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Article

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Journal of Accounting and Management Information Systems (JAMIS)

Provided in Cooperation with:

The Bucharest University of Economic Studies

Suggested Citation: Diaconu, Paul (2017) : From The Accounting of War to the Accounting of Peace: Putting Bricks for a New Environmental Accounting. A Critical Analysis, Journal of Accounting and Management Information Systems (JAMIS), ISSN 2559-6004, Bucharest University of Economic Studies, Bucharest, Vol. 16, Iss. 1, pp. 107-131

This Version is available at:

<https://hdl.handle.net/10419/310657>

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From the accounting of war to the accounting of peace: putting bricks for a new environmental accounting. A critical analysis

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Abstract: This paper critically examines the potential movement from accounting of war to accounting of peace. The 20th century capitalist economy developed in the war, and also stimulated the war. In contradiction with the current state of facts, some economists such as Vandana Shiva promote the idea of creating an earth democracy, which is intended to accept equality of rights between the humans and other species, and to organize life so that to protect the environment against any human aggression. Accounting, as a tool of evaluation and presentation of economic information, was involved directly in the manifestation of human aggression, under its various forms, in the capitalist society. By considering as main value the concept of profit, a whole range of issues related to the environmental preservation and the limitation of natural resource were neglected. Thus, the accounting presented the resources under the form of operating costs, and not as capital. Nature was considered as an unlimited resource, and not as a value that should be kept and maintained in the future. The new paradigm might be called accounting of peace. The paper discusses how accounting has to redefine its concepts to support earth democracy and the proposed natural sustainable economy. Accounting, as a tool of force for war, did nothing but stimulate the aggressive behaviour of the world leaders, and also of the multinational corporations.

Keywords: accounting of war, accounting of peace, earth democracy, globalization, sustainability

JEL codes: Q01, M41

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1. Introduction

Almost 100 years ago, the economists of that time put forward the conceptual basis of the war economy. The Romanian economist Gheorghe Trasca (1939) defined the “war economy” as a set of “special economic measures in view to maintaining the production, the commodities movement, and the proper distribution thereof generally, for satisfying the needs of weapons and food for the troops and people in war time”. Napoleon posited that three things are required to be able for fighting a war: money, money, and money again. In the 19th century, the wars usually lasted a short time, which allowed their funding, either from the States’ economies, or loans, accumulated duties and taxes. The 20th century came with another type of war, the war of attrition, lasting long, eroding the economies and the resources of the governments. Lunderdorf (1937) gave an explanation of the concept of “total war”, for that times, as follows: “in our days, and with the means of destruction that we have, the war does not impress only a part of the nation, the part on the military front line, but also the whole nation”.

At that time, the economists found a solution, specifically, in the creation of a planned economy controlled by the countries that were most intensively preparing for war: Germany and Italy. As the war was considered a permanent state of facts in the national-socialist Germany, the *wehrwirtschaft* was inaugurated. Consequently, the government controlled the entire production that mobilized all activities and distribution of manpower, raw materials, driving force even in peacetime, as it considered such action to be in the best interest of the national economy. For the same reason, the government supervised the transport and foreign trade, as the Romanian economist Gheorghe Trasca (1939) pointed out. The economy stood on an autarkic base at that moment. The concept of economic autarky was promoted as a state policy at that time. Economic autarky stands for meeting own needs by own means; in other words, to succeed to buy nothing from outside. For that purpose, the nation needed a considerable vital space, from which it would have been able to procure raw materials, and a commodity market organized within its economic sector. In that way, they furthered both the concept of *terra nullis*, and of the vital space of a nation. Of course, in Mussolini and Hitler's conception, autarky was an ideal state of an economy, which would have organized the economy, starting from the premise of an existing permanent war. Thus, Il Duce declared in front of the autarkic supreme council on the 18th of November 1939: “There is no peace economy, nor a war economy. There is only one economy, for war, because historically, the number of the years of wars proves that the state of war is the normal state of a nation, and a kind of war is practised even during the so-said years of peace, which at its turn prepares an armed war”. (Trasca, 1939). The German National Socialists went ahead and affirmed the need to provide the German people with a “territory, that is due to Them ... The German borders are random and have temporary limits during the political struggle. The

people make and can change the border of the states. The fact that a people has managed to acquire a territory does not give Them the right to hold it for ever. Germany will become a world power or will cease to exist. Germany needs an increase of its territory for becoming a world power and gain the required importance and the means of living for its citizens” posited Hitler in *Mein Kampf* (chapter Munich, page 94 and after). Moreover, he also reveals the means used for ensuring the living space: “The right relies only on force”.

The opposite of the above conception was synthesized by the head of the Catholic Church at that time, on the 24th of December 1939 in front of the members of the Sacred College: a right and honourable peace should ensure the nations the right to life and independence of all nations, whether big or small, strong or weak. A nation’s desire for life must never prevail as against the sentence to death of another nation.

The aim of this paper is to critically examine how current accounting practices and theory are based on a conflictual social game which maintain the warship attitude in the human society. The paper reviews seminal papers in sustainability and brings arguments that the actual state of facts is profound toxic and against the nature. Moreover, it brings forward to the accounting domain the concept of accounting of peace, in line with the aim to create a peaceful society. Accounting as a tool of the economy has to redefine itself based on the new concepts and ideas derived from the sustainability paradigm.

The paper has made a comprehensive inventory of the causes which transform the accounting in a tool of war in the hands of the actual society. Moreover, the paper discusses the new shape of the accounting concepts if the society is reaching a point from where the new philosophy of life is coming and the accounting is stopping as being a tool to measure the war parameters (profit and enriching), and start measuring the peace parameters (the happiness of the members of the community).

The paper is structured as follows: the introduction briefly presents the aim and the context of the paper and is followed by a literature review. The next section includes the critical analysis of the change of the paradigm implications. Finally, the paper concludes with some implications for the field of accounting resulting from the change in the economic paradigm.

