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Financial Scandals in France:

Historical construction of responsibility and Outcomes

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Elodie GARLOT FALGUIERES
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Composition du jury :

Nicolas BERLAND Université Paris Dauphine - PSL	*Président*
Nathalie GONTHIER BESACIER Grenoble IAE	*Rapporteur*
Jérôme MERIC IAE Poitiers	*Rapporteur*
Pierre LABARDIN Université Paris Dauphine - PSL	*Directeur de thèse*
Emer CURTIS National University of Ireland	Co-*Directrice de thèse*

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À Raphaël…

Abstract

Anglo-Saxon literature has documented that over the last century, recurrent cycles of financial scandals generate a dynamic, assigning the responsibility to the auditing profession and producing variously market-based, accounting and auditing regulatory responses.

Van Driel (2019) analyzes in an Anglo-Saxon context the role of narratives surrounding financial scandals in shaping the regulations that emerge from these financial scandals. He explains that the outcome of a scandal is a social construction based on the country context and the ensuing narratives. However, in the context of countries with a French commercial code the link between financial scandals and regulation is less marked (Hail et al., 2018). Furthermore, even if throughout history financial scandals, their causes and their outcomes have been of interest to accounting historians, the question of responsibility in cases of financial scandals is not prominent in academic research. However, this question is essential because 'someone or something is responsible for financial scandals', 'someone or something must be blamed 'and the outcomes of a financial scandal are likely to vary significantly depending on how responsibility is assigned.

Therefore, the purpose of this study is to investigate first how the responsibility is constructed in cases of financial scandals in France and second to understand what historical narratives reveal about the outcomes of these scandals in order to compare a country with French commercial code to the Anglo-Saxon context. Based on an interpretivist-constructivist approach and using the media narratives of two historical case studies (the Panama Canal scandal and the Stavisky scandal), this study documents first that in France the trajectory of the construction of responsibility evolves and moves from a single liability model of responsibility (in the 1890s) to the co-existence of an individual and a collective responsibility (in the 1930s). In other words, in cases of financial scandals in France in the 1880s, only an individual responsibility (the fraud perpetrator) is assigned while in the 1930s all the actors (i.e the fraud perpetrator and those who contribute to the social injustice) share responsibility. Second, this study states that by using narratives to analyze financial scandals, various outcomes emerge from the scandal, specifically when the regulatory response is not automatic.

Based on the fact that these outcomes are a social construction, the legal, professional and political context impact them. Consequently, these outcomes can be divided into two categories: a) the outcomes that are expected: punishment, political instability, absence of regulatory response or limited regulatory response, and b) the outcomes that are unexpected: heightened emotions, institutional reorganizations, silence of the narrative on accounting and auditing, absence of outcomes on the accounting and auditing professions.

"Is there a parliamentarian putrefaction as there is a hospital putrefaction, a subtle and fatal air alteration which condemns all the patients, all the amputees to a fatal death, despite scientific resources and the dedication of all the doctors? There is only one medicine for this kind of invincible epidemic: we need to close the house, open the windows, clean the floors, the ceilings and the walls, all of which have been deeply soiled."

Le Petit Journal, March 5th 1893

This PhD thesis was written during the Covid crisis, from 2019 to 2021.

We are all looking for somebody to blame…

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Résumé en français

I. Motivation de l'étude

À travers l'histoire, les scandales financiers, leurs causes et leurs conséquences ont fasciné les historiens de la comptabilité (Thiveaud, 1997, Degos et Prat dit Hauret, 2008, de Blic, 2004, Ouriemmi et Loison, 2016, Toms, 2017). En distinguant les défaillances comptables et les scandales financiers, Camfferman & Wielhouwer (2019) soulignent que si des défaillances se produisent partout où la pratique de l'information financière est en deçà de la norme généralement attendue, les scandales financiers sont des défaillances qui entraînent « *la surprise et l'indignation dans la société dans son ensemble, suscitant la question : « comment cela a-t-il pu arriver ?*» (Camfferman et Wielhouwer, 2019, p 505). Ils ajoutent que ces défaillances sont susceptibles de se transformer en scandales financiers lorsque les conséquences négatives sont importantes ou associées à un « *comportement immoral ou au non-respect du devoir* » (ibid.). De même, Toms (2017) souligne que les pratiques financières douteuses ne constituent pas à elles seules un scandale : le 'tollé public' représente une composante indispensable au scandale.

Dans la littérature anglo-saxonne, de nombreuses recherches sur les scandales financiers ont documenté qu'au siècle dernier, des cycles persistants de scandales financiers étaient systématiquement suivis par des réponses réglementaires, basées sur le marché, la comptabilité ou l'audit (Humphrey et al., 1992, Toms, 2019). Toms (2017) détaille des schémas historiques d'apparition de scandales financiers sur une période prolongée de 1720 à 2009. Il note qu'il existe des périodes où les régulateurs ont cherché à combler les déficiences règlementaires, à la manière du « jeu du chat et de la souris » (Skeel, 2006), afin de calmer l'opinion publique. Dans une autre étude historique (1800 à 2015), Hail, Tahoun et Wang (2018) mettent en évidence les cycles répétés de scandales et de réglementation. Ils soulignent que si les scandales sont des antécédents à la règlementation, la réglementation a également un impact sur les futurs scandales, soulevant ainsi des questions importantes sur l'efficacité de la réglementation (voir aussi Carnegie et O'Connell, 2014). A leur tour, Humphrey et al. (1992) documentent des cycles de scandales financiers, suivis d'un tollé public puis d'une réglementation inefficace. Ils notent que les auditeurs affirment de manière

systématique qu'il existe un « gap » entre les attentes du public en matière d'audit et la réalisation réaliste d'un audit rentable. Etant donné que les mises en place et applications successives des règlementations n'ont pas réussi à empêcher les scandales, les auteurs soutiennent que ce « gap » convient à la profession qui l'utilise comme une excuse socialement construite en cas d'échec de leur mission.

Les études sur la relation 'scandale-régulation-scandale' sont nombreuses et la grande majorité concerne des analyses menées dans les pays anglo-saxons. Comme Hail et al. (2018) le notent :

> *« Nous constatons également que le rôle réactif de la régulation est particulièrement fort dans les pays anglais de Common Law et les pays à code de commerce allemand, ce qui n'est pas le cas dans les pays de tradition juridique française »* (Hail et al., 2018, p 623).

Le fait qu'une réglementation « réactive » soit mise en place dans les pays anglo-saxon pour combler les lacunes identifiées soulèvent des questions : Pourquoi n'est-ce pas une caractéristique des pays de tradition juridique française ? Qui est tenu responsable des scandales financiers dans ces pays ? Comment sont-ils sanctionnés et par qui ? En l'absence de régulation 'réactive', les scandales financiers produisent-ils d'autres résultats ?

II. Objectifs et questions de recherche

Il existe donc peu de recherches examinant les dénouements des scandales financiers dans les pays de tradition juridique française. Cette constatation constitue le point de départ de cette thèse. Ainsi, l'objectif global de cette thèse est de comprendre les différences historiques qui existent dans le dénouement des scandales financiers entre la France et les pays anglo-saxons. Pour cela, cette thèse propose de répondre à deux questions de recherche liées.

Dans une approche historique, la première question examine comment la responsabilité des scandales financiers s'est construite en France. Ce point apparait fondamental car les résultats d'un scandale financier peuvent varier considérablement selon la manière dont la responsabilité est attribuée. Par exemple, considérer qu'un individu ou un groupe d'individus est responsable du scandale se différencie du fait de considérer le scandale comme étant le

résultat de la défaillance des systèmes de gouvernance ou d'autres institutions. En conséquence, la première question de recherche est la suivante :

Historiquement, comment la responsabilité des scandales financiers s'est-elle construite en France ?

La deuxième question adopte à nouveau une perspective historique pour étudier les conséquences réglementaires et les autres dénouements des scandales financiers français.

Que révèlent les récits médiatiques sur les résultats des scandales financiers historiques français ?

Ensemble, ces deux questions visent à expliquer pourquoi l'expérience du cycle scandale-régulation-scandale, qui est dominant dans les pays anglo-saxons, n'est pas une évidence en France.

III. Méthodologie de recherche et méthodes appliquées

La littérature sur les scandales financiers s'est concentrée sur les antécédents et les conséquences des scandales financiers et, plus récemment, sur la nature socialement construite de ces scandales (Clemente et Gabbioneta, 2017, Van Driel, 2019). Des chercheurs de différentes écoles de pensée ont considéré les scandales financiers sous différents angles, par exemple comme une conséquence de l'environnement économique (Hail et al., 2018) ou comme une question dynamique (Toms, 2019), dont la construction « *diffère d'une époque à l'autre et d'un lieu à l'autre* » (Van Driel, 2019, p 1). Cooper, Dacin et Palmer (2013) adoptent de manière similaire une vision dynamique, affirmant que « *la fraude comptable doit être appréhendée dans un contexte social, juridique, politique et économique* » (Cooper et al., 2013, p 441). Cette étude affirme qu'il est donc fondamental de contextualiser les scandales financiers pour les comprendre.

Les fondements de cette étude reposent sur la conviction que « *le monde social est un monde de sens. Le sens n'existe pas indépendamment des personnes interagissant les unes avec les autres et cette simple observation conduit directement à l'observation que la plupart des éléments importants de l'expérience humaine sont socialement construits* » (Gioia, 2020, p 22), y compris les scandales financiers. Ce fondement positionne cette étude dans une approche subjectiviste (Hatch et Cunliffe, 2009), plus précisément dans le paradigme de recherche

constructiviste-interprétativiste. En utilisant ce paradigme, Van Driel (2019) décrit les scandales financiers comme une construction sociale. Il ajoute que le dénouement du scandale est aussi une construction sociale, fondée sur le contexte du pays et les récits qui en découlent.

Les récits historiques représentent une production du passé et sont utilisés pour ramener le passé dans le présent. Ils sont utilisés pour donner du sens (Hansen, 2012). Selon Hansen (2012), les individus donnent un sens aux événements et les rationalisent en construisant des récits qui expliquent « *ce qui s'est mal passé* », « *qui est à blâmer* » et « *comment éviter une répétition* » (Hansen, 2012, p 676). En d'autres termes, « *le processus de création de sens est centré sur la construction de récits qui expliquent la crise et permettent ou contraignent une réponse institutionnelle à la crise* » (Hansen, 2012, p 673). Les récits en tant que production du passé ou « *version racontée des événements* » (Mordhorst et Schwarzkopf, 2017, p 1157), proviennent de l'histoire – en particulier des récits médiatiques. « *Il n'y a pas d'histoire sans récits, et il n'y a pas de récits sans histoire* » (Mordhorst et Schwarzkopf, 2017, p 1158).

En utilisant ces récits, Van Driel (2019) présente un cadre théorique d'analyse des scandales financiers qui réunit les antécédents de ces scandales (i.e. caractéristiques individuelles, environnement économique et, contexte de gouvernance et de contrôle) ; ces antécédents entrainant les pratiques contestées sous-jacentes au scandale. Pour plus de facilités, ce cadre théorique est reproduit ci-dessous (Figure 1) :

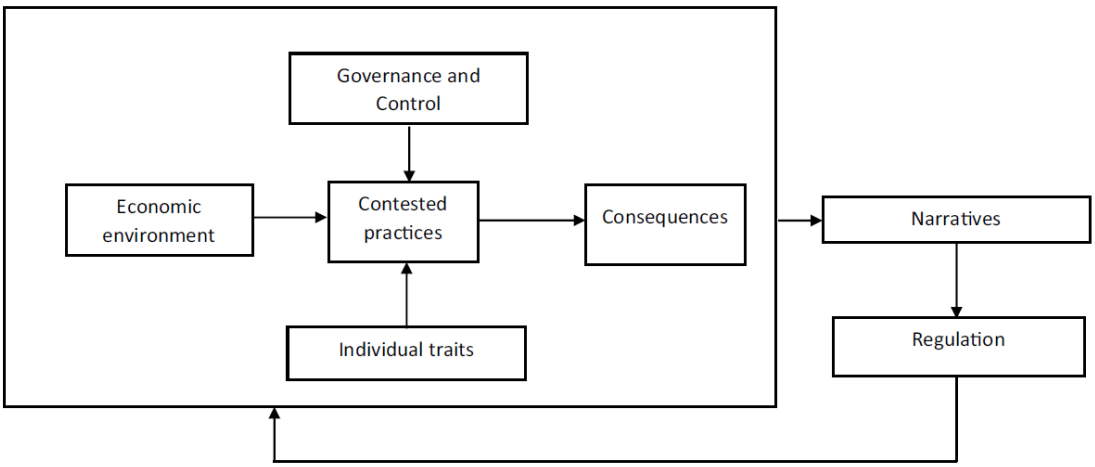


Figure 1 : Cadre théorique pour l'étude des scandales financiers et des fraudes (Van Driel, 2019).

L'analyse de Van Driel (2019) sur les récits qui émergent du scandale est particulièrement intéressante pour cette étude. En examinant comment le scandale se traduit par un changement réglementaire, Van Driel se concentre spécifiquement sur les récits qui émergent des scandales financiers. Il attire d'abord l'attention sur la rationalisation des méfaits dans les récits des fraudeurs, puis sur les récits des régulateurs conduisant à la réglementation. Alors que certains auteurs soulignent la réaction « instinctive » des régulateurs aux scandales financiers (par exemple, Jones, 2012, Markham, 2006), Van Driel met en évidence les récits que les régulateurs utilisent pour légitimer l'action réglementaire à la suite de scandales financiers. Certains auteurs soutiennent que les régulateurs utilisent le scandale pour transmettre leur programme existant de changement réglementaire (Romano, 2005), identifiant « *les changements d'humeur nationale et le renouvellement des élus, en ciblant des événements, comme des déterminants clés, qui ouvrent des « fenêtres politiques » aux entrepreneurs politiques afin de lier les solutions qu'ils proposent à un problème* » (Romano, 2005, p 1524). Van Driel (2019) met également en évidence l'utilisation de récits pour attribuer le blâme et critiquer des groupes, tels que les administrateurs, les comptables ou les auditeurs, ou alors l'environnement économique. Son travail attire l'attention sur « *la bataille des récits* » qui peut émerger et fournir des comptes rendus concurrents autour de « *qu*i » ou « *quo*i » est à blâmer pour le scandale financier. Il souligne l'importance de telles luttes dans la détermination tout d'abord de l'issue construite du scandale pour les entreprises et les individus puis dans la détermination de la nature et de l'étendue de toute réponse réglementaire (Hansen, 2012, Van Driel, 2019, p 4). Van Driel parle de récits concurrents dans le contexte de l'élaboration d'une réponse réglementaire et Jankowski (2002) ajoute que les récits qui se développent autour des scandales financiers peuvent également être utilisés pour exprimer les tendances sociales sous-jacentes et les batailles politiques (Jankowski, 2002).

Les travaux de ces auteurs mettent donc en évidence que les récits historiques représentent une source d'informations très précieuse pour comprendre qui est jugé responsable en cas de scandale financier et quelles sont les conséquences de ces scandales. Adoptant une méthodologie interprétativiste, le premier choix de cette étude est de réaliser une recherche qualitative basée sur la puissance des récits historiques issus de deux études de cas. Les chercheurs présentent principalement les études de cas comme une stratégie d'enquête, une

méthodologie ou une stratégie de recherche globale (Denzin et Lincoln, 2005, Merriam, 1998, Yin, 2003). Chaque étude de cas présentée dans la thèse illustre un objet d'étude, ainsi qu'un produit de l'enquête (Creswell, 2007). Deux systèmes limités, représentés par le scandale du canal de Panama et le scandale Stavisky, sont analysés grâce à une collecte de données approfondie et détaillée, et rapportés dans une description de cas, un « rapport riche » nécessaire pour bien comprendre le contexte (Than et Than, 2015). Compte tenu que cette thèse considère la réalité comme socialement construite et dynamique (c'est-à-dire qu'elle change selon le moment), l'analyse de deux scandales financiers, développés à deux époques différentes, dans le même périmètre géographique, permet au chercheur a) d'identifier ce changement/cette évolution au cours de cette période, et b) d'examiner la trajectoire de la construction à la fois de la responsabilité du scandale, des réponses réglementaires et des autres dénouements au fil du temps. Par conséquent, la méthode de l'étude de cas facilite le traitement de la question de recherche et respecte en même temps pleinement la philosophie de la recherche. La première étude de cas choisie est le scandale du canal de Panama. Le scandale du canal de Panama s'est produit entre 1889 et 1893. A cette période, les professions comptable et d'audit ne sont ni acceptées, ni leurs outils correctement utilisés, le discours public français n'en fait donc jamais mention. Selon la littérature, le scandale de Panama est a) le début d'une vaste série de manœuvres politiques visant à déstabiliser le pouvoir politique existant sous des prétextes financiers (Thiveaud, 1997), et b) la première fois que la comptabilité est utilisée comme un outil efficace (cf. le rapport de l'expert Flory) dans un pays bouleversé par des crises gouvernementales chroniques (de Blic, 2004). De plus, le scandale de Panama a été l'un des scandales les plus cités dans les médias à cette période.

La deuxième étude de cas est une analyse du scandale Stavisky. Ce scandale s'est produit entre 1934 et 1936 et représente le premier scandale français à amorcer un changement de réglementation (décret-loi de 1935). Malgré l'impact limité de ce décret-loi sur la réglementation comptable et la professionnalisation de l'audit, l'objectif est de comprendre comment le gouvernement français en est venu à modifier la loi. Enfin, à l'instar du scandale de Panama, le scandale Stavisky a été l'un des scandales les plus cités dans les médias à cette période.

