performativity more systematically. Accounting theory has access not only to broad, paradigmatic theoretical models; it also has access to procedure and mechanisms that make them real. Accounting research can easily engage in the discussion of the value of the performativity thesis.

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Transparency: The Key to Better Governance?
Christopher Hood and David Heald (Eds)
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Accounting, as students are often told, is fundamentally about accountability and transparency. But what exactly is transparency? This highly readable and stimulating collection of essays edited by Christopher Hood, a political scientist, and David Heald, a scholar of financial management, addresses this question directly from a number of different perspectives. The essays show clearly how transparency is a more complex matter than accountants often imagine. According to Hood transparency is 'more often preached than practised' (p. 3) but is also diffused 'to saturation' (p. 19). The history of transparency suggests that the term is applied in very different ways. One influential strand of thinking is directly concerned with the role of decision-making rules and processes as a defence against ad hoc and secret government. Contemporary freedom of information laws have their origins in this critique of secrecy. It is interesting to note how modern accountants frame their practice more as a matter of providing information than as a countermeasure against secrecy.

Heald provides a very useful conceptual analysis which distinguishes usefully between event and process transparency. As we know from critical audit research, operational processes can be made visible and transparent but this may also inhibit efficiency and induce defensive behaviour. In addition there is a big difference between retrospective and real-time transparency which is much discussed as a challenge to financial reporting, framed as issues of timeliness and relevance. And financial accounting may well suffer from a 'transparency illusion' as complaints of information overload have become increasingly visible. Heald provides evidence that the pressure of transparency has led to more intense management of information flows, with a risk that there is more reliance on watching, steering and auditing, rather than doing.

Prat's contribution challenges Bentham's notion that the 'more strictly we are watched the better we behave' and is consistent with Heald's contention that too much, and too sudden, transparency can be dysfunctional. He criticizes the basic tenet in the agency theory literature that transparency improves the accountability of agents to principals. Drawing on 'careerist' models of behaviour, Prat suggests that transparency may create incentives for conformity by the agent, particularly if the decision process can be observed: 'if the agent knows that his decision is scrutinized, he may choose to disregard his private information about the state of the world in order to look smart' (p. 99). Prat provides some suggestive examples of the thesis, such as herding by fund managers where the composition of a portfolio is observable in addition to performance, and discussions in public bodies where transparency might lead to a diminished capacity to negotiate. Stasavage takes up this last point in the context of the EU Council of Ministers. Secrecy of deliberations have important costs, particularly where political representatives say one thing in public and another in private. Yet secrecy also helps for bargaining. There is evidence that deliberation is more extensive in secret – a result which he suggests transparency enthusiasts should consider carefully.

Onora O'Neill's contribution is of particular interest to accounting. She begins with the puzzle that an increase in transparency seems not to have led to an increase in trust and explores various reasons for this. She suggests that standards for trustworthiness, such as accounting standards, are too one-sided and too specialized. Informing via disclosure is not communication: 'communication will fail epistemically if it is unintelligible to intended audiences, or so heavily cluttered with irrelevance that they cannot discern which bits matter' (p. 83). Where transparency is decoupled from communication it is at best only an antidote to secrecy and may worsen communication. Expert outsiders, such a credit rating agencies and analysts, do benefit but O'Neill suggests that powerful insiders can also use transparency to transfer risk to others, and auditing is of little help. Her analysis can be usefully applied to the experience of the Sarbanes–Oxley legislation, which was intended to improve trust in corporate America.

Savage's essay is relevant to public accounting and suggests how the Maastricht treaty raised standards of budgetary transparency in the EU with detailed macro budgetary targets which were new. This resulted in the necessity of building of surveillance capacity in which EUROSTAT unexpectedly took the lead role over the European Court of Auditors. Yet, not surprisingly given what we know about auditing and inspection in other settings, the effectiveness of surveillance and enforcement has proven to be limited, particularly in the case of Greece, and this experience has challenged the status of the EU as an effective supra-national policy-maker.

Two other papers by Roberts and McDonald deal with different aspects of freedom of information legislation, which provides an interesting counter-model to accounting by prioritizing rights of access rather than a duty of disclosure. It is suggested that while such legislation provides a significant challenge to cultures of secrecy in government, there are also strategies of adaptation and informal resistance which will be familiar to accountants, namely, creative changes in the way information is stored and recorded. The legislation is difficult to implement and there is often contestation of which information will be released. The challenge for individuals seeking to use the legislation is how to mobilize bureaucratic support. The essays by Camp and Margetts suggest that information technology, digital government and openness of code have a potential to offset these barriers.

According to Hood, the transparency discussion ranges over three levels, namely, international governance and conventions of reporting between bureaucracies; national and sub-national government where questions of openness of information and deliberation are central to creating knowledge of who pays and who benefits; and corporate governance where obligations to disclose information in accounts are intended to correct information asymmetries and excessive management discretion. Yet as all the essays show, there are underlying tensions not least between the 'town meeting' concept of transparency and that of accountants.

We seem, as Hood suggests, to live in a special age of transparency in which the word is prominent and there has been a growth of public and private disclosure requirements. But there is every reason to be critical of these developments. The rise of rights to challenge privacy coupled to an explosion of disclosure is a transparency without intimacy and contact. Transparency is increasingly mediated by expert outsiders and intermediate organizations. Systemic changes in trust may be hard to test empirically but there is a growth of evidence that, despite high hopes and programmatic optimism, the devil of transparency really is in the operational detail, where complex trade-offs are necessary. Hood identifies one of the principal risks of transparency at the operational level, namely, the rise of the audit trail as a distinctive mode of governance: 'blame conscious bureaucratic cultures [are] particularly likely to turn transparency measures into standard operating routines that in practice violate the lofty ideals of transparency theorists' (p. 223).

This is a rich and impressive collection of essays by an all star cast. *Transparency* should be essential reading for all accounting academics and should encourage greater comparison of accounting regulation and practice with other areas of public policy and corporate governance. All the essays provide suggestive material which is relevant to critical discussions that are already underway in financial accounting and auditing. Crucially, they remind accounting scholars that they have no monopoly rights on the discussion of transparency and of the need to be mindful of the complex history of policy ideas of which accounting is only a part. Highly recommended.

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