

## ARTICLE

### **The Subject of Retirement**

Cameron Graham, Schulich School of Business, York University

**ABSTRACT:** This paper examines the “subject of retirement,” one of the most intimate governmental technologies of our present. It extends Read’s argument regarding Foucault’s views on neoliberalism,<sup>1</sup> by providing explicit examples of the technologies of neoliberal government. Read drew attention to the intensification of governmentality by which neoliberalism has operated, and its pervasion into every aspect of society as the individual-as-citizen is transformed into the individual-as-entrepreneur. By examining the Canadian retirement income system, this paper provides a specific example of accounting as a tool of governmentality, a technology integral to neoliberalism’s regime of truth and its production of subjectivity.

**Keywords:** Governmentality, neoliberalism, retirement, pensions accounting.

The subject of retirement looms on the horizon of every citizen in contemporary Western society, whether as a dream or as a spectre. Retirement became institutionalized in the 20<sup>th</sup> century as social systems developed to simultaneously permit and coerce older workers to down tools. These institutions have been in a state of considerable flux since the 1980s, as the cost of government has come to dominate the benefits of government in public discourse. The fragmentation of major government-sponsored retirement income programs into a portfolio of private, public, and mixed schemes has been driven by an overt agenda of efficiency and trade liberalization, and has been fuelled by demographic shifts as the post-war baby boom generation moved closer and closer to compulsory retirement age.

Yet for a variety of reasons, the sheer cost of pensions among them, the compulsory retirement age has largely been effaced in some countries,<sup>2</sup> where workers are now “free” to continue working as long as they wish. This elimination of compulsory retirement is consistent with the neoliberal project that has transformed the retirement income system, for as Read

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<sup>1</sup> Jason Read, “A Genealogy of Homo-Economicus: Neoliberalism and the Production of Subjectivity,” *Foucault Studies*, no. 6 (February 2009), 25-36.

<sup>2</sup> A recent British government study of retirement policies in eight countries lists the USA, Canada, New Zealand and Australia as outlawing mandatory retirement, while Japan and France have responded to escalating pension costs by raising the mandatory retirement age. See Andrew Wood, Marisa Robertson & Dominika Wintersgill, *A Comparative Review of International Approaches to Mandatory Retirement* (Norwich: Department for Work and Pensions, 2010).

points out, the subjects of neoliberalism must have the freedom to choose.<sup>3</sup> Indeed, they have the obligation to choose: the engine of the economy is fuelled by consumer choice, so the neoliberal form of government must create in every part of the economy the conditions in which choice—substantive or symbolic—is possible. The most important choice related to retirement under neoliberalism is that of when to consume one's wealth, which implies technologies for the redistribution of personal wealth across time. This is quite different from retirement under liberalism, which paradigmatically involves the redistribution of personal wealth across the population, through taxation and programmatic spending.

This paper examines the specific accounting technologies by which retirement income systems are operated and retirement is governed, looking particularly at how the individual is subjectivized by participating in these systems. In doing so, the paper extends Read's argument regarding Foucault's views on neoliberalism, by providing explicit examples of the technologies of neoliberal government.<sup>4</sup> Read drew attention to the intensification of governmentality by which neoliberalism has operated. This paper identifies accounting as a pervasive tool of governmentality, one that is integral to neoliberalism's regime of truth and its production of subjectivity.

Accounting research has demonstrated, in considerable detail, the ways in which accounting functions as a technology of government. This paper draws on the work of Miller and O'Leary, Miller and Rose, and Neu and Graham, who along with many other accounting researchers have used Foucault to theorize their work.<sup>5</sup> In building on this work, the paper argues that the technologies of corporate and public sector accountability related to retirement are characterized by duality, serving both as technologies of domination and as technologies of the self, operating at both the organizational and the personal levels, as well as being both narrative and calculative in nature. The system of retirement income programs in Canada, from the early 20<sup>th</sup> century to today, is used to illustrate this thesis. The Canadian example is useful because it has gone through several disruptive shifts in the past 100 years, and now consists of a portfolio of three distinct programs, each with its own mechanisms for constructing the subject of retirement.

### Theoretical Framing

The groundwork for a Foucauldian understanding of accounting was laid by accounting researchers around 1990.<sup>6</sup> If government is the conduct of conduct, as Foucault<sup>7</sup> puts it, then

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<sup>3</sup>Read, 29.

<sup>4</sup>Ibid., 28-29.

<sup>5</sup>Peter Miller & Ted O'Leary, "Accounting and the Construction of the Governable Person," *Accounting, Organizations and Society*, vol. 12, no. 3 (1987), 235-265, Peter Miller & Nikolas Rose, "Governing Economic Life," *Economy and Society*, vol. 19, no. 1 (February 1990), 1-31. Nikolas Rose, "Governing by Numbers: Figuring out Democracy," *Accounting, Organizations and Society*, vol. 16, no. 7 (1991), 673-692, Dean Neu & Cameron Graham, "The Birth of a Nation: Accounting and Canada's First Nations, 1860-1900," *Accounting, Organizations and Society*, vol. 31, no. 1 (2006), 47-76, Cameron Graham, "Accounting and the Construction of the Retired Person," *Accounting, Organizations and Society*, vol. 35, no. 1 (2010), 23-46.

