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The COVID-19 crisis and massive public debts: What should we expect?

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\textbf{ABSTRACT}

As our lives were suddenly transformed with the advent of the COVID-19 pandemic, governments had to act quickly to protect their populations, both in terms of health and economy. While we have seen states massively support civil society through social measures, one wonders what legacy this will leave, especially concerning the current dominant ideology of neoliberalism. In this essay, we want to contribute to this reflection by focusing on the phenomenon of public debts, since they are reaching record levels because of the COVID-19 crisis. We argue that massive public debts are, in fact, central and vital to neoliberalism and that state interventions (and central bank use of quantitative easing) that we have witnessed recently are in accordance with usual neoliberal practices and thus do not necessarily constitute a departure from the latter. We propose avenues of research to better understand public debt as a mechanism for redistributing wealth from the bottom to the top, which has thus far been understudied in the critical accounting literature, while opening avenues for political action related to the subject of this essay.

1. Introduction

This special edition for the 30th anniversary of \textit{Critical Perspectives on Accounting} (CPA) is being published at one of the most singular moments in our community’s history. So much water has flowed under the bridge over the past five years, a time of celebration for CPA’s 25th anniversary. At that time, the contributions of several critical accounting scholars had allowed us to reflect on the multifaceted character of neoliberalism (Chiapello, 2017), its complex and ambiguous relationship with democracy (Brown, 2017), and its neglected aspects, such as its impact on developing countries (Hopper, Lassou, & Soobaroyen, 2017), the environment (Deegan, 2017), the hyper-racial dimension of our societies (Anissette & Prasad, 2017), or gender inequalities (Haynes, 2017).\textsuperscript{1} Dillard and Vinnari (2017), for their part, challenged what it means to be critical researchers, a subject also of concern for Morales and Sponem (2017), who brought us back to the founders of CPA and the project that has animated our community ever since. With the current global pandemic, all these reflections remain just as relevant, but new ones also emerge. As we have seen states intervening as never
before, what can it mean for the future of neoliberalism? Does such a degree of interventionism herald the end of this form of governmentality? Are we witnessing the return of Keynesianism, or at least the beginning of a new, more social era?

While many expect changes in society because of the COVID-19 pandemic, the changes deemed necessary depend largely on the ideological position of the actors. For right-wing proponents, crisis states’ responses demonstrate that big states have not been able to cope with the COVID-19 crisis and that, therefore, we should continue to reduce their size because they are inefficient and too costly (St-Onge & Shaw, 2020). For progressives, the crisis has instead revealed the weaknesses created by neoliberal policies that have led to significant cuts in public spending, including healthcare and fundamental research, explaining in large part why we have not been able to respond adequately to the pandemic (Berr et al., 2021). In summary, many actors in the public sphere who are active in trying to influence common sense continue to repeat a discourse like the one they had before, slightly modifying it to argue that the crisis is proving them right. Whether they are more to the left or more to the right, it is the same approach.

Although it is impossible for the moment to know precisely where we are going and whether recent considerable increases in public debt due to state interventions, sometimes interpreted as a return of the welfare state (Chafuen, 2021), marks the end of neoliberalism, what we do know is that this crisis will lead to very high levels of debt for many countries (Gaspar, Lam, Mauro, & Raissi, 2021; McCormick, Torres, Benhamou, & Pogkas, 2021). For advanced economies, the debt-to-GDP ratio is estimated at 123.9% at the end of 2020, compared to approximately 105% prior to the COVID-19 crisis (Gaspar et al., 2021; McCormick et al., 2021; see also Appendix A). This is why we want to contribute to reflections on the future of the state in this special edition for the 30th anniversary of CPA by focusing on the phenomenon of public debt. Importantly, this essay will lead us to reflect on how, as critical accounting scholars, we can contribute to shaping a future heading toward what we are all committed to: greater social and environmental justice.

The prioritization of public debt reduction has been one of the main rhetorical arguments mobilized, and probably one of the most effective, to convince populations of the need for neoliberal measures, such as reducing public spending, implementing austerity measures, and privatizing governmental assets and services (Berr et al., 2021; Sterdyniak, 2015; Varoufakis, 2016). Since this rhetoric of the debt problem has worked so well in the past to justify and gain acceptance of such policies, there is good reason to be concerned that it may also work in a post-pandemic period that will be marked by even higher levels of public indebtedness than previous decades. To help prevent this from happening, we need to better understand the phenomenon of public debt in the neoliberal era and the multiple contradictions between its rhetoric, mechanisms, and practices. The COVID-19 crisis offers us an opportunity to grasp the many issues at stake. This study is especially relevant for critical accounting research because public debt, although rooted in accounting for its construction, disclosure, and monitoring, is almost absent from our literature (for exceptions, see Gilbert, in press; Morales, Gendron, & Guenin, 2014; Newberry, 2015).

