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Seeing Like the Markets

Exploring the changing role of "transparency" in global market governance

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Abstract

Over the past 30 years transparency has emerged as a powerful world society norm at the centre of contemporary regimes of market governance. Mobilizing the literatures in global governance and governmentality, we trace the historical emergence of the term transparency in global market governance and the changing and contested nature of meanings, programs and technologies associated with it. Starting with the league of nations, we show how in different contexts, transparency has been associated and intertwined with contrasting notions and programs – competition, democracy, accountability, development, stability, market discipline, moral persuasion or investor confidence. We pay close attention to how transparency and rising technologies of global governance such as financial accounting and audit standards have progressively come to mutually constitute each other. We show how, since the 1990s, transnational market governance has morphed significantly as a consequence – from bilateral surveillance and sanctioning to a diffuse governmentality apparatus.

Keywords: transparency, accountability, governmentality, market discipline, global governance, IMF, World Bank

Introduction

Since the 1990s, the term transparency has diffused rapidly across all arenas of national and transnational governance to the point of appearing today as a universal panacea. The rise of transparency and associated technologies is part of and has contributed to the expansive development, over the last twenty years or so, of a complex architecture of transnational governance with a striking impact on economic and market organization (Braithwaite, 2008; Djelic & Sahlin-Andersson, 2006; Jordana, Levi-Faur, & Marín, 2011). In the absence of an international state-like sanctioning apparatus, the discourse and rituals of account giving, transparency and verification have been central to the deployment of this architecture (Arnold & Sikka, 2001; Humphrey, Loft, & Woods, 2009; Power, 1999).

In contemporary regimes of economic and market governance, transparency provides the normative justification for the broad diffusion of accounting and audit standards and technologies (Arnold, 2012; Power, 1999; Roberts, 2009). Strangely enough, in spite of this crucial role of transparency, we do not know much about the dynamics through which it has come to impose itself as a dominant norm. There has been little historical exploration of the emergence and institutionalization of transparency, particularly at the level of transnational economic and market governance (Arnold, 2009a, 2009b). Nor, for that matter, has much been said about changes in meaning of the term or about its association, through time, with different political rationalities, programs, practices and technologies (Rose & Miller, 1992). We propose that an exploration of the historical trajectories of the transparency imperative is integral to our understanding of contemporary dynamics of economic and market governance. This exploration also allows us to follow the progressive institutionalization of a global accounting/audit hegemony. Hence, it is an important step in the project of developing a political economy of contemporary accountability and accounting (Arnold, 2009b; Chapman, Cooper, & Miller, 2009). As Arnold highlighted "research is needed to examine the ideological roots of the notion of 'transparency' and the role it is expected to play in governing today's extraordinarily complex and volatile financial system." (Arnold, 2009a, p. 807).

Mobilizing the work of Foucault and governmentality studies (Barry, Osborne, & Rose, 1996; Dean, 2010; Ferguson, 1990; Foucault, 1977, 1984, 2003, 2010; Li, 2007; Miller & Rose, 1990; Rose, 1999; Rose & Miller, 1992), we follow the term transparency as it becomes constitutive of transnational economic and market governance. We do not study transparency in isolation; rather we see it as an intellectual technology in a broader governance assemblage (Rose & Miller, 1992). Hence we capture its various and evolving associations with other normative constructs and political programs – from competition to democracy, from accountability to investor confidence and then to moral persuasion. We also trace the interplay between the changing meanings of transparency and diverse tools, technologies and practices – ranging from statistics to accounting standards, audits, or governments' budgets. By analyzing transparency as a structuring but evolving dimension of the transnational economic and market governance architecture, we aim to deconstruct the "unstable historical assemblage of faults, fissures and heterogeneous layers that have steered the evolution and transformation of this fluid but dominant signifier and norm" (Foucault, 1984, p. 82). We undertake, in other words, a conceptual genealogy (Foucault, 1984) of the term transparency in order to understand its temporal inscription and progressive dominance in our governance landscape. We start our analysis with the League of Nations. Then, we follow the introduction of the term transparency within European governance dynamics in the 1950s and we trace its transformations in the workings of organizations central to global economic and market governance – the European Common Market, the Organization for Economic Cooperation and Development (OECD), the World Bank, the International Monetary Fund (IMF), the Bank for International Settlements (BIS) and later the International Organization of Securities Commissions (IOSCO) and the International Accounting Standards Committee/Board (IASC/IASB).

We show how, in its early use in the 1950s in the context of post-war European economic governance, transparency was about open disclosure of prices and economic information with a view to foster competition and economic integration. Market and price transparency were championed and legitimized as serving the "public good" and higher political aims – consumer welfare and ultimately peace across Europe. Then, in the

1970s, we show the emergence of a democratic template for market transparency, targeting accountability of markets to the public within European Communities. Next, we trace the role of the IMF and the World Bank as they appropriate the term transparency and profoundly reformulate and reshape it in the 1990s, in response to the Mexican and Asian crises and in line with the emerging dominant neoliberal rationality. Transparency, in that context, and the new technologies associated with it (such as financial accounting, audit, or standardized economic statistics), come to foster "market discipline" – discipline for and through financial markets. Part of this disciplining is direct, external and coercive but another part takes the form of peer pressure, moral persuasion and self-disciplining. Transparency thence turns into a major structuring pillar of the new neoliberal governmentality regime. We end our empirical investigation through an exploration of the latest stage of this mutation, with a focus on the Global Financial Crisis and its consequences in terms of targets and imagined users of transparency.

Through this project, we expect to have three main contributions. Firstly, we develop empirically a conceptual genealogy of transparency in transnational market governance. We contend that such genealogical exploration is needed for the production of a "history of the present" (Foucault, 1984, p. 178) of transparency and to understand the central role it has come to play in contemporary transnational governance (Arnold, 2009a; 2009b, 2012). Secondly, we intend to contribute to a political economy of accounting and accountability (Arnold, 2009b; Cooper & Sherer, 1984). We show how transparency became a central norm in the neoliberal governmentality assemblage in tight association with financial accounting and performance management. Our double focus – on the role of financial accounting standards in the deployment of "market discipline" on the one hand and on the use of performance indicators as transnational "technologies of the self" for "moral persuasion" on the other – allows us to better unbundle and specify the central role of accounting in its different forms in transnational market governance (Arnold, 2012). Thirdly, we engage with the literature on governmentality (Barry et al., 1996; Dean, 2010; Miller & Rose, 1990; Rose & Miller, 1992). Most contemporary studies of governmentality have been set at the national level. The few studies with a transnational dimension tend to focus on the experience of countries at the receiving end of reform

programs deployed by transnational organizations such as the IMF or the World Bank (Ferguson, 1990; Li, 2007; Neu, Everett, & Rahaman, 2009; Neu, Rahaman, Everett, & Akindayomi, 2010). Recent calls, though, propose to consider the "supply side" of the transnational governmentality apparatus and to explore the knowledge forms, actors, discourses and technologies enabling representation of, and intervention in national polities and economies by global centres of calculation (Dean, 2010; Larner & Walters, 2004a; Merlingen, 2011). This is precisely where we expect to contribute. This study brings attention to a major pillar of the governance assemblage at the global or transnational level – transparency – and to the knowledge forms and actors involved in its recent transformations. We elaborate on the role of transparency and associated discourses and technologies by exploring a consequential shift in global market governance – from direct surveillance and coercion to a more diffuse global governmentality regime framed by market discipline and moral persuasion.

In the next section, we provide an overview of the literature on governmentality and on transparency as a structuring norm underlying contemporary accounting and accountability. We then present our methodological approach – conceptual genealogy – and its epistemological foundations. The subsequent section traces the transposition of transparency into the transnational market governance sphere since the early 1950s and its transformations thereafter. We conclude with a discussion of the implications of this conceptual evolution for studying the political economy of accounting and accountability and transnational governmentality.

Transparency and Governing

Transparency in its different forms implies unhindered access to information by the public (Hood & Heald, 2006). However, the definition of the "public", the identified targets and beneficiaries of transparency and the associated programs and technologies, have all been contested and have significantly evolved since the 1950s (Garsten & de Montoya, 2008).

The past 30 years have seen a rapid transnationalization of economic flows and organizing patterns. In that context, nationally bound states and governing systems have become less effective – leading to the multiplication of global governance regimes (Jordana et al., 2011). This has meant the emergence of new global "territories" and logics of governing (Larner & Walters, 2004b). In this new understanding of governing, "global policies" are made to address issues that are increasingly being redefined and reformulated as "global" – from corruption, financial regulation, water scarcity, poverty or obesity to environmental destruction or global warming (Bartley, 2007; Djelic & Sahlin-Andersson, 2006). In the absence of coercive, state-like power at the global level, international organizations (such as the IMF, the World Bank, the UN, the WHO or the OECD) and thousands of transnational multi-stakeholder regulatory platforms rely on diffuse and "soft" forms of governing (Büthe & Mattli, 2011; Djelic & Sahlin-Andersson, 2006).

"Soft governing" or "soft regulation" happens in great part through various kinds of socialization, acculturation, peer pressure and persuasion mechanisms. The behaviours of the targets are framed (and hence governed) through the institutionalization of discourses and knowledge forms that set "superior ways of being and doing" (Boli, 2006; Mörth, 2004). Targets and their ways of "being and doing" are furthermore exposed to the gaze of powerful counterparts or of the public through rituals of "account" production and verification. These accounts reveal and express particular representations of the targets and they then serve as the foundation for intervention – or self-intervention – through a combination of normative, (soft) coercive and mimetic pressures (Garsten & Bostrom, 2008). These developments have fostered the rapid expansion of a global "accountability movement" (Meyer, 2008, p. 250) and the structuration of "an accountability industry of standard setters, regulatory agencies and inspection regimes" (Garsten & Bostrom, 2008, p. 1). In this dense "audit society" (Power, 1999), the political structures of accountability are fluid and contested. Actors and their alliances are permanently in movement, programs are constantly being redefined – as if in an infinite run on the "treadmill of accountability" (Christina Garsten & Bostrom, 2008, p. 242). These accountability regimes, furthermore, are inherently power-laden, hence hierarchical (Roberts, 1991) and

they are frequently based on calculative technologies that allow for decision-making and action at a distance (Porter, 1996).

Powerful international organizations such as the IMF, the World Bank and the OECD have significantly contributed to the deployment, across the world, of such transparency-based hierarchical accountability regimes (Arnold, 2012; Harvey, 2005; Neu et al., 2009). A number of studies have shown that transparency, audit and accountability have been highly structuring of recent developments in transnational governance. Examples include the Financial Stability Forum (Arnold, 2012; Wade, 2007) or recent reactions to the global financial crisis (Humphrey et al., 2009). New crises and, paradoxically, even the failure of transparency-based regimes are framed as justification for even more transparency (Arnold, 2009a, 2009b). As other programs of governing, transparency is perpetually incomplete and always partially failing (Rose & Miller, 1992).

The stabilization of transparency as a central norm of neoliberal governmentality has co-evolved with the institutionalization of global financial accounting and audit standards. Arguably, transparency has been the normative shell through which financial accounting and audit standards have been pushed around the world (Arnold, 2009b, 2012). Under the neoliberal governance paradigm, financial disclosure through calculative technologies is an important dimension of what it means to make organizations, states and individuals "transparent" and "accountable". Champions of transparency such as former head of the IMF, Michel Camdessus have talked about transparency as the "golden rule" of the new international financial system and described it as "absolutely central to the task of civilising globalization" (Camdesseus, 1999).