Afin de répondre aux questions de recherche, cette thèse propose d'analyser les récits liés à ces deux scandales financiers, et plus précisément les récits médiatiques. Le choix des médias

comme outil représentatif de communication du discours de la Société a été contesté par la recherche académique. Éditeurs corrompus, outil de propagande, manque d'indépendance face aux pouvoirs politiques et économiques (Bouveresse, 2008, Kraus, 2000, Chomsky et Herman, 1974) : la presse a mauvaise réputation. Dans une autre approche, des auteurs comme Mallarmé accusent les quotidiens de rapporter une réalité déformée représentée par tous les « *clichés* » de la société (Ettlin, 2017).

Sans nier la pertinence de ces propos, cette thèse s'appuie sur le constat que la presse, notamment les quotidiens, possède trois caractéristiques qui lui permettent de jouer un rôle clé dans la démocratie moderne (Kalifa et al., 2011, Morales et al., 2014). Premièrement, les journaux sont dignes d'intérêt. L'information publiée dans les journaux relève de l'espace public – de la Société – et se situe pleinement dans cet espace public. Le discours narratif fonctionne comme un instrument de médiation et d'intermédiation entre les personnes (Kalifa et al., 2011) et devient un sujet de discussion que les lecteurs s'approprient ensuite. La discussion s'inscrit dans le processus de socialisation qui intègre une diversité d'individualités lui permettant d'élargir le groupe social, grâce à l'imitation. Deuxièmement, les journaux sont quotidiens. L'objectif d'un quotidien est de paraître chaque jour avec suffisamment de texte et d'actualités pour remplir toutes ses colonnes. Le rythme de publication, que rien ne peut arrêter, implique de trouver des écrivains, fournisseurs de texte (Kalifa et al., 2011) : « *le rythme d'écriture ne reflète plus le jeu de forces individuelles mais est une réalité sociale* » (Kalifa et al., 2011, p 18). Quelle que soit l'opinion, la pensée profonde ou le sentiment qu'un auteur souhaite exprimer, « *le tempo du travail créatif lui est donné de l'extérieur* » (Kalifa et al., 2011, p 18). Enfin, les journaux sont une œuvre collective. Chaque nouveau numéro est le résultat de la concertation d'un groupe de rédacteurs qui encadrent de multiples journalistes contributeurs unis par une réelle complicité. Ces personnes sont connectées au sein d'un journal mais aussi d'un journal à l'autre (Kalifa et al., 2011). « *La parole journalistique est à la fois plurielle et collective* » (Kalifa et al., 2011, p 19). Elle représente une construction sociale et participe à la discussion collective du groupe social appelé « le public ».

Ces trois caractéristiques renforcent la volonté de cette étude d'utiliser les récits médiatiques comme une source précieuse d'informations. Ainsi, la responsabilité et les conséquences du scandale du canal de Panama et du scandale Stavisky ont été identifiées à travers les récits issus des deux quotidiens les plus diffusés en France à l'époque de chaque scandale : Le Petit

Journal et Le Figaro pour Panama, puis Le Petit Parisien et Paris Soir pour Stavisky. Pour être pertinente, la recherche devait prendre en compte les grandes tendances politiques des périodes étudiées, ainsi que le prisme Paris versus province. Cependant, comme le soulignent les recherches universitaires, les médias de masse (i.e. les journaux populaires) ne sont pas compatibles avec un engagement politique fort (Albert, 2018, Delporte et al., 2016, Kalifa et al., 2011). Par exemple, le déclin du lectorat du Petit Journal se produit après 1898, lorsque sa position 'antidreyfusarde' devient trop forte (Albert, 2018). L'orientation et la ligne éditoriale des journaux peuvent être considérées comme influencées par les grandes tendances politiques jusqu'aux années 1890 (c'est-à-dire pour le scandale du canal de Panama). En revanche, cela est de moins en moins vrai après cette période. Par conséquent, cette recherche soutient qu'étant donné la couverture nationale des journaux sélectionnés, le discours de la société est représenté par le nombre important de lecteurs de tous les quotidiens sélectionnés, et que leur activité discursive est représentative d'autant d'individus que possible.

IV. Résultats et contributions de cette études

1. La construction de la responsabilité

Cette partie examine les résultats de l'étude en relation avec la construction de la responsabilité des scandales financiers. Ces résultats sont présentés en deux sections. Dans la première section, cette étude examine les conclusions des deux études de cas en relation avec les travaux de Young (2004 et 2006) sur la responsabilité. Cela permet à cette thèse d'apporter sa contribution en schématisant la progression de la construction de la responsabilité dans le temps et dans le contexte français. Cette étude mobilise les modèles de responsabilité de Young (2004 ; 2006) comme cadre théorique pour examiner la construction de la responsabilité dans les deux scandales financiers.

La seconde section décrit le développement des deux modèles de responsabilité de Young, '*the liability model of responsibility*' (un modèle de responsabilité individuelle) et '*the social connection model of responsibility*' (un modèle de responsabilité individuelle), apportant ainsi le cadre théorique de l'analyse des récits médiatiques provenant des deux cas.

L'analyse du scandale du canal de Panama montre que la société française de la fin du XIXe siècle est bien un produit de son temps. En fait, elle perçoit le scandale comme étant lié à un

comportement humain déviant, plutôt qu'à un manque inhérent de contrôle ou de réglementation, ou à un échec du processus de contrôle. L'opinion publique réclame donc justice. Par conséquent, *the liability model of responsibility* ressort clairement des récits.

Young (2004, 2006) soutient que *the liability model of responsibility* est incontestable, mais que dans certains cas, il est insuffisant pour expliquer la construction de la responsabilité. Au fur et à mesure que l'enquête judiciaire progresse, le récit fournit la preuve que des changements dans la construction de la responsabilité sont en train d'émerger. Un phénomène d'injustice structurelle est identifié impliquant que *the liability model* devient insuffisant. En effet, des éléments du *social connection model of responsibility* commencent à émerger de l'analyse discursive. Les récits médiatiques fournissent la preuve que la responsabilité n'est pas uniquement attribuée aux acteurs isolés qui étaient directement responsables de la faute. Les récits reflètent une prise de conscience concernant les événements qui ont eu lieu. La situation actuelle et le verdict final ne sont pas moralement acceptables mettant en évidence les composants d'une responsabilité partagée, et non plus uniquement une responsabilité individuelle.

Concernant le scandale Stavisky, les récits médiatiques apportent la preuve qu'à partir des années 1930, la construction de la responsabilité en France s'est davantage développée selon un continuum théorique allant d'un *liability model* vers *social connection model* (Figure 2). L'analyse des récits médiatiques montre qu'au début du scandale, l'attention du public est déplacée du coupable individuel vers un système entier identifié comme coupable. La façon dont les médias traitent l'information déplace l'attention des lecteurs de Stavisky vers l'administration défaillante. En se basant sur cette construction, les actions volontaires dont Stavisky est responsable font partie des conditions structurelles qui l'ont incité à violer tout d'abord les contrôles sociaux, puis la loi. Le marché financier français est une structure sociale construite par l'action et la volonté des députés. En privilégiant un contrôle par la loi plutôt qu'un contrôle par des professions, et en refusant le statut professionnel à la comptabilité et à l'audit, la France a créé un terrain favorable à la fraude et à la corruption : une « *injustice structurelle* ». Le scandale est attribué à une structuration moralement inacceptable, qui permet la fraude. Les récits témoignent du passage au *social connection model of responsibility* où l'État et les institutions, qui sont perçus comme contribuant à l'injustice sociale, partagent la responsabilité.

Néanmoins, conformément à la théorie de Young (2004, 2006), le *liability model* de responsabilité est toujours présent dans les récits médiatiques, et il est important de souligner que la société française réclame à nouveau justice. Par conséquent, une procédure judiciaire est mise en œuvre pour sanctionner les responsables présumés et apaiser l'opinion publique. Cependant, les récits mettent également en évidence une pression en faveur d'un changement plus large. Ainsi, les deux modèles de responsabilité de Young (2004,2006) coexistent dans le scandale Stavisky.

2. Contribution à la littérature sur la construction de la responsabilité

Cette partie de la thèse contribue à la littérature de trois manières importantes. Premièrement, les deux cas fournissent des preuves empiriques sur la valeur du travail de Young, qui permet de comprendre comment la responsabilité se construit à travers les récits médiatiques provenant du scandale.

Deuxièmement, la thèse schématise au fil du temps la trajectoire de la construction de la responsabilité en France lors de scandales financiers. Cette trajectoire part d'un modèle de responsabilité unique (en 1889 avec le scandale du canal de Panama) à la coexistence des deux modèles de responsabilité de Young (en 1936 avec le scandale Stavisky). Ceci est résumé dans la figure 2.

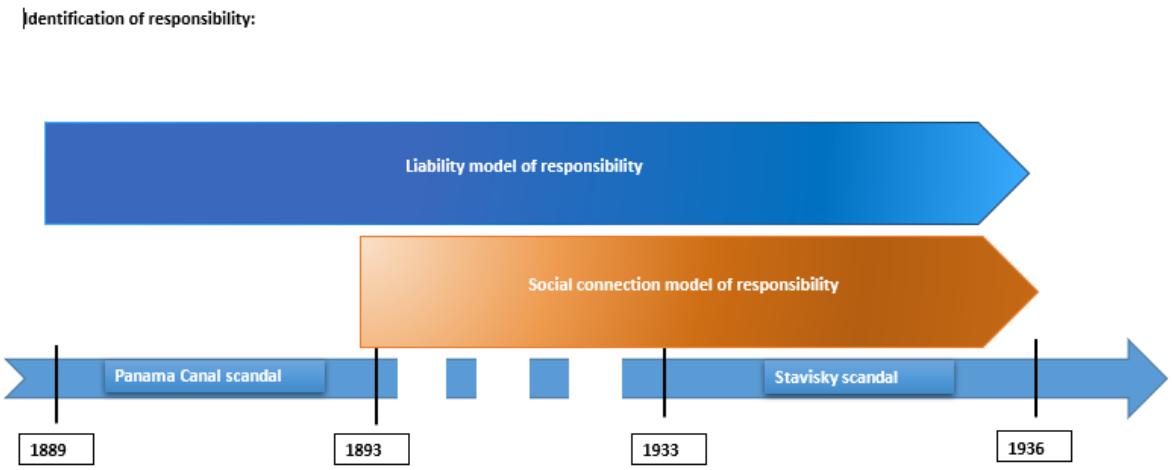


Figure 2 : La construction historique de la responsabilité en France en cas de scandales financiers

Enfin, l'étude apporte des preuves empiriques qui soulignent la valeur des travaux de Young (2004, 2006) en tant que cadre théorique pour analyser la construction de la responsabilité

dans un cadre empirique. La thèse souligne également l'intérêt de ce cadre pour schématiser une trajectoire de construction de la responsabilité dans une société au fil du temps.

3. Ce que les récits médiatiques révèlent sur les résultats des scandales historiques français

La deuxième question de recherche examine ce que les récits médiatiques révèlent sur les résultats des scandales financiers étudiés. Hansen (2012) a souligné la valeur des récits pour expliquer « *ce qui n'a pas fonctionné* », « *qui est à blâmer* » et « *comment éviter une répétition* » (Hansen, 2012, p 676). Il affirme que « *le processus de création de sens est centré sur la construction de récits qui expliquent la crise et permettent ou contraignent une réponse institutionnelle à la crise* » (Hansen, 2012, p 673). Mordhorst et Schwarzkopf (2017) soutiennent cette position, affirmant que les récits sont performatifs et cette performativité joue un rôle dans la création de sens. Selon Hansen (2012):

> *« (…) le résultat de cette lutte sémantique a le potentiel d'influencer les réponses actives. De nombreux autres facteurs influenceront ce résultat, mais il importe également de savoir quel récit domine et explique ainsi la crise. Si le discours qui prévaut diffère peu de la compréhension des choses avant la crise, il est peu probable qu'un changement réglementaire fondamental se produise. D'un autre côté, si des contre-récits jusque-là moins influents prennent de l'ampleur, ou si un récit nouveau et contrasté émerge pour remettre en question le récit dominant et attribuer des significations nouvelles et différentes aux événements, cela peut contribuer à ouvrir la voie à un changement institutionnel et peut-être même systémique »*[1] (Hansen, 2012, p 677).

Comme expliqué dans la quatrième partie de ce résumé, en se basant sur les travaux de Hansen sur les récits, Van Driel (2019) propose un cadre d'analyse du scandale financier (Figure 1). Van Driel (2019) soutient qu'il existe une boucle de rétroaction dans laquelle les récits découlant du scandale encadrent et construisent les résultats réglementaires des scandales financiers, qui influencent ensuite les futurs scandales.

Cette thèse contribue à la littérature en exploitant et en s'appuyant sur les travaux de ces deux auteurs. Par rapport au cadre de Van Driel (2019), l'analyse des deux scandales dans le contexte français, révèle que le rôle des récits médiatiques ne se limite pas à formuler des

[1] Traduction personnelle de l'auteure

réponses réglementaires aux scandales. Comme expliqué dans les parties 5 et 6 de la thèse, différents types de résultats émergent des récits. Certains résultats concordent avec la littérature. Cependant, l'analyse met également en lumière la façon dont certains récits imprévus prennent de l'ampleur au cours du scandale.

3.1 Résultats judiciaires, politiques et règlementaires

Dans le contexte des deux scandales étudiés, les récits révèlent que l'opinion publique réclame justice ce qui entraîne les procès et la poursuite des coupables. Deuxièmement, de la même manière que certains auteurs ont soutenu que les régulateurs utilisent les scandales pour transmettre leur programme existant de changement réglementaire (Romano, 2005), l'analyse du récit médiatique autour des deux scandales, met en évidence l'utilisation des scandales par les journaux pour transmettre leurs agendas politiques existants. En tant que tel, le récit médiatique autour de ces deux scandales contribue à l'instabilité politique de la Troisième République. Dans le cas du scandale du canal de Panama, la critique du pouvoir en place conduit à nommer une enquête parlementaire. Dans le cas du scandale Stavisky, les critiques politiques entraînent de multiples remaniements ministériels ainsi que la mise en place d'une enquête parlementaire.

En ce qui concerne le rôle des récits dans l'élaboration du changement réglementaire anticipé par Van Driel (2019), les conclusions de cette étude sont intéressantes. Dans le cas du scandale de Panama, il n'y a pas de résultat réglementaire. Cela est surprenant par rapport aux conclusions des études menées dans d'autres contextes, lorsque la construction de la responsabilité n'indique pas de défaillances institutionnelles, les résultats du scandale n'incluent pas de changement règlementaire. Dans le scandale Stavisky, les récits révèlent une critique importante des institutions défaillantes et, encore une fois, conformément au raisonnement présenté par Hansen (2012), les résultats du scandale reflètent ce récit. En effet, suite au scandale Stavisky, des réorganisations majeures du département de la justice, du département de la police et du département des enquêtes ont été entreprises. De même, la critique médiatique des procédures de contrôle qui relevaient de la responsabilité de deux ministères a abouti à la promulgation d'une nouvelle loi relative à la protection de l'épargne (décret-loi de 1935).

3.2 L'absence de résultat pour la profession comptable et les auditeurs

Des études universitaires issues de différentes traditions de recherche (Humphrey et al., 1992, Hail et al., 2018, Toms, 2019, Van Driel, 2019) décrivent les cycles historiques répétitifs des scandales financiers en soulignant le fait que chaque scandale financier est suivi de changements réglementaires. Au regard de cette analyse, le cas français est une exception parfois relevée (Hail et al., 2018) mais jamais expliquée. La deuxième partie de la thèse présente un examen détaillé de l'évolution historique du droit et des pratiques commerciales en France. Cette évolution est comparée au contexte anglo-saxon. Les parties empiriques de la thèse détaillent ensuite la situation des professions de l'expertise comptable et de l'audit au moment de chacun des scandales.

Les récits médiatiques provenant du scandale de Panama fournissent des preuves de l'*absence* de référence aux professions de la comptabilité et de l'audit. Bien que des contrôles comptables soient déjà instaurés par la loi de 1867, les récits révèlent que *l'absence de contrôle* ne contribue pas à la construction de la responsabilité.

En revanche, l'analyse du scandale Stavisky apporte la preuve de la reconnaissance du rôle de la comptabilité et du contrôle comme élément du scandale. En effet, dès les premiers jours du scandale, la comptabilité et le contrôle apparaissent dans les récits comme des éléments du scandale, et la responsabilité se construit autour d'eux à travers les lois et les institutions françaises. Dans les années 30, le monde financier français est encore contrôlé par la loi plutôt que par les professions (contrairement au monde anglo-saxon). Le cadre réglementaire n'a pas sensiblement changé depuis 1867. Il s'est développé afin de respecter le secret des affaires, et de renforcer la France comme un pays libéral où le « laisser-faire » règne. Par conséquent, et malgré l'accent mis par les médias sur l'échec des contrôles étatiques et l'inefficacité de la comptabilité des entreprises, rien n'est fait pour renforcer et légitimer les comptables et les auditeurs. À la différence du monde anglo-saxon, ces métiers ne sont pas la cible des récits médiatiques provenant du scandale et ils ne participent pas à la construction de la responsabilité. Leur objectif n'est pas de se défendre contre des accusations liées au scandale financier, mais de légitimer leur statut et leurs devoirs. Cette légitimation ne peut être obtenue qu'à travers le développement de leur propre système social (Berger et Luckman, 1966, Giddens, 1984), en augmentant leurs connaissances et leurs compétences, en

créant leurs corporations, en renforçant leur indépendance et en interagissant avec les représentants de l'autorité (c'est-à-dire les institutions étatiques) (Freidson, 1989).