In the next section (Section 2), we will take a step back and question ideas taken for granted concerning public debt under neoliberalism to better shed light on governmental actions during the COVID-19 crisis. This will lead us, in Section 3, to discuss the roles that accounting, auditing, and critical accounting scholars could play in the post-pandemic world. The purpose of this essay is to open a discussion and a common reflection, as well as to suggest avenues for research and political action.

2. Public debt: From neoliberalism to the COVID-19 crisis response

If the massive public debts caused by state interventions during the COVID-19 crisis could be perceived as a return to the welfare

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2 For instance, in France, the ratio of debt-to-GDP is expected to reach 120% in 2021 compared to 98.1% at the end of 2019, according to INSEE (2020a). The ratio of debt-to-GDP was 116.4% at the end of the third quarter of 2020 (INSEE, 2020b).
state and the end of neoliberalism, we do not share this view. Rather, we see it as a continuation of the previous situation dominated by neoliberalism, in which we have seen a reconfiguration of the relationships between states, financial markets, large corporations, large fortunes, and civil society. This reconfiguration resulted in an increase in the size and power of the financial system, which led to an explosion of public debts. Under neoliberalism, public debt is not a threat to the established order but, rather, a powerful mechanism for governing populations (Gilbert, 2021, in press; Lazzarato, 2012, 2015).

The first pillar of our argument is that public debts are closely linked and vital to neoliberalism, contrary to what the rhetoric of the debt problem mobilized by neoliberal actors to justify the reduction of social spending and privatization of state goods and services may suggest (Holbecq & Derudder, 2011). In this rhetoric of the debt problem, it is generally argued that high public indebtedness stems from measures associated with an overly generous welfare state. However, many economic studies and public debt audit investigations have shown that social spending is often not the primary source of public debt, but rather neoliberal policies themselves (Bégin & Dufour, 2019; CIAC, 2008; Desbiens & Langevin, 2016). This seems more coherent with the fact that public debts have begun to increase drastically since the period associated with neoliberalism (see Fig. 1).

If the neoliberal rhetoric of the debt problem was true, we should have expected to see an increase in public debt during the period associated with a more generous welfare state following the Second World War and then a decrease in public debt with the neoliberal era, starting approximately in the 1970s and 1980s. However, Fig. 1 shows that, for Germany, France, and the United States, for instance, public debt started to increase in the 1970s and 1980s (and the 1990s for the United Kingdom), a period associated with more neoliberal policies in these countries and the ever-increasing size and power of the financial system (Varoufakis, 2016).

One of the major changes stemming from the reconfiguration of relationships under neoliberalism concerning public indebtedness is that most states have been gradually forbidden, or strongly discouraged, from borrowing money directly from their central banks (Holbecq & Derudder, 2011).

The idea was to remove the power that the states had acquired over their central banks and, consequently, over their monetary policies, including the issuance of money but also the control of inflation, to which we will return (Lambert, 2020). The case of France provides an example for understanding this reconfiguration of power relationships as a reappropriation by the large fortunes of their former power, since in 1924, the Banque de France was owned and controlled by the 200 richest French families (Halimi, 2020). With the growth in size and power of the middle class after the Second World War, the large fortunes somehow sensed that they were losing some of the power they initially had for the benefit of civil society, which they felt was receiving too many favors from governments seeking re-election by recourse to their central bank (Piketty, 2019). The neoliberal response to overcome this issue has been to remove the power of states over their central banks under the pretext of a superior system in which central banks are independent of the state (Streeck, 2020). However, central banks have remained dependent on other actors. More independent from the states, they become more dependent on and subject to the increased power of the financial system, mainly dominated by large fortunes.