<sup>6</sup>Miller & O'Leary, "Accounting and the Construction of the Governable Person", Miller & Rose, "Governing Economic Life", Rose, "Governing by Numbers: Figuring out Democracy."

accounting is one of the technologies by which authorities seek to “shape, normalize and instrumentalize”<sup>8</sup> conduct. Accounting’s specific role in government is the creation of self-governing individuals who “act freely, yet in accordance with specified economic norms.”<sup>9</sup> Accounting accomplishes this not simply by providing incentives for rational economic decision making, but by engaging the individual in much more subtle forms of discipline. Accounting observes and re-presents the individual, aggregating behaviours into measures that drive policy decisions. It reflects the individual, presenting back to the individual a portrait of her measured behaviours and choices, a portrait which shapes the individual’s subjectivity and thereby influences subsequent behaviours and choices.

Accounting thus has a practical and inherent duality, in that it acts as both a technology of domination and a technology of the self.<sup>10</sup> Foucault traced such disciplinary technologies back to regimes of religious conduct in monastic communities, which focussed on the sanctification and salvation of the individual through self-examination and confession to a religious superior.<sup>11</sup> The forms of self-disclosure could be public or private, dramatic or verbal, but in either form they involved prohibitions on certain forms of behaviour and the obligation to tell the truth about oneself.<sup>12</sup> The narrative forms for which Foucault provides examples are particularly striking, in that they show the monk relating the story of his life to his religious superior in mundane detail. This story, examined in conjunction with the monk’s superior, forms the basis for the monk’s emerging subjectivity as a member of the order and a religious person.

In modern government, disciplinary technologies have changed to the point where they appear to have little in common with their religious antecedents, but the underlying principles can still be recognized. Self-disclosure is programmed through such practices as the income tax return. These calculative practices, these accountings and their associated information technologies, allow the aggregation of knowledge of the population for the purposes of policy formation. They act as dividing practices, by which the subject is “either divided inside himself or divided from others.”<sup>13</sup> Being divided inside himself objectivizes him, allowing him to see himself as others – in this case the state – see him. Being divided from others places him in an identifiable demographic group to which suitable programmatic solutions can be addressed.

The process of objectivization is reinforced by feeding the results of these calculative confessions and routine observations back to the individual, through things like income tax refund statements. This mirrors the process by which the members of the monastic community

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<sup>7</sup> Michel Foucault, *Dits et écrits IV* (Paris: Gallimard, 1994), 237.

<sup>8</sup> Miller & Rose, “Governing Economic Life,” 3.

<sup>9</sup> Peter Miller, “Governing by Numbers: Why Calculative Practices Matter,” *Social Research*, vol. 68, no. 2 (2001), 379-396, 380.

<sup>10</sup> Michel Foucault, “Technologies of the Self,” in Paul Rabinow & Nikolas Rose (eds.), *The Essential Foucault: Selections from Essential Works of Foucault, 1954-1984* (New York: New Press, 2003), 147.

<sup>11</sup> Michel Foucault, “The Subject and Power,” in Paul Rabinow & Nikolas Rose (eds.), *The Essential Foucault: Selections from Essential Works of Foucault, 1954-1984* (New York: New Press, 2003).

<sup>12</sup> Foucault, “Technologies of the Self,” 145.

<sup>13</sup> Foucault, “The Subject and Power,” 126.

wrote a narrative of their life and examined it under the guidance of a superior. Through narrative processes, the truth about the individual is produced, whether monk or taxpayer. By linking income taxation and its rituals to retirement income, through tax relief incentives encouraging deposits into mutual funds and other registered savings vehicles, retirement income systems produce a truth about the individual not simply as a taxpayer, but also as a saver and as a participant in the capitalist system. The individual must evaluate herself in light of this reflected truth; the subject is compelled to “decipher himself” when confronted with it, and to begin to govern himself accordingly.<sup>14</sup>

As Read argues, neoliberalism represents not simply a shift in ideology, but a shift in subjectivity.<sup>15</sup> The individual under liberalism is *homo juridicus*, concerned with rights and laws. The individual under neoliberalism is *homo economicus*, constituted by “interest, investment, and competition.”<sup>16</sup> Competition, rather than exchange, is the basis of the neoliberal economy, and *homo economicus* is “a creature whose tendency to compete must be fostered.”<sup>17</sup> Retirement income systems under neoliberalism have become integral to this subjectivization. Instead of positioning the individual in relation to the state as a recipient of financial aid, the individual is positioned in relation to the financial market as a participant and as a recipient of profit. The worker who saves for retirement is constructed as an “owner” of corporate stocks underlying the mutual funds and other financial products that she has purchased, and the opposition between capital and labour is thus effaced.

While high level program changes associated with neoliberalism attract attention in public discourse, it is through low-level microtechnologies that the changes derive their effectiveness. The micro-level practices pervade the lives of the citizen. Power in this mode of government operates everywhere at all times:

As a mode of governmentality, neoliberalism operates on interests, desires, and aspirations rather than through rights and obligations; it does not directly mark the body, as sovereign power, or even curtail actions, as disciplinary power; rather, it acts on the conditions of actions. Thus, neoliberal governmentality follows a general trajectory of intensification. This trajectory follows a fundamental paradox; as power becomes less restrictive, less corporeal, it also becomes more intense, saturating the field of actions, and possible actions.<sup>18</sup>

Thus we see in the examples that follow a growing integration of the retirement income system with regular routines, whether organizational or personal, as systems for the payment and taxation of wages are leveraged to report and induce individual behaviours related to retirement savings. Through accounting technologies, the government of conduct in preparing the individual for retirement, extends from the state through the corporation and into the lives of the individual worker.