En effet, les choses commencent à changer pour la profession comptable en 1942 avec la création de l'Ordre des Experts Comptables par le gouvernement de Vichy. Les technocrates de Vichy édictent la loi du 3 avril 1942 afin de réglementer la profession comptable en France (Ramirez, 2009). Leur objectif « *était d'impliquer la profession comptable dans un plan de rationalisation sociale et économique marqué par le corporatisme, mais plus spécifiquement axé sur la gestion de la production et la mise en œuvre d'outils macro-économiques d'aide à l'intervention de l'État* » (Ramirez, 2009, p 130). En 1945, le gouvernement d'après-guerre réaffirme par ordonnance la loi de 1942, après en avoir expurgé ses dispositions les plus antidémocratiques. *« La création de l'Ordre est contemporaine à la mise en place d'un Plan comptable général visant à uniformiser l'enregistrement des opérations comptables et financières des entreprises* » (Ramirez, 2009). Cependant, la profession d'auditeur en France n'est pas affectée par l'ordonnance de 1945. Ce n'est qu'en 1966 (30 ans après l'affaire Stavisky) que la loi modifiant le droit français des sociétés (et le décret de 1969 sur la profession de commissaire aux comptes) organise la profession de commissaire aux comptes, précise leurs missions (Ramirez, 2003) et associent officiellement les comptables et les auditeurs (Ramirez, 2003, Ramirez, 2009). Avec cette promulgation, le Commissariat aux Comptes est enfin élevé au rang de profession ; une profession capable d'être compétitive sur la scène internationale.

Il est important de comprendre ici que les changements significatifs liés aux métiers de l'expertise comptable et de l'audit – et les lois correspondantes – ne sont pas la conséquence d'un scandale financier particulier. La promulgation de ces lois ne représente pas le résultat d'un scandale financier. Les scandales financiers étudiés ont certes choqué le public et attisé les passions en faisant la une des journaux, mais ils n'ont pas débouché sur de nouvelles réglementations.

3.3 Scandales et émotions

Cette étude n'avait pas pour objectif d'étudier les impacts politiques et sociétaux des scandales financiers. Au contraire, les questions de recherche visaient à contribuer à comprendre pourquoi le cycle scandale-réglementation-scandale, qui a été largement

rapporté dans les pays anglo-saxons, n'est pas présent dans les pays à code de commerce français. Cependant, l'analyse des récits médiatiques provenant des deux scandales historiques, effectuée à l'aide de la méthode Gioia, fournit des preuves de la présence de très fortes émotions publiques provoquées par les scandales. Parfois, le tollé public est extrêmement fort, et les mots trouvés dans l'analyse de premier ordre sont presque violents. Ce fut le cas dans le scandale Stavisky lorsque la colère du public a conduit à de violentes émeutes. L'analyse des manifestes politiques, qui ont été à l'origine de ces émeutes, met en évidence le fait que tout le système français est critiqué. Des études antérieures ont attiré l'attention sur la capacité de la comptabilité à renforcer des idéologies préexistantes telles que le racisme, dans les effets déshumanisants de la comptabilité de l'esclavage (Fleischman et Tyson, 2004, Oldroyd et al., 2008). De même, des études ont établi des liens clairs entre les scandales financiers, la détresse économique et le populisme. Par exemple, Doerr, Gissler, Peydró et Voth (2018) illustrent qu'un scandale financier résultant de la faillite d'une banque, dirigée par homme de confession juive, entraîne une augmentation du vote nazi dans les années 1930 (Doerr et al., 2018). Dans un autre article récent, High et Mark (2019) lie la désindustrialisation de la Rust Belt à la victoire de Donald Trump dans les bastions démocrates de l'Ohio, de la Pennsylvanie, du Michigan et du Wisconsin en 2016 (High, 2019). De même, la montée du chômage a été liée à la perte de confiance dans les institutions politiques européennes et à la montée des partis contestataires (Algan et al., 2017, Passari, 2020). Fetzer (2019), par exemple, explique le lien entre austérité et Brexit (Fetzer, 2019).

Fait intéressant, les deux scandales étudiés se sont déroulés dans un contexte de montée du populisme. Le scandale de Panama des années 1890, a eu lieu à l'époque du mouvement boulangiste, que Rosanvallon (2020) qualifie a posteriori de populiste (Rosanvallon, 2020). Le scandale Stavisky des années 1930 a également eu lieu à un autre moment important de la montée du populisme (Dard, 2012, Baubeau et Riva, 2020). Rosenvallon (2020) souligne le rôle des passions et des émotions dans l'alimentation du populisme. Il identifie trois types d'émotions associées au populisme les émotions de position, d'intellect et d'intervention, où les émotions de position « *expriment la colère de ne pas être reconnu, d'être abandonné, méprisé, de ne compter pour rien aux yeux du puissant* » (Rosanvallon, 2020, p 68). Les émotions d'intellection se réfèrent à « *la restauration d'une compréhension du monde par le développement d'une vision complotiste et l'utilisation de fake news par exemple* »

(Rosanvallon, 2020, p 67). Enfin, les émotions d'intervention renvoient au « *rejet* » (Rosanvallon, 2020, p 67) et à une « *morale du dégoût* » (Rosanvallon, 2020, p 73). Ils reflètent verbalement ou physiquement une aversion et une intention de rejeter l'élite. Rosenvallon (2020) note que la combinaison de ces émotions agit pour inciter au sentiment populiste.

Cette étude met en évidence ces types d'émotions fortes dans l'analyse des récits et, en cohérence avec Hansen (2012), contribue à notre compréhension de la manière dont le cadrage des scandales par la presse populaire est fonction des récits populistes préexistants. Cependant, il attire également notre attention sur la façon dont ces sentiments sont amplifiés, nourris, à travers le récit du scandale.

3.4 Contributions de l'étude à la compréhension de ce que les récits médiatiques révèlent sur les résultats des scandales financiers

Cette partie de l'étude fournit quatre contributions importantes. Premièrement, ce travail contribue à une réflexion empirique approfondie et détaillée qui établit une correspondance entre les récits médiatiques et les résultats de ces scandales particuliers. En abordant l'objectif global de la recherche, nos deux cas confirment que le cycle scandale-régulation-scandale n'est pas dominant en France dans les années 1890 et 1930. Au contraire, la réglementation n'est pas du tout une réponse automatique au scandale, et même en 1935 (scandale Stavisky) lorsqu'une nouvelle loi a été promulguée (loi de 1935), son impact en termes de comptabilité et d'audit était insignifiant. Néanmoins, à travers les récits médiatiques, cette étude apporte un compte rendu empirique détaillé des récits construits autour des deux scandales financiers.

La deuxième contribution est que cette étude enrichit et approfondit notre compréhension théorique du rôle des récits médiatiques, en documentant des résultats de scandales financiers plus larges allant jusqu'à des impacts sociaux et politiques. Hansen (2012) soutient que le récit qui domine un scandale financier est important pour mesurer l'ampleur du changement réglementaire qui résulte du scandale. Il note que là où les compréhensions dominantes persistent après le scandale, un changement réglementaire fondamental est peu probable. Alors que là où d'autres récits prennent de l'ampleur et remettent en question le récit dominant, un changement de réglementation plus important ainsi qu'un changement institutionnel et systémique peuvent intervenir. S'appuyant à la fois sur l'article de Hansen

(2012) et sur le modèle de Van Driel (2019), cette étude avance qu'un cadre théorique plus détaillé pour l'analyse des scandales financiers peut être développé.

Le schéma présenté Figure 3 s'inspire de la représentation du scandale financier selon Van Driel (2019) même si les questions de recherche de cette étude ne portent pas sur ces éléments. Van Driel (2019) et Hansen (2012) abordent tous deux les récits comme un résultat du scandale. Hansen (2012) spécifie que lorsque le scandale facilite l'émergence de récits nouveaux ou contrastés, le changement réglementaire et/ou institutionnel est susceptible d'être fondamental. Dans le cas des deux scandales qui ont fait l'objet de cette étude, les résultats suggèrent que les récits étaient le reflet de récits préexistants et qu'aucun des deux scandales n'a donc entraîné de changement réglementaire fondamental.

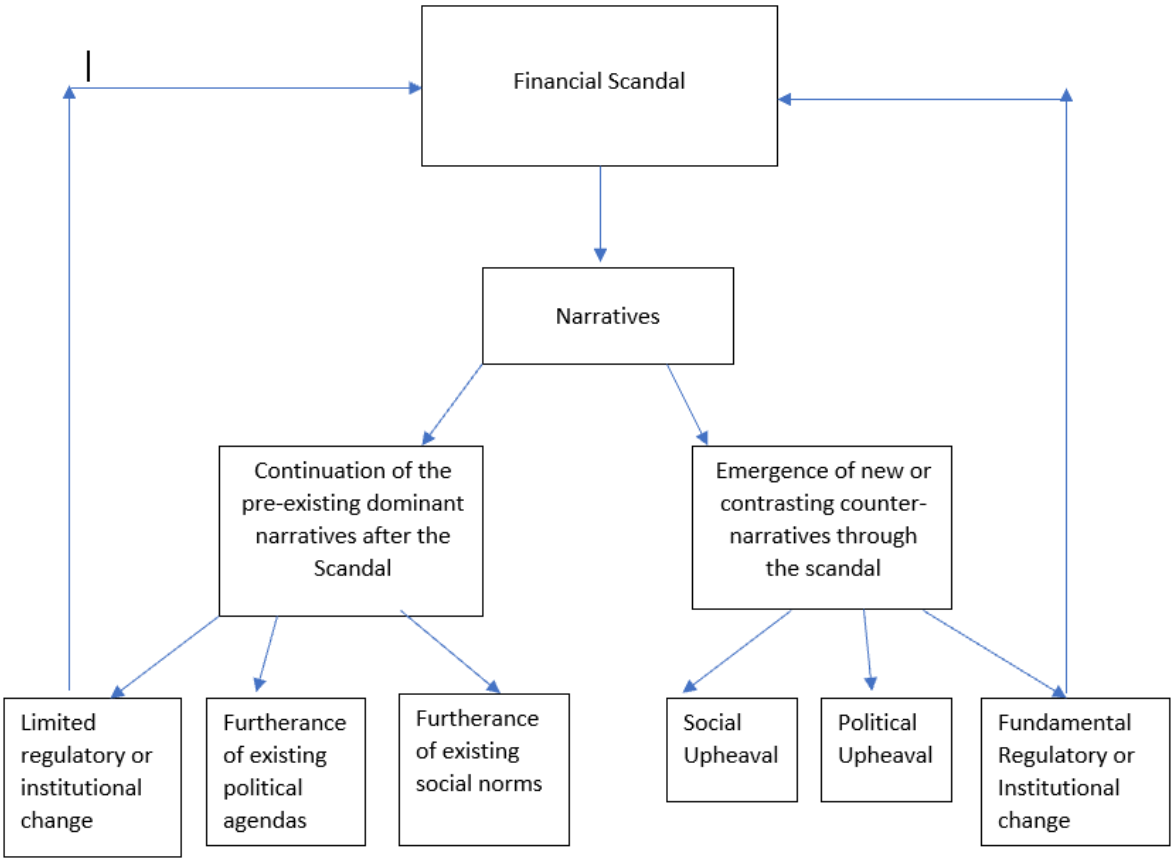


Figure 3 : Le rôle des récits dans la construction des résultats des scandales financiers

Cette thèse ajoute un niveau supplémentaire au cadre théorique en attirant l'attention sur les résultats, autres que les résultats réglementaires, révélés par l'analyse des récits médiatiques.

Le cadre théorique développé ci-dessus bénéficierait bien sûr de travaux empiriques complémentaires.

Le fait que le cadre élargi présente une gamme de résultats possibles apporte un pouvoir explicatif supplémentaire. Le cadre attire également l'attention à la fois sur la construction du récit de la responsabilité et sur l'objet potentiel de l'action régulatrice. En d'autres termes, les récits contribuent à construire l'explication de la société pour les causes du scandale, et par extension, les remèdes potentiels disponibles.

L'absence de la profession d'expert-comptable en France au moment des deux scandales, élimine effectivement cette profession comme cible possible de la réglementation. Au lendemain du scandale de Panama, le châtiment des coupables est au centre du récit. Au lendemain du scandale Stavisky, le récit oriente la critique vers les institutions de l'État et entraîne la réorganisation de plusieurs institutions. En remettant en cause le système politique sous-jacent, un récit populiste, déjà présent dans la société, prend la parole.

De la même manière, le cadre élargi soulève une question intéressante sur le rôle de la profession d'audit dans les cycles bien documentés de scandales et de réglementation dans les pays anglo-saxons. L'existence de cette profession dominante dans les pays anglo-saxons fournit un objet de critique et de blâme qui n'existe tout simplement pas en France. De même, la création de nouvelles réglementations en matière de comptabilité et d'audit peut être considérée comme un remède à la responsabilité construite autour de la profession d'audit. Cela soulève la question, qui pourrait être utilement approfondie dans de futures recherches, de savoir si l'inexistence de la profession d'auditeur en France entraîne des conséquences politiques et sociales qui peuvent être évitées lorsque la profession d'audit existe et agit comme un paratonnerre ou un bouc émissaire. En effet, ce paratonnerre attirerait la chaleur et l'énergie du scandale, tout en détournant l'attention d'autres parties ou institutions autour desquelles la responsabilité, l'action réglementaire alternative ou d'autres résultats pourraient (ou devraient) être construits.

La dernière contribution, plus méthodologique, de cette thèse met en évidence le rôle joué par les récits dans la construction sociale des scandales financiers, et plus précisément son rôle dans le passage du scandale à la régulation (Hansen, 2012, Van Driel, 2019). L'utilisation des récits a récemment fait l'objet de plusieurs travaux importants en histoire des affaires

(Mordhorst et Schwarzkopf, 2017) et en études des organisations (Wadhwani et al., 2018). Cette littérature souligne que la signification est médiatisée par des récits qui façonnent les structures sociales et donnent un sens pour justifier une réponse régulatrice (Giddens, 1984). La contribution de cette étude démontre comment les récits façonnent les structures sociales, créent du sens, construisent la responsabilité et façonnent les résultats. Cette contribution peut être étendue à l'étude de nombreux autres phénomènes.

Introduction

I. Motivation for the Study

Throughout history financial scandals, their causes and their outcomes have been of interest to accounting historians (Thiveaud, 1997, Degos and Prat dit Hauret, 2008, de Blic, 2004, Ouriemmi and Loison, 2016, Toms, 2017). Distinguishing between financial reporting failures and financial reporting scandals, Camfferman & Wielhouwer (2019) highlight that while failures occur wherever financial reporting practice falls short of the generally expected standard, financial reporting scandals are failures that engender "*surprise and indignation in society at large, prompting the question: 'how could this happen?'*" (Camfferman and Wielhouwer, 2019, p 505). They note that financial reporting failures are likely to turn into financial scandals when the adverse consequences are significant or associated with 'immoral behaviour or negligence of duty' (ibid). Similarly Toms (2017) notes that questionable financial practices alone do not constitute a scandal, and that public outcry is a necessary component.

Research examining financial scandals in the Anglo-Saxon literature has documented enduring cycles of scandal followed variously by market based, accounting and auditing regulatory responses over the last century (Humphrey et al., 1992, Toms, 2019). Toms (2017) documents the historical patterns of the occurrence of financial scandals over an extended period from 1720 to 2009, noting the periods of 'cat and mouse style' regulation (Skeel, 2006), when regulators have sought to address perceived shortcomings in the public outcry. In another historical study of corporate scandals and regulation over the period 1800 to 2015, Hail, Tahoun et Wang (2018) evidence the repeated cycles of scandal and regulation, noting that while scandals are antecedents to regulations, regulation is positively related to the incidence of future scandals, raising significant questions over the effectiveness of regulations (see also Carnegie and O'Connell, 2014). Humphrey et al. (1992) similarly document cycles of corporate wrongdoing followed by public outcry and ineffectual regulation, pointing to the auditing profession's repeated claim of an 'expectation gap' between public expectations and the realistic achievements of a cost-effective audit. Pointing out that cycles of regulation and enforcement have failed to prevent scandals, they argue that this expectation gap suits the profession, providing a socially constructed defence for perceived audit failure.

Most of this literature documenting the link between scandals and regulation is, however, based on analyses of scandals in Anglo-Saxon countries. As Hail et al. (2018) note:

> *We also find that the reactive role of regulation is particularly pronounced in English common law countries and German commercial code countries, but not present in countries with French legal tradition* (Hail et al., 2018, p 623).

If reactive regulation in Anglo-Saxon countries is enacted to address identified deficiencies, then questions arise as to why is this not a feature of countries with a French legal tradition: Who is held responsible for financial scandals in such countries? How are they sanctioned and by whom? In the absence of reactive regulation, are there other outcomes of financial scandals?

II. Research objective and questions

It is notable from this that there is a dearth of research examining the outcomes of financial scandals in countries with a French legal tradition and this presents the point of departure for this study. Thus, the overarching objective of this PhD is to contribute to the understanding of the historical differences in the outcomes of financial scandals in France versus Anglo-Saxon countries. This study seeks to address this research objective by addressing two related research questions.

Taking a historical perspective, the first question considers how responsibility for financial scandals has been constructed in France. This is important because the outcomes of a financial scandal are likely to vary significantly depending on how responsibility is assigned: for example, whether an individual or group of people is considered as responsible for the scandal as opposed to the scandal being seen as a result of the failure of governance systems or other institutions. Hence the first research question is:

Historically, how was the responsibility for financial scandals constructed in France?

The second question again takes a historical perspective to study the regulatory and other outcomes ensuing from French financial scandals

What do the media narratives reveal about the outcomes of historical French financial scandals?