Despite the significance of transparency in contemporary global governance and the role it has played in the diffusion of Western accounting and accountability regimes, we know little about the intellectual origins of the term or about the multiplicity of associated meanings in the transformation process that turned it into a world society imperative (Meyer, Boli, Thomas, & Ramirez, 1997). As Arnold recently emphasized, research on the notion of transparency is necessary to better understand "an international regulatory

system that relies chiefly on transparency as a mechanism for governing risky and crisis prone global financial markets" (Arnold, 2009b, p. 209). This paper precisely aims to address this gap.

In their seminal genealogy of the notion of value-added in the UK, Burchell et al. (Burchell, Clubb, & Hopwood, 1985, p. 409) propose that:

> … the organization of our concepts and the philosophical difficulties that arise from them, have to do with their historical origins. When there occurs a transformation of ideas, whatever made the transformation possible leaves its mark on subsequent reasoning.

We undertake the genealogical exploration of transparency in global market governance in this spirit, seeing it as integral to an understanding of the contemporary political economy of accounting and accountability (Arnold, 2009b; Cooper & Sherer, 1984).

In our analysis we mobilize concepts from governmentality studies (Barry et al., 1996; Dean, 2010; Foucault, 1984, 2003, 2010; Miller & Rose, 1990; Rose & Miller, 1992). Governmentality scholars explore the epochal shift from discipline as surveillance and external policing (by the sovereign power) to governance as diffuse and in part self-imposed "conduct of conduct" (liberal government), relying on "responsibilized" individual liberty (Miller & Rose, 1990, p. 5). This body of work has helped conceptualize government beyond the direct role of the nation-state and analyses the impact of diffuse modes of governing that rely on assemblages of actors, knowledge forms, and technologies[1]. While the "sovereign" relies on discipline and punishment, a

[1] The term "dispositif" as used by Foucault has been variedly translated to apparatus, constellation or assemblage. According to Foucault a governing dispositif combines "forms of practical knowledge, with modes of perception, practices of calculation, vocabularies, types of authority, forms of judgment, architectural forms, human capacities, non-human objects and devices, inscriptions, techniques and so forth" (Foucault, 1980, p. 194; Rose, 1999, p. 52). Some authors have recently highlighted the conceptual differences between assemblage as elaborated by Deleuze, and Foucault's dispositive (Legg, 2011). Such different include that, the concept of assemblages permits for conceptualization of multiplicity of governing regimes and the interactions between them. In

"liberal" government aims at making society "governable" through the constant deployment of norms and standards of "being and doing" (Miller & O'Leary, 1987)

Scholars in governmentality studies have underscored the inscription of policies, programs and technologies of governing within broader political rationalities – "discursive fields in which conceptions of the proper ends and means of government are articulated" (Rose & Miller, 1992). They have highlighted that, within given political rationalities, the contested processes of formulating problems and articulating "programmes of government" and intervention are crucial to the art of governing (Dean, 2010; Miller & Rose, 1990, p. 6). They have stressed, in particular, the key role of technologies of representation, which by making objects visible also constitute and perform them, making them amenable to intervention. In our contemporary regimes of governmentality, technologies of representation or visibility generally take the form of calculative devices and tools generated and governed, at a distance, by diffuse (and often "global") centres of calculation (Miller & O'Leary, 1987). These technologies of visibility are complemented and reinforced by "technologies of the self" (Foucault, 1988) that foster appropriation by the "self" of ideal ways of being and doing – with the aim, ultimately, of activating a "will to improve" (Li, 2007) and triggering self-intervention. Hence our contemporary governmentality regimes are at the same time "individualizing and totalizing", "subjectifying and subjecting" (Barry et al., 1996, p. 20).

In the absence of a centralized, state-like transnational government, a governmentality frame is useful to describe and make sense of power and its diffuse and de-centralized, "soft" but subjecting form in the transnational arena (Larner & Walters, 2004b; Li, 2007; Merlingen, 2003, 2011; Neu et al., 2010). Scholars working from that perspective have emphasized the key role of international organizations in the constellation of actors that construct and diffuse these "soft" forms of power (Merlingen, 2003, 2011). A few studies have used a governmentality frame to analyse the national and local impact of reform

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addition unlike dispositif which is preoccupied with the dominant governing modalities, assemblage can be used to describe also alternative governance apparatuses such as those of the social movements and the receiving end of governance regimes.

programs and development schemes deployed by the World Bank and the IMF in the Global South (Corbridge, 2005; Ferguson, 2005; Ferguson & Gupta, 2002; Li, 2007; Neu et al., 2009, 2010). These studies shed light on the role of experts, knowledge forms and calculative practices in the implementation but also in the perpetual failing and reconfiguration of such schemes (Ferguson, 2005; Li, 2007). The focus there has been mostly on the receiving end of transnational market governance. Work on the dynamics of the "supply-side" – the organizations, actors, technologies and knowledge forms that constitute and maintain through time transnational governance regimes remains rare.

Building upon the governmentality literature and mobilizing some of its key concepts, we plan to help address this gap. We focus on transparency as a crucial dimension of our contemporary governmentality assemblage – and we follow the constitution and transformations through time of this central pillar of contemporary governmentality. In his recent seminal work *Seeing Like a State*, Scott (1999) analysed the technologies of visibility that made liberal forms of governing possible. He showed how nation states relied on a range of tools such as maps, categorization or statistics to represent society, make it "legible" and allow intervention on it. He highlighted how states needed these simplified and purified representations to govern and in turn how states' technologies of governing re-shaped – and in fact constituted and performed – society into a more simplified, rationalized image of itself. We see our project in this paper as being in continuity with Scott's project but with a focus on global market governance. Our objective is to show how transparency as a world society norm central to global market governance has enabled certain modes of representation of the world and has made certain kinds of intervention possible. In the process, we aim to show how the neoliberal turn has fundamentally transformed the technologies but also the targets, main beneficiaries and forms of intervention associated with transparency.

Methods – Conceptual Genealogy

Conceptual genealogy is a "history of morals, ideals and metaphysical concepts." It is a history of successive "interpretations" pointing to different "systems of rules" and

regimes of power (Foucault, 1984, p. 86). It is a "form of history, which can account for the constitution of knowledge, discourses…" (Foucault, 1984, p. 59). Conceptual genealogy, however, is a particular form of history that does not presuppose linear evolution, teleology, destiny, identity or even path dependency. Instead, it gives pride of place to contingency, errors and chance:

> …(T)o follow the complex course of descent is to maintain passing events in their proper dispersion; it is to identify the accidents, the minute deviations – or conversely the complete reversals – the errors, the false appraisals and the faulty calculations that give birth to those things that continue to exist and have value for us (Foucault, 1984, p. 81).

The epistemological conviction behind such a methodological approach is not only that human activity is contextual and socially constructed, but also that activity and language, as well as politics and values, are co-constitutive and co-evolving. Knowledge is decidedly historical and anthropomorphic (Nietzsche, 1974).

Concepts are "mental representations of the categories of the world" or "cognitive products of a generalizing mental operation (conception) that abstracts the general notion or idea of a class of object" (Adcock, 2005, p. 3,10). Transparency is an important *concept*, in this sense, of contemporary governance. A focus on this type of important political vocabulary

> …helps us elucidate not only the ***systems of thought*** through which authorities have posed and specified the problems for government but also the ***systems of action*** through which they have sought to give effect to government (Rose & Miller, 1992, p. 177) (bold and italic in the original).

When concepts become part of a political vocabulary (as with transparency), they come to refer to "an institutionalized structure of meanings that channels political thought and action in certain directions" (Connolly, 1983, p. 1). When concepts become inscribed in governmental rationalities, they can become powerfully performative (Butler, 1997; MacKenzie, Muniesa, & Siu, 2007).

A naturalistic and a-historical use of concepts places major limits on our understanding of social reality, leading to problems such as theoretical inadequacy, confusion in analysis and dubious validity of the concepts used. A deeper understanding implies that we are able to trace the alternative interpretations of concepts shared by historical agents in different "situations" (Palonen, 2002, p.103), hence the need for conceptual genealogy. The "contested and historical character of the use of concepts implies that provocative turns against commonplace interprations are always possible" (Palonen, 2002, p.103). Hence, an exercise in conceptual genealogy should not only lead to a deeper understanding of a particular concept, it should also fragment and disturb what we generally see as the foundation of our current ideas and practices (Miller & O'Leary, 1987, p. 238), and in the process opens up the possibility of acting upon the social, economic and political reality. Recently, scholars in different disciplines have begun to use the genealogical approach to study a range of concepts central to our contemporary world: women's beauty (King, 2013), the retired person (Graham, 2010), limited liability and moral hazard (Djelic & Bothello, 2013), standard costing (Miller & O'Leary, 1987), dependency (Fraser & Gordon, 1994), sovereignty (Bartelson, 1995) or poverty (Dean, 1992).

To understand the current role of transparency in organizing, structuring and governing economies, polities, organizations and individuals across the world, we argue that it is essential to follow the genealogy of the norm in global governance and "isolate the different scenes where [it] engage[s] in different roles" (Foucault, 1984, pp. 76). In our genealogy of market transparency, we emphasize consequential moments of change in institutional conditions and the emergence of new layers of meaning. The empirical material used is identical to that used by the historian. Most of the time, this material is textual in nature and includes both primary and secondary documents.

We explored the archives of several international organizations to track their evolving use, through time, of the term transparency. We considered the League of Nations, the European Community/Union, the IMF, the World Bank, the Financial Stability Forum, the OECD, the IASC/IASB, IOSCO and the BIS. The online archives for all these organizations covered at least from 1991-2 to present which is the period when the most

significant changes in the role of transparency in global market governance occurred. Our public media analysis (using Factiva) covered from 1950s to present. We included these organizations because they have been central arenas for the structuration of contemporary global market governance regimes (Best, 2005; Wade 2007). We could not look at all organizations involved in contemporary global market governance (e.g. the European Bank for Reconstruction and Development, the African Development Bank and hundreds of private and semi-private organizations that have emerged especially during the past two decades). We are not striving for an exhaustive overview of the use of transparency in global market governance. Our objective, instead, is to identify the key systems and layers of "meaning and action" through time – the main "scenes" where transparency has historically engaged in "different roles" (Foucault, 1984, pp. 76) as well as major inflexion points. We believe that the centrality and clout of the organizations we selected for global market governance makes them an appropriate research ground for this and justifies that we focus and limit our analysis to them.

The documents we analysed included discussion papers, minutes of meetings, press releases, and third party news and analyses. In addition, we studied periodic publications of these organizations (including World Development Reports of the World Bank, Global Financial Stability Reports and World Economic Outlook of the IMF and the OECD Observer) – with a focus, always, on the uses of the term transparency. While up until 1995 we could manage to be nearly exhaustive and to look at every single document that used the term transparency, after that the rapid multiplication of texts that mobilized the term constrained us to move towards a sampling of documents and articles. We identified key organizational, national or global events that represented important inflection points and drove an acceleration in the use of the notion. We then used those to produce additional keywords to search our archives – for example we used search strings such as ROSC and transparency or accounting and transparency.