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<sup>14</sup> Foucault, “Technologies of the Self,” 146.

<sup>15</sup> Read, 28-29.

<sup>16</sup> *Ibid.*, 29.

<sup>17</sup> *Ibid.*, 28.

<sup>18</sup> *Ibid.*, 29.

Tracing the shift from liberal to neoliberal modes of government in Canada through the course of the 20<sup>th</sup> Century, we see not only differences in subjectivity, but different requirements and potentials in accountability for the elderly. That is, the social dimension of aging and care for the elderly has changed at the same time as individual subjectivity has changed. The discourse around the position of the elderly in Canadian society has never resolved an underlying tension between the moral and the feasible. What certain actors wanted to accomplish has always interacted reciprocally with what was technically possible. Accountability for the elderly has been framed by and discharged through technologies of accounting that made visible both the condition of the elderly and the means to effect a change in that condition. Accounting has revealed who is accountable and who is capable. Accounting has measured the condition of the elderly, it has measured the capacity of the individual, and it has measured the efficacy of government. These measurements have in turn driven further discourse on the subject of retirement, and further retirement income programs, so that accounting has, in effect, supplied its own demand.

The varying roles of accounting in constructing the subject of retirement can be observed in the Canadian retirement income system as it shifts and changes throughout the 20<sup>th</sup> century. Two initial attempts at establishing retirement income programs in the first half of the century gave way in the 1950s and 1960s to the current system of three related programs. As we shall see, an overhaul of these programs during the 1980s and 1990s has left them standing, but in forms that are much more consistent with the neoliberal vision of government.

### **First Attempt: Voluntary Savings**

The first federal attempt at retirement income provision in Canada came about in the first decade of the 20<sup>th</sup> Century. It was a pragmatic response to demands that the state do something to alleviate the condition of impoverished elderly people.<sup>19</sup> The breakdown of the extended family because of industrialization, as workers left their parental homes to find work, left the elderly vulnerable.<sup>20</sup> Local institutions for elder care could not cope and the federal government was asked to take action.<sup>21</sup>

The response of the government was to institute a savings plan for the purchase of retirement annuities, which would pay a fixed monthly amount to the retiree once he or she reached retirement age.<sup>22</sup> This is a curious response, because it did nothing for the poor, and it provided no immediate relief to anyone, apart from those already poised to retire who had no safe means to distribute their existing savings over the remainder of their days. The only incentive incorporated in this program was that the plan offered a slightly attractive rate of interest.<sup>23</sup> The plan would appeal only to those of moderate means; it was too expensive for the poor and too trivial for the rich.

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<sup>19</sup> House of Commons Debates (Ottawa: Government of Canada, 1906-1907), 3381-3384.

<sup>20</sup> Diane Bellemare, "Collective Strategies for Retirement and Their Underlying Values," paper presented at the *CCPA Conference on Pensions: Public Solutions vs. Private Interest* (Montreal, March 21-22, 1981).

<sup>21</sup> House of Commons Debates (Ottawa: Government of Canada, 1906-1907), 3381-3384.

<sup>22</sup> Senate Debates (Ottawa: Government of Canada, 1907), 332.

<sup>23</sup> House of Commons Debates (Ottawa: Government of Canada, 1907-1908), 4693-4694.

This illustrates quite effectively the use of governmental technologies to divide and classify the population into subgroups, to whom specific programmatic solutions can be addressed. It also demonstrates the duality of accounting technologies as they operate on the organization and the individual, in that the aggregation of individual savings information was presented to the Canadian Parliament in annual reports demonstrating the Annuity Department's performance. Accounting tracks not only individual behaviour, but also organizational performance. By rendering this performance visible to external audiences it holds the organization accountable. The technology of voluntary savings was inefficient, however, and not simply because its appeal was limited. It was also inefficient, because the government had no way of knowing who belonged to the target group. Without a mechanism for constructing knowledge of the population, which would not come into being until the end of World War I, when the Canadian income tax system was initiated, the annuities program would have limited success. It was, in a word, passive.

The accounting technologies underlying the annuities plan were also limited in their ability to tell a story about the annuitant. They were not directly linked to anything but the decision to purchase, and so they produced little knowledge about the individual. One could infer only the capacity to purchase and the relative value of the incentive, imputations that said nothing about the individual that he or she did not already know. The self-governing citizen requires a richer narrative as the basis for a technology of the self.