Together these questions aim to shed light on why the experience of the cycle of scandal-regulation-scandal, which is prevalent in Anglo-Saxon and other countries, is not evident in France.

III. Research methodology and methods

Prior research on financial scandals has focused on the antecedents and consequences of financial scandals and more recently, the socially constructed nature of financial scandals (Clemente and Gabbioneta, 2017, Van Driel, 2019). Researchers from different schools of thought have considered financial scandals from different perspectives, for example as consequence of the economic environment (Hail et al., 2018) or as a dynamic issue (Toms, 2019), the construction of which "*differs from time to time and from place to place*" (Van Driel, 2019, p 1). Cooper, Dacin et Palmer (2013) adopt a similar position, arguing that "*accounting fraud needs to be understood in a social, legal, political and economic context*." (Cooper et al., 2013, p 441). This study states it is therefore fundamental to contextualize the financial scandals to understand them.

The foundations of this study are based on the belief that "*the social world is a world of meaning. Meaning does not exist independent of people interacting with each other and that straightforward observation leads directly to the observation that most of the important stuff in the human experience is socially constructed*" (Gioia, 2020, p 22), including financial scandals. This foundation positions this study in a subjectivist approach (Hatch and Cunliffe, 2009), more specifically the research paradigm of constructivism-interpretivism. Using this paradigm, Van Driel (2019) describes financial scandals as a social construction. He adds that the scandal's outcome is also a social construction, based on the country context and the ensuing narratives.

Historical narratives represent a production from the past and are used to bring the past into the present. They are used to make sense (Hansen, 2012). According to Hansen (2012), individuals give meaning to and rationalize events by constructing narratives that explain "*what went wrong*", "*who is to blame*" and *"how to avoid a repetition*" (Hansen, 2012, p 676). In other words, "*the sense-making process is centered on the construction of narratives that explain the crisis and enable or constrain institutional response to the crisis*" (Hansen, 2012, p 673). Narratives as a production of the past, or a "*retold version of events*" (Mordhorst and

Schwarzkopf, 2017, p 1157), originate from history – especially media narratives. "*There is no history without narratives, and there are no narratives without history*" (Mordhorst and Schwarzkopf, 2017, p 1158).

Using these narratives, Van Driel (2019) presents a theoretical framework for analyzing financial scandals (reproduced in Figure 2) which encompasses the antecedents of scandals in terms of individual traits, economic environment, and governance and control context, which give rise to the underlying contested practices to the scandal. Of particular interest to this study is Van Driel's (2019) analysis of the narratives that emerge from the scandal. In considering the question of how a scandal is translated into regulatory change, Van Driel focuses specifically on the narratives that emerge from financial scandals. He draws attention first to the narratives of rationalization of the wrongdoing presented by perpetrators, and then to the narratives associated with the regulators in introducing regulation. While some authors point to the 'knee-jerk' reaction of regulators to financial scandals (e.g. Jones, 2012, Markham, 2006) Van Driel notes a variety of narratives that regulators use to legitimize regulatory action in the wake of financial scandals. Some authors argue that regulators use the scandal to forward their existing agenda for regulatory change (Romano, 2005) identifying "*shifts in national mood and turnover of elected officials, with focusing events, as key determinants that open "policy windows" for policy entrepreneurs to link their proposed solutions to a problem*" (Romano, 2005, p 1524). Van Driel (2019) also highlights the use of narratives to allocate blame and criticize groups, such as directors, accountants or auditors, or the economic environment. His work draws attention to 'the battle of narratives' that can emerge and provide competing accounts around 'who' or 'what' is to blame for the financial scandal. He highlights the importance of such struggles in determining the constructed outcome of the scandal for companies, individuals and the nature and extent of any regulatory response (Hansen, 2012, Van Driel, 2019, p 4). Van Driel talks about competing narratives in the context of shaping a regulatory response and Jankowski (2002) adds that the narratives which develop around financial scandals can also be used to express underlying social trends and political battles (Jankowski, 2002).

Based on the work of these authors, historical narratives represent a highly-valuable source of information to understand who is deemed responsible in cases of financial scandals and what the outcomes of these scandals are. Adopting an interpretivist methodology, the primary

choice is to develop qualitative research based on the power of historical narratives stemming from two case studies. Scholars mainly present the case study method as a strategy of inquiry, a methodology, or a comprehensive research strategy (Denzin and Lincoln, 2005, Merriam, 1998, Yin, 2003). In this work each case study represents an object of study, as well as a product of the inquiry (Creswell, 2007). Two bounded systems, represented by the Panama Canal scandal and the Stavisky scandal, are analyzed through detailed in-depth data collection and reported in a case description, a 'rich report' required to fully understand the context (Than and Than, 2015). Given the position adopted in this study that the truth is socially constructed and dynamic (i.e. it changes depending on timing), the analysis of two financial scandals, developed at two different periods of time, in the same geographical scope, enables the researcher a) to identify this change/evolution over this period, and b) to consider the trajectory of the construction of both responsibility for the scandal and the regulatory responses and other outcomes across time. Consequently, the case study method facilitates addressing the research question and at the same time fully respects the research philosophy.

The first case study chosen is the Panama Canal scandal. The Panama Canal scandal occurred between 1889 and 1893. At this period, there is no mention of accounting or auditing in French public discourse given the fact that the accounting and auditing professions are neither accepted nor their tools used correctly. According to the literature, the Panama scandal is a) the beginning of a vast series of political maneuvers which aimed to destabilize the existing political power using financial pretexts (Thiveaud, 1997), and b) the first time that accounting was used as an efficient tool in a country shocked by chronic governmental crises (i.e. the expert Flory's report) (de Blic, 2004). Moreover, the Panama scandal was one of the most quoted scandals in the media at this period (see Pic 1).

The second case study is an analysis of the Stavisky scandal. This scandal occurred between 1934 and 1936 and represents the first French scandal to initiate a change in regulation (decree-law of 1935). Despite the limited impact of this decree-law on accounting regulation and auditing professionalization (see Part 2 Section V), this implies determining how the French government came to change the law. Finally, like the Panama scandal, the Stavisky scandal was one of the most-quoted scandals in the media at this period (see Pic 2).

In order to answer the research questions, this study proposes to analyze narratives related to these two financial scandals, more specifically the media narratives. The choice of the

media as a representative tool of communication of Society's discourse has been contested by academic research. Corrupted publishers, a tool of propaganda, the lack of independence against political and economic powers (Bouveresse, 2008, Kraus, 2000, Chomsky and Herman, 1974): the press has a bad reputation. In another issue, authors like Mallarmé accuse the daily newspapers of reporting a distorted reality represented by all the societal 'clichés' (Ettlin, 2017).

Without denying the relevance of these statements, this study relies on the observations that the press, specifically daily newspapers, possess three features which allow it to play a key role in modern democracy (Kalifa et al., 2011a, Morales et al., 2014). First, newspapers are newsworthy. The news that it publishes in newspapers arises from the public space – from Society – and is fully located within this public space. The narrative discourse works as an instrument of mediation and intermediation between people (Kalifa et al., 2011a) and becomes a subject of discussion that the readers then appropriate. It is part of the socialization process which integrates a diversity of individualities allowing it to enlarge the group, thanks to imitation. Second, newspapers are daily. The objective of a daily newspaper is to be published every day with enough text and news to fill all its columns. The rhythm of publication, which nothing can stop, implies finding writers, suppliers of text (Kalifa et al., 2011a): "*the rhythm of writing is no longer the mirror of individual strengths, but a social reality*" (Kalifa et al., 2011a, p 18). Whatever the opinion, deep thought or feeling that an author wants to express, "*the tempo of the creative work comes from outside*" (Kalifa et al., 2011a, p 18). Finally, newspapers are a collective work. Each new issue is the result of the concertation of a group of editors who lead multiple contributing journalists united by a real complicity. These people are connected within a newspaper but also from one newspaper to another (Kalifa et al., 2011a). *"The journalistic word is both plural and collective"* (Kalifa et al., 2011a, p 19). It represents a social construction and plays a part in the collective discussion of the social group, named 'the public'.

These three features strengthen the willingness of this study to use media narratives as a valuable source of information. Hence, the responsibility and the outcomes of the Panama Canal scandal and the Stavisky scandal were identified through the narratives issued from the two daily newspapers with the largest circulation in France at the period of each scandal: Le Petit Journal and Le Figaro for Panama, and Le Petit Parisien and Paris Soir for Stavisky.

In order to be relevant, the research needed to take into account the major political trends of the periods under investigation, as well as the prism of Paris versus province. However, as highlighted by the academic research, mass media (i.e. popular newspapers) is not compatible with a strong political engagement (Albert, 2018, Delporte et al., 2016, Kalifa et al., 2011a). For example, Le Petit Journal's decline in readership occurs after 1898, when its anti-Dreyfus position becomes too strong (Albert, 2018) for Society. The orientation and editorial line of the newspapers can be seen to be influenced by the major political trends until the 1890s (i.e. for the Panama Canal scandal). But this happens less and less after this period. Therefore, this research argues that given the national coverage of the selected newspapers, Society's discourse is represented by the significant number of readers of all selected daily newspapers (Pic 1 and Pic 2), and that their discursive activity is representative of as many individuals as possible.

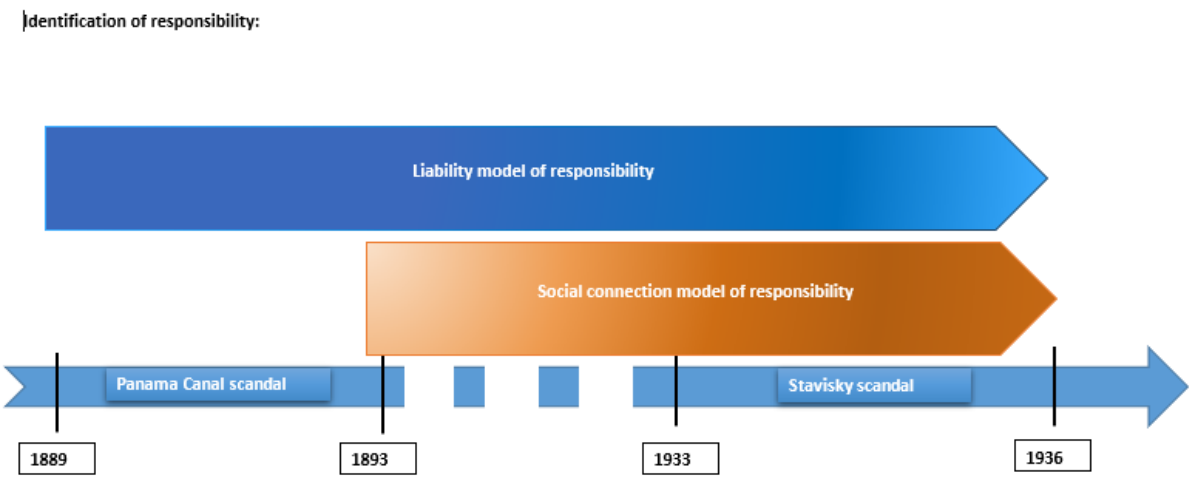
IV. Contributions of the study

1. Contribution to the literature related to the construction of responsibility

The analysis of the construction of responsibility in this study contributes to the literature in three important ways. First, the two cases provide empirical evidence of the value of Young's framework, which facilitates understanding of how responsibility is constructed through the media narratives around the scandal.

Second, the study contributes a map of the trajectory of the construction of responsibility for financial scandals in France over time, which goes from a single liability model of responsibility (in 1889 with the Panama Canal scandal) to the coexistence of Young's two models of responsibility (in 1936 with the Stavisky scandal). This is summarized in Figure 7.

Finally, the study contributes evidence that points to the value of Young's (2004, 2006) work as a theoretical framework to analyze the construction of responsibility in an empirical setting. The study also points to the value of the framework in mapping a trajectory of the construction of responsibility in a society over time.



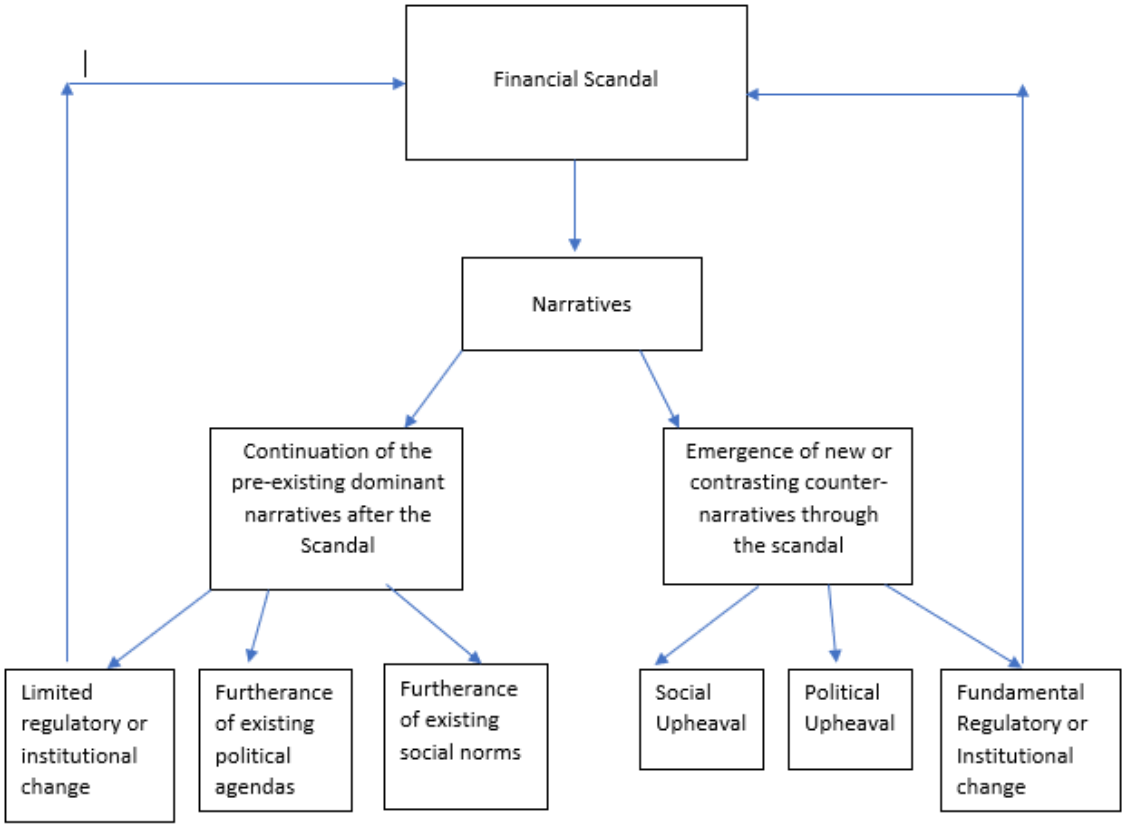
Recall of Figure 7: The historical construction of responsibility in France in cases of financial scandal

2. Contributions of the study to understanding what media narratives reveal about the outcomes of the scandals.

The analysis of the understanding of what media narratives reveal about the outcomes of the scandals provides four important contributions. First, this work contributes an extensive and detailed empirical work that maps the media narratives to the outcomes in these particular scandals. In addressing the overall research objective our two cases confirm that the cycle of scandal-regulation-scandal is not prevalent in France in the 1890s and the 1930s. In contrast, regulation is not an automatic response to the scandal at all, and even in 1935 (Stavisky scandal) when a new law was enacted (the Law of 1935), its impact in terms of accounting and auditing was insignificant. Nevertheless, through the media narratives this study contributes a detailed empirical account of the narratives constructed around the two financial scandals.

The second contribution is that this study broadens and deepens our theoretical understanding of the role of media narratives by demonstrating the wider outcomes of financial scandals like potential social and political impacts. Hansen (2012) argues that the narrative that comes to dominate a financial scandal is important to define the extent of regulatory change that results from the scandal. He notes that where prevailing understandings persist after the scandal, fundamental regulatory change is unlikely. Whereas where other narratives gain momentum and challenge the dominant narrative, more fundamental regulation, institutional and systemic change can occur. Building on both

Hansen's (2012) paper and Van Driel's (2019) model, this study posits that a more detailed theoretical framework for the analysis of financial scandals can be advanced



Recall of Figure 8: The role of the narratives in the construction of the outcomes of financial scandals

The diagram presented Figure 8 is inspired of Van Driel's (2019) representation of the financial scandal. Nevertheless, the research questions in this study are not addressed to these elements. Both van Driel (2019) and Hansen (2012) address the narratives as an outcome of the scandal. Hansen (2012) precises that where the scandal facilitates the emergence of new or contrasting narratives, the regulatory and/or institutional change is likely to be fundamental. In the case of both of the scandals that were the subject of this study, the findings suggest that the narratives reflected the pre-existing narratives and thus neither scandal resulted in fundamental regulatory or institutional change.

This study builds a further level on to the theoretical framework, by drawing attention the outcomes, other than regulatory outcomes, revealed by the analysis of the media narratives.

The theoretical framework developed above would benefit significantly from further empirical work which could be the subject of future research.

A particular area where the expanded framework above holds potential for explanatory power is in the recognition of a range of possible outcomes. In doing so, it also draws attention both to the construction of the narrative of responsibility and to the potential object of regulatory action. In other words, the narratives contribute to constructing society's explanation for the causes of the scandal, and by extension, potential remedies available.

The absence of the accounting and auditing profession in France at the time of both scandals, effectively eliminates this profession as a possible target for regulation. In the aftermath of the Panama Scandal, the punishment of the guilty is the focus of the narrative. In the aftermath of the Stavisky scandal, the narrative directs criticism at the institutions of the state, and results in the reorganization of several government departments. By questioning the underlying political system, a populist narrative, already present in society, is given a voice.