In addition, given the importance of the Mexican and Asian crises to the global expansion of transparency and financial accounting, we interviewed the chief economist of the World Bank during the Asian crisis (Joseph Stiglitz) and the Director and Regional Manager of the World Bank for East Asia (Javad Shirazi) during the Asian crisis. One of

the interviews lasted 40 minutes and the other two hours. In addition, we interviewed two IMF officials in charge of Financial Sector Assessment Programs (FSAP) and of conducting Article IV surveillance (names withheld for reasons of confidentiality) – each interview lasted about 90 minutes. The interviews primarily aimed at further substantiating the findings generated through archival analysis. We completed and strengthened our analysis through the use of secondary material including the work of various post hoc commentators – historians or other social science analysts – who had studied the use of transparency in market governance, in a particular organization, in a given period or context and/or around a specific issue.

Transparency and Markets – from "Fair Prices" to "Fair Value"

To explore the evolution of the notion of transparency in global economic and market governance, the League of Nations is an apt entry point. Even though the term "transparency" was not used then, the League brought the notions of visibility and openness into international politics.

Economic Visibility for Peace

Towards the end of a bloody world conflict, the idea of a governance of the world based on "openness" was making its way. In January 1918, Thomas Woodrow Wilson, President of the United States, outlined a plan for the post-war period where he proposed that "open covenants of peace" should be "openly arrived at" (Wilson, 1918)[2]. This declaration paved the way for the birth of the League of Nations in June 1919. "Openness" and "public visibility" were central to the structuring of the League and this was even reflected in the "open" architecture of the building where there should be no "hidden back corridors for backstairs diplomacy but open glazed rooms for the public negotiation of honest men" (Hays, 1995, p. 165).

[2] This was Point 1 in Wilson's famous 14 Points Roadmap. Wilson went on, proposing that after that "there shall be no private international understandings of any kind but diplomacy shall proceed always frankly and in the public view" (Wilson, 1918).

This symbolic commitment to openness, aimed at "better information sharing and coordination", also applied to the economic side of the League's program (Garvin, 1919). In 1933, the League convened a World Conference in London and the discussions converged around the urgency of conceiving and building an "economic order" that would "include norms, rules and frameworks for discussion and decision making on a multinational level" (De Marchi, 1991, p. 145). A first step in that direction would be the generation of open information through improved statistical data and records. There should be a "central observatory – a coordinating centre where national data could be rendered comparable" and visible (De Marchi, 1991, p. 149). In retrospect, hence, the League made the first attempt at constructing a global "centre of calculation" that engaged in making countries visible through the systematic collection of aggregate (at the national level) and comparable statistical information. This was a first step towards the systematic development of National Accounts and as such was undeniably one of the League's most important and consequential legacies (Clavin & Wessel, 2005; Pauly, 1996; UN, 1947).

As an organization, however, the League was a missed opportunity. In June 1919, 44 states signed the League covenant – but not the United States (Clavin & Wessel, 2005). As World War II loomed, the League dissolved, the war being the vivid symbol of its failure. Nevertheless, the idea of an international community of nations rapidly re-imposed itself after the war through the United Nations, the Bretton Woods Institutions and the process of European construction.

The Bretton Woods Conference of 1944 was an important moment for thinking about the post-war economic future of the West. The main goals of the Conference were to devise a system for the stabilization of foreign exchange markets and to organize the post-war reconstruction of devastated European economies (Best, 2005). Stable exchange rates were seen as a necessary condition of transnational economic cooperation, without which there could be no enduring world peace. According to Cordell Hull, who was US Secretary of State from 1933 to 1944:

> Unhampered trade dovetailed with peace; high tariffs, trade barriers, and unfair economic competition, with war … if we could get a freer flow of trade…freer in the sense of fewer discriminations and obstructions…so that one country would not be deadly jealous of another and the living standards of all countries might rise, thereby eliminating the economic dissatisfaction that breeds war, we might have a reasonable chance of lasting peace (Hull, 1948, pp. 81–82).

The Bretton Woods negotiations were hence a site for "truly political economics" (Best, 2005, p. 59) characterized by the attempt to put (open) international markets at the service of the ideal of world peace. The US economist Harry Dexter White and the British John Maynard Keynes were the main architects of the Bretton Woods system. The International Monetary Fund (IMF) would be in charge of surveillance of global exchange rates and of providing short-term credit to governments while the International Bank for Reconstruction and Development (later part of the World Bank Group) would handle the financing of post-war reconstruction (Best, 2005). These two organizations have played a central role in global economic and market governance ever since.

The deployment of the Marshall Plan and its organizational consequences soon came to complement the Bretton Woods architecture for a post-war economic order (Parrish & Narinsky, 1994). The Marshall Plan was operationalized through a coordination scheme with an organizational front – the Committee for European Economic Cooperation (CEEC) that became the Organization for European Economic Cooperation (OEEC) in April 1948 upon the formal launch of the Marshall Plan[3]. From the start, that organization was in charge of gathering information in the form of national-level aggregate statistics collected along a standardized format. A significant operational and normative underpinning of the Marshall Plan was detailed information sharing and the statistical management of resources, outputs, needs, and progress across member countries. Public disclosure was legitimated in that context in terms of efficiency – doing an adequate assessment of needs and developing an accurate requirement program. Looming large in

[3] That organization would morph again in 1961 becoming then the Organization for Economic Cooperation and Development (OECD), another major node in contemporary transnational economic and market governance.

the background, though, was the idea that the Marshall assistance program and economic cooperation through public visibility would help bring about the economic and material conditions of a lasting peace (Marshall, 1947). Paradoxically, however, this requirement for systematic economic and financial disclosure prompted the Soviet Union to refuse to participate in the Marshall scheme – a decision that was partly responsible for triggering the Cold War (Djelic, 1998; Parrish & Narinsky, 1994).

The Birth of "Transparency" in Market Governance – For Consumer Welfare and Democracy

The construction of European common markets was an indirect consequence of the collaboration between European countries in the context of the Marshall Plan. In April 1951, six European countries signed the European Coal and Steel Community Treaty (ECSC). Then, in 1957 those same countries signed the Rome Treaty, extending their collaboration to create a full-fledged economic community. In this process of common market construction, the influence of ordo-liberal economists, advisors to the German Minister of Economic Affairs, Ludwig Ehrard, proved highly significant (Cajvaneanu, 2011). Ordo-liberals believed that market transparency (*Markttransparenz*) was key to the efficient functioning of competitive markets and to the associated optimal allocation of resources. They also believed, however, that market transparency (by which they essentially meant "price" transparency) would neither emerge nor persist naturally (Peacock & Willgerodt, 1989). It would have to be monitored and nurtured by an external authority in the form of a state or regulator (Djelic, 1998).

From the late 1950s onward, the term "transparency" hence made its way and was regularly used in European Economic Community documents – with a clear reference to a market integration program and in fact mostly price transparency (Cajvaneanu, 2011). The use of the term expanded across a number of industries – from coal and steel to transportation and (later) to the pharmaceutical and telecommunications industries. One of the founding fathers of Europe, Paul-Henri Spaak, explained in 1961 the significance of the introduction of the "transparency" principle:

> The main concern in laying down these rules was not so much to ensure competition as such as to secure perfect market transparency in order to assure equal access to the sources of production to all consumers, in particular to consumers of a nationality different from that of the producer (Spaak & Jaeger, 1961, p. 493).

The European Communities project had been constructed around the broad post-war agenda of fostering and sustaining peace through economic integration. The original vision had been one connecting peace with economic welfare through the construction of a free-trade, mass-producing and mass-consuming European continent (Djelic, 1998, p. 151). Progressively, the end project (peace) came to be operationalized into and to a great degree subsumed under the construction of a market for consumer welfare (Foucault, 2010). Transparency of prices was considered key to competition and to the "free movement of goods, which were themselves pre-conditions for well-functioning markets that would maximize consumer welfare and fair treatment" (OECD, 1964, p. 26).

In time, the transparency notion gained (economic) democratic undertones. Welfare of the consumer was a clear and direct objective – but this notion of welfare was also tightly connected to the idea of "fair treatment". As the OECD Observer underscored in 1978:

> A system to which only financially powerful users have access must be avoided or international information networks, instead of contributing to the transparency of the world economic system, will make it more opaque and will increase existing disparities between the information rich and the information poor (OECD, 1978).

The notion of market transparency with a focus on accountability to the public and for the consumer was mobilized to target state-owned enterprises (Europa, 1984) and market regulators (EC, 1977) but also to expose state subsidies to both public and private firms (Economist, 1979). Interestingly, this particular use of the notion of market transparency in the European economic context resonated with the parallel progress in the 1960s of the idea of Freedom of Information. Ever since 1946, the United Nations had promoted the

idea of Freedom of Information, even turning it into a human right in 1948 (UN, 1948: Article 19). After the United States enacted in 1967 a federal Freedom of Information Act, there was rapid diffusion across the world of freedom of information laws (Ackerman & Sandoval-Ballesteros, 2006). The progress of (political) freedom of information rights was directly mobilized to promote market transparency, reinforcing the democratic implication and association. To avoid the opaque capture of information by privileged groups, the OECD for example, proposed that "the principle of freedom of information should, insofar as economically feasible, apply to the new international data banks" (OECD, 1978). In the European context in the 1970s, the notion of transparency was therefore broadened from being part of a market-making / competition political program to also signify the accountability of national regulators and large enterprises to a broader public. This was also the start of transparency's use to expose not only markets transactions (prices) but also market actors and organizations.

Those democratic undertones in market governance, however, stopped short of suggesting mechanisms for open and public deliberation. This was in stark contrast to the enlightenment principle of "publicity", which was associated with a deliberative program (Cajvaneanu, 2011). In that sense, the notion of account giving and public accountability associated with the political economy of market transparency was more top down and hierarchical – European communities putting pressure on states on behalf of disembodied and "imagined" citizens/consumers – rather than grassroots and deliberative (Roberts, 1991).

Transplanting Transparency from the West to the Rest – Towards a System of Surveillance

Up until the 1970s, the work of the World Bank consisted in project financing and the IMF had only limited loan activity. Rapid decolonization during the 1960s and the fall of the Bretton Woods regime in 1971 led to a multiplication of "new countries" in need of loans and financing and to a radical change, as a consequence, in the agenda of the World Bank and the IMF (Best, 2005). In 1978, the IMF's Articles of Agreement were amended to expand its surveillance role. Article IV imposed regular bilateral consultations between

the Fund and members as a key surveillance mechanism (Boughton, 2014; Schäfer, 2006). This surveillance role was strongly reinforced by the increasing loan activity of the IMF, which itself came together with a conditionality regime[4]. Conditionality turned out to be particularly strict for loans in developing and non-Western countries (Lombardi & Woods, 2008).

In the early 1980s, the World Bank intensified its structural adjustment programs and loans in the direction of developing countries, with a policy agenda and conditionality regime quite aligned with that of the IMF (Cammack, 2004)[5]. This evolution of the Bretton Woods institutions and of their role and philosophy took place in the context of a profound ideological shift. The rise to power of Margaret Thatcher in the UK and Ronald Reagan in the US and the fall of communist regimes that followed a few years later came with an institutionalization of neoliberal ideas and policies (Harvey, 2005). The belief that growth and development required free markets, a free-trade regime, small states, deregulation and privatization imposed itself in many centres of influence and power and the Bretton Woods institutions became strongholds of this "Washington consensus" (Williamson, 1993).