### **Second Attempt: Means-Tested Pensions**

A richer narrative was exactly what the next federal pension program provided, but this richness came at the price of unpalatable consequences. In 1927, the federal government created a program of pensions that depended on need.<sup>24</sup> The existing annuities program continued, targeting those with money to save; the new program targeted the elderly poor. The problem was, individual need could not be determined indirectly. There was no impersonal mechanism for classifying a person as needy. Individual assessment was required, and so assessors were sent out to evaluate the needs of applicants.<sup>25</sup> The assessors visited the home of each applicant to conduct a means test, filling out forms (for an example, see Fig. 1 below) that detailed the assets of applicants, their income and expenses, any children who supported them, their health, their living conditions, their ability to administer their own pension, and how adequate the pension would be.<sup>26</sup> These visits were repeated in subsequent years if the application was approved. By such assessments, the need of the individual was quantified

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<sup>24</sup> Old Age Pension Act (Statutes of Canada, 1927).

<sup>25</sup> Old Age Pensions Department, *Comparative Statement: Inspections, Mileage and Expenses: Old Age Pensions Inspectors, April 1, 1941 to March 31, 1942* (Ottawa: National Library and Archives, 1942).

<sup>26</sup> Government of Saskatchewan, *Old Age Pensions Department Yearly Report Form* (Ottawa: National Library and Archives, 1941).

Figure 1: Yearly Old Age Pension report form used in Saskatchewan

**GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN**  
OLD AGE PENSIONS DEPARTMENT

**19..... YEARLY REPORT FORM**

File No.....  
 Constituency.....

1. Na. .... Address..... Amount.....  
 Status..... With whom are you living?..... Relationship.....

2. Name of husband or wife.....  
 Is he or she living with you?..... Is he or she receiving an Old Age Pension?.....

**PROPERTY—Owned or being Purchased or Sold under Agreement by Husband or Wife.**

3. Legal Description	Reg'd Owner	Assessed Value	Mortgages	Annual Taxes	Tax Arrears	Payments Made During Past Year on Mortg's or Agrm'ts	During Past Year on Taxes	Annual Net Cash Revenue from Rent O

**STATEMENT OF CROP PROCEEDS—Husband and Wife.**  
 When farm is rented show only share of Pensioner and Spouse.

4. No. of Acres Sown	Total Acreage	Total No. of Bushels Threshed	On Mortg'd Land Show Share for Bank or Mortgage Co.	On Rented Land Give Share in Bus. to Renter	Give Total No. of Bus. Received as Pensioner's Share	Give Total No. of Bus. Sold by Pensioner	Price Per Bus. for Crop Sold	Show Gross Revenue for Husband and Wife
To Wheat								
To Oats								
To Barley								
To others specify								
If property is rented give name and address of renter					Gross Revenue to Husband and Wife			
Name			Address					
On what basis is property rented? Mortgage Co. receives..... share. Renter receives..... share. Pensioner receives..... share								

5. STATEMENT OF EXPENSES incurred in producing crop	6. STATEMENT OF INCOME from sources other than above	Give Cash Value
Seed	Crop Bonus to Pensioner, Husband and Wife	
Wages	Hail Insurance " " "	
Twine	Butter and Eggs sold by " " "	
Threshing	Poultry sold by " " "	
Hauling	Garden Truck sold by " " "	
Taxes Paid	Hogs and Sheep sold by " " "	
Mortgage Co. or Bank payments	Horses and Cattle sold by " " "	
Others specify	Hay or Feed sold by " " "	
Total Expenses	Others specify sold by " " "	

7. NAMES OF CHILDREN who contribute, money, food, clothing, shelter or military pay.

Name	If Living with Pensioner State Yes; if Not Give Address	Occupation	Status	No. of Children	Give Approximate Cash Value

8. SUMMARY OF PERSONAL ASSETS of Husband and Wife

Personal or financial earnings, Husband and Wife	Give Cash Value
Bank Account \$ Cash \$	Wages, salaries, or superannuation
Mortgages Bonds	Interest or dividends
Insurance Policies (C.S.V.) Money Loaned	Others specify
Give value of any property transferred, quit claimed or assigned since pension granted \$	Total Gross Income
Legal description	Less Expenses See No. 5
	Net Income, Husband and Wife

9. Do you maintain your own home? Monthly rent is \$.....  
 Do you pay board? Room? Monthly payments are \$.....  
 Do you require medical care? Amount per month \$.....  
 Is your health good, fair or poor? Give summary.....  
 Stat. Exempt.

10. Have you been absent from Canada in last two years? From..... To.....

11. Do you or Spouse anticipate receiving any income or additional assets in next 12 months? Give details.....

Source: Government of Saskatchewan, *Old age pensions department yearly report form* (Ottawa: National Library and Archives [File 208-2-3], 1941).

and the individual herself was qualified. Any assets the pensioner owned were deemed to earn income at a statutory rate, whether or not this income was actually achieved. Claims were made against the pensioner's estate when he or she died, to recoup pension costs before the estate fell into the hands of the pensioner's children. All of this, the assessment and the recovery from estates, was crude and invasive, and it pitted children against parents in cases where adult children did not provide for their parent. In fact, in one province, if adult children did not voluntarily contribute to parental maintenance, the government required parents to sue their children for support before they could receive a pension.<sup>27</sup> This was a "dividing practice"<sup>28</sup> in the extreme.