This reconfiguration has been decisive for the substantial growth of public debts, to which we have assisted under the neoliberal era, as states were forced to turn principally to financial markets to cover their deficits and investments. Instead of preserving greater sovereignty and obtaining money at an interest rate often at 0%, many states became dependent on and highly vulnerable vis-à-vis the financial system for their financing. In this new configuration, states have lost sovereignty over their monetary policy and are instead subject to the dictates of the financial system that now predominantly determines interest rates on states’ debt, which can at any time stifle states’ budgets or simply render refinancing impossible (Lambert, 2020). This is particularly true for countries with low monetary sovereignty, such as Eurozone countries; in this regard, the Greek debt crisis perfectly illustrates the consequences of such a reconfiguration (Morales et al., 2014; Varoufakis, 2016). For many geographically and economically distinct regions, such as the Province of Quebec in Canada or Ecuador, auditors and/or economists have calculated that public debt would already have been repaid without the spectacular rise in interest rates of the 1980s (Bégin & Dufour, 2019; CIAC, 2008). To avoid these interest rate hikes that could lead to a debt crisis or too-high yearly interest payments, states must comply with the expectations and requirements of the watchdogs of the financial system, namely the rating agencies. Accordingly, states are now accountable to these agencies and, more globally, to the financial system for their policies, often even before they are accountable to their citizens.

It should be noted that the obligation of the state regarding public debt extends to refinancing it and not, as assumed using common sense, necessarily repaying it. In fact, states rarely reimburse their debt, and most public debt crises are due to refinancing problems. Public debt is vital to the financial system as our societies are organized today. It is a powerful mechanism with which to stabilize financial markets and, without which, speculation would lead to excessive portfolio volatility. When those who are focused on zero deficits and reducing public debt are asked if they want to eliminate government bonds, the answer is usually negative (Kelton, 2021). The truth, rarely spoken aloud, is that huge public debt in the financialized neoliberal era is necessary, and it is desired by the wealthy and financial markets. Banking institutions, which have obtained the considerable privilege of participating in the initial auction when

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3 Varoufakis (2016) provides a rich historical perspective on the place granted to the financial system after the Nixon shock of 1971, including the increased power it was gradually given to offset the U.S. balance of payments, which was in deficit, in contrast to its large surplus in the years after Second World War.

4 In the case of France, as an example, a series of regulatory changes starting with the Law of 1973 enforced this reconfiguration (Holbecq & Derudder, 2011).

5 In France, 86% of financial assets are owned by 0.01% of the population (Berr et al., 2021). Worldwide, more than 50% of financial assets were owned by 0.02% in 2005 (Geuens, 2020).
governmental bonds are issued, are fond of them. And since pensions are now often dependent on financial markets, a growing part of civil society also needs public debt. Another change that is associated with the neoliberal period and that is less often related to public debt though greatly affecting its increase, concerns inflation, the control of which is usually the number one priority of neoliberal actors. Governments and/or central banks often prefer to keep a part of their population unemployed rather than risk excessive inflation, in contrast with the post-war period, where massive state investment boosted the employment rate (Kelton, 2021). There are several reasons for wanting to control inflation and there are different types of inflation (financial assets vs basket of consumer goods); however, in our analysis, it is important to emphasize that, during periods of high inflation, debt is gradually reduced without having to repay it. In other words, public debt gradually disappears when inflation is galloping, and this situation is not desirable for those who own the debt. In the past, countries such as France resorted to high inflation to eliminate the massive public debt caused by the Second World War (Piketty, 2019). Large fortunes are not the only ones to have benefited from low inflation: it also positively impacts civil society (Streeck, 2020). Nevertheless, the tight control of inflation has undoubtedly prevented a proportion of the public debt from being eliminated, as often happened in the past, contributing to the increase in public debt under neoliberalism.

Another feature of the neoliberal era is the reduction of taxes on large fortunes and large corporations, which has forced states to go into more debt to compensate for this substantial loss of revenue (Berr et al., 2021; see also Appendix B). We must remind that, prior to the neoliberal period, large fortunes in the United States and the United Kingdom, for instance, were sometimes taxed up to 80% and 90% on their assets (Piketty, 2019). While, as mentioned above, neoliberal actors, with their rhetoric of the debt problem that they mobilize to justify their measures, accuse social spending of being responsible for countries’ indebtedness, less often they will consider the other side of the income statement: revenues (Neu, Cooper, & Everett, 2001). This revenue deprivation has played a significant role in the increase in public debt needed to finance deficits and investments. In a “creative” way, large fortunes transformed the taxes paid to the states into loans—an advantageous deal for them.