In 1994, one of the "best students" of the Washington consensus intervention, Mexico, faced a major crisis with powerful ripple effects in the region and across the world (Boughton, 2000). The IMF linked the "Tequila crisis" to a lack of fiscal transparency – the Mexican government having concealed its fiscal difficulties and diminishing reserves. In reaction, it launched initiatives to expand and strengthen surveillance under Article IV (Best, 2005; Boughton, 2014, cha.4) and started to target government "fiscal

[4] IMF engagement with member countries comes in three forms (IMF, 2015a): 1) Surveillance through the Article IV process that applies to all member countries bi-annually (or annually if they have an IMF program in process); 2) Programs, which are reform packages for countries facing economic crises and balance of payment issues – they are generally backed by conditional loans; 3) Technical assistance as advisory services that the IMF provides to its members on institutional legal, monetary, fiscal or other issues.

[5] The shift of the World Bank from project and program interventions to policy intervention was first formally articulated in a 1981 report – "World Bank. Accelerated Development in Sub-Saharian Africa" (World Bank, 1981). This new strategy co-evolved with a changing philosophy characterized by a push-back against the state and an emerging preference for market-based organization. Soon, this became the new policy template for interventions in other regions (Hyden & Court, 2002).

transparency" more specifically – turning it into a key component of its policy reforms. According to the Financial Times:

> Transparency became fashionable after the Mexican 'Tequila' crisis in 1994 which many believed had been made worse by Mexico's poor record on disclosure. The Mexican government had not revealed the full extent of its short-term dollar liabilities. Once it became clear to the market how large these were, Mexico was forced to devalue, thus precipitating the crisis. In the aftermath of the $50bn bailout of Mexico, the IMF encouraged member states, especially emerging markets, to publish their latest macro-economic indicators on a regular basis on the Internet and elsewhere. However, disclosure was voluntary and many governments did not comply. But even if they had complied, transparency was limited to statistics on public-sector debt and the macro-economy and did not include disclosure on private-sector dollar borrowing by banks and companies based in emerging markets (FT, 1998).

From that point on, the IMF but also the World Bank used the term transparency quite systematically as a normative technology through which they framed their demands and pressures for information. Furthermore, they came to associate transparency then with financial accounting and audit tools (at this point targeting only governments' finances) – the idea being that this association would strengthen market stability and avoid future crises:

> Burki (*the vice president of World Bank at the time)* said the World Bank would like its members to improve their accounting standards and hire independent auditors to train local staff on international accounting norms. ... The outflow of capital from Latin America and the Caribbean that followed Mexico's peso devaluation stemmed in large part from the surprise about the low level of Mexico's reserves, analysts say. Increased transparency could have alleviated the shock reaction of investors and helped avoid the liquidity crisis (DowJonesInternational, 1995).

Greater fiscal transparency, the argument went, would improve the quality of information for investors, help them make better decisions and mitigate investor panic and herding.

The Post Washington Consensus – Transparency for Institutional Engineering

While this regime of governmentality structured around transparency was being institutionalized, the effectiveness and legitimacy of IMF and World Bank interventions were being questioned from inside as well as outside. A number of countries that had been the site of IMF and World Bank intervention turned out to exhibit slower economic growth as well as increasing inequality and poverty. The main problem seemed to be the overtly economic/market centred and one-size-fit-all approach that was being deployed. In its 1992 World Development Report, the World Bank admitted to the limits of its impact:

> The proper role of the state is larger than standing in for markets if they fail to work…. Adjustment programs generally improve the balance of payments but may have negative effects on investments and reduce growth of output.… Fiscal cuts in productive investments in infrastructure and education are likely to hurt long-term growth (Levitt, 2005, p. 228; WorldBank, 1991).

In 1993, a group of World Bank managers critical of the Bank's inattention to institutional factors left to create the non-governmental organization (NGO) *Transparency International*. A big part of the problem, they believed, was the fact that the issue of corruption had been, so far, considered a taboo at the Bank – something much too politically sensitive to be dealt with (Polzer, 2001). The ambition of *Transparency International* was to improve the transparency of business-government relationships, particularly in the global South, as an important condition for the success of developmental strategies (Wang & Rosenau, 2001). Initially, there was hesitation around the name – *Honesty International* and *Integrity International* were both considered. The choice fell on *Transparency International* because the term "transparency" had started to circulate and was becoming established in European policy circles by then (Ball, 2009).[6] *Transparency International* would come to play a key role in bringing the norm of

[6] Michael Herschman, one of the founders of *Transparency International*, mentioned that, at that time, "for most Americans, a transparency was a film used on an overhead projector or, even less appealing, a condom, and not an organizational value" (as cited in Ball, 2009 p. 295). Clearly, up until the mid-1990s, transparency as a term had only made its way to the European policy language.

transparency to a wider global audience. Its framing of transparency as a governing tool against corruption had, from the start, a strong technical and measurement component (Finnemore, 1997). In 1995, the NGO started to publish a Corruption Perceptions Index (CPI), which ranked countries on how corrupt their public sectors were perceived to be.

In parallel, in a beleaguered World Bank facing internal and external criticism, the appointment of James D. Wolfensohn in 1995 announced a new, "post-Washington Consensus" era (Bello & Guttal, 2006). Building upon the work of new institutional economists and especially of the 1993 Nobel Laureate, Douglas North, the World Bank moved to integrate in its programs greater attention to institutional factors (Burki & Perry, 1998; Cameron, 2004). More particularly, the Bank's new ambitious program for "Good Governance" pointed to "the rule of law" and "anti-corruption" as priority targets (Bello & Guttal, 2006). In his address to the board of governors, in 1996, Wolfensohn referred to the "cancer of corruption" whose eradication is fundamental to "comprehensive development" (Wolfensohn, 1996). The IMF joined the bandwagon and in a speech to the governors assembled for the IMF/World Bank Annual Meetings, that same year, Michel Camdessus (then Managing Director of the IMF) underscored the urgency of a "reform of the state" (Camdessus, 1996)[7]. Rapidly, the IMF appropriated the notion of "good governance", talking about it as a "second generation reform agenda" – the "first generation" referring to the economic liberalization programs of the 1980s and early 1990s (Camdessus, 1998).

For both the World Bank and the IMF, "good governance" meant the establishment of a sound and well-functioning market economy inscribed in a healthy institutional environment ensuring stable property rights, enforceable contracts, and transparency in

[7] He went on to argue that "there can be no sustainable development without the responsible management of public affairs. This means, first, that governments must demonstrate that they have no tolerance for corruption in any form; and second, that they must dedicate themselves to fulfilling those tasks that are so essential to the confidence of private savers and investors and the smooth functioning of their economies. Tasks such as maintaining public safety, protecting property and contractual rights, providing reliable public services, establishing a simple and transparent regulatory framework that is enforced fairly, and guaranteeing the professionalism and independence of the judiciary. These are not easy tasks, but they are essential for sustained economic growth." (Camdessus, 1996).

public administration (Riggirozzi, 2005)[8]. In the words of Joseph Stiglitz, who was then chief economist of the Bank and senior vice-president for development:

> …making markets work requires more than just low inflation; it requires sound financial regulation, competition policy, and policies to facilitate the transfer of technology and to encourage transparency to cite some fundamental issues neglected by the Washington consensus (Stiglitz, 1998).

While, under the Washington consensus, the focus had been to minimize the role of the state (through privatization and deregulation), the objective was now to reform state institutions. In the post-Washington Consensus era, states could be positive change agents in so far as they framed and structured the conditions for well-functioning markets (Faundez, 2009; WorldBank, 1999, p. 10). This shift from the "policy shock therapy" of the 1980s to the "institutional shock therapy" of the late 1990s and 2000s was both highly significant and consequential (Cammack, 2004)[9]. Both the IMF and the World Bank thus expanded the conditionality clauses associated with their loans to include a wide range of state reforms. In this "second generation" reform agenda, transparency played a crucial role:

> Lack of transparency can generate uncertainty about future government policies, and this uncertainty can hurt the business environment, especially the environment for investing. And lack of transparency contributes to a lack of trust in government and to a lack of participation and ownership, all recognized as vital to the success of development (WorldBank, 1999).

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[8] The OECD soon relayed this perspective. In 1995, it issued its first discussion paper on "good governance" as central to development and in 2000 the Development Assistance Committee of the OECD adopted good governance as part of its policy agenda. It defined good governance as "a broad approach to partnership extending beyond government and parliaments to include civil society and the private sector" (Demmers, Jilberto, & Hogenboom, 2004; Patomäki, 1999)

[9] This comment by James Rogers, governor of the Sierra Leone Central Bank, in the BIS 2007 Annual Report for his country illustrates this very clearly: "In the context of developing country relationships with the international donor community however, we are dealing with a recent manifestation, which surfaced in the 1990s… from the emphasis on projects to programmes, then to policies, and the latest recognition that in addition to these, politics is also important. The inclusion of the political dimension in development practice has altered the development landscape, prompting intrusion into aspects of policy earlier deemed beyond the limits of donor activity; with concomitant protests of violation of sovereignty and related controversies." (BIS, 2007).

States, in other words, would have to be made more transparent for the sake of better functioning markets. Transparency would be used as a governing tool targeting states and political institutions with the goal of enabling and fostering economic growth and stable markets.[10]

Building upon a literature on the role of knowledge in market stability and growth (Olssen & Peters, 2005), the same logic was soon extended to other social institutions beyond the State – and in particular to knowledge institutions. In its 1998-99 World Development Report titled "Knowledge for Development", the World Bank identified two types of knowledge that appeared necessary for economic development – technical knowledge and what it termed "attributes knowledge" (WorldBank, 1998). "Attributes knowledge" was the knowledge needed for the proper functioning of markets. As an overarching norm, transparency was essential for the availability of "attributes knowledge". An absence of "attributes knowledge" would result, it was argued, in highly damaging "information problems":

> Developing country governments, bilateral donors, multilateral institutions, non-governmental organizations, and the private sector must work together to strengthen the institutions needed to address information problems. As societies become more complex, mechanisms for reducing information problems, such as accounting standards, disclosure requirements, and credit rating agencies, and for enforcing contract performance, through effective laws and courts, become increasingly important (WorldBank, 1998, p. III).

With the rise of international accounting standards in the 1990s, the World Bank increasingly put financial accounting standards, audit but also an expanding constellation of private centres of calculation such as credit rating agencies at the centre of its transparency architecture. In the 1998 World Development Report (titled "Knowledge for Development") we find 68 references to "accounting" and 21 references to "transparency" (WorldBank, 1998). Until the 1994 World Development Report, there had

[10] All major US and European aid agencies have since followed suit. For example, "good governance" looms large in the EU's Cotonou Agreement signed in 2000 with 78 African, Caribbean and Pacific (ACP) countries, an agreement that aims primarily at poverty eradication (Diarra & Plane, 2014).

been no references at all either to "accounting" or to "transparency". The term "accounting" appeared 7 times in 1995 while "transparency" was still not even mentioned. The term "accounting" was used 22 times both in 1996 and in 1997 while "transparency" went from 7 mentions in 1996 to 30 in 1997.