Archival records for this program, stored in the federal archives in Ottawa, offer us small glimpses of how accounting operated at the organizational level. Besides simple lists of the number of pensioners and totals of pensions paid in various regions, there are a variety of reports showing administrative costs. Of particular interest are those showing the average cost per inspection by individual inspector.<sup>29</sup> This sort of report reveals a different sort of visibility, where each inspector is compared to other inspectors and held accountable for the efficiency of his activities. By such means, accounting turns organizational measures inside out, creating visibilities that hold both the whole and the part of the organization to account. The inspector observes the pensioner during a home visit and creates an accounting report that objectivizes the pensioner. The inspector also fills out accounts of his own activities, which are aggregated and compared with other accounts, a process that objectivizes the inspector, and ultimately the organization as a whole. The process of scrutiny and the resulting financial accounts in various reported forms are reflected back to the pensioner and the inspector, where they see themselves from a new perspective: they come to understand themselves in new ways, and develop new subjectivities either as recipient or agent.

Peculiarities in the accounting mechanisms and the structure of the means-tested program reveal how technologies of government leave room for critique and resistance. These large-scale government programs convey a degree of implacability and bureaucratic impersonality that would seem, at first glance, to leave the impoverished elderly citizen alone and powerless. However, such programs are not imposing monoliths. They are conducted by individuals who cobble together information and processes as best they can, and as a result the programs, when examined in sufficient detail, are often seen to be variable and inconsistent. Inconsistency leaves the program vulnerable to critique through the very visibilities it has itself created. For instance, the requirement to account for their revenue and expenses before Parliament created considerable problems for program bureaucrats. Too much revenue would suggest the government was being overly aggressive in recovering money from estates; too much expense would suggest it was being lavish in doling out pensions. According to internal memos, the Annuities Department feared such criticism in Parliament.<sup>30</sup>

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<sup>27</sup> Parents' Maintenance Act (Revised Statutes of British Columbia, 1922).

<sup>28</sup> Foucault, "The Subject and Power," 126.

<sup>29</sup> Old Age Pensions Department, *Comparative Statement: Inspections, Mileage and Expenses*.

<sup>30</sup> JW MacFarlane, *Old Age Pensions – Estimates – 1949-50* (Ottawa: National Library and Archives, 1948), JW MacFarlane, *Old Age Pensions – Recoveries from Estates* (Ottawa: National Library and Archives, 1948).



At the other end of the program, where inspectors determined the means of the pensioner, the bureaucrats encountered similar difficulties. Opportunities existed for pensioners to resist the bureaucratic routines to which they were subjected. Inspectors had a hard enough time verifying the age of the pensioner, let alone the income. Any property belonging to an applicant was assumed to produce income, which simply encouraged prospective applicants to dispose of real estate and other assets before applying for the pension. Thus those who ran the program could never be sure that they had appropriate information on which to make their decisions, but they were nonetheless held to account in Parliament for those decisions.

The means-tested pension program continued until the middle of the 20<sup>th</sup> century, when mounting opposition, particularly to the invasiveness of the means test itself, led to it being replaced by a set of programs that continue to today.

### **The Present System: A Solution in Three Parts**

#### *Part 1: Universal Pensions*

The Old Age Security (OAS) program of 1951 came about because of a confluence of political streams. Strong rural support from the left of the political spectrum coincided with the leadership of a centrist party by a labour law expert. The right of the spectrum had been heavily defeated in recent elections and was softening its stance. The technical simplicity of OAS was appealing, given the heavy administrative and social costs of the existing means-tested pension, and the universality of OAS had political benefits.<sup>31</sup>

The OAS was possible because of accounting: it depended directly on accounting for its funding, which was determined by a 2% tax on goods at the level of manufacture or importation, a 2% tax on corporate income, and a 2% tax on the first \$3000 of personal income. This three-legged stool stabilized the program both financially and politically, as no single interest group was readily able to complain that the taxation was unfair. All the calculations were feasible because they were based on figures computed in existing corporate accounting systems and the now-prevalent personal income tax system. In comparison to previous pension programs, this use of accounting to calculate social contributions and to distribute political risk was an important innovation.

The chief weakness of OAS as a tool of government was that this sort of calculative approach to responsibility was applied only on the funding side. As an unconditionally universal program, there was no mechanism to connect the individual to outcomes,<sup>32</sup> and hence no opportunity to produce a particular truth about the individual,<sup>33</sup> only the general truth of his or her membership in a society that could peacefully redistribute income. It was, however, a useful part of a portfolio of solutions, because it addressed a segment of the population that was most in need. It thereby opened space for other solutions.

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<sup>31</sup> Kenneth Bryden, *Old Age Pensions and Policy-Making in Canada* (Montreal: McGill-Queen's University's Press, 1974).

<sup>32</sup> Eventually, in the 1990s, the program was linked to income tax calculations, with OAS benefits being clawed back for high income earners. While this destroyed the universality of the program, it arguably protected those who most needed it by answering criticisms that the program was overly generous.

<sup>33</sup> Foucault, "The Subject and Power," 132.

*Part 2: Tax-Deferral Savings*

This space was partially filled in 1957 when the Registered Retirement Savings Plan (RRSP) was introduced. It introduced tax deferral incentives for income smoothing by the individual, who could postpone both the consumption and taxation of income until later in life. This gave all workers in Canada, including the self-employed, the same tax treatment as workers in large corporations, who had enjoyed these privileges since 1919 under their corporate pension plans.