While the above characteristics of neoliberalism have led to a considerable increase in public debt (as seen in Fig. 1), a high level of indebtedness has offered very lucrative opportunities to the wealthiest. It has, for instance, provided instrumental support for the rhetoric of the debt problem, claiming that the state’s debt is too high and that all possible action to reduce it must be taken. When states mobilize this rhetoric and claim they need liquidity to repay their debt, the wealthiest are frequently offered the opportunity to buy states’ assets and/or the opportunity to generate private profits on services previously provided by the state, such as health care and education. Interestingly, reducing the taxes of the wealthiest, on the one hand, and selling state assets, on the other, results in giving them state assets for free (Piketty, 2019).

In complementarity with the tax system, public debt is thus an effective mechanism for redistributing wealth from the bottom to the top, as public debt is often contracted for rich individuals and repaid by the middle class, more or less ‘constrained’ to defend the interests of the wealthiest (Lazzarato, 2015). Indeed, increasing access by civil society to the financial system, a specific characteristic of neoliberalism as recalled by Fourcade and Healy (2013), has linked the interests of civil society to the financial markets, and, consequently also to the interests of large fortunes (Gomez, 2019). In these circumstances, rescuing financial markets at prohibitive cost is generally “accepted” by the population (despite indignation) as it has no choice but to resign itself to it. This support is granted, even though most of the money goes directly to the large fortunes who own most of the financial system’s assets (see footnote 5), and even though the austerity measures subsequently enacted to repay this rescue operation primarily affect civil society, as recently observed with respect to the subprime crisis of 2008 (e.g., Bracci, Humphrey, Mollicone, 2015; Chabrak & Gendron, 2015; Morgan, Froud, Quack, & Schneiberg, 2011; Varoufakis, 2016).

While neoliberal actors condemn interventions by the state, judging it to be ineffective and the beneficiaries to be profiteers, they omit to mention that such interventions and, by extension, public debt, often benefit the wealthiest individuals. Contrary to the common belief that a neoliberal state is not an interventionist state, in fact, it is quite the opposite, and this, represents one of the important contradictions of neoliberal ideology. Indeed, the neoliberal state is constantly intervening with economic stimulus packages and measures, through subsidies, advantageous loans, lower taxes, and favorable regulations.

Importantly, besides government interventions to support large fortunes and large corporations through public indebtedness, central banks also intervene in the neoliberal era to support these actors through actions taken in the financial markets, notably by rebuying public debt bonds. While one might think that the changes implemented under neoliberalism have led to a restriction of the power of central banks to create money, only the possibility for states to use this channel to support the needs of civil society has been

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6 In Canada, the primary dealers and past and upcoming auction are available on the following government website: [https://www.bankofcanada.ca/markets/government-securities-auctions/?ga=2%2C146296052%2C1365303481%2C1622660027%2C1462317713%2C1622660027](https://www.bankofcanada.ca/markets/government-securities-auctions/?ga=2%2C146296052%2C1365303481%2C1622660027%2C1462317713%2C1622660027).

7 It is important to note that pensions could be independent of financial markets; this is a choice that has been made.

8 As an example, representative of other countries, in Canada, inflation has not risen 2% since the beginning of the 1990s (Bégé & Dufour, 2019).

9 It should be noted that the Modern Monetary Theory (MMT) might approach this issue a bit differently for national governments that issue their own currency and incur debt primarily in that currency, and thus have a high level of monetary sovereignty. According to the MMT, for these countries, public spending comes first, then they withdraw money from the economy to avoid inflation by imposing taxes and incurring debt (Kelton, 2021). Therefore, the tax system is not viewed as a means of financing state expenditure but mainly to control inflation. We refer the reader to the work of Kelton (2021) for a more developed argument and understanding of the contexts in which this applies.

10 To illustrate this, let us consider an extreme but representative example. Every year, most of the Brazilian federal budget (a total of R$2,711 billion, or €414.75 billion) is allocated to interest and debt amortization, and 80% of it is held by the country’s 20,000 wealthiest families (Damien & Toussaint, 2020).

11 For a more in-depth discussion on neoliberal contradictions, see Brown (2003), Gilbert (in press), and Parfitt (2018).
Fig. 2. Measures taken by central banks to support financial markets.