2. Literature review

Chwastiack and Lehman (2008) discuss in their paper two basic hypotheses. The first hypothesis would establish the accounting procedures used to help the

concealment of the intrinsic value of the companies against the other companies, to attend the rationalization process and to witness the occidental man's warlike behaviour, which determine modernism enhancement, and of the impact on the social organisation of life in the society. The second hypothesis implies an analysis of the specific implementation means, through which the accounting, in its indifference, disregards the others' intrinsic value of goods, and backs up the war of rationalization and the war in general, as from the point of view of its conduct. Six fundamental aspects are put forward, in relation to this hypothesis:

1. The mechanism of capitalism wants to make us to think that the main aim of the society is the fortune preservation, which, in this way, is above the sacrality of life. The accounting contests the intrinsic value of any object, admitting only its financial value.
2. Considering the nature as a commodity, the accounting annihilates its intrinsic value, allowing its cruel use that can potentially lead to different wars.
3. It can draw a parallel between accounting and the war, admitting that both transmit the violence under a more feasible form, by denying the other's intrinsic worth, engaging a dehumanized rhetoric and creating a distance between the perpetrator and the victim.
4. Accounting contributes to the rationalization of inequalities, to the simultaneously use and denial of the life created by the corporate globalization agenda, by exaggerating the role of economic development before all considerations.
5. Economic sanctions follow the impeccable logicalness of accounting, which aims to produce brutal negative consequences to the enemy, under an invisible form, with the perpetrator's minimal costs.
6. Accounting transforms the war into a reasonable deal, like health care, by considering the value of any activity in terms of profit or loss.

Stiglitz (2015), in *The Great Division*, writes:

“the real measurement of economic performance is given by the welfare of a representative family, and from this point of view, US registered a zero growth in the last quarter of the century”.

Vandana Shiva, in *Earth Democracy: Justice, sustainability and peace* (2005) develops a new concept of a social organization called *Earth Democracy* in which all species, all people and cultures are considered equal, they themselves having intrinsic value. No man has the right to own other species, to dispose of other people's existence, or to own the knowledge of other cultures by copyright and other intellectual property rights. In other words, the knowledge is a common good available to all members of the society. The earth community should be reconsidered as a living democracy. No man has the right to encroach on the ecological space of other species and other people, or threaten them with violence.

Nature and culture diversity must be defended. All beings have their own sustainable natural right to live. Earth Democracy is based on living economies, but also on economic democracy. The economic systems in the Earth Democracy protect the ecosystems and their integrity, protect people's lives and ensure vital needs for each of them. In the earth economy there are no dispensable people, nor disposable species or crops. Healthy economies are built on the structure of local economy and sustain the local production; just unavailable resources shall be purchased from other economic areas.

Daron Acemoglu and James A. Robinson explain in an ample work, *Why Nations Fail* (Acemoglu & Robinson, 2015) the reasons of the prosperity of some nations that have succeeded in the competition of social prosperity and political affirmation. They assert that the solution is the establishment of inclusive economic institutions, protected by virtuous circles, supported by inclusive political institutions. In antithesis, exclusive political institutions form vicious circles by supporting exclusive economic intended to preserve the elites' winning mechanisms, which in their turn, supported the inclusive economic institutions that were protected by a social virtuous circle formed around thereof and prevented the elites' deviations and abuses.

In his *Brief History of the Future* Jacques Attali (2007) outlines a future society somewhat convergent with that imagined by Vandana Shiva. His work is, in fact, the history of capitalism as a civilization stage of history, as it lays on a single principle: the principle of a gradual emphasized individualization of human beings. Therefore, Attali (2007: 27) concludes: "The essence of the evolution of history consists... in the birth of an individualistic order, which has made human rights an absolute ideal. An order capable to produce wealth through an incessantly a violation of the individual's ideal, more than any previous order".

Attali (2007) evokes a series of ongoing transformations revolving around an order-based economy, and the author considers that no religion will be able to slow down the progress of the idea of individual freedom. This new order self-facilitates, through that fact that is designed under a unitary form, and uses a single language - that of money - and focuses around a single brain, where the elite (creative class) exists, an elite characterized by a taste for new and able to transform any new service in an industrial product. Around this centre are an environment (consisting of intermediate state units) and a periphery. The Centre will never invent anything new; it just copies and uses the suburbs' creativity. Globalization and the creation of the new economic order will continue up to saturation, but not in a post-industrial sense, as we are dealing with the beginnings of the industrialization of services, aimed to transform them into new industrial products. This fact will generate a nomadism set up on two levels: the class of international citizens, the agents of the new economic order and the helpless that will migrate continuously to survive. Nomadic ubiquity will be achieved by connecting the most people to

computer networks, and when the connection will be fully completed, nomadic ubiquity will turn to hyper-surveillance.

Attali (2007) defines the next 50 years as the stages of a new earth evolution: the hyperempire, the hyperconflict and the hyperdemocracy. First wave – the hyperempire: the sole crisis, for the people existing in the middle therein, will be the time, for the said period. Everything is time consumer; that is why the time will become a commodity, and the obsession of time will generate two requirements of life: to protect and to entertain; the result therefrom is the hyper-development of two industries: the insurance industry and the entertainment industry. Attali axiomatise that the world will become poly-centered between 2025 and 2035, the United States will give up its empire status, and the world will be organized around a planetary market in 2050: the hyperempire. However, the author believes that the empire will belong partly to US, and generally, its consumption commodity will be further the prolongation of nomad commodity, like its half-blood culture, its precarious life, and its individualist or narcissist values (see p. 132). Under the pressure of the market, all the prerogatives of the states will be spoiled, its suzerainty included. The hyperempire will be set up after a geo-political fight winned by the market.

Moreover, Attali asserts that the surveillance means will replace the state's role in two stages: the hyper-surveillance and the self-surveillance. The people will be forced, by the insurance costs, to carry out self-monitoring for complying with the rules stipulating imperatively to be in shape (both physically and intellectually). Discretion will not have any reason to exist and curiosity, based on the idea of secrecy, will disappear. Then, the necessity of transparency will tend to be absolute in all branches. By reducing the powers and functions of the state, the market will encourage the consumers to the detriment of the workers. "The nations will be just some oases involved in a competition, in view to attract the caravans that are passing by" (p. 144). Being so weak, the states will not be able any more to govern the hyperempire, and its functions will be taken over by private commercial institutions, two of which being the centre of the empire: the assessors and the insurers. The companies will become non localized "circuses" of two types: pirate and relational. The first type will be the main actor in the second wave (hyperconflict) and the second type will be active in the third wave (hyperdemocracy). The actors will be hypernomads (expatriate population) and infra-nomads (those in extreme poverty). The rest, the vast anonymous mass will be assigned to political control, labour and consumption, and will be represented by qualified sedentary people. "The world will only be a juxtaposition of loneliness, while love - a juxtaposition of masturbations" (p. 148). The things will become increasingly worse until the arrival of the final days of freedom, in the name of freedom, and the violence of money will be followed by the violence of weapons.