The Asian Crisis – Transparency and Accounting Standards for "Market Discipline"

The Asian crisis of 1997-1998 was a crucial turning point with respect to transparency and its role in global market governance. The run of foreign investors on the Thai Baht led to its abrupt devaluation, quick contagion within Asia, and a rapid herding of foreign investors implying massive outflows of capital. In 1999, the Financial Stability Forum (FSF) was set up to help address the crisis. The FSF brought together finance ministers and central bank governors from G7+ countries as well as representatives of major international organizations (IMF, World Bank, Bank for International Settlements…). Within the FSF, different organizations and actors had different interpretations of the crisis. Initially, the herding behaviour of financial investors, and ineffectiveness of transnational institutions were often identified as the main driver (Arnold, 2012). Soon, however, the framing changed significantly and the emerging dominant diagnostic pointed instead to "crony capitalism, poor financial governance, and a lack of transparency within emerging economies" (Arnold, 2012, p. 365; Best, 2005). The solution, hence, would have to be institutional reform particularly of the kind that would improve transparency. Transparency pressures should furthermore not only target state budgets but private firms and other important national economic actors as well. As Daniel Leipziger, Head of the Economic Development Institute of the World Bank, made clear in 1998, at the end of a conference on the Asian crisis, "there are no longer any options with respect to disclosure and transparency; they can't be avoided" (Strait Times, 1998). At the same event, Ng Kee Choe, President of the Development Bank of Singapore, argued forcefully that "East Asia must act quickly to move towards convergence with international best practices and standards; otherwise smart money may find homes elsewhere" (Ibid).

Hence, in the context of reactions to the Asian crisis, a profound re-interpretation of the role of investors emerged and came to impose itself. A mostly negative view of the consequences of investor "herding" got displaced by a narrative around the positive role of investors as providers of "market discipline" (Best, 2005). Institutional reform and transparency were necessary, the argument went, to foster investor trust and more stable financial markets (Best, 2005). National economies but also polities should be made more transparent with "decision usefulness" for international financial investors as the key target (Young, 2006). In return, international investors' decisions to invest or divest would discipline those countries into compliance with global institutional and disclosure standards. Financial markets, hence, would (and should) "discipline" national states and economies, and transparency would be the main mechanism. Since the main users for such transparency were supposed to be financial investors, the information produced would have to fit their expectations – and be financially relevant, standardized and comparable.[11]

In this emerging regime of governance through transparency, market discipline came to play a role that was functionally equivalent to the role of public opinion in a liberal democratic regime (Habermas, 1991). In a liberal regime, public opinion was supposed to discipline state officials to ensure well-functioning national institutions. In this new governance regime, investors' capital movements would discipline states and national economic actors in the interest of development (for the World Bank) and well-functioning global financial markets (for the IMF). As Philippe Maystadt, Chair of the

[11] During this period there were critical voices agains the transparency agenda of the IMF and the World Bank, not only from the targeted Asian economies but also from some of the former architects of the "new financial architecture". For example the president of Indonesia (Suharto) as the rotating head of the non-aligned movement asked the G7 to "accept fully the multilateral surveillance, discipline and coordination of their fiscal and monetary policies." (Reuters, 1995), hence turning the gaze back on the Western economies. In addition some Asian leaders (espescially Mahathir of Malaysia) raised the issue of the lack of transparency of hedge funds which according to some were among the root causes of the Asian crisis (WSJ, 1998). Stiglitz after his departure from the World Bank in 2000, became another critique of the transparency-centered approach to market governance. He frequently emphasized that the economic crises of countries such as Norway, Sweden, and Finland showed that "transparency itself would hardly inoculate a country against a crisis." (Stiglitz, 2000, p. 1084). He further questioned the scientific bases for the link between transparency and market stability (Furman, Stiglitz, Bosworth, & Radelet, 1998, pp. 70–71).

Interim Committee of the Board of Governors of the IMF argued in 1997, in an IMF/World Bank joint meeting:

> One idea being circulated is to boost the cost of borrowing from the IMF for those countries…I don't favour this approach….Personally, I prefer to look for solutions via more transparency, and then let markets react…. sanctions or other coercive measures are difficult to implement because the IMF's decision making process wouldn't lend itself easily to 'automaticity'. It would be hard to simply decide like that to apply sanctions on a given country (DowJonesNewServices, 1997).

In contrast to IMF direct intervention, market discipline was perceived as "automatic" and hence as more efficient than bilateral surveillance, control and sanctions. Market discipline was championed because it could arguably facilitate the emergence of direct "chains of enrolment" between international investors and targeted countries – hence allowing for more effective and efficient intervention (Barry et al., 1996).

Transparency for market discipline came to be operationalized through a comprehensive set of standards that enabled comparability across diverse countries – international investors and their investment decisions being the key target audience. IMF, the World Bank and the Financial Stability Forum started to champion and use standards with many different purposes – standards for fiscal transparency, standards for national statistical transparency, standards for companies' financial disclosure and audit ... (see Appendix 1 for a list).

The IMF and the World Bank were thus moving from a conception of essentially "unregulated markets" with some degree of posthoc bilateral control towards a regime of "standardized markets" based on systemic and standardized transparency. This "New Financial Architecture" (Wade, 2007) was structured around a standards and transparency backbone aimed at enabling compliance with the IMF and World Bank's political programs through market discipline. Evaluating compliance with these standards thence became a central dimension of IMF and World Bank interventions. Expanding on

direct bilateral negotiations and control through "Article IV" annual consultations and meetings, the IMF and the World Bank were now building and managing a broad and diffuse architecture of standardized transparency and market discipline.

Increasingly, the IMF also negotiated with individual countries involved in Article IV consultations that resulting reports be made public. The IMF and the World Bank, furthermore, started to issue country Reports for Observance of Standards and Codes (ROSC). The ROSC evaluate the level of compliance of different countries with transparency demands stemming from various global standards. Again, these reports are made public unless a particular country objects to it (Lombardi & Woods, 2008)[12]. For those countries under an "IMF program", hence receiving conditional loans, such public disclosure is mandatory (Edwards, Kelsey, & Preston, 2012). According to the IMF:

> In recent years, the *IMF 's surveillance has become increasingly transparent.* In 2013 some 99 percent of member countries agreed to the publication of a press release, which provides the IMF Executive Board's assessment of the member's macroeconomic and financial situation; and around 90 percent published the Article IV consultation staff report (IMF, 2014) *(emphasis added).*

The shift from a centralized, bilateral technology of governing through Article IV surveillance to a diffuse and decentralized architecture of governmentality articulated around the normative technology of transparency and the production of standardized and public information by the targets of surveillance themselves was a striking development. Ironically though, the primary imagined users of this "surveillance made transparent", the international financial and investment community, have not reacted as expected. For example, surveys produced by the IMF and the FSF show in fact that ROSC reports are neither well known nor commonly used in that community:

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[12] Since 1999, the IMF and the World Bank have jointly introduced a specific surveillance mechanism for the financial sector named Financial Sector Assessment Program (FSAP) which evaluates a range of risk, capital base, stress tests, standards compliance indicators for a country' financial sector. These reports have not been disclosed publicly at the same level as the ROSC and Article IV reports. Especially stress tests on specific banks and financial organizations are kept strictly confidential (World Bank, 2003), because they include "highly market sensitive information". In other words, the type of market discipline imposed on polities and economies does not seem to equally apply to the financial sector itself.

> the use of ROSCs [reports on the observance of standards and codes] by market participants is low… use does not appear to have increased in recent years: a survey conducted in 2003 reported similar results…. the initiative has significantly fallen short of its objective of informing market participants … direct use of ROSCs by market participants cannot be expected to increase significantly without radical changes' (IMF, 2005, p. 24).

In other words, it seems that financial investors who happen to be the ultimate "imagined users" (Young, 2006) of those increasingly large numbers of reports on standards are for the most part unaware of them. This fragility shows the programmatic nature of this form of governance through transparency – always partially failing and in constant need of being amended and improved.[13]

These evolutions point in parallel to the increasing role of accounting and accounting standards in global market governance. In the 1990s, Accounting emerged as the central technology of "standardized" transparency for market discipline. When financial accounting was being inscribed into the IMF and World Bank market governance assemblage, in the 1990s, it was also undergoing major transformations (Botzem, 2012). In the early 1980s in Europe, the labour movement and governments had been among the most vocal champions of corporate transparency through stricter accounting rules:

> In Europe, the growth of multinationals has helped create an appetite for information that is bringing the Common Market into mandating accounting rules. The watchword for multinationals is greater "transparency" – more disclosure – and the push owes as much to the European labour movement's

[13] In the 2000s, there were also discussions in the EU on the effectiveness of market discipline through transparency as a governance mechanism – particularly with the aim of reaching "fiscal responsibility" in the various nation states. The Italian deputy director of the Central Bank strongly argued in 2011 for a shift to market discipline, underscoring the necessary conditions (in particular transparency) for that discipline to be effective (Visco, 2011). Much earlier already, in 1989, the Delors report outlining the European Monetary Union had indicated that "experience suggests that market perceptions do not necessarily provide strong and compelling signals and that access to a large capital market may for some time even facilitate the financing of economic imbalances … the constraints imposed by market forces might either be too slow and weak or too sudden and disruptive". These claims were echoed more recently by many critics who have argued that investors have been "too slow" in detecting and "too fast" in reacting (Visco, 2011)

> demand for a sharper eye on big companies as to accounting's traditional purpose of providing reliable information for decision makers in the capital markets (NYTimes, 1980).

Rapid financialization of world economies in the 1990s and the global rise of financial investors as powerful actors (Davis & Thompson, 1994; Krippner, 2005)[14], the fast expansion and internationalization of large accounting and audit firms and the parallel emergence and development of accounting-related transnational organizations (e.g. IFAC and IASB/IASC) fostered a profound transformation of the accounting field and implied a changing role for accounting in global governance (Botzem, 2012). Initially, there was a fair amount of debate between those actors involved and the gap was particularly significant between the United States on the one hand and European countries on the other. US representatives in those various international organizations tended to champion "fair and true" principles serving the imagined information needs of equity investors. European, and in particular German and French representatives aimed on the other hand at "prudence and conservatism" – as two principles consistent with the information needs of creditors (see Zeff, 2012 for a detailed analysis of these debates). As the German Finance Minister expressed it during discussions with IFAC and the SEC, Germans were uncomfortable with what could be seen as both a narrowing of transparency's beneficiaries (to investors) and, at the very same time, its undue extension to too many firm activities:

> The disclosure concept under German and EC law was much broader, and took in the need to protect not only shareholders but also creditors, employees and government agencies. It is also necessary to take into account the need of enterprises to maintain business confidentiality in sensitive areas… one should not require that companies provide to the public the same information that they provide privately to their major debt and equity holders… Anglo-American accounting has lost sight of the principle of prudence while in continental Europe,

[14] Represented through organizations such as the International Organization of Securities Commissions (IOSCO), the International Corporate Governance Network (ICGN) or the US Security and Exchange Commission.

> especially Germany, the convention of conservatism is still alive (NYTimes, 1980).

From the second half of the 1990s, however, pressure from international investors, the SEC and IOSCO led to increasing convergence towards the "Anglo-American" position and its exclusive focus on "decision-usefulness" for investors (Young, 2006; Zeff, 2012). As shown above, the Asian crisis led, at about the same time, to the systemic inscription of the principle of transparency for market discipline into the global regulatory architecture deployed by the IMF, the World Bank and the Financial Stability Forum. In that context, financial accounting standards and audit became the main technologies through which transparency was being operationalized – with investors in mind as the primary imagined users of information. And the role of accounting standard setters with an international reach (the International Accounting Standards Committee - IASC and later International Accounting Standards Board – IASB) became increasingly significant in transnational governance debates (Arnold, 2009b).