Source: Bank of Canada, 2020, p. 29.
generally restricted. In fact, central banks have continued to create money to support the financial system. This process of money creation to buy government bonds or other financial assets is called quantitative easing (QE) (Bank of Canada, 2020). The level and distribution of these interventions in Canada before and during the crisis, as well as the increase in central bank assets for other geographical areas, are depicted in Fig. 2.\(^{12}\)

The use of QE by central banks during the crisis reached record levels (Appendix C). Interestingly, the substantive amount of money created to repurchase government debt has quickly been reinvested in the purchase of shares, which, in turn, has led to unexpectedly high increases in the prices of these assets, especially remarkable in the United States, where the three main indexes (Nasdaq, Dow Jones, and S&P 500) have all reached historical highs. As of February 2021, these three indexes were between 12% and 47% higher than the period before the crisis.\(^{13}\) As QE is linked to public debt and the resulting increase in prices in the financial markets, it is easy to understand how billionaires, who own a large part of financial assets, saw their fortunes increase by 48% between March 2020 and December 2020 (OXFAM, 2021). A fortune that was established at USD$11.95 trillion in December 2020, compared to USD$8.05 trillion before the crisis (OXFAM, 2021). Admittedly, it is not a crisis for everyone.

Certainly, part of the state and central bank interventions during the COVID-19 crisis also benefitted civil society. In several countries, people received direct allowances, and employment was sometimes supported through subsidies granted to companies. However, it is worth noting that allowances to people who lost (or could have lost) their income, although crucial for beneficiaries, cannot be considered only from a humanitarıan perspective. The limited amount of money mostly transited quickly through people’s wallets to end up in the bank accounts of mortgage-holding banks, homeowners, and necessity businesses. In addition, some large corporations used the salary subsidies dedicated to companies in difficulty due to the COVID-19 to enrich executives and shareholders (Majeur Info, 2020).\(^{14}\) We do not, by arguing so, pass a negative judgment on these allowances and salary subsidies. It is easy to imagine the catastrophic situation in which people would have been placed without support from the government. We bring this element to the discussion merely to promote caution in not drawing conclusions too rapidly that certain measures taken by the government constituted a drastic change from the dominant ideology.

In summary, since massive public debts are central to neoliberalism, and since these debts are largely the result of an interventionist state in favor of the large fortunes (through large corporations and the financial system), as well as the result of significant tax cuts for these same actors, we suggest that substantial increases in public debt due to massive state and central bank interventions to rescue the economy and the financial system (for the greater benefit of the wealthiest) during the COVID-19 crisis are actually not that surprising. We thus understand it not as a rupture but rather as a continuity with the prevailing neoliberal ideology that preceded the COVID-19 crisis. However, the greater the need, the greater the response.

3. The roles of accounting, auditing, and critical accounting scholars

3.1. Research avenues

Given that massive increases in public debt due to state interventions during the COVID-19 crisis were in continuity with neoliberal practices, it is reasonable to expect neoliberal actors to have similar reactions to those they had in the past once the crisis is over. After benefiting from the explosion of public debt, they will seek to benefit from privatization and other measures fallaciously justified by the rhetoric of the debt problem. To anticipate and better prepare against the usual maneuvers, we would like to propose a research agenda that focuses on the elements related to the phenomenon of public debt that have been addressed in this essay and are currently absent from the discussion merely to promote caution in not drawing conclusions too rapidly that certain measures taken by the government constituted a drastic change from the dominant ideology.

In this essay, we have discussed these relationships with respect to public debt and have shown how changes in this area during the neoliberal era led to higher levels of public debt, largely due to an increase in the size and power of the financial system, whose control remains in the hands of the large fortunes. However, a substantial amount of work is required to understand in greater detail how these power relationships operate and have evolved on a global scale. For instance, while many, like Foucault (2004a, 2004b), designate the major change introduced by neoliberalism to be states under the supervision of markets rather than markets under the supervision of states, our reflection in this essay led us to explore more deeply one of the main neoliberal mechanisms by

\(^{12}\) QE directly increases the balance sheet assets of central banks.

\(^{13}\) As of February 23, 2021, Nasdaq was valued at USD$13,465, compared to USD$9,150 in January 2020 (+47%); as of February 23, 2021, the S&P 500 was valued at USD$3,881, compared to USD$3,225 in January 2020 (+20%). As of February 23, 2021, the Dow Jones Industrial Average was valued at USD$31,537, compared to USD$28,256 in January 2020 (+12%) (Yahoo Finance, 2021).