The link between retirement savings and calculative behaviour has strengthened considerably since the program was introduced, as restrictions on the investment and withdrawal of RRSP funds have gradually been relaxed.<sup>34</sup> Originally they could only be used to purchase an annuity, while now they are commonly invested in mutual funds. In parallel, corporate pension plans have shifted from a promise to pay a pension in the future (defined benefit plans) to an immediate payment into a pension fund at the time wages are paid (defined contribution plans). The need for the worker to decide how to invest the immediate contribution, so that later, at the age of retirement, the funds will have grown suitably, matches the decisions faced by those contributing to an RRSP. This aligns the interests of the worker with the financial markets, and unites, at the level of the individual, calculative decision making with responsibility for future economic outcomes. It is this sort of thing that accounting is good at: constructing accountability and rendering the link between actions and consequences visible. Although such links may be somewhat tenuous, in that they stretch so long over time and enlist so many other parties, no link at all would be feasible without accounting.

The technical changes to the RRSP during the 1970s and 1980s that permitted investment in financial markets, and the parallel development of defined contribution plans for corporate pensions, have created a network of heterogeneous agents for governing retirement savings. This network includes, *inter alia*, investment advisors, financial analysts, and vendors of income tax software. This network and the accounting information flows that form its pulse, act on the individual citizen and render him or her into an active, calculative participant in the economic system. Monthly or biweekly savings transactions are automated. This routinizes the savings behaviour. Regular statements about the financial performance of the individual's investments are then generated, telling a story not so much about the companies whose stocks are listed there, or the mutual funds whose unit values are shown, but about the individual as a participant in the system of corporate ownership. The worker sees herself as a new kind of participant in society, an economic actor directly linked to the financial markets. When stocks go up, the individual's retirement portfolio goes up, and when stocks go down, the individual's retirement portfolio goes down. It is by such micro and macro level technologies that neoliberalism has operated. It is precisely thus that the citizen becomes *homo economicus*.

As accounting systems, these investment-based pension programs produce periodic reports based on the recording and aggregation of transactions, which are themselves measure-

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<sup>34</sup> Income Tax Act (Statutes of Canada, 1970-71-72), Income Tax Act (Statutes of Canada, 1977-78), Income Tax Act (Statutes of Canada, 1986).

ments and classifications of behaviour in financial terms. These reports are used to make visible the conduct of an agent, in this case not merely the corporate manager or fund manager to whom the investment has been entrusted, but the prospective retiree who either is or is not preparing adequately for retirement. This gaze, instantiated in the individual's monthly statement, objectivizes the individual and holds her accountable first to herself and second to the social other represented by the state. The report tells the story of past behaviour and links this behaviour to future outcomes. Like the narrative of the monk, offered to the religious superior for scrutiny, the retirement savings statement is a narrative that promises an ending, perhaps a happy one. It hinges on a basic narrative feature: plot, or what comes next. It lacks the immediacy of a good mystery novel, but it answers the question of whodunnit. The veracity of the answer is reinforced by the edifice of record keeping and the accuracy of the arithmetic. This is the specific duality of the accounting statement: that it is a narrative, while being calculative. It uses numbers to tell its story, and the numbers add up; it is hard to beat accounting as a technology for producing truth.<sup>35</sup>

The narratives of pension plan statements hold organizations accountable as well, whether that organization is the state, the employer, or the mutual fund company. This fundamental duality means that the individual pension plan member and the organization running the plan are held accountable simultaneously. The pension statement produces truth not just about the prospective pensioner, but also about the organization that has been entrusted with the funds. The accounting records show that money was deposited. The employer (for corporate plans), the financial institution (for individual plans), and the state (for public plans) must account for what was done with that money, and produce it when needed to pay the pension.<sup>36</sup>

There is an asymmetry here, though—accounting is riddled with asymmetries<sup>37</sup>—in that a pension arrangement is not a simple bilateral agreement between an individual and an organization. The state is ultimately likely to be held accountable, at least to some extent, for the welfare of the individual should an individual or corporate pension plan collapse. The state in Canada copes with this through a variety of insurance mechanisms, such as the Pen-

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<sup>35</sup> The veracity of an accounting statement is only superficial, though. The numbers add up, giving it a facile veracity. Yet accounting offers many opportunities for rebuttal. Its elements are easily recombable, so that the evidence can be reconfigured and the subject of the story reframed. Hence the flourishing field of critical accounting research.

<sup>36</sup> The basic principles of accounting have been stretched to the limit in attempts to quantify these future obligations. This is especially so in the case of the pension obligation of an employer towards its employees under defined benefit plans. Complex accounting techniques were invented to smooth out the fluctuations of the future value of this (often huge) obligation, to prevent its size and inherent uncertainty from swamping the information content of the company's financial statements (Accounting Standards Board of Canada, *Employee Future Benefits*, 2002, [http://www.acsbcanada.org/index.cfm/ci\\_id/109/la\\_id/1.htm](http://www.acsbcanada.org/index.cfm/ci_id/109/la_id/1.htm), downloaded December 19, 2004). These smoothing techniques have come under criticism for the liberties they afforded corporate managers, and as a result they are being phased out.