In the same way, the expanded framework raises an interesting question about the role of the auditing profession in the well-documented cycles of scandal and regulation in Anglo-Saxon countries. The existence of this dominant profession in Anglo-Saxon countries provides an object for criticism and blame that simply doesn't exist in France. Likewise, creating new regulations for accounting and auditing can be seen as a remedy for the responsibility constructed around the auditing profession. This raises the question as to whether the absence of the auditing profession in France results in political and social outcomes that could be avoided where the auditing profession exists and acts as a lightning-conductor or a scapegoat. Indeed, this lightning-conductor would attract the heat and energy from the scandal, while at the same time diverting attention from other parties or institutions around which responsibility, alternative regulatory action or other outcomes could (or should) be constructed. This question could be for example usefully addressed in future research.

The final more methodological, contribution of this thesis highlights the role played by narratives in the social construction of financial scandals, more specifically its role in the transition from scandal to regulation (Hansen, 2012, Van Driel, 2019). The use of narratives has recently been the subject of several important works in business history (Mordhorst and Schwarzkopf, 2017) and organization studies (Wadhwani et al., 2018). This literature emphasizes that signification is mediated by narratives that shape social structures and give

meaning to justify a regulatory response (Giddens, 1984). This study's contribution demonstrates how the narratives shape social structures, create meaning, construct responsibility and shape the outcomes. This contribution can be extended to the study of many other phenomena

V. Layout of the thesis.

This work is organized as follows. The first part presents the academic literature related to financial scandals and fraud. First, by detailing Tom's (2017 and 2019) work, this part underlines the importance of the contextualization of fraud and ascertains the foundation of this study by presenting financial scandals as a social construction through Van Driel's (2019) framework. Second, this first part presents historical narratives as a key component, a highly-valuable source of information to understand who is deemed responsible in cases of financial scandals and what the outcomes of these scandals are. Finally, this first part presents the implication of the legal tradition of a country asserting that this implication can disrupt the lead-lag relation 'scandal-regulation' and lead to other possible outcomes.

The second part is related to responsibility. It presents Young's (2004 and 2006) work and her two models of responsibility (individual and collective responsibility). This part highlights that when structural injustices emerge from social structures, the legal model of responsibility is insufficient and leads to the social connection model of responsibility. By using Young's prism, the sociology of professions (Freidson, 1989), and structuration theories (Giddens, 1984) this part explains how, in the Anglo-Saxon context, responsibility in cases of financial scandals is assigned to the auditing profession. Finally, by detailing the French legal, accounting and auditing specificities, this second part asserts that the Anglo-Saxon representation of responsibility cannot be replicated in a country such as France and then that an alternative responsibility should be identified.

The third part recalls the objectives of this study and details the two research questions:

Historically, how was the responsibility for financial scandals constructed in France?

What do the media narratives reveal about the outcomes of historical French financial scandals?

The fourth part details the research methodology and the methods used. First, this part explains that the foundation of this study is based on a subjectivist approach, more specifically on the research paradigm of constructivism-interpretivism. Second, it details that a multi-case studies method facilitates addressing the research questions and at the same time fully respects the research philosophy. Third, it justifies the choice of the two French scandals (i.e. the Panama Canal scandal and the Stavisky scandal) as a field and the media narratives as analyzed discourse. Finally, it details the methods used to collect and analyze the data. All the methods used were developed and implemented in order to answer the research questions.

Part Five relates the first case study: The Panama Canal scandal. It details the scandal, recalls the context in France in the 1890s and developed the data analysis. Then, this part considers the first research question relating to the construction of responsibility and the second research question in relation to the outcomes of the Panama scandal that emerge from the media narrative. Finally, this concludes with a summary.

Parts Six relates the second case study: the Stavisky scandal. It details the scandal, recalls the context in France in the 1930s and developed the data analysis. Then, this part considers the first research question relating to the construction of responsibility and the second research question in relation to the outcomes of the Stavisky scandal that emerge from the media narrative. Finally, this concludes with a summary.

Part seven presents a discussion of the contribution of the two case studies taken together to address the two research questions of the study. First, it considers the findings in relation to the construction of responsibility for financial scandals. Second, it discusses the findings in relation to what the media narratives reveal about the outcomes of the financials scandals and explains the associated theoretical contributions of the study. Finally, it concludes the thesis with the limitations of the study and the opportunities for future research.

Part 1: Financial scandals: definition, social construction and outcomes

I. Introduction

Our century began with the spread of huge financial scandals which fascinated the public and fostered academic research: Enron in 2001 (Baker and Hayes, 2004, Cullinan, 2004, Guénin-Paracini and Gendron, 2010), WorldCom in 2002 (Brickey, 2003, Sidak, 2003), Parmalat in 2003 (Melis, 2005) and the financial crisis in 2008 (Humphrey et al., 2009, Sikka, 2009).

Accounting failures and frauds are not a new phenomenon. Throughout history, they have been of interest to accounting historians: the Panama Canal scandal in 1889 (Mollier, 1991, Degos and Prat dit Hauret, 2008), the Rochette case in 1908 (Ouriemmi and Loison, 2016), the Stavisky scandal (Thiveaud, 1997), the Credit Lyonnais scandal (de Blic, 2000).

Beyond the interest of academic research in financial scandals, the understanding that authors can gain about financial scandals is useful in appreciating the importance of contextualizing the scandal or not. Different epistemological positions lead to different perceptions of the financial scandal and finally affect the definitions of what a financial scandal is.

This first part presents the academic literature related to financial scandals and fraud and proposes first to understand these different perceptions of the financial scandal. Second by detailing Tom's (2017 and 2019) work, this part underlines the importance of the contextualization of fraud and ascertains the foundation of this study by presenting financial scandals as a social construction through Van Driel's (2019) framework. Third, this first part presents historical narratives as a key component, a highly-valuable source of information to understand who is deemed responsible in cases of financial scandals and what the outcomes of these scandals are. Finally, this first part presents the implication of the legal tradition of a country asserting that this implication can disrupt the relation 'scandal-regulation-scandal' and lead to other possible outcomes.

II. Financial scandals: academic perceptions and definitions

This part summarizes the different perceptions of financial scandals that emerge from the academic literature, and the way these influence the academic definitions.

The term 'financial scandal' is often used as a broad designation. Even when it is defined in the academic literature (Table 1), there are a variety of heterogenic definitions. It is still possible to identify core aspects that are common to these different meanings. Society is one, and represents a crucial component of the scandal. It is the involvement and situational awareness of the public – Society – which transforms immoral corporate behavior into a financial scandal. However, according to different authors, financial scandals and their occurrence are not perceived or analyzed in the same way.

Hail, Tahoun and Wang (2018) analyzed the link between corporate scandals and regulation for a panel of 26 countries from 1800 to 2015. Their work states that the periods in which the words 'scandal' and 'regulator' are the most often quoted in the media are strongly linked to a) an increase in the gross domestic product (GDP) per capita of the sample countries, which corresponds to periods of global economic expansion and b) periods of global financial crises. In other words, according to these authors, corporate scandal is an incontestable fact, a reality that correlates to the economic situation. The economic environment is the only determinant of financial scandals.

Before broadening Hails et al's (2018) understanding of financial scandals, it is necessary to stress the link between fraud and financial scandals. In the business world, public outrage is often caused by fraud, even if widespread protests in Society can also be provoked by corporate practices which are not considered fraudulent (Van Driel, 2019). According to *Collins' Dictionary*: "*fraud is the crime of gaining money or financial benefits by a trick or by lying*[2]". Hail et al. (2018) do not specifically use the term 'fraud' in their justification of corporate malpractice. However their explanations of what can be considered as 'legally wrong' refer to "*intentional acts by individuals or management that occur outside of the regulatory framework and result in material misrepresentations of financial statements*", which they qualify as accounting fraud (Hail et al., 2018, p 625). For Van Driel (2019) and Toms (2019), the boundaries between fraud and financial scandals are narrower and more imprecise. For Van Driel (2019), "*in practice, fraud and scandals will often coincide*", which explains why his work "*therefore covers both scandals and fraud – acknowledging that public outcry may also be caused by dubious practices which are not unmistakably fraudulent* (Van

[2] https://www.collinsdictionary.com/dictionary/english/fraud

Driel, 2019, p 1). Toms (2019) describes the word ‘fraud’ as useful in identifying trends in a longitudinal study. He explained that in the 19th century, ‘fraud’ was used as a generic term which comprised several specific situations, such as corruption. This is still the case today. Consequently financial scandals can easily be recognized throughout history thanks to the use of the word 'fraud'. The term ‘financial scandal’ begins to be commonly employed in the US in the 1940s and in the UK in the 1970s, and can be identified per se from these periods. (Toms, 2019).

Whereas Hail et al. (2018) describe financial scandals as an inevitable conclusion produced by a given economic environment, Van Driel (2019) and Toms (2019) approach fraud – and therefore financial scandals – as a dynamic issue, a construction which “*differs from time to time and from place to place*” (Van Driel, 2019, p 1). Toms (2019) identifies repetitive cycles of fraud and financial scandals based on opportunities and impediments, illustrating that some economic periods are more favorable than others. Nevertheless this statement cannot explain the increase or absence of fraud during certain periods: “*there is also a longer run secular element, reflecting institutional configurations, and not just scandals or clusters of scandals*” (Toms, 2019, p 492). He adds that “*fraud opportunity and risk is a function of specialization, growth, diversification and business complexity and regulatory effectiveness*” (Toms, 2019, p 493). Consequently the economic environment is not the only determinant of fraud and financial scandals. Financial scandals and fraud are the result of a transformation made by Society, the different social groups which compose it and the different social and institutional controls which regulate it (Berger and Luckman, 1966). In other words, financial scandals and fraud are a social construction.

Hence, different academic definitions of financial scandal arise from this contrast in perceptions: static perception versus dynamic perception. Table 1 summarizes this contrast. As already seen, the first analysis of these different definitions underlines the fact that Society is a core component.

Table 1: Selected definitions of financial scandal

Authors	Definition
Gray, Frieder and Clark (2005) Van Driel (2019)	"A scandal is an action or event regarded as morally or legally wrong and causing general public outrage. (*Oxford English Dictionary)"* (p 5).
Hail, Tahoun and Wang (2018)	"A corporate scandal as an alleged or actual financial reporting behavior of a firm (or multiple firms) that is publicly condemned as morally or legally wrong and causes shock and upset among the general public. This definition contains several key elements. First, for a scandal to be an accounting scandal, it must somehow relate to management's use of the financial reporting system in a way that objectively misrepresents the firm's underlying economics. Second, for the accounting practices to be scandalous, they have to be condemned as morally or legally wrong. Third, for the general public to be sufficiently shocked and upset, the accounting practices need to be economically significant and a prominent subject of the public discussion." (p 625)
Toms (2019)	"A financial scandal is a situation or event that has occurred as a result of financial resources being employed in a morally questionable manner where there are serious consequences for third parties, which are widely known. According to this definition financial scandals may involve accounting and financial market manipulation, multiple types of fraud, and accentuate the possibility of corporate bankruptcy. Morally questionable financial behavior may be commonplace without being scandalous, so it is the effect on innocent third parties, and wider public knowledge of those consequences, that create the scandal. The financial impact must therefore be widespread, in terms of individuals affected losing their money, and diminution of trust in financial institutions to effectively safeguard the public's investments. The larger are the collateral losses of such behavior, the greater is the scandal's perception, social impact, and public appetite for financial regulation and reform." (p 478)

Gray, Frieder and Clark (2005) start their book "*Corporate Scandal. The many faces of corporate greed*" with the *Oxford English Dictionary's* definition of a scandal: "*an action or event regarded as morally or legally wrong and causing general public outrage*" (Gray et al., 2005, p 3). For Van Driel (2019), this definition can easily be extended to the business world. One of the specificities of a financial scandal is that it causes "*general public outrage*". In the same spirit, Hails et al. (2018) state that a corporate scandal "*causes shock and upset among the general public*" (Hail et al., 2018, p 625). For Toms (2019), Society is the channel by which the scandal is created: "*it is the effect on innocent third parties, and wider public knowledge of those consequences, that create the scandal*" (Toms, 2019, p 478). Consequently, for these authors, Society is the common feature, the determining factor of a financial scandal. It is the

involvement and situational awareness of the public which transforms immoral corporate behavior into a financial scandal.

Nevertheless, Hail et al. (2018) and Toms are opposed on two main points. First, Hails et al. (2018) measure the corporate scandal in economic terms, while Toms measures its impact on Society. Hail et al. (2018) delimitate corporate scandals by management's use of financial reporting with the aim of distorting the economic reality. The corporate scandal necessarily implies that corporate malpractice "*objectively misrepresents the firm's underlying economics*" (Hail et al., 2018, p 625). Moreover, Society's shock is caused by an economically significant level of malpractice. In this definition, the economic evaluation of the fraud is essential. However, this economic evaluation is not necessary for Toms (2019). For him, a financial scandal is the result of "*financial resources being employed in a morally questionable manner where there are serious consequences for third parties*" (Toms, 2019, p 478). Toms (2019) does not measure the significance of the financial impact, but rather its scope "*in terms of individuals affected losing their money*" and its incidence on the "*diminution of trust in financial institutions to effectively safeguard the public's investments*" (Toms, 2019, p 478).

Secondly, these authors do not have the same perception of fraud. Hail et al. (2018) provide a precise list of what corporate malpractice is. Moreover, they state that the accounting practices used have to be "*condemned as morally or legally wrong*" to be qualified as scandalous (Hail et al., 2018, p 625). Using a different approach, Toms (2019) highlights that the 'morally questionable' financial behavior can be common practice, and adds that "*morally questionable financial behavior may be commonplace without being scandalous*" (Toms, 2019, p 478).

Without denying the importance of the findings of Hail et al.(2018), this study and its research design claim that financial scandals and fraud are a social construction. They are the result of a transformative process made by Society. Society is the channel by which the different social groups that compose it, and the different social and institutional controls which regulate it, process the scandal. The interest of this study is not dictated by the significance of the scandal, but by its effect on Society and how it creates a lack of trust in the State institutions which safeguard the public's investments.

This part summarizes how Hail et al. (2018) describe financial scandals as static, an inevitable conclusion produced by the economic environment, while Van Driel (2019) and Toms (2019) approach fraud and financial scandals as a dynamic issue, a construction which "*differs from time to time and from place to place*" (Van Driel, 2019, p 1). As already seen, Toms (2019) explains that certain economic periods are more favorable to financial scandals. Nevertheless this statement cannot explain the increase or absence of fraud during certain periods: "*there is also a longer run secular element, reflecting institutional configurations, and not just scandals or clusters of scandals*" (Toms, 2019, p 492). The importance of the contextualization of fraud and financial scandals is therefore fundamental. The following part details how academic research used contextualization to assert that fraud and financial scandals are a social construction.

III. The importance of the contextualization of fraud and financial scandals

This part explains how the multi-level approach of fraud helped the academic world to conduct some historical business studies on financial scandals and fraud in order to demonstrate that fraud and its 'relatives' can differ depending on the social, economic, or legal context.

In 2013, *Accounting Organization and Society* published a special issue related to fraud thus asserting that concerns about fraud represent an active stream of research. In the editorial of this special issue, Cooper, Dacin and Palmer (2013) ascertain four different aspects of fraud on which academic research has focused: the decision to engage in fraud, the temporally-evolving character of fraud, the context in which fraud occurs, and the effects of fraud and wrongdoing (Cooper et al., 2013). These elements complement the classic 'fraud triangle' approach which is used by auditors and which breaks down the fraud into three components: "*the existence of pressure to commit fraud, an opportunity to commit fraud, and the ability to rationalize the wrongdoing*" (Cressey, 1973 in Boyle et al., 2015, p 579). Even accounting regulations use this concept: both SAS 99[3] and ISA 240[4] use the 'fraud triangle' *"as a basis for*

[3] Statement on Auditing Standards N° 99: Consideration of Fraud in a Financial Statement Audit, commonly abbreviated as SAS 99, is an auditing statement issued by the Auditing Standard Board of the American Institute of Certified Public Accountants (AICPA) in 2002

[4] International Standard on Auditing N° 240: The auditor's responsibilities relating to fraud in an audit of financial statements issued by the International Federation of Accountants (IFAC) in 2009

prescribing 'reasonable assurance' detection responsibility and identifying fraud risk factors for auditors assessing fraud risk in financial statement audits" (Boyle et al., 2015).

This multi-level approach, which is used in the auditing world too, can help the academic world to conduct some business historical studies on financial scandals and fraud. Cooper et al. (2013) add that the recognition of context in the analysis of fraud is fundamental. They assert that "*accounting fraud needs to be understood in a social, legal, political and economic context, such as whether a particular society encourages (or not) risk taking, socializes losses, or encourages rule following*." (Cooper et al., 2013, p 441). The necessity of contextualizing the fraud in order to understand it is the purpose of Toms' (2017 and 2019) work.

