Goodwill Hunting: Accounting and the Global Regulation of Economic Ideas.

Accounting standards are an instruction set for making sense of economic activity at the level of the firm. They provide authoritative – and routinely updated – definitions of assets, liabilities, profits and losses, as well as a conceptual framework that binds such definitions to economic rationality. In doing this, accounting standards have long played a central role in maintaining the core numerical data around which capitalism is organised and legitimised.

This PhD dissertation examines the link between changes in present day accounting standards and changes in the international organisation of production and finance. It explains why the shift from manufacturing-based economies to so-called “knowledge-based” economies has resulted in the expansion of a murky accounting category labelled goodwill that undermines the organising and legitimising function of accounting numbers.

Whereas capital in the form of tangible assets could easily be objectified as if it were a physical quantity of production rather than a social relation of distribution, capital in the form of goodwill cannot. Although many accounting scholars continue to believe that goodwill represents a quantity of “invisible factors of production”, the document analysis and interviews carried out in this research project show that accountants are having serious difficulties converting this belief into convincing numbers. Far from signalling the onset of a new knowledge-based economy, the expansion of goodwill in fact points to a new configuration of power in the old manufacturing economy. This in turn points to the obsolescence of the wider economic ideas system that has long shielded economists and accountants from addressing some rather fundamental questions about the nature of capital itself.

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