<sup>37</sup> The chief example is the asymmetry of knowledge between those who produce financial statements and those who consume them. For a full discussion of this topic, from a literary theory perspective, see Cameron Graham, "Fearful Asymmetry: The Consumption of Accounting Signs in the Algoma Steel Pension Bailout," *Accounting, Organizations and Society*, vol. 33, no. 7-8 (2008), 756-782.

sion Benefit Guarantee Fund, set up by the Province of Ontario. This still leaves the gap, however, between the minimal universal OAS pension that prevents destitution amongst the elderly, and the more lucrative RRSP and corporate pension plans that help the well-employed save substantial funds for later years. Closing this gap required a third solution to the retirement income problem. This was addressed in 1965 when the Canada Pension Plan (CPP) was instituted.

### *Part 3: Universal Contributory Pensions*

The CPP was, and remains, a universal contributory plan. This means that all workers are covered, and that the pension amount depends on the level of contributions made by the worker. The difference between the CPP and the other contributory plans, is that CPP contributions are mandatory and CPP pensions are moderate. They stand, both conceptually and financially, between the OAS and the RRSP/corporate plans. The CPP is also more complex, conceptually, than the other pension schemes. The OAS is a direct transfer between generations, based on a taxation of current income earners to pay current pensioners. The RRSP is an income smoothing vehicle for the individual, transferring income from the middle of one's lifetime towards its end. The corporate pension plan is similar to the RRSP but with more explicit sharing of risk amongst a group of employees; for the RRSP, risk is diversified primarily through the use of mutual funds, which addresses the risk of investing in specific stocks but does not deal with mortality risks. The CPP combines many of these features into one plan. It shares risk across all working members of the population. It transfers income over time, too. However, it collapses the transfer of income over time by transferring it between generations now, rather than holding on to contributions until later in the contributor's lifetime. This transfer between generations is less immediate than with OAS, since the CPP has always had a buffer of three years of payments, by design.<sup>38</sup>

This buffer was deemed inadequate in the 1990s, however, when various stakeholders argued that the bubble of post-war workers who would begin to retire around 2010 would place an unbearable burden on the CPP. In 1996, therefore, after highly visible but somewhat ceremonial public consultations, the CPP fund was increased dramatically by raising contribution rates. The newly enlarged fund was reinvested: existing conservative investments in provincial government bonds were not renewed when they matured, and the proceeds were diverted into the riskier but potentially more rewarding financial markets, through an arm-length crown corporation that manages the investments on behalf of the federal government. The earlier technical changes to RRSP legislation, which—by allowing individuals to invest in mutual funds permitted a degree of disintermediation between the worker and the financial markets—were thus matched by changes to the CPP.

In both cases, the changes were consistent with the requirements of neoliberal government. The RRSP connects early financial decisions most directly with later financial outcomes, mediated by the mutual fund industry. The CPP, as a universal plan, was a means of securing political support for the RRSP and its mildly collectivized version, the corporate pension plan,

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<sup>38</sup> Department of Finance, *An Information Paper for Consultations on the Canada Pension Plan* (Ottawa: Government of Canada, 1996).

both of which confer substantial tax advantages on the middle and upper middle classes. The changes to the CPP leveraged its universal appeal, linking the survival and success of the CPP program to the fortunes of the financial markets.

In this way the population was divided into subpopulations with respective interests in the OAS, the CPP, and the RRSP/corporate pension plans. Then these subpopulations were aligned with each other and with the needs of the private sector by direct investment of program funds in the financial markets. Only the OAS remains unfunded in this way. From one perspective, this omission is necessary in order to hold the entire network of programs together, because the existence of a program targeting the most impoverished of elderly Canadians is essential to Canada's traditional self-narrative as a caring and somewhat egalitarian society. However, the plausibility of this narrative has been stretched somewhat by changes to OAS itself, which have rendered OAS benefits taxable and therefore no longer purely universal.<sup>39</sup>

### **Accounting Rituals and Narratives of the Self**

In modifying this complex system of three retirement income programs so that they are aligned with the principles of neoliberalism, the individual has been programmatically severed from the collective welfare programs of the mid-20<sup>th</sup> century and enrolled as a participant in the financial markets. The gradual elimination of universality and the atomization of the social, have been accomplished through mundane technologies, through specific ritualized practices such as automatic monthly deposits to a mutual fund, the regular receipt of performance statements from the fund manager, and the preparation of the annual tax return which calculates a tax refund correlated with the aggregated deposits made to the mutual fund during the preceding tax year.

These rituals of self-disclosure and self-knowledge are embedded in the technologies of pension accounting, where a calculative narrative of personal formation is constructed. One comes to know oneself as a present saver and therefore a life-long consumer. The financial portrait of present behaviours and future outcomes is used to discipline the self. The confessional motif, more literal than metaphorical, is completed when the individual visits an investment advisor or tax planner to review the truth about oneself and to learn the terms of penance – increased monthly deposits! – that will atone for any moral or financial deficiencies.