In an interesting way, all the main actors involved in this transnational governance landscape tended to justify the focus on investors as serving, in the end, the interests of the public at large[15]. There is a palpable ambiguity between the idea of serving the interests of "investors" and serving the interests of the "public" as the Chairman of the SEC made clear in an address to members of the IASB:

> You'll be performing a vital and urgent service of improving investor information for the benefit of all. You'll be serving a cause with the potential not just to change how revenues are recognized or leases are capitalized, but to bring the nations of the world together as never before, and to change the lives of every investor for the better (SEC, 2008a)

If audit is "transparency made durable" and "transparency made visible" (Strathern, 2000, p. 313) then the contemporary audit culture revealed in these and many other texts crystallizes a particular understanding of transparency that has today become dominant –

[15] This is visible also in recent debates on the IFRS conceptual framework (Zhang, 2011).

transparency not as a tool to provide benefits to the consumer but as a mechanism to better serve and protect the interests of the financial investor.

Transparency and Performance Measurement - Towards Moral Persuasion

The epistemic logic behind transparency for market discipline is that the targets – be it states, firms or whole economies – are provided with standardized platforms for the production of financialized and calculative accounts of themselves. They are expected to produce these accounts in a timely, regular and public manner. This production of standardized accounts is deemed to influence and in turn be fostered by investment decisions of financial actors and movements of global "smart money". The process of information production becomes much more powerful and effective, though, if it is appropriated and subjectivized by the actors themselves as a valuable and superior "moral" objective. Arguably, this logic of "moral persuasion" has increasingly been at work over the last decade in contemporary global governance (Boli, 2006). Transparency in the form of public accounts of all kinds is increasingly presented, appropriated and (self-) justified as a "moralizing" exercise (Fourcade & Healy, 2007) that should lead to self-intervention and the production of a "better" self.

Initially, the IMF and the World Bank made ROSC, Article IV reports and other documents public with only specific audiences in mind (mostly investors and policy makers). The instruments used for moral persuasion, however, target a much wider public. Over the last few years, the IMF and the World Bank have devised a new set of technologies of transparency that aim to increase the moral weight and persuasion of the representations they carry. Central to the design of these new technologies are quantified indicators and performance measures (Davis, Kingsbury, & Merry, 2012). The World Bank produced three major sets of indicators that relay its economic and institutional reform agenda – the *Country Policy and Institutional Assessment*, *World Governance Indicators* and the *Doing Business Ranking* (Diarra & Plane, 2014). The Doing Business Ranking, for example, compares the ease of setting up a business and investing in different countries, with a special focus on public institutions and regulation. According to the World Bank:

> The *Doing Business* project provides objective measures of business regulations and their enforcement across 189 economies and selected cities at the subnational and regional level… By gathering and analysing comprehensive quantitative data to compare business regulation environments across economies and over time, *Doing Business* encourages economies to compete towards more efficient regulation; offers measurable benchmarks for reform; and serves as a resource for academics, journalists, private sector researchers and others interested in the business climate of each economy (DoingBusiness, 2014).

The imagined users for the Doing Business Ranking are not only policy-makers and analysts but also journalists, academics and the public at large. Through the deployment of indicators and performance measures that are visible to all, the objective is first to prompt a comparative "moral" assessment – "I am doing better or worse" – and then to trigger intervention on the "self" (Espeland & Sauder, 2007). Similarly the IMF has been producing *Financial Stability Indicators*, which score and compare member countries on a range of issues such as monetary policy, bank capital base and solvency (IMF, 2015b). Both organizations also draw upon third party rankings such as the World Economic Forum's Competitiveness Ranking. According to our IMF interviewees, the organization increasingly calls on its staff to engage with media and universities in member countries to generate public pressure on governments so that they would comply with IMF recommendations. With these developments, the World Bank and the IMF are in fact profoundly transforming their approach to governing towards a logic where target countries are "responsibilized", "empowered" and subjectivized (Barry et al., 1996). By developing and multiplying performance measurement exercises and rankings on all kinds of different dimensions those organizations are outlining and framing what can be seen as a "moral order". Talking, for example, of its fiscal transparency initiative, the IMF makes it clear that [16]:

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16 The IMF initially developed a Code of Good Practices on Fiscal Transparency in 1998, in reaction to the Mexican crisis. Through the years, this Code was developed into a global "fiscal transparency standard". And compliance with that standard was inscribed within the ROSC evaluations. Through the years, the IMF also came to develop a range of other standards and related instruments that all pushed for standardized fiscal disclosure and hence reinforced the impact of the Fiscal Transparency Code.

> Fiscal Transparency Evaluations (FTEs) are the IMF's principal fiscal transparency diagnostic. FTEs provide quantified analyses of the scale and sources of fiscal vulnerability based on a set of fiscal transparency indicators, a summary of country fiscal transparency strengths and reform priorities through a set of heat maps, and the option of a sequenced fiscal transparency action plan to help countries address those reform priorities (IMF, 2015a).

The approach to reform and intervention outlined here is to first use "diagnostic tools" to evaluate compliance; to make the resulting accounts and diagnoses public and broadly available in easy-to-consume formats such as scores or "heat maps"; and to propose and suggest in association different "action plans" for "self"-improvement.

The Financial Stability Board (FSB), that took over from the Financial Stability Forum and has been central to the global regulatory response to the recent Global Financial Crisis, also underscores its use of "moral suasion" in pushing for standardized transparency[17]:

> Policies agreed by the FSB are not legally binding, nor are they intended to replace the normal national and regional regulatory process… It operates by moral suasion and peer pressure, to set internationally agreed policies and minimum standards that its members commit to implement at national level (FSB, 2014).

While direct surveillance in the context of conditional loans only made intervention possible in the case of dependent and vulnerable economies, this new type of transparency technologies allows the IMF and the World Bank to target reform programs at a much wider set of countries[18]. Through a dense architecture of technologies of

[17] The Financial Stability Board (FSB) was established in 2009 as the successor of the Financial Stability Forum that was in operations since 1999. The FSF had received its mandate from the G7 while the FSB reports to the G20.

[18] For example regarding the IMF and OECD's mandate from G20 to evaluate the compliance of 80 countries with the pledges they made to pursue economic growth, an IMF official said "All you have in the international space is moral-suasion," … "So we're raising the costs of failure." (AFR, 2014).

transparency, these international organizations use moral persuasion to suggest, frame and monitor particular reforms.

The Global Financial Crisis – Turning the Gaze back to the West

If anything, the global financial crisis of 2007-2008 has only made transparency more central to contemporary global market governance. Principled transparency, operationalized and activated through quantified metrics, standards and performance indicators is still central to reform programs championed by organizations like the IMF, the World Bank or the Financial Stability Board.

In its early reactions to the crisis, the IMF identified market failures and insufficient market discipline as being at the root of the problems[19]:

> Market failures that emerged as a result of financial innovation undermined the effectiveness of a regulatory model that rested, at least in large part, on transparency, disclosure, and market discipline to curb excessive risk taking (IMF, 2009b).

From that perspective, transparency was a crucial technology of market discipline and the crisis revealed that there had been too many remaining "blind spots" in the system – the Over the Counter (OTC) markets and the Credit Rating industry in particular (IMF, 2009a, 2009a). Five years after the onset of the crisis, the language used in the 2012 Global Financial Stability Report shows that the IMF still articulates its position, diagnosis and solutions around the same combination of "transparency" and "market discipline"[20]:

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[19] A large body of literature now explores the conditions under which transparency can lead to effective market discipline. Some of this literature for example highlights that for market discipline to be effective, government safety nets should be removed and competition among firms should increase (eg. see Flannery & Thakor, 2006; Nier & Baumann, 2006). In other words, states should push for transparency, abstain from other modes of intervention and let market discipline do the rest.

[20] The IMF's recent reaction to the global financial crisis has signaled important evolutions. For example, the IMF now grants national regulators a key role in the maintenance of market stability. Article IV reports, produced by the IMF, are also highlighting now inequalities in the distribution of wealth. Still, market discipline enabled through standardized transparency remains a central pillar of IMF's governance modalities (Dhar, 2014).

> Lack of disclosure and transparency (particularly with respect to exposures taken by the banks) can undermine the market discipline that should be applied by those providing wholesale funding and by equity investors. Market discipline can be further compromised if the losses of most creditors of distressed banks are cushioned by government interventions (IMF, 2012).

Similarly, in its mandate to promote the reform of international financial regulation, the Financial Stability Board still deploys an approach where transparency-based standards and moral persuasion remain key technologies of governance. So far, membership in the FSB implies the commitment to implement "twelve international standards and codes" and to "undergo periodic peer reviews" (FSB, 2014, p. 201).

Maybe the most striking evolution for those organizations since the global financial crisis is their changing focus – from the "rest" to "both the west and the rest". The rising power of G20 in global governance has meant that the mandate of those organizations has clearly expanded to cover also Western states, polities and economies. Since 2008 for example, the IMF and the World Bank have broadened the scope and reach of ROSC reports to include more Western countries:

> The 'standards–surveillance–compliance' regime is to be seriously applied on a global basis, and not 'just' for emerging and developing economies. With the G20 now involved in the general governance of the global economy, the old dichotomy between emerging economies who were 'clients' of the IMF and international standard setters, and the developed industrial states like the USA who were the 'masters' of the system, appears to be breaking down (Humphrey et al., 2009, p. 812).

The IMF's Financial Sector Assessment Program (FSAP) surveillance process now applies to 25 "systemic countries" including all major Western economies (IEO-IMF, 2014). And the FSB is pushing for the adoption of standards also in the west.

In continuity with the evolution that started during the Asian crisis, accounting remains a core technology of transparency and market discipline. By now, the nature of the dominant contemporary transparency regime has become very clear. It is explicitly connected to accounting and financial reporting:

> Transparency is the cornerstone of world class financial reporting. Transparent and unbiased financial reporting allows investors to make informed decisions based upon a company's financial performance and disclosures (SEC, 2008b).

In a recent joint statement to the FSB, the IASB and the FASB left no doubt as to their common philosophy in that respect:

> The confidence of all users of financial statements in the transparency and integrity of these statements is critically important for the effective functioning of capital markets, efficient capital allocation, global financial stability and sound economic growth (IFRS, 2011, p. 26)

Some of the most crucial debates following the Global Financial Crisis have been those around accounting – particularly debates on fair value and off balance sheet reporting. There have been strong and vocal critics of fair value accounting and its procyclicality that contributed to exacerbate the Global Financial Crisis (Laux & Leuz, 2009; Power, 2010). Nevertheless, the IFRS and the IMF have continued to frame fair value accounting as "pure" and "truly" transparent financial disclosure. In a report on "Initial Lessons of the Crisis for the Global Financial Architecture and IMF", the IMF indicated that:

> The problem is not too much transparency but too little, and the clock should not be turned back on Fair Value Accounting just to address the issue of temporary market illiquidity. What is needed is to make clear the nature of price uncertainty, and to do so in a way that speaks symmetrically to the potential for mispricing in illiquid markets as much as in booming markets. Enhancements could include better guidance and principles for mark-to-model valuation, information on the variance around fair value calculations, and data on price history (IMF, 2009a).

From that perspective, fair value accounting is presented as being more transparent than historical book value – as it reflects the current evaluation of markets. Reacting to criticisms of fair value accounting and its potential role in heightening market instability, the chair of the IASB insisted in 2012 that transparency through fair value could lead in the long term to market stability, but that regardless:

> …accounting standards are not an instrument of economic policy; they merely serve to depict financial and economic reality as reliably as possible. Dampening the economic cycle is neither our task nor within our area of expertise (Hoogervorst, 2012).