Second wave: The triggers of the hyperconflict, generalized at the planetary scale, will include multitude forms of anger: laymen's anger against economic order and the United States, the believers' anger against human degradation, the enslaved masses' anger against slavery. The four types of wars inside this period will be: for resources, for borders, influence wars, and the wars between sedentary people and the pirates.

Third Wave: The hyperdemocracy. Jacques Attali asserts that despite all signs, the dynamic of the weal, which will follow after the market and after the war, is already underway, with characters ranging from artists, non-profit organizations concerned with social and charity activities. Countless positive forces, he also says, even now are contributing to the establishment of a better world. The best Lawyers of change will be, as always in history, the disasters. Firstly, the market will cohabitate with the democracy, then the hyperdemocracy, which will appear, says the author, in Europe, will gain full rights. Through the actions of relational-type enterprises, an international community will be gradually established, whose institutional base will be the United Nations. The regulated and globalized market will not enter the sanctuary of democracy any more, and the free of charge services shall extend to all essential areas of existence, concludes Attali.

The vanguard of hyperdemocracy will comprise a new class: transhumans. They will be altruistic, aware of future history, sedentary and nomadic at the same time, refusing to be part of the creative economic class; they feel pleased to provide pleasure and making the other worthy. Transhumans will mainly include women and will initiate a relational-type economy (based on free services), which will be further globalized. At its establishment, the hyperdemocracy „shall strive to win other wars, which are more urgent: against humans' madness, climate degradation and fatal diseases, against alienation, exploitation and misery" (p. 196). Any change for the better will come when the mankind will be almost completely devoiced of humanity. The survival of natural ruins will last during the first two waves, under the pressure of the factors preserved by art and the feelings: „beauty will be able to host and protect the last spark of humanity" (p. 213). Thus, Attali's findings converge with Vandana Shiva's description of earth democracy.

By analysing the current economic and social evolutions, we find out different action forms of the empire even in the current period. George Friedman, chairman of Stratfor admitted in an interview at the conference of the Chicago Council of Global Affaires on the theme „Europe: Destined for Conflict?" (Friedman, 2015) that the US military manifestations are actions specific to any empire, an empire, which in the speaker's opinion, is the largest in history, having in view its capacity to control the entire territory of the oceans and the air.

Particularising to the accounting field Arnold (2009) emphasised that in those times of hyper-conflict the "accounting practices are deeply implicated in the current financial crises and in proposals for recapitalizing financial institutions and restoring stability to the global financial system." The main charge brought to the

accounting is the lack of future perspective in anticipating crises and the limits to respond efficiently to them. In the way the actual accounting has its concepts set up it will never be able to break the economic cyclicality which is generating economic storms.

Also McSweeny (2009) demonstrate that the so-called “real economy” is hardly contaminated by numerous financial crises during the actual economic secular cycle. A main cause of those crises identified by him are the hypothesis of the economic theories that decline the possibility of financial market failure. He suggest paths in which the actual financial theories contributed to the circumstances and actions which generated actual crises.

Gill (2009) is providing an epistemological analysis of how accounting discourse is contributing to the process of undermining the ethical standards of accounting practice. Its study illustrates how concepts of informational truth are utilized in a commercial environment as rhetorical devices to influence desired commercial imperatives. The author identifies accounting practice as being a “highly developed art”, while accountants act as “painters rather than photographers”. In this environment, unethical practice is viewed not as a behavioural aberration but as an inevitable consequence of standard practice so that “ethics are rendered fragile by collaboration and cooperation”, and considered as merely failure to “manage stakeholder perceptions” and to maintain reputation.

Concluding, we notice that the same conceptual debates during the commencement of the Second World War are found under various forms in our days, under a similar context of ideas. Relevant for the accounting domain are questions such as: How accounting developed as a docile instrument of globalization and how it acted in the past as an aggression toll? How accounting has to redefine its concepts based on the new thinking of earth democracy and hyper democracy? The next section will critically examine these questions.

3. A critical analysis of the change in paradigm

3.1 How accounting developed as a docile instrument of globalization and how it acted in the past as an aggression toll?

The accounting means that helped the establishment of a super-empire / the current situation and the stimulation of the hyperconflict are:

3.1.1 Expansionist nature of capitalism

The fundamental objective of capitalism, as a way of organization, is profit and enriching. Human identity is limited to the consumer concept, and the human

relationships are regarded in terms of market mechanism. Accounting is only able to establish the difference between the revenue and expenses, wherefrom the profit is calculated. Accounting reporting system lays, in fact, on two big concepts, explanation of the means for carrying out the profit, and the preservation of fortune. Thus, the accounting narrows down the entire issue of human existence to a gain process, as a difference between sales and acquisitions. Such fact just transformed the economy to a long-term non-sustainable process, starting from wrong grounds. Therefore, Schumacher (1973) ascertained in his work that the natural resources would not be considered as disposable revenues, but treated as a capital, taking into account that such resources are not recoverable and become depleted within a certain period of time. The valuation that disregards the constructive or destructive nature of economic actions, as well as the sale of weapons or of any quantity of corn to a hungry population (Boulding, 2000; Galeano, 1998) is another major problem of the accounting.

In fact, the accounting fails to assess the transactions sustainability and morality and judges such transactions intrinsically, thus providing a false picture on the sustainable competitiveness of business. A most polluting business is profitable in the countries of the Third World, as such countries have not implemented adequate environmental standards. However, such industry would not develop in any economy where the toxicity level generated by any economic process implies additional costs, which would make its development prohibitive. In fact, such costs should be assessed in any business, taking into account the environment protection requirements, irrespective of the market on which it operates, even if any preservation regulations do not exist, because only a sustainable economy could provide a fair comparison of all businesses. Thus, maintaining / increasing the quality of the environment and enhancing the quality of life should represent the fundamental objective of any economic activities.

3.1.2 Earth democracy and the valuation in accounting

In the current period, the social & human perception has created a democracy concept – equal rights and justice just at the level of human race. By contrast, nature, in terms of other life forms, is considered just a cost generator through its use, or its arrangement from time to time. Thus, the value of things and beings of nature is given by the human race's amounts paid for the use thereof. We, humans, never arise any issue of assessing any forest as a distinct legal subject, with its right to exist independently from our right to exploit it. Its value is given by the maintenance costs and later, by the exploitation of the forest. But we cannot find anywhere in the accounting valuations the intrinsic value of the forest, which creates and maintains life, as the latter has no legal significance, and therefore, no economic significance for us. The lack of any explicit nature's rights to life, equal to those of the human race, admitted in our contemporary society, deprives the nature of an accurate assessment of the suffered losses pursuant to its exploitation.