\(^{14}\) In the case of Canada, “[V]arious media surveys show that many companies have embezzled emergency funds related to the COVID-19 pandemic. Figures obtained by the Financial Post show that at least 68 companies have enriched their managers and shareholders with public money. Together, they have received just over $1 billion in government assistance, while they have paid dividends and bonuses to their shareholders and executives for a total value of about $5 billion” (Majeur Info, 2020, our translation).
The Great Debt Spike
The pandemic is driving global government indebtedness to historic levels

124.1% of GDP
Post-World War II

123.9% of GDP
2020 projection

46.9%

60%

62.5%

0

1946
1950
1960
1970
1980
1990
2000
2010
2020

Note: Advanced economies and emerging markets are a sample of 25 and 27 countries respectively.
Source: International Monetary Fund Fiscal Monitor, October 2020

Cost of support
Revenue falls resulting from economic contractions—combined with fiscal support to households and firms—have led to a surge in public debt and deficits.

1. AEs
2. EMMIEs
3. LIDCs

Source: IMF World Economic Outlook Database.
Note: AEs = advanced economies; EMMIEs = emerging market and middle-income economies; LIDCs = low-income developing economies.

Source: McCormick et al., 2021.

Source: Gaspar et al., 2021
which states are controlled by markets, themselves controlled by the largest fortunes, that is, public debt. While we do not deny Foucault’s statement above, we add another dimension to the reflection by arguing that under neoliberalism, states and markets are both under the supervision and control of the large fortunes, a typical configuration under capitalism. As Chiapello (2017) reminds us, neoliberalism can be conceived as one phase of capitalism, a particular “arrangement”, among others, that ensures that the wealthiest individuals become ever richer to the detriment of civil society. Studies on how accounting contributes to the operationalization of this “arrangement” and on the options that are then left to civil society to resist them seem important to continue.

Another subject to be developed on neoliberalism within critical accounting literature following the COVID-19 crisis is that of the entrepreneur of the self. While this literature has described the role of accounting and debt in transforming individuals into entreprenuers of the self (see, for instance, Cooper, 2015; Gilbert, 2021), we have seen the transformation of these same individuals during the recent crisis into “assisted” beneficiaries of the state that did not hesitate to go into debt to finance their monthly allowance (or wage subsidies); yet, this did not affect the main bottom-up wealth redistribution mechanisms that are typical of neoliberalism (on the contrary!). This leads us to question the centrality, which we presently tend to take for granted, of the notion of the entrepreneur of the self in neoliberal governmentality. Could this form of governmentality not continue to develop in the future based on the implementation of a universal income financed through public debt, which some neoliberal and left-wing actors are calling for? Surely, the current situation represents an opportunity to expand accounting research about universal income, which is increasingly discussed in the public sphere, becoming particularly timely with artificial intelligence and blockchain technology developing very rapidly and promising to make many jobs obsolete, including maybe those of accountants within organizations as well as of auditors. An alternative to universal basic income that has been proposed by Modern Monetary Theory (MMT), i.e., a program guaranteeing employment for all, also appears to be a promising area of research for critical accounting scholars (Kelton, 2021).

While writing this essay, we realized that there is a relative lack of research on governmental accounting, especially governmental accounting in high-GDP countries (see, for developing countries, Jayasinghe, Adhikari, Soobaroyen, Wynne, Malagila, & Abdurafiu, 2021; Lassou, Hopper, Tsamenyi, & Murinde, 2019; Rodrigues & Craig, 2018). The study of public debt, both in the neoliberal era and during the COVID-19 crisis, led us to ask questions about who owns public debt, for whom states take on debt, and what kinds of obligatory relationships debt creates between classes of people. To better understand these issues, it seems important to expand current knowledge of how public debts are calculated, accounted for, and disclosed (Gilbert, in press). When the rhetoric of the debt problem resulting from the massive increase in public debt returns in force after the COVID-19 crisis, we must be ready to counter it with a more...
in-depth understanding of the accounting information behind public debt.

In addition, considering the major impact of tax cuts for individuals with large fortunes and for large corporations, which allows the former to increase their wealth significantly, on the one hand, and pushes states to take on increased debt to compensate for this decrease in income, on the other hand, it seems important to continue to develop research into taxation, a field of critical accounting that has been somewhat less invested in the past. Various perspectives seem to be promising, but particularly tax evasion and tax avoidance by the wealthiest and large corporations, as well as their relations with accounting firms that help them to legitimate their tax practices (Apostol & Pop, 2019; Argilès-Bosch, Ravenda, & García-Blandón; 2021; Finér, & Ylön, 2017; Sikka & Willmott, 2010). In this regard, a special edition of CPA will soon be published, which is a good foundation for moving forward.