The proposition here is that accounting is essentially neutral and apolitical and that it does not carry a reform agenda – that it is only committed to representing the world by depicting a "financial and economic reality" that exists out there.

In fact, these debates and those on other issues, such as off-balance sheet accounting (Turner, 2008), have been highly significant over the last years and arguably they have been central to the fate of firms, industries and whole economies during the credit crisis (Arnold, 2009a). International accounting standards materialize and embody a particular take, position or "philosophy" on those important debates. And the increasing role of those standards as central technologies of contemporary global governance has contributed to the institutionalization of this "philosophy" across many different organizations and countries (Arnold, 2009b).

Discussion – Seeing Like the Markets

In our genealogical exploration of transparency, we have shown how transparency has indeed become a major structuring pillar of transnational market governance. We have shown also how it has been, through time and since the 1950s, associated with different governing programs and serving a variety of finalities and actors. Arguably, the ambiguity, flexibility and versatility of transparency are crucial to explain its rise and

significance in transnational governance (Best, 2005; Laclau, 1996) and its transformation through time into a powerful and unavoidable world society norm (Krücken & Drori, 2009).

Conceptual Genealogy - The "Borrowing" of Transparency

In our exploration of transparency, we aimed to "isolate the different scenes where [it] engage[d] in different roles" (Foucault, 1984, p.76). Hence, we focused on important moments of bifurcation and traced the emergence of new layers of meaning and associated assemblages. Naturally, each new fork in the road did not imply the complete disappearance of previous templates and assemblages. Instead, multiple layers have continued to co-exist but some are more or less dominant in different scenes and/or in different periods.

The pre-history to the deployment of transparency in transnational market governance was, as we have shown above, the requirement for information sharing, openness and visibility that started with the League of Nations and particularly with its Economic and Financial Organization (EFO). In that context, the dominant technology for visibility and information sharing was the systematic collection of aggregate (at the national level) and comparable statistical information on various economic dimensions. This early development in turn influenced, a few years later, the organization work around the Marshall Plan coordinated by the OEEC. The dominant technology remained aggregate and comparable statistics – on macro-economic dimensions but also increasingly on social issues. This was happening in parallel to, and partly in coordination with, similar efforts taking place within the United Nations. Building upon the early work of the League of Nations EFO, the UN produced in 1953 an international standard system of national accounts – an international "standard set of recommendations on how to compile measures of economic activity" (UN, 1953; UN-STATS, 2008). Hence, National Accounts Systems signifies the institutionalization of one of the first global centers of calculation for market governance, even before transparency imposed itself as a structuring norm of transnational governance.

In the first occurances of the term transparency in emerging European Communities of the 1950s, the targets to be exposed were products and services markets. Transparency was essentially part of a program of reform to enable competition based on "open markets" and "fair prices" aiming to serve the finality of consumer welfare, and ultimately prosperity and peace. As a technology of transnational market governance, transparency was thus serving broader, social and political goals. In the 1970s, transparency also became framed within Europe as a mechanism for accountability of market actors to the public. Both the "transparency for competition" and "transparency for public accountability" templates belonged to a "liberal-democratic" governmentality paradigm – where the state played a key role and the empowered customer/citizen was a crucial imagined beneficiary (Foucault, 2010). Starting in the 1990s, though, in the context of an increased globalization and financialization of the economy and of the rapid progress of a market and investor-centred ideology, key international organizations like the IMF and the World Bank contributed to a significant re-framing of the concept of transparency. As a consequence of this profound re-framing, transparency today, as used in market governance, is about creating the conditions for "fair" valuation, market stability and investor confidence. We summarize in Table 1 the evolving layers of meaning and connected assemblages that have been associated through time with the concept of transparency and its use in transnational market governance.

Insert table 1 about here.

The genealogical path that we have reconstructed above points to a consequential case of "borrowing" (Dean, 2010, p. 31)[21]. A concept and term initially mobilized within a particular political rationality (liberal-democratic) is "borrowed" and transferred to another (neoliberal) – and this comes together with a profound shift in both the meaning and the associated technologies and political programs. We move from transparency as

[21] According to Dean "there are borrowings across these regimes themselves, and forms of cooperation, overlap, intersection, fragmentation and contestation between them. One regime may attempt to colonize and subjugate another, "(Dean, 2010, p. 31).

being imposed on firms, industries and states for consumer welfare and public accountability to transparency being imposed on states, organizations and economic actors in order to secure investor confidence and financial market stability.

It is important to underscore that there is no linear evolution, teleology or destiny in the process of "borrowing" identified here but instead a fair amount of contingency, chance and unexpected combination of events and developments (Foucault, 1984, p. 81). The emergence of *Transparency International* and the anti-corruption movement it triggered was one of these developments that can be seen post-hoc as having played an important role in the process of "borrowing". The founders of *Transparency International* were former World Bank managers and they retained connections, networks and influence within and around the Washington-based international organizations. Their project, to militate against corruption and to champion accountability of states and large firms, overlapped with the liberal democratic template of "transparency for public accountability" that played a role then mostly within European Communities. Hence, they "borrowed" the term *transparency* from that "scene" in part because of its resonance already within transnational policy circles, at least in Europe. That same year, Douglas North received the Nobel Prize, which put the limelight on his work and more generally on the New Institutional Economics school. This body of work, interestingly, provided the theoretical justification to positively connect the fight against corruption with market stability and development. As the World Bank was trying to deal with a fair amount of internal and external criticisms, a "borrowing" of the anti-corruption agenda – and with it of the term *transparency* – hence emerged as a useful alternative to, (or arguably an extension of) Washington consensus reform programs. Soon, the IMF followed suit, connecting transparency, "good governance" and market stability. Rose and Miller highlight how organizations can "be brought into a loose and approximate, and always mobile and indeterminate alignment" with other organizations by "translating the objectives and values of others into its own terms, to the extent that the arguments of another become consonant with and provide norms for its own ambitions and actions" (Rose & Miller, 1992, p. 184). The dynamics at work in the development we have focused on here show precisely such "translation of objectives and values". By the mid-

1990s, hence, the term transparency had entered the broad constellation of transnational policy making in and around the Washington-based international organizations.

As the term transparency was being "borrowed", however, it was also being "massaged" into a quite different template (McLuhan & Fiore, 1967). This development was an important turning point in the genealogical path of transparency within transnational governance. It was neither planned nor necessary. It contributed to but cannot account on its own for the radical meaning change and reframing of the concept that we documented above. Rather, we focused on it here to highlight the complexity of the "course of descent" that "give(s) birth to those things that continue to exist and have value for us" (Foucault, 1984, p. 81). In the process, we highlighted a profound and consequential shift in the dominant logic of governing.

Transnational Governmentality – Understanding the Supply Side

During the 1980s, direct bilateral surveillance and control shaped the dominant approach to governing national markets (mostly in the Global South) deployed by Washington-based international organizations. The "borrowing" of the concept of transparency in the 1990s, in the context of an increased globalization and financialization of the world economy, coincided with – and enabled in turn – a significant transformation of the dominant governing philosophy. We have documented above the step-by-step construction, in part through the mobilization of the concept of transparency, of a thick and powerful transnational governmentality apparatus. The governing regime based on surveillance and conditionality did not disappear, naturally. It remains, in fact, a potent mechanism to control and steer those countries going through difficulties or crises – and hence in a situation of direct dependence. However, the new governmentality apparatus makes it possible to extend influence and intervention well beyond the set of countries in urgent financial need.

In the new governmentality paradigm economic actors, but also political and social institutions should be "disciplined" by the financial investors and "morally persuaded"

into behavioural patterns consistent with the dominant rationality of market-based development and minimum state intervention. “Transparency for market discipline” and “transparency for moral persuasion” make up today the two pillars of what has become a powerful “neoliberal governmentality” regime – market discipline being totalizing and subjecting and moral persuasion individualizing and subjectivizing.

The normative foundations of this particular political rationality is that prosperity and development are dependent upon the free flow, across the world, of trade and financial capital. Financial capital and trade, in turn, will only flow freely and markets will only be stabilized if investors are confident and re-assured. Investment confidence will be achieved through the broad diffusion of standardized information by national states and national economic actors. This information is in turn the basis for financial market discipline as it should trigger positive and negative reactions (and hence stimuli) on the part of financial investors. This “action at a distance” can be quite significant and it can have powerful disciplining effects. In turn, when the information becomes broadly public, simplified, and inscribed in comparative graphs and lists, it also has the potential to define a “moral order” – what is “superior” and what is “inferior”. This, in turn, can potentially generate significant pressure for transformation, in particular through self-intervention. Nation states, in that context, take action to change national institutions without being directly coerced nor even prompted to do so. A combination of market discipline and moral persuasion is deemed to take the shadows of the governmentality “canopy” to all corners of the world.

Rose and Miller (1992, p. 199) tell us that our contemporary governance modalities imply

> (the) “autonomization” of entities of government from the State: here the State, allying itself with a range of other groups and forces, has sought to set up – in Latourian language – chains of enrolment, “responsibilization” and “empowerment” to sectors and agencies distant from the centre, yet tied to it through a complex of alignments and translations.

In contemporary transnational market governance, transparency deployed as a combination of market discipline and moral persuasion demonstrates such a consequential transformation – from policing to governmentality. The IMF and the World Bank remain powerful transnational centres of calculation that produce and collect vast quantities of information. Increasingly, though, they foster a decentralization of the "entities of government" to other private centres of calculation and even, directly to financial markets. In the process, we can argue that they attempt to "govern more by governing less" (Barry, Osborne, & Rose, 1996).

The concept of transparency has been central to this shift towards transnational governmentality. As the term was being "borrowed" and appropriated by Washington-based international organizations, it became a legitimizing frame for the systematic collection and public diffusion of a multiplicity of standardized information and data.

Implications for Political Economy of Accounting and Accountability

As we have shown above, and documented in Appendix 1, the World Bank, the IMF but also other transnational centres of calculation and governance have produced and developed, particularly over the last two decade, a dense web of standards [22]. Those standards reveal and express a common telos – ensuring "investor confidence" and in the process "market stability" and "development" – and as such they have been enabled further the transnational diffusion of financialization (Krippner, 2005).

One set of highly performative standards that emerged and mutually-constituted transparency were financial accounting standards. The financialization of world economies in the 1990s, the global rise of financial investors as powerful actors but also the fast expansion and internationalization of large accounting and audit firms and the parallel emergence and development of accounting-related transnational organizations

[22] Here were use a broad definition of accounting as ". . . all those spatially and historically varying calculative practices—ranging from budgeting to fair value accounting—that allow accountants and others to describe and act on entities, processes, and persons" (Chapman, Cooper, & Miller, 2009, p. 1)

(e.g. IFAC and IASB/IASC) all combined to explain the increasing presence and use of financial accounting, and of its particular logic, in the mechanics of transnational market governance. We have shown above that, from a marginal position in the early 1990s, financial accounting standard setters and associated organizations now hold significant sway in the transnational market governance architecture. They are at the heart of some of the most consequential contemporary debates and play, in the process, a significant role in further "massaging" market transparency towards a singular focus on information needs of and "decision usefulness" for financial investors (Young, 2006), frequently associated with the broader stated goals of market stability and growth. A strong case of such massaging was in the fair value accounting debates, where accounting standard bodies framed transparency for financial investors as an end in itself – market stability being framed as a secondary and eventual long-term outcome of such transparency.