Using business history, Toms (2017) explores repetitive occurrences of financial scandals in the UK between 1720 and 2008 and the resulting dynamic. According to him, financial scandals, linked by common features and based on the balance of opportunity and impediment, occur in clusters during specific periods of time. These common features are: a) multiple agent relationships, b) insiders have differential and preferential access to information and c) some insiders have perverse incentives. In his analysis, Toms suggests drawing a parallel between historical periods of advanced technology, such as the advent of the railway, and periods of capital market-value verification. From a historical perspective and according to Toms (2017) these two sorts of periods use the same standards. When rapid technological changes occur, the current asset valuation rules quickly become irrelevant, causing the sudden obsolescence of the existing technology. Only a minority is then able to understand the new technology, but remains uncertain of its potential on the market and its real value (Labardin, 2013). This uncertainty leads to '*mispricing opportunity (…) with or without fraudulent intent*' (Toms, 2017, p 360). Toms argues that capital market-value verification encounters the same problem as asset valuation and evolves in an environment of increased mispricing opportunities where few individuals - the 'dominant insiders' - have expertise and could have incentives to produce overly-optimistic valuations. In terms of regulation, each opportunity to misprice the stock market shares can be considered "*as an area for setting fraud impediment, using a variety of legal and institutional mechanisms*" such as laws or professional standards. The 'opportunity and impediment' cycle can be viewed as circular. It is a dynamic process: "*the former creating a reaction for the latter, which in turn is undermined by new sets of opportunity*" (Toms, 2017, p 360). Based on the period and financial

scandals analyzed, this cycle suggests first that every scandal leads to a regulatory response as a 'knee-jerk' reaction (Toms, 2017, Toms, 2019), second that the result of the 'cat and mouse' game (Toms, 2017, Toms, 2019, Skeel, 2006) played by the alternation of opportunity and impediment is "*the reduction of the former and the enhancement of the latter*" (Toms, 2017, p 369).

Toms' analysis does not end there. In 2019, he provides an additional study on the incidence of fraud between 1720 and 2009 in the US and the UK in which he updates his view of scandals appearing in clusters and the analogy of the alternance between fraud and regulation as a 'cat and mouse' game.

Toms (2019) divides his longitudinal study into four different periods:

- From the 1720s to the 1840s: He describes this period of fraud as a time led by "petty financial crime and corruption" (Toms, 2019, p 481) and not yet by 'financial scandals'. He illustrates this period by analyzing the South Sea Bubble in 1720 which was followed by a decrease in corporate malpractice.
- From the 1840s to the 1870s: This period is characterized by clusters of financial scandals in banks and railways linked to economic expansion and the creation of joint stock companies. Toms illustrates this period by analyzing the City of Glasgow Bank crash in 1878.
- From the 1870s to the 1970s: This period illustrates an interesting decrease in fraud and financial scandals, specifically between the 1940s and the 1970s, which correspond to the development of corporate governance and the market for corporate control. This relatively quiet century is described through two examples: the McKesson & Robbins scandal in 1937 and the Penn Central case of 1970.
- From the 1970s to 2009: This last period is represented by a resurgence of financial scandals and a return to corruption, especially during the 2008 financial crisis. Toms illustrates this period through the Polly Peck scandal in 1990.

Toms states that Skeel's 'cat and mouse' analogy (Skeel, 2006) cannot explain the decrease in corporate scandals after the South Sea Bubble (1720) in the UK, nor why the managers' 'contested practices' decreased between the 1940s and 1970s in both countries (Toms, 2019). According to him, the history of fraud in Anglo-Saxon countries over a long period of time underlines that: first the cycle of financial scandals is not only the consequence of clusters but

also illustrates institutional configurations linked to the country, and second that the 'cat and mouse' analogy can only work at specific times and in specific jurisdictions.

In sum, fraud and its 'relatives' can differ depending on the social, economic, political or legal context. In other words, the social construction of fraud and financial scandals must be taken into consideration (Cooper et al., 2013) in order to understand the influence of each country's institutional configuration on the outcomes of these scandals.

IV. The social construction of fraud and financial scandals

This part details Van Driel's framework related to the social construction of financial scandals and the role played by narratives in the rationalization of fraud.

While the previous parts of this analysis focused on the decisions to engage in fraud (Cooper et al., 2013), the opportunities to commit fraud (Boyle et al., 2015, Toms, 2017) and the potential effects of fraud and wrongdoing (Cooper et al., 2013, Toms, 2017), Van Driel (2019) highlights the role that rationalization plays in making sense of fraud and giving rise to regulatory changes.

In a previous paragraph, Toms highlights the alternation of opportunities and impediments regulation and states that this dynamic can only work at specific times in specific jurisdictions. Indeed, the Anglo-Saxon literature emphasizes that new regulations in the business environment generally appear immediately after a financial scandal (Humphrey et al., 1992, Gray et al., 2005), as a knee-jerk reaction (Jones, 2012). Carnegie and O'Connell (2014) call into question the effectiveness of this knee-jerk response, especially concerning the prevention of new scandals. They underline the ''*random agenda selection*'' issue in which ''*regulatory priorities are driven by issues coming to the public's attention rather than by rational appraisals of risks*" (Breyer, 1993 in Carnegie and O'Connell, 2014, p 450). The goal of changes in regulation is therefore to calm public opinion.

For Romano (2005), the knee-jerk regulatory response is not suddenly imagined by politicians or regulators in an emergency in order to calm public opinion. On the contrary, this response comes from politicians' existing agenda of regulatory change and is implemented at this key moment, as a result of the crisis situation, such as financial scandals, in order to secure political changes (Romano, 2005). Once again, the regulatory changes are the result of the rationalization of the crisis.

Based on the work of the historian Safley (2009), Van Driel explains that rationalization helps Society to "*maintain the limits of an acceptable behavior*" (Safley, 2009, p 43) and to define what is moral and what is not. There is still a need to understand what Society learns from scandals and fraud and how it manages to convert them into regulation. According to Hansen (2012), individuals give meaning to and rationalize events by constructing narratives that explain "*what went wrong*", "*who is to blame*" and "*how to avoid a repetition*" (Hansen, 2012, p 676). In other words, "*the sense-making process is centered on the construction of narratives that explain the crisis and enable or constrain institutional response to the crisis*" (Hansen, 2012, p 673). Society is continuously involved in making sense of the world through signification (Weick, 1995). Signification is mediated by narratives which shape social structures and give meaning to justify or not a regulatory response (Giddens, 1984). Hansen (2012) states that the 'semantic struggle' provided by the narratives influences the response that ensues from the crisis, its outcome (Fig 1). Figure 1 represents the "semantic struggle" and the outcomes according to Hansen (2012)

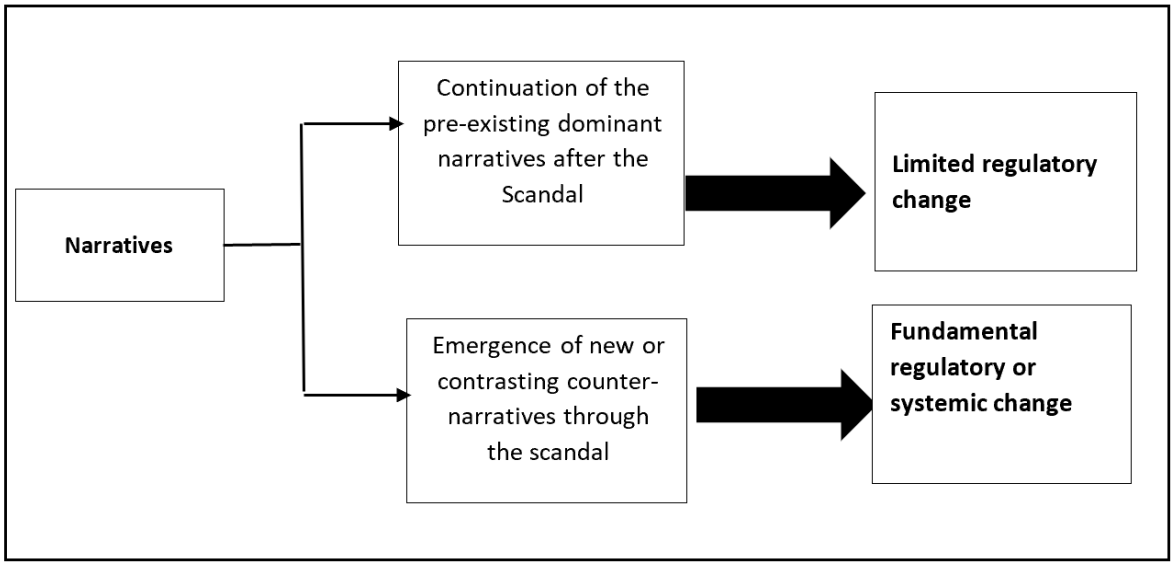


Figure 1: The semantic struggle and the outcomes of financial scandals (Hansen, 2012)

Based on this analysis, narratives are a key component to understanding if financial scandals generate a new regulation or not. They are used to make sense of the current context. The role that history and the resulting narratives play in this sense-making process is essential. Wadhwani, Suddaby, Mordhost and Popp (2018) make a distinction between 'past' and 'history'. 'Past' represents "*all events that occur chronologically before the present*" while

'history' is the "*mobilization of the past in the present*" (Wadhwani et al., 2018, p 1666). History is "*a rhetorical and didactic tool that provided relevant, useful, and applicable plots and morals that could serve strategic purposes in the present*" (Mordhorst and Schwarzkopf, 2017, p 1158, Wadhwani et al., 2018). Historical narratives represent a production from the past and are used to bring the past into the present. They are used to make sense (Hansen, 2012). History is therefore perceived as "*a source of social symbolic resources available for a wide variety of creative uses*" – such as narratives. It then becomes a field "*where all actors are simultaneously producers and consumers of interpretations of the past*"(Wadhwani et al., 2018, p 1664). Mordhorst and Schwarzkopf (2017) introduce the notion of the performativity of narratives and the role of this performativity in the sense-making, the search for meaning. Narratives, and in the context of this study media narratives, are a "*retold version of events*" (Mordhorst and Schwarzkopf, 2017, p 1157). "*There is no history without narratives, and there are no narratives without history*" (Mordhorst and Schwarzkopf, 2017, p 1158). From this paradox, the evolving relationship depending on timing and societies appears: "*history as narrative, history as past and history as discipline*"(Mordhorst and Schwarzkopf, 2017, p 1158).

Relying on Hansen's analysis, Van Driel (2019) uses the power of historical narratives to develop a conceptual framework in order to understand the outcomes of financial scandals (Fig 2). He therefore highlights that the scandal's outcome is a social construction based on the country context and the ensuing narratives. He states that the socio-economic impact of corporate malpractice and the existing agenda for reform influence the implementation of regulatory changes as well as the extent of this change (Van Driel, 2019).

Figure 2 presents Van Driel's conceptual framework.

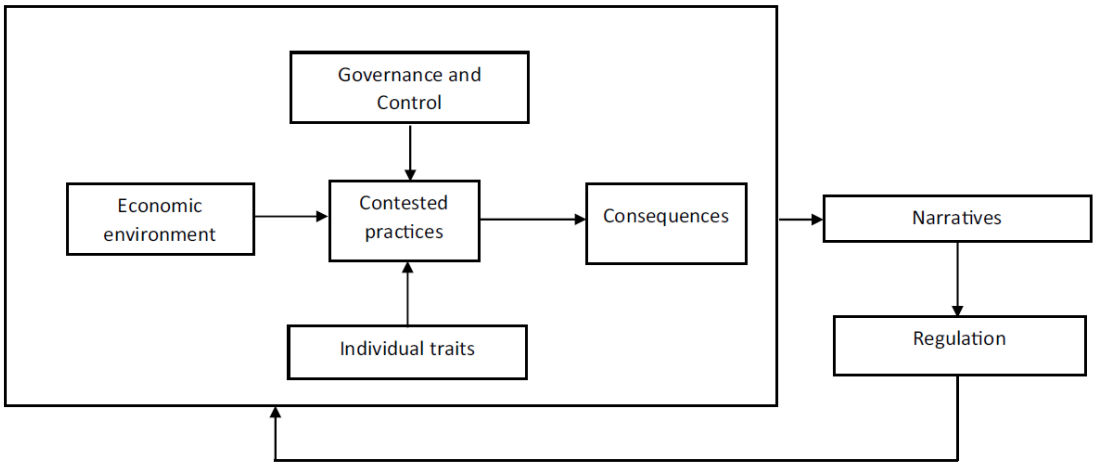


Figure 2: The conceptual framework for the study of fraud and scandals (Van Driel, 2019)

In this analysis, the narratives represent the opportunity to promote specific political or social ends (Romano, 2005, Hansen, 2012, Van Driel, 2019), as well as to significantly influence the outcomes of the scandal (Hansen, 2012, Van Driel, 2019).

Van Driel's framework consists of presenting different determinants that induce corporate malpractice and its consequences. Narratives and regulation are represented as a dynamic channel, simultaneously conveying the consequences of the financial scandals and updating the determinants of future scandals. The inherent determinants of corporate malpractice are the economic environment, governance and control, and individual traits. The economic environment is characterized by "*high competitive pressure and innovation which increased information asymmetry*" (Van Driel, 2019, p 16). This determinant, already mentioned by Toms (2017), is identified in Van Driel's analysis as that the one which most influences contested corporate practices. Governance and control are described as not strong enough to prevent fraud, and evolve from being an impediment to a determinant. Lastly 'greed' and 'hubris' are the most common individual traits used to explain financial scandals, especially after World War II.

To summarize, the outcomes of financial scandals are a social construction based on history (Mordhorst and Schwarzkopf, 2017). They impact the inherent determinants of corporate malpractice (i.e. economic environment, governance and control, and individual traits) which lead to specific narratives (Van Driel, 2019). History and its significance in this study includes

legal tradition. The legal context, which is determined by history has a direct impact on the construction of responsibility in cases of financial scandals and on the type of response that ensues from the scandal. The following section analyzes the different interpretations of the role that legal traditions play in the construction of responsibility and the outcomes of financial scandals.

V. The legal tradition and its impact on the outcomes of financial scandals

This part describes the different schools of thought related to how and why the legal tradition affects the outcomes of the scandal, the enactment of new regulation and the professionalization of auditing.

In the Anglo-Saxon academic research related to the outcomes of financial scandals, regulation is at the core of the analysis. As presented by Van Driel, regulation can be considered a consequence of the contested practices, as well as a determinant of these practices (see above).

Hail, Tahoun and Wang (2018) too analyzed the alternative position of regulation as a determinant and consequence of fraud. They call this dynamic "*the lead-lag relations between corporate (accounting) scandals and (accounting) regulation*" (Hail et al., 2018, p 618).

Accounting regulation is described as "*the field of national and supranational laws, rules, and conventions that cover the preparation, content, presentation, and dissemination of accounting information, typically in the form of published financial statements*" (Hail et al., 2018, p 626). This regulation can be found in different sources including: "*laws, securities laws, stock exchange-imposed requirements, legal precedents, and GAAP*" (Hail et al., 2018, p 626).

Hail et al. (2018) studied the relationship between corporate scandals and accounting regulations for a panel of 26 countries from 1800 to 2015. Three main points emerge from their analysis. First, financial scandals are detected as an antecedent to regulation over the years. Consequently, they suggest that regulators have weaker adaptation abilities, and are less knowledgeable than the fraudsters. Secondly, regulations influence future scandals. The authors found three explanations for this: a) regulation is not fully effective, b) unambiguous rules are required to detect corporate malpractice and c) new regulation can lead to unexpected consequences. Finally, national specificities and periods of time affect the lead-lag relationship, suggesting that "*the effectiveness of regulation is shaped by fundamental*

country characteristics like market development and legal tradition " (Hail et al., 2018, p 617). In other words, according to Hail et al. (2018)'s point of view, economic market specificities affect corporate malpractice and lead to the implementation of new regulation as well as the extent of this regulation.

Toms (2017 and 2019) and Van Driel (2019) have already detailed and analyzed the first two findings in the Anglo-Saxon world. The third finding has not yet been discussed and brings added value to this research. The "*two broad legal traditions*" (La Porta et al., 1998, p 1118), namely civil law and common law, facilitate the distinction of four types of countries with different strong legal traditions: English common law, French Commercial Code, German Commercial Code and Scandinavian civil law countries (Hail et al., 2018).

The following section notes the origin of these two types of legal tradition and the effects they can have on the outcomes of financial scandals.

1. The origin of legal tradition

As explained by Merryman (1981), even if Civil and Common law generally converge, especially in our contemporary world, their major divergences come from political factors such as the nature of government and/or the nature of power (Merryman, 1981). Indeed, Blondeel (1951) explains that these two different ways of practicing law are a knock-on effect of a political system (Blondeel, 1951).

The civil, or Romano-Germanic, legal tradition, described by La Porta et al. (1998) as *"the oldest, the most influential, and the most widely-distributed around the world*" (La Porta et al., 1998, p 1118) is a codified law. The set of applicable rules, ascertained and formulated by legal practitioners, comes from statutes and comprehensive codes. These rules outline the relationship between individuals, the State and Society (Baker, 2013) and shift the political center of gravity from judicial order to legislative power. By enacting the Civil Code in 1804 and the Commercial Code in 1807, Napoleon states his desire to limit the power of the courts by enforcing a framework and control by the legislative power (Blondeel, 1951). Three types of countries use a legal framework derived from civil law: France, Germany and the Scandinavian countries.

As already explained, France was the forerunner, since its Code de Commerce was enacted by Napoleon in 1807 (La Porta et al., 1998, Hoarau, 2003, Praquin, 2008). French armies spread

it to "*Belgium, the Netherlands, part of Poland, Italy, and western regions of Germany*" (La Porta et al., 1998, p 1118). Later, this legal influence was extended to its colonies: "*East and Northern and sub-Saharan Africa, Indochina, Oceania, and French Caribbean islands"* (La Porta et al., 1998, p 1118). France's sway also affected other countries such as "*Luxembourg, Portugal, Spain, some of the Swiss cantons, and Italy*" (La Porta et al., 1998, p 1118).

The influence of the German Commercial Code was not as strong, since it only appears in 1897 at the end of the unification of Germany. Nevertheless it impacted countries like "*Austria, Czechoslovakia, Greece, Hungary, Italy, Switzerland, Yugoslavia, Japan, and Korea*" (La Porta et al., 1998, p 1118), and even Taiwan through Chinese law.

