaries, engineers, health economists, regulators, statisticians, and many others. And this chain of calculations allows those within and beyond firms and other organizations to both act on their own actions and seek to influence the actions of others.

Second, accounting for the calculating self means paying attention to the ideas of personhood that are brought into play in all these attempts to act on the actions of others.

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<sup>7</sup> Peter Miller, ‘Accounting and Objectivity: The Invention of Calculating Selves and Calculable Spaces’, in *Rethinking Objectivity*, Allan Megill, ed. (Durham, NC: Duke University Press, 1994).

<sup>8</sup> Wendy N. Espeland and Michael Sauder, ‘Rankings and Reactivity: How Public Measures Recreate Social Worlds’, *American Journal of Sociology* (2007), 113, 1: 1-40; Theodore M. Porter, *Trust in Numbers: The Pursuit of Objectivity in Science and Public Life* (Princeton: Princeton University Press, 1995).

It concerns what Nietzsche called the possibility of breeding an animal with the right to make promises.<sup>9</sup> For the individual capable of anticipating and assessing what is to be done, and how, requires the capacity to calculate and compute. It is such an entity that accounting has long sought to fabricate. A whole set of ideas of personhood come into play here. The ‘decision maker’ is one such idea, which has characterized managerial discourses since the 1930s, and remains at the heart of much of the pedagogy of accounting. ‘Responsibility’ accounting is another such idea. Both ideas operate by imposing a sort of moral constraint or template on actions carried out under their aegis, defining and constraining the possibilities for action. In Hacking’s terminology, such categories ‘make up people’, that is to say they change the space of possibilities for personhood and action, and they do so in a reciprocal relationship with the instruments that make actions calculable.<sup>10</sup> And they are linked, in turn, to the articulation and valorization of such categories in political and moral discourse.<sup>11</sup>

Third, accounting for the calculating self means examining the assemblages within which accounting operates, rather than focusing largely or exclusively on the instruments themselves, as if they alone were sufficient to explain their effects. For the calculative instruments of accounting are simultaneously social and technical. They always operate within historically specific assemblages, whose only unity is that of the

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<sup>9</sup> Nietzsche, *On the Genealogy of Morals*, 57.

<sup>10</sup> Ian Hacking, ‘Making Up People’, in *Reconstructing Individualism: Autonomy, Individuality, and the Self in Western Thought*, Thomas C. Heller, Morton Sosna, and David E. Wellbery, eds (Stanford: Stanford University Press, 1986).

<sup>11</sup> Miller and Rose, ‘Political Power Beyond the State’.

co-functioning of their components. A particular tool or device remains marginal, or little used, until there exists a social machine or collective assemblage that is capable of animating it.<sup>12</sup> Deleuze cites the example of the stirrup, which gave the knight lateral stability, allowing the lance to be tucked under one arm, and benefit derived from the horse's speed.<sup>13</sup> This made possible, he argues, a new military unity. For this 'technical' development was, in turn, linked to the complex assemblage of feudalism, which imposed an obligation to serve on horseback in return for the grant of land. Likewise, with the accountant's toolkit. This arms the manager, the board member, or the regulator with a set of instruments for assessing and comparing the performance of others. This, in turn, is linked to obligations derived from an assemblage of social relations based on an ideal image of the market, and the concomitant aspirations of making people's behaviour fit such an image. The instruments of accounting are always already part of such assemblages, multiplicities made up of many heterogeneous terms, alliances, liaisons, and contagions.

Fourth, accounting for the calculating self is also about creating calculable spaces. Put differently, territorialization is intrinsic to the forming of assemblages, for there is no assemblage without territory. The calculative instruments of accountancy not only transform the possibilities for personhood. They also construct the calculable spaces that individuals inhabit within firms and other organizations, by making visible the

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<sup>12</sup> Stuart Burchell, Colin Clubb, Anthony Hopwood, John Hughes, and Janine Nahapiet, 'The Roles of Accounting in Organizations and Society', *Accounting, Organizations and Society* 5, 1 (1980): 5–27; Miller, 'Margins of Accounting'.

<sup>13</sup> Gilles Deleuze and Claire Parnet, *Dialogues* (Paris: Flammarion, 1977).

hierarchical arrangement of persons and things. Whether it is an actual physical space such as a factory floor, or an abstract space such as a ‘division’, a ‘cost centre’, or a ‘profit centre’, the calculative instruments of accountancy—in association with those of the architect, the engineer, the industrial psychologist, and many others—make up and link up such spaces into an operating ensemble whose performance can be known and compared with others that are both proximate and distant.<sup>14</sup> The territorialization achieved enables the entity to be represented as a series of financial flows, evaluated according to a financial rationale, and acted upon from both within and beyond in order to enhance such flows.

Viewed in these terms, accounting for the calculating self is about much more than exploring how individuals and organizations manipulate or distort numbers, how they ‘cook the books’. It is about a distinctively modern form of power, one that can operate with ease ‘at a distance’, and in a manner wholly in tune with contemporary notions of responsibility, choice, and performance, whether in the corporate world or in the world of public services. The calculative practices of accounting can, that is to say, be viewed as ‘mediating instruments’.<sup>15</sup> This refers to the ability of an instrument to carry

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<sup>14</sup> Peter Miller and Ted O’Leary, ‘The Factory as Laboratory’, *Science in Context* 7, 3 (1994): 469–96.