The inscription of the accounting technology as a central mechanism of standardized transparency, and hence at the heart of contemporary transnational market governance, was not only revealing then, from the late 1990s, of a changing power balance in the world economy in favour of finance and financial investors. It also significantly contributed to perform and institutionalize this power advantage. As transparency was being operationalized through financial accounting and the use of financial accounting was being legitimized through its association with transparency, market discipline became inscribed as the telos justifying transparency in transnational market governance. Market discipline, it was trusted, would put pressure on countries to improve their "investor friendliness" through systematic and standardized disclosure, under the imagined disciplining gaze of international investors.

The other fundamental change in the role of calculative accounts in global market governance was the rise of an eco-system of indicators and performance measures at the centre of the IMF and World Bank's governance assemblage. From a managerial tool, essentially targeted at activities within private firms, performance measurement was transformed, in the process, into a technology used to govern entire economies, states and countries (Diarra & Plane, 2014). The rapid development and propagation of what can be

termed “transnational technologies of the self” (Foucault, 1988; McKinlay & Starkey, 1998) took place, in that context, with states and countries as the “selves” to be reformed under the imagined “public” eye (Espeland & Sauder, 2007). Such indicators or “rank-ordered data that purports to represent the past or projected performance of different units” (Davis et al., 2012, p. 76) were produced by the IMF and World Bank but also increasingly a wide range of private organizations. These easy to consume, standardized, simplified and aggregate numbers and inscriptions have become increasingly central in loan and aid decisions but also in the public self-presentations and representations of many countries. The simple and comparative nature of these representations and tools makes them highly agile and viral – they rapidly spread across different governance arenas and easily occupy the media landscape (Davis, Kingsbury, & Merry, 2012). This dense set of indicators aims in fact to constitue the “moral infrastructure” of global markets around neoliberal “values” (Fourcade & Healy, 2007). The mechanism is one of “moral persuasion”, where target countries are “incited, seduced and induced” (Foucault as cited in Dreyfus & Rabinow, 1983, pp. 219–220) into a “will to improve” (Li, 2007, p. 5) and towards the appropriation of certain “superior” ways of doing and being.

A key question here is what do the transformations in the users, beneficiaries and finalities of transparency mean to contemporary transnational accountability regimes (Garsten & Bostrom, 2008; Roberts, 2009). The transformations of transparency and the imagined publics as its users and/or beneficiaries signify fundamental changes in the type and direction of account flows in the global markets. From European markets for products and services providing accounts to the customers in the 1950s, to market actors (such as regulators, large firms and SOEs) providing accounts to the (imagined) public in the 1970-80s European debates, to states, societies and economies providing accounts to the financial markets. In the process, the content of these accounts were significantly transformed towards increased focus on financial relevance and usefulness for decision at a distance for financial investors. Interestingly in the recent turn to “moral persuasion” the public is back as the imagined user for the indicators and performance measures. However this time, through simplified indicators and ordered calculative accounts, the public and its gaze are mobilized as part of the broader governance assemblage, to push

for neoliberal political programs. In other words, such public accountability through performance measures is subsumed by accountability to financial markets.

In this new neoliberal governmentality paradigm, the "disciplining eyes" of the financial investors are being institutionalized into a broad range of technologies and tools that act at a distance and ultimately target appropriation and self-imposition (through moral persuasion) of the discipline. That discipline, furthermore, is clearly at the service of financial markets and financial investors. The consequence, therefore, of the contemporary transnational governmentality regime is that states and all manners of national actors are being prompted, pressured, primed and persuaded into "seeing like the markets". Scott (1999) showed that in liberal-democratic governing regimes, States used technologies of visibility and legibility to enable categorization but also social engineering and intervention. This was about "Seeing like the State" (Scott, 1999) – and in that context the State was exerting the discipline on its own behalf and for its own purposes (as a more or less democratic representative of Society). In the contemporary transnational governmentality regime, a number of diffuse transnational centres of calculation and governance exert and institutionalize a visibility and legibility regime, through systematic, standardized and financialized transparency, to exert discipline on a wide range of actors. Interestingly, the discipline is exerted mostly on behalf of third parties – financial investors and global financial markets. The "eyes of financial investors" are, in other words, being inscribed and institutionalized into our dense governmentality assemblage by a range of public, semi-public and increasingly private transnational organizations – through the legitimizing guise of "transparency".

Concluding Remarks

Through this conceptual geanealogy of transparency we aimed to illuminate "the historical and political origins of the quasi-regulatory role that financial reporting and auditing have come to play in the governance of capital markets" (Arnold, 2009a, p. 807). We detailed the fragile associations between events, knowledge forms and agencies that enabled the "borrowing" of transparency from the liberal governing apparatus into neoliberal governmentality. We showed how the normative legitimacy of transparency and its emerging associations with discourses of market stability and development on the one hand, and accounting technologies on the other, rendered transparency "morally acceptable and technically useful" (Foucault, 1978, p. 21) for contemporary global market governance. Transparency in association with accounting technologies set the foundations for a diffuse regime of governmentality based on market discipline and moral persuasion. In doing so we showed how transparency and the accounting apparatus (as a combination of accounting standards and performance measurement) have come to be mutually constitutive of each other in contemporary transnational governance. We are hopeful that this analysis contributes to current debates about the political economy of accounting and accountability (Arnold, 2012; Cooper & Sherer, 1984).

Our ambition to undertake a conceptual genealogy transparency aimed to enhance our comprehension of how the past has made possible and conditioned our present use and operationalization of that term. This historical deconstruction of a conceptual blackbox should hopefully lead in turn to the possibility to act on our present (Foucault, 1984, p. 187). As transparency went from targeting "fair prices" for competition and consumer welfare to fostering "fair value" for financial investors, a profound transformation of the moral order framing transnational market governance was not only revealed but also further entrenched. While we are cautious not to idealize past templates of transparency, we believe that "weakening" our present use of the term and revealing marginalized immanent alternatives can enrich our debates on contemporary transnational market governance and its limits. This "fragilization" of transparency at the heart of neoliberal governmentality comes together with a rediscovery of a history of transparency as a tool

to impose “fair prices” and “public accountability” (at least nominally) at the service of consumers, citizens, and broader societal goals such as peace. This should help us, we believe, to be more daring and to start imagining alternatives to our dominant financialized, calculative, power-laden accountability regimes, bent on serving the financial investors (Cooper & Morgan, 2013; Kamuf, 2007; McKernan & McPhail, 2012).

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Appendix I

List of Standards, Codes and Principles Useful for Bank and Fund Operational Work and for which Reports on the Observance of Standards and Codes Are Produced

November 2002

Transparency standards: *the standards in these areas were developed and are assessed by the Fund. They cover issues of data and policy transparency.*

Data Transparency: The Fund's *Special Data Dissemination Standard/General Data Dissemination System* (SDDS/GDDS).

Fiscal Transparency: the Fund's *Code of Good Practices on Fiscal Transparency.*

Monetary and Financial Policy Transparency: the Fund's *Code of Good Practices on Transparency in Monetary and Financial Policies* (usually assessed by the Fund and the Bank under the Joint Fund-Bank Financial Sector Assessment Program (FSAP)).

Financial sector standards: *the standards in these areas have been developed by other institutions and are generally assessed under the FSAP*.

Banking Supervision: Basel Committee's *Core Principles for Effective Banking Supervision* (BCP).

Securities: International Organization of Securities Commissions' (IOSCO) *Objectives and Principles for Securities Regulation*.

Insurance: International Association of Insurance Supervisors' (IAIS) *Insurance Supervisory Principles*.

Payments and Securitites Settlement Systems: Committee on Payments and Settlements Systems (CPSS) *Core Principles for Systemically Important Payments*

Systems and CPSS-IOSCO Joint Task Force's *Recommendations for Securities Setttlement Systems*.

Anti-Money Laundering and Combating the Financing of Terrorism: Financial Action Task Force's (FATF's) *40+8 Recommendations*.

Standards concerned with market integrity: *standards in these areas have been developed by relevant institutions and the Bank is in the lead in undertaking assessments. Some of these areas may be assessed under the FSAP*.

Corporate Governance: OECD's *Principles of Corporate Governance*.

Accounting: International Accounting Standards Board's *International Accounting Standards (IAS)*.

Auditing: International Federation of Accountants' *International Standards on Auditing*.

Insolvency and creditor rights: In April 2001, the World Bank Executive Directors reviewed the Bank's *Principles and Guidelines for Effective Insolvency and Creditor Rights Systems* and asked staff to prepare experimental ROSCs based on the Principles with a review of this experience scheduled in the Spring of 2003.

Table 1. Changing regimes of transparency in global market governance

Transparency regimes	Associated political programs	Objective	Triggered by	Knowledge base	Years	Imagined users of accounts	Imagined beneficiaries	Providers of accounts	Technologies	Organization
Transparency for "fair" prices	Market efficiency, Competition	Consumer Welfare (and peace)	European Communities formation	Ordo-liberalism	1951 Onward	Consumer	Consumers, Nations, Europe	European firms	Price lists – databases	European Economic Communities
Transparency for public accountability	Democracy	Exposing markets and market institutions to the eyes of the public	Diffusion of Freedom of Information laws / movement	Democratic theories, Enlightenment thought	1970s Onward	Public	Public	Governments, European Market regulators	Access to information, Public policy disclosure	European Communities
Transparency for market confidence	Fiscal Transparency	State responsibility, development through free markets	Expanding international loan activities, "Tequila" crisis	Chicago style economics	1995 Onward	Investors	National economies, World economy	(Non-Western) States	Structural adjustment programs and conditionality clauses	IMF, World Bank
Transparency for institutional engineering	"Good governance"	Institutional/state reform for efficient markets and development	Criticisms of Washington Consensus Institutions, Creation of Transparency International	Neo-institutional economics, Knowledge for Development	Mid-1990s Onward	Public	National (developing) economies, global market stability	(Non-Western) States and knowledge institutions	Expanded conditionality clauses, transfer of "transparency technologies"	World Bank, IMF, later, the EU and all major Western aid agencies
Transparency for market discipline	Neoliberal state/market reforms	Financial market stability for growth and development	Asian Crisis, reinforced after global financial crisis	Financialized neoliberalism - Academic literature on the effectiveness of market discipline	1997 Onward	Financial investors / donors	National (developing) economies, global market stability	Non-Western nations, extended to Western nations after global financial crisis	Global standards, Targeted public disclosure of surveillance reports	IMF, World Bank, Financial Stability Forum and later Board
Transparency for moral persuasion	Neoliberal state/market reforms	Financial market stability, for growth and development	Asian Crisis, reinforced after Global Financial Crisis	Financialized neoliberalism, Performance Measurement	1997 Onward	Public	National (developing) economies, global market stability	Non-Western nations, extended to Western nations after global financial crisis	Peer reviews, Performance measurement tools, rankings and ratings, broad public disclosure of reports	IMF, World Bank, Financial Stability Forum and later Board
Transparency for "fair value"	Financialization	Providing decision useful information to investors	The Global Financial Crisis and the assets meltdown	Competing research - linking fair value accounting etc. to both volatility and stability	2007 onward	Financial investors	Financial investors	All firms	Financial accounting Fair value accounting – off balance sheet reporting …	IASB, IFAC, IMF, World Bank, SEC, IOSCO