What is apparent from our examination of accounting for retirement income systems is the degree to which the asceticism of early religious disciplinary regimes has permeated the technologies of the self developed for retirement savings.<sup>40</sup> The renunciation of the self in religious practice echoes in the renunciation of consumption that is implicit in saving. Because

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<sup>39</sup> I have ignored a small but important piece of the retirement income puzzle, the Guaranteed Income Supplement (GIS). This provides additional money to low-income seniors, over and above the OAS. It has never been universal, and must be applied for annually by impoverished senior citizens on their income tax return. The GIS was introduced at the same time as the CPP, to enrich pensions for people who had retired before the CPP took effect. It has remained in place ever since, and serves as another example of how government programs depend in technologies for knowing the population and dividing it into target groups.

<sup>40</sup> It must be admitted, however, that saving for retirement merely postpones earthly rewards until later in life, not until the afterlife.

consumption is one of the chief forms of self-formation in modern society, retirement income programs have sometimes had difficulty attaining their savings goals;<sup>41</sup> hence the importance of converting the act of saving for retirement into an act of consuming a retirement income product. The personal finance industry markets such products relentlessly, as part of the contemporary retirement income system. The shift during the 20<sup>th</sup> century from government-mandated savings programs and old-age poverty relief programs, to a consumption-based model featuring sophisticated financial products,<sup>42</sup> is clear in the Canadian system. This is integral to its transformation from liberal to neoliberal modalities, and in the transformation of the subject of retirement from *homo juridicus* to *homo economicus*.

The technologies of accounting construct accountability at a distance, through measurement and re-presentation. They enable disciplinary power to operate throughout the population, escaping the boundaries of the factory. As Read puts it, "If disciplinary power worked by confining and fixing bodies to the production apparatuses, neoliberal power works by dispersing bodies and individuals through privatization and isolation."<sup>43</sup> This dispersal is only possible through technologies of knowledge at a distance, of which accounting is a prime example. Read is therefore absolutely right that "any criticism of neoliberalism as governmentality must not focus on its errors... but on its particular production of truth."<sup>44</sup> Nonetheless, the technologies associated with pension accounting demonstrate that privatization and isolation are only one vector to consider, since the individual, having been severed from universal welfare, is re-enrolled in a new network of relationships that tie her to the institutions of capitalism. For the truth produced by the retirement income system is both produced and consumed institutionally.

### Neoliberalism in Practice

Because accounting is an institutionalized practice, it offers us the opportunity to examine neoliberalism in practice. The rudimentary accounting techniques of measuring, recording, and aggregating human activity are among the means by which neoliberalism extends the "symbols, terms, and logic" of capitalism to all society.<sup>45</sup> Accounting is a two-way mirror, offering the individual a reflection of herself, while the institutional other gazes at her from behind the glass. The mechanisms by which this reflection and gaze are constructed are important, for they quantify the self in ways that liberalism, with its emphasis on *homo juridicus*, does not.

As a totalizing label, "neoliberalism" fails to acknowledge the diversity of technologies by which the subject is formed and by which government is effected. These technologies of government are not evolutionary. They depend on political expedient and the alignment of

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<sup>41</sup> G Li, *Retirement Savings through Registered Pension Plans (RPPs) and Registered Retirement Savings plans (RRSPs)*, 2001, Canada's Retirement Income Programs (Ottawa: Statistics Canada, 2002), 2.

<sup>42</sup> However, as a helpful reviewer has noted, it must be remembered that the contracts underlying these financial products are juridical devices. See Pat O'Malley, "Uncertain Subjects: Risks, Liberalism and Contract," *Economy and Society*, vol. 29, no. 4 (2000), 460-484.

<sup>43</sup> Read, 34.

<sup>44</sup> *Ibid.*, 34.

<sup>45</sup> *Ibid.*, 32.

actors at any given moment. The annuities program of 1908, for instance, arose despite calls for something directed at the poor, not because it was better, but because the party in power preferred it and it was feasible. The annuities program suffered from the fact that it did not involve any third parties to execute it, and so it encountered opposition from private insurance companies over the years, but this opposition never amounted to much in the early and middle parts of the 20<sup>th</sup> Century. In contrast, during the latter part of the century, it became necessary and expedient to align the CPP with the interests of the financial markets, which were much more powerful and had much more legitimacy in political discourse at the time. The arrangement of the political and the arrangement of the technical are accomplished simultaneously. The programmatic solutions that result do not necessarily improve on the past, nor do they become more formidable.

As Read states, “A political response to neoliberalism must meet it on its terrain, that of the production of subjectivity, freedom and possibility.”<sup>46</sup> By taking accounting seriously as one of the technologies by which subjectivity is produced, one can meet neoliberalism on its own terrain. Accounting is a unique narrative technology, with the perpetually optimistic capacity to be refashioned and adapted, and with the peculiar capacity to produce narratives that themselves can be refashioned and adapted to tell a new story with the same information. These stories serve both as technologies of domination and as technologies of the self. They operate at both the organizational and the personal levels, holding the individual and the organization—whether public or private—accountable for the proper conduct of retirement. This accountability is not merely formal, but also operative. Yet the figures and sums of accounting provide more than just daunting correctness. They also provide the gist of a critical response to accounting, and therefore to a political system that is very much conducted through accounting.

Cameron Graham  
Schulich School of Business  
4700 Keele Street  
York University  
Toronto, Ontario  
Canada  
[cgraham@schulich.yorku.ca](mailto:cgraham@schulich.yorku.ca)

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<sup>46</sup>Read, 36.