The exploitation of the human labour is remunerated through labour in any organization producing income, under existing legal relationships clearly defining the manner applicable to the use of the human labour in any enterprise, but for the physical use of any animal, the only cost is related to food provision and sometimes, to ensuring its living conditions. Nobody asks any horse if it wants to tow a cart, or a dog if it wishes to guard the yard, or what such animals would like in exchange for the work done. Basically, we, humans, consider the nature as a usable resource, and not an equal part of our everyday life, which is practically a capital. This is the reason why Horkheimer and Adorno (1993) notice that „was nothing less than to explain why humanity, instead of entering a truly human state, is sinking into a new kind of barbarism.”

Even though we are born in nature and we have our place in the natural ecosystem, however, the emergence of human thought deteriorated this symbiotic relationship, positioning us antithetically to the surrounding world, while the human race was developing. The human thought - the reason - atrophied our instincts formed in the stage of our direct cohabitation with nature, and consequently, we, the humans, have invented complex equipment's after thousands of years, which determine what a wild animal feels (the impending earthquakes, through its own senses), without any special efforts, being unaffected by the systems of human judgment. Our wish for satisfying as many needs as possible positions us often in an antithesis to nature, and at the same time human kind consider it as available and usable, without any question on the right of nature to its own existence. Throughout human existence, we consider nature an inexhaustible resource and we treat it as such.

Humans have not questioned them self if nature itself has the same rights for existence as ours, and consequently, we should treated it as a matter of law, equal to human law, and in economic terms we should evaluate it not by its operating cost, but by nature's worth of use or as a capital required for the development of our existence. Therefore, we should become aware that both the human race and the rest of nature share the same space and the same future. The Illuminists insisted on individual autonomy, technical rationality and culture based on rights, by denying our interdependence with the surrounding world, consisting of dangerous or non-controllable wild creatures. We, humans, control the nature with our mind, converting it into a resource. Moreover, the dominant modernist trajectory supposes that nature has no growth limits and that humanity must struggle continuously for economic development in order to increase its wealth. However, most analysts seem to agree that the current direction of growth is not sustainable. The stage of the achievement of the foregoing limits is a subject of speculation. The prediction of the Club of Rome (Wikipedia), fixing the limits in the late 21st century appears premature, as the fact depends upon an increasing of efficiency and the technological progress in the production and use of energy. The economic growth is also based on the assumption that natural resources are inexhaustible and unlimited quantities of waste and pollution can be injected into the ground, water

and the atmosphere without causing irreparable damages. The foregoing assertion starts from the premise that nature has no limits against the human society's abuse (Chwastiak & Lehman, 2008). The authors, by quoting Taylor (1978), conclude that a solution would be the creation of a society in a state of equilibrium, in which the economic system will have to recognize and act within the limits provided by nature. According to Taylor (1978), the main challenge of the balanced society is „intolerable inequity” that can be tolerable, through rapid growth, only temporarily. But the question is what kind of society would produce a balanced distribution of income and would it eliminate the „intolerable inequity” in its interaction with nature? The failure of the response to this question has already generated conflicts in relation to the territorial waters, fisheries, mining areas of natural deposit, which badly worsen the situation, and does not made anything better for the evolution of economic growth. The states that are producing raw materials, such as African and Asian states (see also Afghanistan), are more exposed to civil and armed strife than the countries without any natural resources but having advanced technologies (see Germany or the Scandinavian countries).

Accounting, as an exponent of the neo-liberal capitalism, not only stimulated and evaluated favourably the culture of violence, but also instigated, by its unsustainable concepts, the competition for natural resource extraction. The long-term strategy of the major international corporations is an eloquent example. BHP Biliton, the biggest international company in the field of natural resources extraction, is the most telling example. Hereunder are some excerpts from the company's website:

“We are BHP Billiton, a leading global resources company. Our purpose is to create long-term shareholder value through the discovery, acquisition, development and marketing of natural resources. Our strategy is to own and operate large, long-life, low-cost, expandable, upstream assets diversified by commodity, geography and market.” (www.bhpbiliton.com, 2014)

Our strategy is tied to economic growth in both emerging and developed economies. Sustainable growth requires an effective response to climate change. BHP Billiton accepts the IPCC's (Intergovernmental Panel of Climate Change) assessment of climate change science, which has found that warming of the climate is unequivocal, the human influence is clear and physical impacts are unavoidable. We believe that the world must pursue the twin objectives of limiting climate change to the lower end of the IPCC emission scenarios in line with current international agreements, while providing access to the affordable energy required to continue the economic growth essential for maintaining living standards and alleviating poverty. We will, through material investments in low-emissions technology, contribute to reducing emissions from fossil fuels.” (Annual Report, www.bhpbiliton.com, 2014)

As it can be seen in the Report of the biggest natural extraction company worldwide, beside the presentation including the evaluation of the extraction of natural resources in terms of profit maximization, the environmental

responsibilities incorporate therein slowly, slowly, because the company is bound to undertake such obligations in view to maximize the shareholders' profits, on one side, and to reduce the polluting emissions, generated by the power industry and the destruction of the environment by the extraction of mineral fossil resources.

3.1.3 Dissolution of social relationships and the development of human individualism

Jacques Attali (2007) paid attention to the existing tendencies toward the dissolution of social relationships in the contemporary world, the discretisation of the family, nation, and race concept, and the development and control of individuals through the web. The author certainly refers to the new tendencies of setting up social networks, where the people replace their family, to which they should have shared their feelings, by abstract intangible individuals, through the social networks. The result is an enhancement of the human egocentrism, the individuals' loneliness, and the easy control of the people in view of economic purposes, by identifying them through the commercial applications designed to spy the people's commercial behaviour, and therefore, the buyers make the most of the information provided by the network managers. Similarly, the insurance companies or the security services of any country can easily monitor the individuals, taking advantage of the topics approached by the people on social networks and obtaining potential sufficiently concluding information about each individual's information network. In this way, the utterance of human feelings on the social networks may be converted into commercial information and finally, into money and economic performance.