Lastly, and from a more general perspective, we consider it important to conduct more research that brings macroeconomics and accounting closer together (Suzuki, 2003a; 2003b). For instance, we saw in this essay that inflation control played a role in the increase in public debt under neoliberalism. Given that inflation is a calculative device that, like many others, selectively includes and excludes specific items to pursue a political agenda, and that calculative devices are a widely studied topic in our literature, we believe that as accounting scholars, we could contribute to these types of research and bring original insights into inflation. We could look more closely at distinctions regarding inflation, for example, inflation for civil society in general and, asset price inflation that particularly benefits the rich, and that was pushed up by QE during the COVID-19 pandemic. Other macroeconomic mechanisms, such as monetary policies and trade balances for instance, could also be studied more deeply by accounting scholars (Kelton, 2021; Varoufakis, 2016).

### 3.2. Political action: Resisting neoliberal mechanisms of oppression and its rhetoric

In addition to what could be realized through research, we believe that, as critical accounting scholars, some of us could also undertake actions in the public sphere outside the academic world. We identified domains of action with respect to the topic covered in this essay. Given the lack of means, lack of time, and lack of socialization for political actions, we must consider these actions in their broadest sense and praise every intervention that is made in the public sphere, no matter how small; this will create a habit, a desire, a culture, and a sense of community. From one day to the other, we do not have to be in the foreground like Prem Sikka and Christine Cooper (who, by the way, are very inspiring). We must think about political actions as a community, with every member having a different role to play and considering where one is in his/her personal and professional life, which means that political action is neither a duty nor an obligation, but rather a path to be further invested in by some of us.

Firstly, given that the COVID-19 pandemic will leave us with massive public debts and that the general belief is that social policies are responsible, we could add our voice to support the position presented in this essay that these debts are the result of policies that benefit the large fortunes, either directly or indirectly through the financial system and large corporations. This could be achieved, among other things by conducting debt audits in our different countries. As accounting specialists and given that debt and all related concepts are created by accounting information, we have the legitimacy and expertise to contribute to this debate (see Neu et al., 2001). For example, we could help to determine the source of our country’s indebtedness, and better understand the mechanisms of indebtedness and to whom our countries are indebted. From this perspective, we see debt audits as a useful tool for resisting dominant discourses on public indebtedness. Debt audits have high importance in countering the emerging rhetoric that the allocation given to the population is the cause of the massive increase in public debt due to the COVID-19 crisis.

The more developed configuration of debt audit initiatives could be inspired by what happened in Ecuador in 2008–2009, when the elected president of the country, Rafael Correa put in place an audit committee that comprised governmental representatives, and those of national and international social movements (Gilbert, in press). Together, they investigated the origin of Ecuador’s external debt, the renewal of the debt; they then determined the illegality and illegitimacy of part of the external debt that had been imposed on the country over a period of 40 years.15

When cooperation with governments is not possible, citizen debt audits could also be performed, and as critical accounting scholars, our presence will undoubtedly be warmly welcomed. Without necessarily carrying out debt audits in their most comprehensive form (i.e., the two proposed above), a start could be to investigate government financial statements to shed light on government deficits and debts during the COVID-19 crisis and press articles could be written on the subject. Starting with a newspaper with limited scope to get used to such an approach and then increase the audience as one becomes more confident or as some doors open. Each small action will set us in motion, and, although sometimes invisible at our scale, is part of a larger project.

Another area of political action that we find important is countering the possible roles that accounting may play in enabling increased neoliberal ideology in the aftermath of COVID-19. Indeed, in the past, we have observed that the complexity of accounting information is useful in creating ambiguity about the level of indebtedness of countries. To obstruct the use of accounting as a tool with which to support neoliberal hegemony, we suggest two types of action that we, as critical accounting researchers, could carry out. On the one hand, some could bring their critical voice to different accounting standards and accounting reforms in our respective

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15 The specific case of Ecuador cannot be replicated and expect the same result as each context is different. We can, however, learn from that experience.
countries. And, on the other hand, we believe it would be important to be more active in rendering more intelligible information on public debt to the public, especially to those who are likely to convey these messages on a larger scale, such as journalists or influencers. This is a kind of financial education work on public debt and its accounting-related information that would allow us, on a small or large scale, to help counter the abuses surrounding public debt accounting, a work that could create a network of allies outside academia, an important part of resistance, as argued by intellectuals such as Gramsci (Hoare & Sperber, 2013).