<sup>15</sup> Peter Miller and Ted O’Leary, ‘Mediating Instruments and Making Markets: Capital Budgeting, Science and the Economy’, *Accounting, Organizations and Society* 32 (2007): 701–34; Mary S. Morgan and Margaret Morrison, eds, *Models as Mediators: Perspectives on Natural and Social Science* (Cambridge: Cambridge University Press, 1999); M. Norton Wise, ‘Mediating Machines’, *Science in Context* 2, 1 (1988): 77–113.



within it at least a dual set of ideas, whether they pertain to science and the economy, medicine and finance, or engineering and industry. Mediating instruments operate as means of representation and means of intervention, linking up discrete domains and activities, yet remaining distinct from the object of intervention. This allows aspirations, actors, and arenas to be connected, but via a particular instrument rather than directly. In this way, medical, scientific, and engineering categories can be interdefined with political and economic categories. Local ways of thinking can, likewise, link the larger political culture with the everyday doings of a multiplicity of actors. And domains as diverse as health care and banking can be made to look remarkably similar, as the instruments used to assess and act on them come to be shared.

The term hybridizing captures well this process of mixing up and linking up very different types of things. For we are confronted daily with imbroglios that jumble up apparently discrete things such as science, politics, economy, law, and so on.<sup>16</sup> Despite

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<sup>16</sup> Liisa Kurunmäki, 'A Hybrid Profession—the Acquisition of Management Accounting Expertise by Medical Professionals', *Accounting, Organizations and Society* 29, 3–4 (April–May 2004): 327–47; Liisa Kurunmäki and Peter Miller, 'Modernising Government: The Calculating Self, Hybridisation and Performance Measurement', *Financial Accountability and Management* 22, 1 (February 2006): 87–106; Bruno Latour, *Science in Action: How to Follow Scientists and Engineers Through Society* (Milton Keynes: Open University Press, 1987); Peter Miller, Liisa Kurunmäki, and Ted O'Leary, 'Accounting, Hybrids and the Management of Risk', *Accounting, Organizations and Society* 33, 7–8 (October–November 2008): 942–67 and 'Calculating Hybrids', in

constant attempts to demarcate, impurity is the rule and hybrids are the norm.

Hybridizing can, of course, assume various forms, and not all practices, processes, and expertises hybridize with equal ease. Once formed, a hybrid may revert, as in the botanical world. Or the newly formed hybrid may stabilize for a while. And once hybridization has occurred, it can commence anew, as the recently formed hybrid comes into contact with others. The calculative practices of accounting are particularly interesting in this respect, as they are inherently hybrids, formed and reformed as they have been at the ‘margins’ of more than one discipline.<sup>17</sup>

Accounting practices are constantly engaged in a dual hybridization process, seeking to make visible and calculable the hybrids they encounter, while at the same time hybridizing themselves through their encounters with other bodies of expertise. One can see this at work in the context of the ongoing attempts to reform and marketize health care in the UK and many other countries.<sup>18</sup> And one can see it equally in the very different domain of microprocessors, in the oddly named ‘Moore’s law’, which embeds within itself a cost function and a technological trajectory.<sup>19</sup> Accounting is not unique in its ability to hybridize, to act as a mediating instrument. But it is distinctive in its ability

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*Calculating the Social: Standards and the Reconfiguration of Governing*, Vaughan Higgins and Wendy Larner, eds (Basingstoke: Palgrave Macmillan, 2010).

<sup>17</sup> Miller, ‘The Margins of Accounting’.

<sup>18</sup> Kurunmäki and Miller, ‘Modernising Government’, and ‘Regulatory Hybrids: Partnerships, Budgeting and Modernising Government’, *Management Accounting Research* (forthcoming).

<sup>19</sup> Miller and O’Leary, ‘The Factory as Laboratory’.

to link together widely differing actors and aspirations into an operating assemblage with the aim of making markets. The aspirations of those devising new microprocessors and new processes for fabricating them have no necessary affinity with those seeking annual cost reductions. The aspirations of those inventing new techniques for hip surgery have no necessary affinity with those seeking to give health-care consumers more ‘choice’. More generally, those seeking to enact responsibility and devolve decisions have no necessary affinity with those seeking to enhance and calculate the economic returns of such newly created responsibility centres. But this affinity can be forged and enacted (or at least attempted) through the increasingly prevalent calculative practices that go under the name of accounting.

This alerts us to a fifth and final characteristic of the panoply of instruments that makes up what is today called accounting—their ability to travel. We have, of course, long been aware of the important role played by those forms of knowledge that are stable, mobile, and combinable.<sup>20</sup> And we have also been alerted to the important role that technologies of inscription and calculation play in historically specific modalities of governing.<sup>21</sup> But we need to know much more about how, and under what circumstances, some instruments travel and others do not. Put differently, some ideas and practices travel ‘light’, while others may be too heavy to travel easily. Standard costing, for instance, seems able to travel light, and was equally at home in the very different assemblages of the Soviet Union and the United States in the early decades of the twentieth century. Ratio analysis, developed initially for purposes of credit reporting in the United States

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<sup>20</sup> Latour, *Science in Action*.

<sup>21</sup> Miller and Rose, ‘Political Power Beyond the State’.

across the second half of the nineteenth century, and now an integral part of accounting, also seems able to travel readily across both national boundaries and the boundaries that used to demarcate the corporate world and public services. Audit, likewise, seems to travel almost effortlessly across a vast range of territories.<sup>22</sup> Accruals accounting, in contrast, seems to travel less easily, as does programme budgeting. This suggests that we still have much to find out about the ways in which accounting creates calculating selves, and how this takes place within specific assemblages that are constantly forming and reforming.

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<sup>22</sup> Michael Power, *The Audit Society: Rituals of Verification* (Oxford: Oxford University Press, 1997). See also Andrea Mennicken, 'Connecting Worlds: The Translation of International Auditing Standards into Post-Soviet Audit Practice', *Accounting, Organizations and Society* 33, 4–5 (2008): 384–414.