As a matter of fact, the explosive enhancement of Facebook's shares is actually based on the commercial exploitation of the people's feelings, particularly of the youth's personal opinions, by making them to disclose their secrets/feelings/emotions in front of hundreds of unknown fans, instead of their family or beloved person, so basically destroying the classic cell of the society: the human family. In terms of anthropological terms, the destruction of the family, of the direct woman & man relationship, and the people's connection to a social network of which financial interests they do not know, transform such individuals in a controlled mass of any society, similar to *canis lupus* (grey wolf), where the master is the alpha male, and the rest of the community is below it and gravitates around it. While the society is getting matriarchal capacities, along with the formation of human poly-conjugal relationships, the accounting remains unconcerned and does not assess any destruction of the classic human social networks, counting just the economic performance of the social sites that have been turned into the merchant of the masses of consumers, or into ultra-spies of the human behaviour.

3.1.4 Globalization

Globalization phenomenon was promoted since the very the end of the Second World War. Concomitantly with the establishment of the Organization of United Nations, other financial institutions were setting up, in this respect, in order to act worldwide: the International Monetary Fund and the World Bank. It goes without saying that generally, the denationalisation/privatization policy of the two financial institutions did not achieve final successful solution, except certain particular cases. The Romanian economy has also become a victim of the privatization solutions supported by the World Bank and the International Monetary Fund. Thus, pursuant to the monitoring actions and imposed solutions of the two organizations for just 20 years, the Romanian infrastructure and industry, like in many other countries where these organizations have imposed hard economic policies, were destroyed finally, because the safety seatbelts of the nations that have followed the policies imposed by these organizations were damaged. Thus, the privatizations in the strategic fields, such as water and sewer system, electricity, oil, banks has pushed the country to such situations in which the government could not intervene practically and effectively to protect their citizens in crisis situations, being powerless against the book profits of the big corporations that had acquired the control of these essential control pedal. The price of drinking water was increased in many situations, taking advantage of the corruption networks developed at the level of the public utilities companies, which became foreign companies, while the government could not do any price adjustment. The privatization of the banks led to the destruction of the loans given to the national companies, thus bringing forward the foreign and multinational companies. Pursuant to the privatization of the national oil company, the government had not any key solutions to regulate the market in the crisis periods, as it had used to do before, when the government had owned the oil company and had faced successfully any surge in the fuel prices in the economy.

None of the facts acclaimed by the exponents of globalization was achieved in the emerging economies, if the national governments followed the advice of the exponents of globalization. The so-called economic growth, which should bring economic prosperity for all (Gershman & Irwin, 2000; Millen *et al.*, 2000), turned into a bubble of economic growth, mainly including the real estate business, which upset the economies worldwide, once with the beginning of the economic crisis in 2008. At the same time, at the advice of the International Monetary Fund (IMF) and the World Bank (WB), huge artificial indebtedness occurred in the emerging market economies. Romania took out a loan in 2009, aiming at balancing the balance of payments of the National Bank of Romania, under the “Vienna 1 agreement” concluded with nine foreign banks under the umbrella of the IMF and the WB, and at the request of such banks that were operating in Romania to guarantee the loans granted in the market, Romania was forced to give up the existing minimum mandatory deposits of those banks at the National Bank of

Romania, with a view of the transfer of such deposits to their home countries, to safeguard parent banks. The initial amount of the loan was about 20 billion euros of which 9.8 billion euros were actually drawn for the mentioned purpose. Thus, the Romanian nation borrowed from the International Monetary Fund and the World Bank an amount of 9.8 billion euros to save the parent banks in Austria, France, Germany, Turkey, Greece etc. (Mediafax, 2010). For such banks, in economic terms, such draw was called a recapitalization of the bank; in economic terms, for Romania, it was called spoliation of a country, to solve partially or not at all, the financial problems of the foreign banks.

The impoverishment phenomena of the economies represent a general process, where the public services of education, the health services and the water provision services were privatised, and the people who could not afford to pay these services were practically deprived of their right to life (Korten *et al.*, 2002). The cultural and relative aspects of the poverty became absolute features and life-threatening, pursuant to the vesture of corporative globalization (Korten *et al.*, 2002).

The research it has been chosen from the numerous effects and examples of the manifestation of globalization in economy and accounting those considered as the most devastating:

IASB Standards and the European Directives have destroyed the cultural capital of the nations in favour of the International Standards

Until 50 years ago, the accounting system developed simultaneously with the economic environment, always being an information instrument of the economic actors, whether managers, traders, employees, governments, or public, in general. The accounting theory was always considered as a prolongation and sedimentation of any discovery of the accounting procedure at that time. The innovation aspects were perfected in practice, and afterwards the accounting theory abstracted such aspects to be further used by the next generations (Dobroteanu, 2004). The appearance of IASC (the International Accounting Standards Committee) in 1973 (Feleaga, 1996), and the Accounting Directives (the 4th and the 8th Directives) were the first pawl of the normal evolution of the accounting theory. The international accounting standards were established on the grounds of the US standards, which were reconciled with the European accounting policy, and the two systems of accounting knowledge met each other in the body of international normalization IASC, under a convergence process that lasted about 20-30 years (Feleaga, 1996).

Pursuant to the convergence process, which supposed the embedment of the accounting policies applicable to different elements and economic transactions into the international standards, identifying, as a rule a benchmarking and some alternative accounting policies, the harmonization process allowed the limitation of the options as regards the accounting of economic transactions in the re-viewed international accounting standards. Thus, IASB (the former IASC was renamed as

the International Accounting Standards Board) became the main body of the international accounting normalization, in view to becoming accessible to potential investors from other financial markets. In fact, IASB created its intellectual capital by establishing own accounting standards, and proceeded to export it to all industries wishing to have access, whether deliberate or not, to the global market of financial services. It was the first genetic structural change in the propagation mechanism of accounting that implemented the practice in theory since thousands of years, consisting in an inversion, the implementation of theory in practice. This fact generated numerous mutants in the global economy, as the international accounting standards were developed starting from the knowledge levels of neoliberal economies and was exported, without seeing on the entire area controlled by the capitalist society. In fact, the mechanism described above reconfirm Bourdieu's theory (1986) referring to the expansion of the occidental intellectual capital and the destruction of the local knowledge, which practically, was the result of the economic development of that period. Certainly, the failure of the international standardization as regards the accounting system of the small and medium enterprises proves a lack of utility in this process for the nations captured in the process of the international accounting standardization.