Lastly, although understanding how power operates in society is extremely important and constitutes the basis of our role as critical accounting scholars, we think that more research on political action is necessary to support our community in taking an increasing role in the public sphere. We argue for a research agenda that continues the work of Neu et al. (2001), Cooper and Coulson (2014), Sikka (2000, 2010), and others, with the objective of reflecting on political action taken by accounting scholars in the public sphere to resist hegemonic discourses (Andrew & Baker, 2020). Research on political action and the uses of accounting in public debate is inspiring and allows us to learn from the experiences and/or reflections of our colleagues. However, on some occasions, these research papers might differ from the framework to which we have become accustomed to and toward which our research tends to homogenize (us first!). We thus advocate a return to a freer, less constrained style, as was the case in 1991, when CPA was launched, and for more theoretical and empirical contributions that will support the reorganization of our community as actors of social changes outside the academic world.

4. Conclusion and epilogue

In conclusion, we are (or attempt to remain) optimistic that every major crisis can lead to positive change and results. And if the COVID-19 crisis has blurred the lines, causing confusion between neoliberal measures and social policies in some respects, it has also illuminated certain aspects of the “true” nature of the neoliberal state on which we can capitalize. Since the rhetoric of the debt problem has been a powerful tool for deploying the neoliberal agenda in the past, we believe that recent state interventions through debt and the massive use of QE by central banks, offer us an opportunity to counter it. An opportunity to mitigate certain ideas that are considered true among the population, although purely rhetorical, to obtain the consent of people for measures that harm them. This, we hope, could lead to a reconfiguration of the relationships between the main groups in society on a more equitable basis. And perhaps a reconfiguration of these relationships that will confer an important role on states, supported by their central banks, to invest in green infrastructures, such as housing, energy, and transport. Given that this involves tackling the rhetoric of debt and the debt-money system, critical accountants are well positioned to expand currently neglected research in our literature around various aspects that surround the phenomenon of public debt in the neoliberal era, as outlined in this essay, and, for some, to consider related political actions.

We also recognize that it is possible that neoliberal logic that has been pushed to its extreme during the COVID-19 crisis may have created a breach that is difficult to mitigate. Indeed, massive interventions by states, through public debt, but especially by central banks through QE to sustain the financial system, have led to a high volume of liquidity worldwide, largely captured, as seen in this essay, by the large fortunes who own the majority of assets in the financial system. Although QE was already part of the pre-pandemic world and the reorganization of society under neoliberalism, we wonder whether the level reached during the crisis could lead to a loss of trust in the traditional financial ecosystem and/or in national currencies, which could prompt a change in the currency of refuge (maybe from gold and the US dollar to cryptocurrencies, such as Bitcoin). If this is the case, precisely at a time when an alternative to the traditional financial system (i.e., decentralized finance powered by blockchains), has become closer to maturity, it might bring important transformations to our societies. It thus seems important to launch a research program in the critical accounting literature on this subject given that the potential changes brought about by blockchain technology extend well beyond finance and have the potential to have a considerable impact on various aspects of our societies, including on the work accountants and auditors.

Appendix A

The increase in public debt during the COVID-19 crisis.

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16 A recent example is the initiative taken by Carol Adams, Professor of Accounting at the University of Durham, in collaboration with other accounting professors around the world, in response to a consultation paper on sustainability reporting. As part of this initiative, an open letter was sent to the IFRS Foundation Chair on October 15, 2020, which was subsequently posted online by Charles Cho, Professor at York University (https://arc.eaa-online.org/blog/open-letter-chair-ifrs-foundation-trustees).

17 Cryptocurrencies (or cryptoassets) include various types of token, including those very similar to companies shares.

18 A white paper on Bitcoin was released in 2008. This cryptocurrency was meant to be an act of resistance against the traditional financial system. It was launched at an opportune moment, when many actors in the traditional financial system had seen their wealth increase as a result of the 2008 financial crisis, that, conversely, impoverished countries and eventually leading to the deployment of major austerity measures around the world. Although the technology behind Bitcoin needs a lot of energy at the moment, many companies in the cryptocurrency sector are working to resolve this.

19 Blockchain is the technology that was initially launched, after substantive trial and error, through the cryptocurrency Bitcoin. Blockchain is regarded by many to be one of the most important innovations since the Internet.
Appendix B

Tax rates in the United states for 400 richest families.

Appendix C

Assets increases of central banks worldwide during the pandemic crisis.

Appendix D. Supplementary material

The French version of this article can be found online at https://doi.org/10.1016/j.cpa.2022.102417.

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