Scandinavian laws should be analyzed as a distinct group. Indeed, Scandinavian countries used civil codes in the early 18th century; consequently they are considered civil law countries, but these codes are no longer used. Today, Scandinavian laws are described as "*similar to each other but 'distinct' from others*" (La Porta et al., 1998, p 1119).

Using a different approach, Common law represents the symbol and tool of the citizens' protections (Blondeel, 1951); it does not aim to define the relationship between the State and Society (Baker, 2013). The specificity of Common law comes from the fact that laws are established by judges when resolving specific conflicts; jurisprudence shapes Common law. Anglo-Saxon judges act as arbiters and creators of their country's laws. This way of practicing law represents a reaction of the courts against the dictatorial ordonnances of the King in the UK (Blondeel, 1951). Common law countries include England and the former British colonies: "*the United States, Canada, Australia, India, and many other countries*" (La Porta et al., 1998, p 1119).

2. Implications of the legal tradition

This study relies on the work of Hail et al. (2018) in order to highlight that country characteristics and legal traditions are required to understand financial scandals' outcomes. Hail et al. (2018) draw on La Porta et al. (1998)'s researche. Indeed, according to La Porta, Lopez-de-Silanes, Shleifer and Vishny (1998), the differences based on the origin of laws - and the ways laws are shaped - lead to three other fundamental issues related to investors. First, the investors' protection in countries influenced by Common law is much stronger than in those with a tradition of Civil law. France and its Code de Commerce are ranked last since the

French legal tradition is based more on ensuring creditors' protection (Hoarau, 2003, Praquin, 2008, Coquery and Praquin, 2008). German Civil law and Scandinavian countries have an intermediary ranking since the study highlights that investments are promoted in Common law countries. La Porta et al. state that "*being a shareholder, or a creditor, in different legal jurisdictions entitles an investor to very different bundles of rights. These rights are determined by laws; they are not inherent in securities themselves*" (La Porta et al., 1998, p 1151). Secondly, the legal system has an impact on the enforcement of the laws. According to La Porta et al.'s ranking: Germans and Scandinavians respect laws. They are followed by Common law countries in the ranking. Once again, French Civil law countries are in last place, with the weakest law enforcement. These findings enlarge the investors' protection with accounting standards.

Third, their study highlights that countries with the feeblest investors' protection, like French Civil law countries, promote substitute mechanisms to support investments, such as mandatory dividends or legal reserve requirements - statutory substitutes - and/or high ownership concentration. Incidentally, the Laws of 1856 and 1867 underline that the distribution of fictitious dividends must be punished (Lemarchand, 1995, Lemarchand and Praquin, 2005, Dattin, 2014, Dattin, 2017, Ouriemmi, 2014). Finally, they conclude that "*good accounting standards and shareholder protection measures are associated with a lower concentration of ownership, indicating that concentration is indeed a response to poor investor protection*" (La Porta et al., 1998, p 1152).

To summarize, according to La Porta et al. (1998), the impact of the legal tradition (La Porta et al., 1998, Hail et al., 2018) on financial scandal outcomes is undeniable. It explains and balances the prominent Anglo-Saxon demonstration that regulation is an automatic response to fraud.

Without denying these findings, it is important to specify that La Porta et al. (1998)'s work has often been challenged, whether for empirical reasons (Graff, 2008) or business historical reasons (Musacchio and Turner, 2013, Dahlén and Larsson, 2014). Indeed, Musacchio and Turner (2013) state that contingent factors such as: "*conflict, political upheaval, inflation and economic disorder*" (Musacchio and Turner, 2013, p 536) have more impact on market development than the legal tradition. Dahlén and Larsson (2014) add that the legal framework of specific industries is "*the product of a mix of human action, social and economic*

development, politics, culture and tradition" (Dahlén and Larsson, 2014, p 66). The authors demonstrate that in a country such as France, identified as a low investor protection country (La Porta et al., 1998), the legal protection of fashion design is strong. This is explained by the fact that the fashion industry is one of the most important sectors of the French economy and consequently, early in history[5], the fashion industry representatives pressured the government for strong protective laws. In these examples, history and countries' cultural identity are spotlighted to explain the development – or the lack of development – of the legal framework.

Some academic literature emphasizes the implication of the legal tradition (i.e. countries' cultural identity) on the investors' protection and accounting standards (La Porta et al., 1998). This study extends this protection to the professionalization of auditing.

The differences between the French and Anglo-Saxon audit professions will be detailed in Part 2 Section V. This purpose of this paragraph is to highlight that the legal tradition has implications on the professionalization of audit.

The different legal traditions in Roman Civil law countries and Common law countries are defined by the role that the State wants to play in the triptych: Individual - State - Society. As highlighted, the State defines the relationship between the triptych in the Civil law countries (unlike in Common law countries) especially in Code countries such as France. It must be stated that the implication of the State is the same in audit professionalization.

Despite the fact that the 1861 Companies Act lent a statutory authority to the UK accountants (Sikka and Willmott, 1995), the involvement of the British State in the regulation of the auditing profession is marginal. The increasing demand for services in insolvency work in the 19th century strengthened the British accountants' status, allowing professional institutes of accountants and auditors to take the lead in audit regulation, without the aid of the State (Sikka and Willmott, 1995, Baker, 2013). Audit professionalization in Common law countries is based on the State's recognition of an authoritative and cognitive expertise which the profession maintains through education and training programs (Larson, 1977, Freidson, 1989, Giddens, 1984, Baker, 2013).

[5] French fashion design protection has historical roots back to the French Revolution and it has served as a model for the protective legislation later introduced in other countries (Dahlén and Larsson, 2014, p 64).

The process of audit professionalization is not the same in France and other parts of Western Europe. First, in France, accounting regulation was enacted by the State and is already present in the 1673 Colbert Ordonnance (Lemarchand, 1994a, Lemarchand, 1994b, Baker, 2013, Hoskin and Macve, 2016), initiating a long tradition of State intervention in business regulation (Hoarau, 2003). Secondly, these laws and decrees initiate auditing regulation (See Part 7.II) and identify auditors as "*agents of the French government in the regulation of corporate activity*" (Baker, 2013, p 98). Nevertheless, after a period of strong control and intervention in terms of business regulation with the 1673 Colbert Ordonnance and the 1807 Code de Commerce, France fosters respect for business secrecy, and decides to reinforce its status as a liberal country where "laissez-faire" reigns (Lemarchand, 1995, Lemarchand and Praquin, 2005, Dattin, 2014, Dattin, 2017, Ouriemmi, 2014). The different attempts to regulate auditing remain minor. Accounting and auditing professionalization fall behind and do not allow French auditors to compete against their Common law peers who are considered representatives of capitalism (Baker, 2013).

It seems obvious that the legal tradition has to be taken into account when analyzing the consequences, or even the determinants, of a financial scandal. The French case is a perfect example to highlight that based on its history and cultural identity, regulation is not an automatic outcome of financial scandal.

The construction of narratives explains the scandal "*and enables or constrains institutional response to the crisis"* (Hansen, 2012, p 676, Van Driel, 2019). These narratives, as an instrument of social construction, are guided by a country's legal tradition. These narratives serve as different channels which enable Society to give meaning to and rationalize the story (i.e. financial scandals). These 'channels' are represented by "*what went wrong", "who is to blame*" and "*how to avoid a repetition*" (Hansen, 2012, p 676, Van Driel, 2019). Who or what is blamed for financial scandals reveals how Society constructs responsibility in financial matters. Consequently, responsibility represents a fundamental component or channel of the story.

However, as underlined by Cooper et al. (2013), two main areas have been the subject of accounting and audit research on fraud and financial scandals. The first area concerns 'individual wrongdoing' (Albrecht et al., 2011, Brody et al., 2012, Hoffman and Zimbelman, 2009, Cooper et al., 2013). The second analyzes fraud through capital market reactions to

corporate malpractice (Brazel et al., 2009, Cooper et al., 2013). If the first area is based on psychology, the second mobilizes economic theories of efficient markets and/or agency conflicts (Cooper et al., 2013). Nevertheless, the question of responsibility in cases of financial scandals is not prominent in academic research. Someone or something is responsible for financial scandals, though: someone or something must be blamed (Humphrey et al., 1992, Sikka, 2009). The way that Society constructs this responsibility also gives meaning to specific outcomes to such scandals; especially when regulation is not an automatic response. This study proposes to widen the accounting and audit research on fraud and financial scandals by analyzing the construction of responsibility in cases of financial scandals and the ensuing outcomes.

Before being able to assign responsibility and identify the elements of this construction, it seems fundamental to identify the concept of responsibility.

VI. Summary

First this part has presented the different perceptions of financial scandals that emerge from the academic literature, and the way these influence the academic definitions. Second, this part has demonstrated the importance of the contextualization of fraud in order to demonstrate that financial scandals and fraud are a social construction. Indeed, fraud and its 'relatives' can differ depending on the social, economic, or legal context. Third, this part has detailed Van Driel's framework related to the social construction of financial scandals highlighting the role played by narratives in the rationalization of fraud and in the ensuing outcomes. Indeed, historical narratives represent a highly-valuable source of information to understand who is deemed responsible in cases of financial scandals and what the outcomes of these scandals are. Finally, this part has demonstrated that the legal context, which is determined by history, has a direct impact on the construction of responsibility in cases of financial scandals and on the type of response that ensues from the scandal.

Part 2: Responsibility and its construction

I. Introduction

This second part is related to the identification of responsibility. It presents Young's (2004 and 2006) work and her two models of responsibility (individual and collective responsibility). This part highlights that when structural injustices emerge from social structures, the legal model of responsibility is insufficient and leads to the social connection model of responsibility. By using Young's prism, the sociology of professions (Freidson, 1989), and structuration theories (Giddens, 1984) this part explains how, in the Anglo-Saxon context, responsibility in cases of financial scandals is assigned to the auditing profession. Finally, by detailing the French legal, accounting and auditing specificities, this second part asserts that the Anglo-Saxon representation of responsibility cannot be replicated in a country such as France and then that an alternative responsibility should be identified.

II. The concept of responsibility

1. How to identify responsibility?

As explained by Neuhäuser (2014) "*Responsibility is rather a relatively loose term that can be used effectively in different contexts and in quite different ways*"(Neuhäuser, 2014, p.234)

It would not be possible for this study to attempt to analyze the construction of responsibility in Western Europe in cases of financial scandals without first defining what responsibility is.

In German philosophy, strongly influenced by Weber's vision, it is common to consider the ethics of responsibility as a three-part relationship (Nida-Rümelin, 2011). In order to speak about responsibility the following three questions must be answered:

- Who is responsible? This question involves an agent of responsibility (Neuhäuser, 2014).
- For what is (s)he responsible? The second instance involves an event or a condition which the agent is responsible for (Neuhäuser, 2014).
- To whom is (s)he responsible? Finally, this third question involves an addressee to whom the agent is responsible (Neuhäuser, 2014)

In his approach to defining responsibility, Neuhaüser (2014) argues that this model lacks a fourth dimension which would allow for the analysis of all types of responsibility. This fourth question essential to determining responsibility is: "*On the ground of what normative standard is there a responsibility*"? (Neuhäuser, 2014, p. 235). In other words, "*in the name of what*" can one be responsible?

In this view of responsibility as a "four-place relation", the determination of responsibility can be stated using the following four-fold question: "*Who is responsible to whom, for what, and on the basis of which moral standard?*" (Neuhäuser, 2014, p. 234). This "four-place relation" enables the understanding of, and covers many practical uses of, the concept of responsibility.

2. Responsibility or accountability?

There has been much accounting research done on 'accountability' (Burchell et al., 1980, Lerner and Tetlock, 1999, Lindkvist and Llewellyn, 2003, Cooper and Robson, 2006, Gendron et al., 2007). In these articles, the term 'responsibility' is replaced by 'accountability'.

In order to understand if the purpose of this study was to underline accountability or responsibility, the objective was to find a clear definition of this concept in the academic literature, to see if a distinction between 'accountability' and 'responsibility' can be made.

First, it should be noted that the word 'accountability' does not seem to exist in any language besides English. According to Labardin and Nikitin (2009), the word 'accounting' appeared very late in the UK literature (the second half of the 19th century). It was used by the institutes of chartered accountants "*in order to promote its distinctive skill*" (Labardin and Nikitin, 2009, p. 154). The word 'accountability' has been preferred since the 18th century in UK public accounting in order to highlight the obligation of the State to provide accounts. (Labardin and Nikitin, 2009).

Like with other vocabulary in the accounting field, the transformation of accountability from 'obligation' to 'responsibility' was motivated by social and sociocultural changes (Labardin and Nikitin, 2009, Evans, 2010). The use of a specific language by a social group is part of secondary socialization. It allows a sub-universe such as accounting to maintain its own legitimacy and autonomy. The use of its own complex vocabulary allows the sub-universe to keep laymen away, as well as to create a process whereby the laymen consent to that. For those who belong to the same sub-world, it allows them to internalize their membership in this sub-world

(Berger and Luckman, 1966, Evans, 2010) and to enhance their prestige and upgrade their sub-world to an elite category (Evans, 2010).

Secondly, the academic literature does not give a clear definition of accountability: "*accountability is a somewhat multi-faceted and, indeed, 'murky' term that does not lend itself to precise definition*" (Cooper and Owen, 2007, p. 651). This can be explained by the fact that there are too many representations of the word 'accountability' in the literature at different periods and it is impossible to find, for each use, both the reason why this word was used and a clear definition according to the user (Labardin and Nikitin, 2009).

Nevertheless, a consensus seems to have been found around the following definition (Lerner and Tetlock, 1999, Cooper and Owen, 2007, Messner, 2009): "*Sociologically speaking, accountability denotes the exchange of reasons for conduct. To give an account means to provide reasons for one's behavior, to explain and justify what one did or did not do*" (Messner, 2009, p. 920). In other words, some reasons can be emphasized and explain why an agent did or did not act voluntarily. These reasons represent the agent's justification.

According to the theoretical framework that this study is using and which will be detailed in the following sections, 'accountability' will not be addressed in this study. Only 'responsibility' has been identified, analyzed and researched in this work.

III. Young's two models of responsibility

In her works, the philosopher Young (2004 and 2006) identifies two models of responsibility. The most common one consists of assigning responsibility based on a legal framework in order to find guilt or fault for a harm (Young, 2004). The competent authorities must be those where the fault occurred. This is the *liability model* (Young, 2004, Young, 2006, Neuhäuser, 2014). But sometimes responsibility goes beyond legal boundaries. The agents of responsibility are identified not in order to be punished, but in order to change an identifiable, structural injustice. This is the *social connection model of responsibility* (Young, 2006, Neuhäuser, 2014) or *political responsibility* (Young, 2004).

1. The liability model of responsibility

As explained by Young (2004, 2006), the liability model can be divided into two subcategories: (1) the fault model and (2) the objective liability model. Under the fault model, responsibility

is assigned to "*particular agents whose actions can be shown as causally connected to the circumstances for which responsibility is sought*" (Young, 2004, p. 368, Young, 2006). This agent can be a legal person or a collective entity such as an organization. Nevertheless, the organization will be treated as a single agent for the purpose of assigning responsibility. This is the first characteristic of the liability model: it seeks to identify and isolate the responsible agents, allowing them to be distinguished from those who are not responsible. Still in the fault model, the actions relating to the assigning of responsibility are presumed voluntary. If an agent of responsibility is able to prove that its causal connection with the action is involuntary, or that this is not an action of free will, then its responsibility might be diminished or even dissolved. Otherwise, it must bear the whole responsibility.

Under the objective liability model, the agent is liable for the action even if there is no intention to harm, and the action was involuntary.

The liability model is mainly backward-looking, which is its second characteristic. Its purpose is to review "*the history of events in order to assign responsibility*" (Young, 2004, p. 368, Young, 2006) so as to set punishment or compensation. Under the liability model, the agent is designated as the primary responsible, whose actions directly cause the harm.

In order to connect Neüauser's "four-place relation" to Young's liability model in an example of voluntary fraud committed by the CEO of a company, one can answer the four-fold question (i.e. *Who is responsible to whom, for what, and on the basis of which moral standard?*) as follows: 'The CEO is liable (i.e. legally responsible) to shareholders for having misreported financial information. Moreover, he bears a moral responsibility to respect the organization's employees who can lose their jobs. In France, the CEO is responsible in the eyes of both criminal and tort law'.

The accounting profession organizes its sub-universe socially. As an institution, it controls human behavior, establishing a predefined code of conduct. This code of conduct allows it to channel human behavior in a specific direction to the detriments of others, and represents control. The efficiency of this control is secondary because social control relies on the institution itself. Additional mechanisms of control, such as laws and regulations, are required only because the social control has been identified as deficient. Implementing additional mechanisms of control becomes necessary because transgressions have been identified

(Berger and Luckman, 1966). The liability model of responsibility occurs when the social control is deficient and has been transgressed. By designating the primary responsibility (Young, 2004, Neuhäuser, 2014) in order to set a punishment; the liability model of responsibility represents an additional mechanism of control.

2. The social connection model of responsibility

For Young (2004, 2006), the liability model is incontestable, but in some cases it is insufficient. In our previous example, blaming and punishing the CEO, which is the proper action to take, "*does not remedy the general problem so long as that incentive structure is in place and sanction is not routine*" (Young, 2004, p. 375). The actions for which the CEO is liable are part of the structural conditions providing incentives that led him to violate firstly social controls, and secondly the law.