ACCA, a means for exporting the English intellectual capital into accounting

The actions of the Certified Public Accountants from Great Britain, related to the capitalist economies, is another mechanism that succeeds to remove the local accounting knowledge, and the accountants' connection to the imposed accounting systems. Taking advantage of a performance training system required by the level of knowledge found in the British economy, the British professional body succeeds to multiply its professional training mechanism and exploit it financially on a global scale. As a consequence, the certification system promoted by the British ACCA has become an extremely effective financial mechanism for the export of the British accounting knowledge to all developing capitalist economies, the members of the profession gaining, in this way, a preferential status of their professional recognition.

Basically, we are witnessing a well promoted mechanism for the sale of specific courses (intellectual capital) to countries with lower accounting training, but we have in mind the hyperdemocratic precepts brought forward by Jacques Attali (2007) – the transhumans; or by Vandana Shiva (2005), who state that selling any knowledge is immoral and against the most advanced precepts of human cohabitation. In the authors' opinion, knowledge must be a common good of our civilization and no organization should take advantage of a dominant access position to knowledge, because this fact would mean a subjugation of individuals who have not yet accessed such knowledge, and also a non-democratic exploitation of such individuals, for financial purposes. Basically, the need to open the barriers to knowledge and the need of not taking any advantage from the scientific discoveries, within the meaning of financial exploitation, come from the study of

Kohlberg (1984) who wants a society composed of individuals who understand not only the need for social order (the 4th stage in Kohlberg's study: Maintaining Social Order), but also maintain the vision of the universal principles of human existence, such as justice and freedom (the 6th stage: Universal principles).

The loans from the International Monetary Fund and the World Bank: the privatization of public services - a manifestation of violation of the fundamental human rights to privacy and of the freedom of movement

Obviously, the findings of Stiglitz (2015) regarding the fact that, through accounting, the institutions of corporate globalization extract resources from the under-developed countries, while such countries are not aware of the destructive phenomena to which they are submitted to. Accounting has become a part of a regulatory schemes that allows the private accumulation to take roots and flourish in the under-developed countries, Arnold and Sikkim (2001), Lehman (2005) quoted by Chwastiak and Lehman (2008). The supranational institutions can govern remotely (see the actions of the IMF and World Bank) through the international accounting system, but also by other components of information technology, destroying the safety systems of the states through the privatization of the fundamental services of the states (Eurodad, 2006; Neu *et al.*, 2006). Even more, according to the discourse affirming that the economic issues must precede the social issues, the production of public goods, such as education, water, electricity is made in such a way that the marketization thereof has become essential (Neu & Ocampo, 2007).

Although the loans and the monitoring arrangements of the International Monetary Fund and the World Bank should generate prosperity in the countries under the financial assistance programs, in fact, the situation is contrary to what has been expected. For example, the percentage of the overall income generated by 20% of the poorest countries of the world has not increased in the last period, but declined. Thus, 20% of the poorest countries produced 2.3% of the global revenue in 1960, and 1.4% and 1.1% in 2000 (Gershman & Irwin, 2000: 14). Moreover, the number of the persons suffering from chronic hunger had declined between 1970 and 1980, but it started to grow in 1990 (Cavanagh & Mander, 2004: 23) quoted by Chwastiak and Lehman (2008: 214).

3.1.5. Forms of the hyper empire

The war stimulates the economy

The economic organization, in the view of being prepared for a war anytime, is an old precept promoted by Mussolini and Hitler in the early 20th century. Il Duce lectured at the Autarkic Council on 19 November 1938, stated that war is the normal state of the nations and the economy must be permanently prepared for war. German Nazis thought that the economy of war – the *wehrwirtschaft* – is the normal state of the economy and must be constantly maintained. Unfortunately, the

US politicians came to the same conclusion, founding out that the recovery from the Great Depression of 1929 - 1933 could not be achieved only through state intervention in the economy, when the state became a major buyer of goods and services during the Second World War. Even after the end of the war, they concluded that if the US government had narrowed its interference in the economy, a new economic depression would have been generated after the satisfaction of consumers' needs (Chwastiak, 1999).

Consequently, the US government continued its Keynesian military policy through which the budget has become the main mechanism that furthered the *status-quo* of the distribution of wealth and power through wastage generation undeclared subsidies awarded to the high technology industry (Caldicott, 1986; Chomsky, 1992; Markusen & Yudken 1992), because on the other hand, it is quite difficult for the population to accept the taxes increase, to support these industries, and because such costs enter into a tough competition with education, health, culture. That is why the initiative of an extensive health reform of the Obama's administration - „Obamacare“- faced the an extremely tough resistance of the centres of power of the US administration, and the package of measures was extremely criticized, starting from the fact that such initiative would require cuts in the military budget. US government strives to convince its citizens that the defence budget should be a consistent one, to the detriment of social services, by convincing them that the state security is more important than the human safety. This was achieved by creating a permanent psychosis among US citizens that their life is threatened by the evil empires (Russia), terrorists (9/11, Syria), or imposing the overthrow of certain dictators, in view of the democratization of relevant states (Iraq, Libya, Syria, Yugoslavia). In the meantime, accounting has contributed permanently to the militarization of the United States and stimulated the creation of a mechanism through which the budget allocations are transferred from the US taxpayers to the capitals of the companies providing military facilities, via the US budget (Chwastiak, 1996, 1998, 1999).

However, the main fault of accounting is the stimulation of a permanent war state in the society and economy, turning the war into a viable permanent option, and failing to segregate the Profit & Loss obtained under life-sustainable transactions from the Profit & Loss obtained under life-destructive transactions. In fact, in spite of all its efforts for transparency in the last hundred years, accounting failed in sorting out the profits earned from the production of food for hungry people and the profit from the bombs of mass destruction. Even more, as the elitist mechanisms of the weapon production determined an extremely close list of weapons suppliers, the profits of those companies increased and restricted competitiveness in this field. US weapon production has brought gains not just for the weapons manufacturers. An entire industry connected to the US lobby system prospered from the US military force. It is the case of the companies that received commercial contracts with the states transformed into commercial partners (*de*

facto, read colonies), by which they drain the resources of such states to the US economy. It is what, in specific terms, are called colonial agreements. We still need to mention that such contracts are not just the privilege of the US companies, but also traditionally belong ever to the winning countries, either in military wars or in economic wars.

Colonial contracts: Bechtel highway in Romania, China's loans in Angola and the appearance of ghost cities

The long series of colonial contracts is spread anywhere in history, where any state in the position of conqueror had to transfer in one form or another the values produced by other nations. In fact, a colonial agreement means a contract concluded, either directly or indirectly, between a company from the conqueror's State (empire) and the conquered State, by the transfer of its monopoly to such company (water, electricity, oil). Romania has also concluded many forms of colonial agreements over time, which were means superior to the Conqueror State's means of direct taxes collection from the Defeated State (war reparations). Thus, for the arrangement regarding the acceptance of Romania into NATO, the Romanian administration signed a contract with Bechtel American Company for the construction of a highway between Brasov and Oradea (Autostrada Transilvania), without any auction or a design contest. That time, the press reported with reference to that colonial contract: „In 2003, the Romanian government: Nastase government, decides to finance the Brasov - Cluj - Bors highway construction and entrusted this contract to the American company „Bechtel”. The event has immediately roused controversies and scandal, because of the price, which was secret, and of the assignment details that made the contract ineligible for any European aid etc. The contract was active in 2004, discontinued in 2005, on the initiative of the newly installed political power it was resumed in 2006 after a renegotiation, other renegotiations took place in 2009 and 2011, and finally the agreement was cancelled this year. Finally, the Romanian state has paid ~ 54% of the originally price estimate, giving to service only ~ 12% of the length of the highway. „(Hotnews, 2013). The contract price of 2.3 billion euros (<http://www.autostrada-transilvania.ro>, 2014), representing the price of Romania's entry into NATO, is extremely high.

The Colonial contracts are concluded not only with the US. A famous example is the transfer of the right of oil extraction by the Angolan government to a Chinese state company, in exchange for the construction of houses for people in need. One of the populist election promises of the President José Eduardo dos Santos was the construction of one million houses for the local poor population of the country. Consequently, the Chinese company built entire cities in exchange of the oil extracted from the Angolan subsoil. The first 3.4 billion dollars' worth of the project was a total fiasco, because Kilamba city built in this way had 20,000 new homes that remained empty because of the exorbitant costs of the apartments. For an ordinary Angolan, \$ 120,000 represents an amount far too high for a gain of 2-3

dollars per day. China, however, has obtained considerable resources of oil, in exchange for the buildings constructed for the poor people who never moved in. (<https://www.youtube.com/watch?v=V8HyDGCNxpo>). In the case of these colonial contracts, the accounting has failed to show the huge losses suffered by the countries and has registered the data as profits or investments, without seeing their social impact. The treatment of the transactions from the angle of the obtusely of the profit and loss account eludes the overall picture of the wastage of economic resources determined by lost or unfeasible social causes.

Economic blockades

The economic sanctions system has become the most viable tool to determine a nation to subdue to (Garfield, 2002) at the end of the Cold War. Since the economic sanctions were adopted by the United Nations in 1945, they were applied fourteen times until 1990. The most severe economic sanctions were imposed on Iraq (Gordon, 2002), quoted by Chwastiak by providing a cheap alternative to the war. The creators of the economic sanctions may impose a maximum pressure on the opponents, with minimum sacrifices (Harding, 2004).

The research shows that although the economic sanctions achieve their political goals, they bring serious harm to the civilian population and, in particular, to the disadvantaged people (Gartfield, 2002; Harding, 2004). For example, the economic sanction on Iraq has caused more victims than the Iranian-Iraqian war and the first war in Iraq with the US in 1991. According to the United Nations, about 1.2 million Iraqis died as a result of that embargo and the post-war bombing, and UNICEF said that Iraq experienced the most appalling mortality rate in the world with less than 5,500 deaths among the 5 years old children, per each month (Newman, 1999, p. 23 quoted by Chwastiak, 2008). As stated by Eric Hoskins, a Canadian doctor who conducted a research team on the allied bombing in Iraq, they „have effectively destroyed any vital element for human survival in Iraq: electricity, water, agriculture, industry, health” (https://en.wikipedia.org/wiki/Eric_Hoskins). The officials from the Pentagon have justified their action as being necessary to accelerate the effects of sanctions (Clark, 1992; Nagy, 2001). The US officials were aware that Iraq was dependent on the equipment imports and chemical products specialized for purifying water, and according to a document of the Defence Intelligence Agency, „failure to provide these items would result in lower quantities of pure drinking water for the majority of the population. The result could be materialized in increased incidents, and even epidemics or diseases” (Nagy, 2001, p. 22). In 1999, a United Nations official in Baghdad acknowledged that the root of infant mortality in the country was the lack of clean water that caused the children’ Kathy Kelly disease (Cockburn & St. Clair, 1999; Gordon, 2002). Madeline Albright, the US ambassador at the United Nations, when asked if they deserved these punishments with the price of the deaths of half a million children in Iraq, she replied: „I think it was a very hard choice, but the price, I think, was worth it” (Kelly, 2001: 145; Pilger, 2004: 19 quoted by Chwastiak,

2008). The example herein describes the accounting's failure in the evaluation of the deaths of half a million children, a real post-modern holocaust, as compared to the benefits of applying economic sanctions on a regime that did not meet the US interests.

The history of the embargo against Iraq was nothing in comparison with the victims of the economic blockade against Syria and the Islamic State in 2015 and up to-day. Thus, an atypical state formation, which has radicalized the Muslim civilization, was born on the background of the regrouping of Saddam Husein's Sunni generals. As researcher it will be interesting to see the costs evaluated through the means of the accounting of war, for the sanctions imposed to the Syrian government, and the collateral destruction caused by the war against the Islamic State in Iraq and Syria at the end of the war.

Environmental preservation and the accounting evaluations

Accounting quantifies the environmental pollution, solely through the costs imposed to the developed countries in view of preserving the environment. None of the normal elements of costs generators, related to environmental preservation, is found in the under-developed countries or uncontrollable nations. It will be founded only part of the costs for environmental preservation in the developing countries, because the environmental legislation thereof has various stages of implementation (please see also Romania). In other words, accounting fails to quantify, consistently and consequently, the environmental impact of polluting processes. However, the president of Stratfor: George Friedman, appraised at conference in Australia, at a book launching, that the only chance to introduce any means for environmental preservation, in view of being used by the states, is to discover new technologies and to replace fossil fuels. Wishing to come off of the umbilical cord generated by fossil fuel resources controlled by the Arab states and also influenced by Russia, the United States will have every incentive to replace these technologies, for solving this strategic problem. In the opinion of the US geostrategic analyst, the solution will not come from the potential treaties, which the world's states are trying to conclude worldwide but through the medium of the US Army, such technology being a solution to counteracting the Arab and Russian geopolitical influence. Therefore, the technologies, which will replace fossil fuels, will be thoroughly pursued to achieve the annihilation of such states' influence over the US economic interests.

3.2 How accounting has to redefine its concepts based on the new thinking of earth democracy and hyper democracy?

An interesting debate between economists shall be launched, regarding the evaluation of **happiness** and the balance between the human race and the environment in the context of respecting the equality in rights and preservation of the natural environment but also the preservation of the traditions and human

behaviours regardless the size of the socio-groups (Shiva, 2005). This new concept will try to replace the current concepts of profit and fortune which become obsolete in the new societies.

A first issue is the quantification of any transaction under which human species receives benefits and animal species should be slaughtered. The question is how it could be evaluated the right of the human race to sacrifice other species for own food? When it could be sacrificed an animal or a plant to satisfy our existential needs? Can the financial evaluation further quantify these transactions? Is the legal system ready to accept equal rights to life for all species on Earth? Is there any difference between wildlife and the human life reproduced by man in order to satisfy its needs? Is there a limit for the mineral resources extraction? How do it can be reflected in the accounting books the environmental degradation, even a temporary one, and the need to rebuild the devastation done to nature in a sustainable time horizon?

A first issue that should be solved is the legal problem: equal rights with other species in nature. This will generate a profound paradigm in human life, with extremely important consequences in all areas. It should be thinking about how complicated it was for humanity to accept the abolition of slavery and forced labour, to be able to evaluate this proposed step. Today it still can be funded sequels of the oppression of people by people in different societies, such as at the prison countries like North Korea, for example.

It can be believed that the definition of, and the solutions for, the first problem will take a good time. The implementation of the solutions implies the evaluation of the opportunity cost of sacrificing an individual (who does not belong to the human species) to satisfy a need of another individual. In the researchers' opinion is sure that the value judgment cannot be financially assessed and here it should turn to assessments specific to life forms, such as, for example, the transfer of energy: how much energy does a human individual gain by killing an individual of a non-human species? This would be the measure of the rationality or non-rationality of that action.

The second problem is the definition of the fundamental objective of any organization that becomes a relational organization, according to Attali's predictions. If the individuals who promotes hyperdemocracy are transhumans, for whom the others' happiness represents the achievement of their objectives, then the human happiness generated by the organization is the supreme measure of its performance. But how do we assess such happiness? If it can be evaluated the decision to sacrifice an individual of another species for the benefit of the human species, through the human's energy gain versus the energy costs related to the individual's sacrifice, it could be similarly assess that the energy value of happiness, gained as a result of the actions of the relational enterprise, versus the

energy consumption needed to carry out such actions. It can be appreciated that energy is a more conservative assessment tool, and easier to be absolutely perceived and evaluated than a monetary unit that depends on the transactions on a certain market and is subject to certain monetary regulations. Basically, the energy is converted into money market, and such currency is moving, as the life depends on it, and therefore, it could be perceived both by the human race and their species with which we have the obligation to share a common future.

The Accounting reports of peace should succeed to present the happiness brought by an organization and the positive energy resources thereof that are able to maintain the creative processes of happiness.

Thus, it can be imagined a report addressing the means used to achieve happiness in an organization, by explaining how such organization has produced an additional positive energy (happiness) in the society (happiness produced to the individuals), the equivalence of the profit and loss on the current day, and a report presenting the elements generating happiness / positive energy in the future and those that will generate energy consumption in the organization in the future (unhappiness), and which correspond in terms of a reporting system to the balance sheet of the current day.

In accounting it can also be imagined a report of main energy flows within an organization: operational energy flows (equivalent to operation flow), strategic energy flows (equivalent investment flows), and streams for attracting new energies or for the withdrawal thereof (equivalent to the current financial flows). It is interesting to find out what would be the role of the financial system and of the interest as a means of remuneration of the time in a financial system? The researcher consider that the immorality of the interest usage promoted by all religious philosophies of the world, will determine its removal from the hyperdemocratic society of Attali and Vandana Shiva, where the monetary system will be already compromised. Maybe the negative interests are the reverse side of the usage of the immoral rates of interests in these times.

4. Conclusions

By extrapolating the theme of this research, the accounting, as a tool of force for war, did nothing but stimulate the aggressive behaviour of the world leaders, and also of the multinational corporations, which are guided by what the accounting of war calls "profits". On the planetary scale, profits have the meaning of George Friedman's assertion in his speech: "the subjugation and control of others is your profit. And for your profit, the damage caused to others is quantified just through the costs generated by the use of arms in the respective conflict". The accounting

was failing to speak in its financial reporting, under which the accountants carry out their current activity, about any facts that involved the loss of life on both sides, about physical and psychological mutilation. That is why economic philosophy must develop new concepts, by which such reasoning shall not continue to lead to Friedman's conclusions, which are in harmony with „collateral casualties”. From now on, economists must develop new concepts and use such concepts to develop its existential philosophy. Therefore, the solution proposed by Vandana Shiva (2005) is the transition from an “economy of war”, acclaimed by the Nazis and replicated in various forms throughout the 20th century and the early 21st century, to “earth democracy” and her proposed “natural sustainable economy”. In this regard, an accounting information system shall be rebuilt and adapted to peace conditions. Thus, the hyperdemocracy imagined by Jacques Attali (2007) is a social organization, which will start in Europe and will be based on relational enterprises in inclusive systems, safeguarded by virtuous circles, as defined by Acemoglu and Robinson (2005). In terms of political organization, it will have to rely, according to them, on inclusive political institutions, grouped, as Attali conceives, around the Organization of United Nations. The transhumans, as entities who feel that the main way of the people's self-fulfilment is his/her happiness, will form the advance guard of hyperdemocracy and will consider the others' happiness as a purpose and a value as such. In other words, the accounting of peace will have to devise a new system of values, which will put the human happiness and respect for equal rights between species on the highest basement of value, and afterwards, also the need to preserve the natural environment, and the protection of traditions (Shiva, 2005), which should replace the current accounting concepts of profit and wealth, which becomes too narrow to define new human and social values.

A new and interesting debate will be for the next researches how it can be secured the new social order by the usual violence of the actual society to not disturb the new equilibrium of the new society as imagined by Shiva Vandana. The protection of the juridical system has to be made in such way that the horrors of the past and abuses of the present to not revive ever. Future research might investigate the optimum organization in the next period, in a manner similar to the picture imagined by the philosophers and the environmental activists, and to derive the implications for accounting.

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