2.1 Social structures and the process of structuration

With the help of Rawl's work (1971), Young defines the concept of structure. In her interpretation, structures are the junction between the regrouping of institutional rules, interactive actions and the mobilization of resources and physical structures, such as buildings or roads (Rawl, 1971, Young, 2006). Social structures represent a framework, a multi-dimensional space in which institutions' actors oscillate between objective reality and subjective reality (Berger and Luckman, 1966), in which individual actions take shape. They provide 'channels' that both enable action and constrain it (Reiman, 1989, Young, 2006). But this is not a rigid framework; it does not exist to passively encompass actors by facilitating or inhibiting their movements. In fact, social structures are the result of typifications and interactions between social actors. They are not a territory, but a process. This process is named 'structuration' and it comprises "*rules and resources, recursively implicated in the reproduction of social systems*" (Giddens, 1984, p.25).

Young's aim is to explain that social structures' actions and interactions can have future results that were not intended by the actors. These results are mainly collective results which were predictable but not intentional. The 2006 credit crisis is a good example of this kind of action. Everything started with the implementation of prime mortgages in the US. Investors who wanted to leverage their investments were aided by lenders who offered sub-prime mortgages to families with no qualifications. They had not intended to create a huge financial

crisis, first in the US and then worldwide. It was predictable but not intentional. Wall Street's financial market is a social structure constructed by the actions and the desires of its actors. By implementing certain risky but legal financial schemes, actors created this speculative bubble, favorable grounds for a financial crisis. Young renamed this process 'structural injustice' (Young, 2004, Young, 2006)

2.2 Structural injustice

According to Young, when some people are incapable of developing or exercising their capacities and feel dominated, while simultaneously others act dominantly or develop and exercise their capacities, there is a structural injustice. Structural injustice results from the self-interested actions of individuals or institutions, "*within given institutional rules and accepted norms*" (Young, 2006, p. 114). All of the people who participate in the implementation of this structural injustice by their actions are responsible for it in the sense that they are part of the process that contributed to it. Nevertheless, they are not the primary responsible because they did not voluntary cause the harm.

2.3 An alternative responsibility model

By highlighting the social injustice process, Young introduces an alternative model of responsibility.

With the social connection model of responsibility, agents bear responsibility for these structural injustices. The agents' responsibility comes from the fact that together, agents belong to a structuration process in which they act in self-interest, and that this process creates predictable but involuntary results. Young adds that the structural processes could go beyond nation-state boundaries and therefore "*include globally dispersed persons*" (Young, 2006, p. 119).

Young bases her alternative model of responsibility on Arendt's '*political responsibility'* model (Arendt, 1987). Before Young, Arendt distinguished between legal and collective responsibility, which she called 'political responsibility'. According to her, in legal responsibility (liability model), agents are responsible for what they have done. However, in the political responsibility model, agents are responsible for actions they did not perpetrate themselves. It is not a question of individual fault but results from "*my membership in a group (a collective) which no voluntary act of mine can dissolve, that is, a membership which is utterly unlike a business partnership which I can dissolve at will*" (Arendt, 1987, p.45).

But Young challenges a specific point of Arendt's model. While Arendt argues that the origin of this collective responsibility comes merely from membership in a national or political community, Young argues that the collective responsibility derives from the social structures in which they evolve. Therefore the political community, as a sub-universe providing its own controls - through a predefined code of conduct - is a way to discharge this responsibility (Berger and Luckman, 1966, Young, 2004, Neuhäuser, 2014).

In order to ensure the identification of the social connection model of responsibility but also to understand its specificities compared to the liability model or to Arendt's political model, Young names its five specific characteristics:

(1) Not isolating responsibility (Young, 2004, Young, 2006): Young argues that when structural injustices occur, finding the primary responsible does not absolve the others whose actions contributed to the outcomes by holding responsibility. Unlike the liability model of responsibility, the social connection model of responsibility does not identify certain guilty parties in order to absolve others.

(2) Understanding the background conditions (Young, 2004, Young, 2006): Under the social connection model of responsibility, the context/background conditions (i.e. the structuration) by which actions have been made possible and acceptable are judged morally unacceptable. Under the liability model, it is the action which is judged morally unacceptable because it crosses the social controls/boundaries of the legal framework.

(3) More forward-looking than backward-looking (Young, 2004, Young, 2006): The social connection model is forward-looking because its purpose is not to punish agents for what they have done in the past but rather to encourage action from those who want things to change. The aim of the social connection model is to identify the weak points of structuration, which cause the structural injustices in order to change the bad dynamic, and reform typifications or institutionalization.

(4) Shared responsibility (Young, 2004, Young, 2006): To extend the first characteristic in the social connection model, which was not to isolate responsibility, all the agents who contribute to causing social injustice through social structures "share responsibility for such injustice" (Young, 2006).

(5) Discharged only by collective actions (Young, 2006): The forward-looking concept of the social connection model consists in changing the institutions or processes in order to

attenuate or stop social injustice. No one can do this on his own. In the same way as responsibility is shared, the actions required to carry out change can only be collective.

Finally, in order to close the chapter on the social connection model of responsibility, clear answers to Neuhäuser's four-fold question are more difficult to provide (i.e. *Who is responsible to whom, for what, and on the basis of which moral standard)* but would be: "*Together, thousands of people are morally responsible towards Society for structural injustice*".

The following table summarizes the different representations of responsibility (Table 2):

Table 2: Overview: representations of responsibility

Characteristics	**Accountability**	**Liability model of responsibility**	**Social connection model of responsibility**
Type of responsibility	Ethic and legal	Legal	Moral
Limit of responsibility	Isolating	Isolating	Not isolating
Theoretical limitations	Reasons why an agent voluntarily act or did not act	Actions causing the harm	Background conditions / Structuration by which actions have been made possible
Temporality	Backward looking	Backward looking	Forward looking
Individual / Shared responsibility	Individual responsibility	Individual responsibility legal person or collective entity treated as a single agent	Shared responsibility
Type of actions to discharge responsibility	N/A	Individual actions To prove one is not responsible	Collective actions

IV. The construction of responsibility in the Anglo-Saxon context

This part demonstrates that the construction of responsibility in the Anglo-Saxon auditing profession is due to its dominant status in Society.

Humphrey, Moizer and Turley (1992) describe the repetitive cycles of financial scandals (Fig 3) since the 1930s, underscoring the fact that auditors are already held responsible in Anglo-Saxon public speeches in the 1880s and 1930s, and that each financial scandal is followed by significant changes in the regulatory environment.

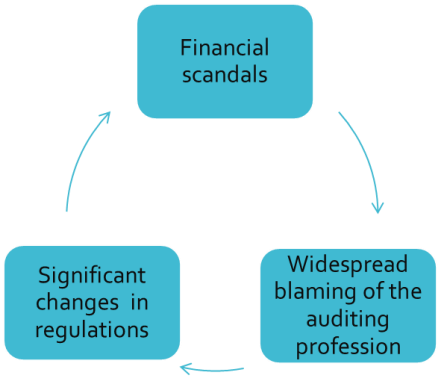


Figure 3: Repetitive cycles of financial scandals according to Humphrey, Moizer and Turley (1992) and Toms (2017)

As developed previously, Toms (2017) explored repetitive occurrences of financial scandals in the UK and the resulting dynamic. According to him, financial scandals, linked by common features[6], are based on the balance of opportunity and impediment, and occur in clusters during specific periods of time. Toms suggests drawing a parallel between historical periods of advanced technology, such as the advent of the railway, and periods of capital market-value verification. He argues that capital market-value verification encounters the same problem as asset valuation in the context of advanced technology and evolves in an environment of mispricing opportunities where few individuals *dominant insiders* have expertise and could have incentives to produce overly-optimistic valuations (See Part 1.II). In terms of regulation, each opportunity to misprice stock market shares can be considered "*as an area for setting fraud impediment"* (i.e. a new regulation*).* The balance between opportunity and impediment

[6] The common features are :
- Multiple agent relationships (Toms, 2017, p 360)
- Insiders have differential and preferential access to information (Toms, 2017, p 360)
- Some insiders have perverse incentives (Toms, 2017, p 360)

can be viewed as dynamic, "*the former creating a reaction for the latter, which in turn is undermined by new sets of opportunity*" (Toms, 2017, p 360).

The reasons why the situation seems unavoidable and why the actors, despite pleading non responsibility, seem to accept the role they have to play, can be questioned. In cases of financial scandals in the Anglo-Saxon world, auditors are represented as the 'dominant insiders' who have the expertise and who therefore can contribute to producing overly-optimistic valuations by not revealing fraud. In other words, it is the auditing profession's status and position in Society which implies their mechanical responsibility. By using Freidson's (1985 and 1989) sociology of professions and Gidden's (1984) structuration theory, the purpose of the following section is to analyze the auditors' construction of responsibility in the Anglo-Saxon context in cases of financial scandals.

1. Sociology of professions

In order to better understand the process of the social construction of such acceptance, it is relevant to introduce some principles linked to the sociological research on professions (Gendron and Barrett, 2004). The purpose of this part is to demonstrate that, in the Anglo-Saxon context, the vicious cycles of financial scandals can be explained, very early in history, by the construction of responsibility through a profession.

Through its 'privileged position' in the marketplace of financial information control, or even its situation of virtual monopoly (Freidson, 1989), and the fact that other professions are dependent on the results of these duties, the auditing profession can be viewed as 'a dominant profession' (Freidson, 1985). In order to maintain its status of 'dominance', auditors need to find an alternative in order to prevent individuals or state organizations from evaluating their performance "*by their own criteria*" (Freidson, 1989, pp. 426-427). But they do not hold the 'exercise of power'. Therefore, auditors use their knowledge and skills: "*knowledge and skill can influence others, but only if others believe in their value*" (Freidson, 1989, p. 427). Their privileged position in the marketplace will be maintained by persuading those who hold the exercise of power of their knowledge and skills, which can be defined as 'expertise claim' (Gendron and Barrett, 2004). When a profession wants to influence those who hold the power, it cannot be represented by an unorganized group of individuals. They

must be organized in the form of a private professional association (Freidson, 1989) or even in powerful multinational auditing firms such as the Big 4.

Moreover, the knowledge and skills claimed by the auditing profession seem so complex that most people are unable to use them or evaluate those who do. They need to trust the experts in order to protect themselves. The professional status of the Anglo-Saxon auditors was granted due to cognitive expertise in their particular domain of practice, which represents authoritative knowledge they control thanks to education and training programs (Larson, 1977, Giddens, 1984, Baker, 2013). Therefore, people's reliance on these experts' services is in the public interest (Freidson, 1989). Clients want their auditors to "*keep them out of trouble*" (Wyatt, 2004, p. 46); the core value of auditing is to deliver "*quality professional services*" (Wyatt, 2004, p. 50).

With the changes in the culture of the auditing profession observed from the 60s to the 90s, and the rise of consulting services, commercial interests damaged the public interest (Wyatt, 2004). It is part of a 'dominant profession' to create the need for people to use their services (Freidson, 1985). As highlighted by Ramirez (2009), the major multinational auditing firms have the ability to create rules: they play a leading role in setting accounting and auditing standards (Ramirez, 2009a).The IASC[7], which became the IASB, was created by Big 4 leaders. They are the source of the IFRS[8] . The international auditing standards, enacted by the IFAC[9], followed the same scheme. In other words, auditors, mainly represented by leaders in the Big 4, exert significant influence over the standard setting process standards they are obliged to apply by selling expertise which is virtually in their own control (Ramirez, 2009a, Freidson, 1985, Freidson, 1989).

As previously seen in the Anglo-Saxon context, the systematic answer to a financial scandal is an increase in regulation (Humphrey et al., 1992, Skeel, 2006, Jones, 2012, Toms, 2017, Toms, 2019). In order to calm public opinion, the people or organizations holding the power increase regulation. The representatives of the auditing profession contribute to the development of these new regulations by being part of the main organizations which are in charge of the new

[7] The IASC, l'International Accounting Standards Committee has been created in 1973 and becomes the IASB, International Accounting Standards Board in 2000.
[8] IFRS : International Financial Reporting Standards. Mandatory accounting standards for the europeen listed companies since 2005.
[9] International Federation of Accountants

standards. Firstly, auditing expertise claims allow the profession to develop new standards. Secondly, compliance with the new standard is mandatory for producers, auditors, and other users of financial statements. Thirdly, the auditors claim their expertise is related to the new standards but also remind their clients that these new standards increase their duties. Finally, auditors' clients seek their services in order to be compliant with the new standards and thus contribute to an increase in auditing firms' fees.

The actions performed by auditors represent *social systems* (Giddens, 1984, Englund et al., 2011). Social systems comprise the actions of agents of a sub-universe, such as the auditing profession, located in a "*specific time-space setting*" (Englund et al., 2011, p. 496) and "*linked to a specific subject*" (Englund et al., 2011, p. 496). These actions are shaped inside *social structures* (Giddens, 1984, Englund et al., 2011), a framework which is the result of typifications and interactions between auditors and other social actors. Social structures are not a territory, but a process.

2. Structuration theory

Based on Giddens' structuration theory, it is possible to break down this process into structural properties which generated the auditors' practices. First, as already seen in the previous chapter, Giddens divided structural properties into 'rules' and 'resources' (Giddens, 1984, Englund et al., 2011). The rules represent the foundation of 'meaning' but also the reason for 'sanctions'. On this basis, Giddens identifies three dimensions of social structures: 1) signification, 2) legitimation, and 3) domination (Englund et al., 2011). From there, it is possible to spread auditors' organization between these dimensions.

2.1 Structures of signification

As underlined by Englund and al. (2011), auditing, like accounting, has a specific way of "*seeing and understanding social activities*" (Englund et al., 2011, p. 499) thanks to its own semantic codes (Macintosh and Scapens, 1991). This understanding, which is part of secondary socialization, projects "*mental images of organizational 'boundaries', 'structures' and 'hierarchy'*" (Englund et al., 2011, p. 499). These *structures of signification* provide interpretive rules, which first give auditors tools in order to identify and interpret events (i.e. Society's dissatisfaction in cases of financial scandals and the need for stronger regulation). Secondly, these structures allow auditors to give meaning to and justify their interactions with the main

organizations in charge of the new standards, producers and other users of financial statements, and even Society (Englund et al., 2011).

2.2 Structures of legitimation

Structures of legitimation are represented by the "*theory of normative regulation*" (Englund et al., 2011, p. 496). Norms represent additional mechanisms of control, which are necessary when a sub-universe's social control has been identified as deficient and transgressed. They allow the sanction of certain practices or actions (Berger and Luckman, 1966, Englund et al., 2011). In essence, the auditors' mission is to 'certify' (France) or 'to give a true and fair view' (UK) of their clients' financial statements. The auditing sub-universe, like accounting, works "*as an important sanctioning device which helps to clarify social expectations in terms of what is to be regarded as right and important, and who has the right to hold others (financially) accountable for their actions*"(Englund et al., 2011, p. 500 and see e.g. , Macintosh and Scapens, 1990, Macintosh, 1995, Roberts and Scapens, 1985). This mission, as well as the fact that the profession contributes to the development of new regulations, positions the auditing profession as a structure of legitimation.

Auditors develop rules and mobilize resources in order to legitimize their social system (Giddens, 1984). But this system is unviable if they do not interact with other actors of the security chain, such as the producers of financial statements, organizations in charge of new standards, or even Society.

2.3 Structures of domination

As previously mentioned social structures are the junction between the regrouping of institutional rules (i.e. structures of signification and structures of legitimation) and the mobilization of resources and physical structures (Rawl, 1971, Young, 2006). Structures of domination are represented by these resources and can be divided into two types of resources: (a) allocative resources, such as raw materials, land and technology and (b) authoritative resources such as technical knowledge, authority or linguistic skills (Englund et al., 2011).

The knowledge and skills claimed by the auditing profession represent an authoritative resource that facilitates the exercise of power. Auditors mobilize this expertise like an '*ammunition machine'* (Burchell et al., 1980, Englund et al., 2011) in order to exercise their

power over others (Roberts and Scapens, 1985, Macintosh and Scapens, 1990) and to create their clients' need. It part of a *dominant profession* and *structure* (Englund et al., 2011) to create the need for people to use their services (Freidson, 1989). Therefore, the auditing profession is identified as a dominant structure which can contribute to producing overly-optimistic valuations, making this profession potentially responsible for fraud.

3. The social connection model of responsibility of the Anglo-Saxon auditing profession

Due to this position of dominant structure, auditors, represented by private professional associations or even powerful multinational firms (i.e. Big 4), exercise their ability to create an imbalance between them and the other actors. This imbalance appears as a structural injustice (Young, 2004, Young, 2006).

Based on Young's social connection model of responsibility (2004 and 2006):

(1) Not isolating responsibility: auditors' social systems (actions) contribute to outcomes, such as financial scandals (Humphrey et al., 1992, Toms, 2017) and then bear responsibility.

(2) Understanding the background conditions: the social structures created by auditors by which their actions have been made possible are judged morally unacceptable because they create a favourable ground for fraud and financial scandals.

(3) More forward looking than backward looking: the widespread criticism of the auditing profession which follows financial scandals not only represents Society's sanction against what auditors have done in the past to create this favourable ground, but also a way to encourage change.

(4) Shared responsibility: Auditors are one of the main actors in the 'security chain' related to the production and publication of Financial Statements, which contributes to structural injustice. As a consequence, they share responsibility with the other actors.

(5) Discharged only by collective actions: By increasing regulations, auditors collectively contribute to changing the institutions or processes in order to attenuate or stop social injustice. They are responsible for this structural injustice which leads to financial scandals in the sense that they are part of the process that contributed to it. Despite the fact that they themselves did not commit fraud or produce erroneous financial statements.

Using the sociology of professions theory (Freidson, 1989) and structuration theory (Giddens, 1984, Englund et al., 2011), this section shapes the auditors' responsibility, in the Anglo-Saxon context, as a social connection responsibility (Young, 2004, Young, 2006).

While Anglo-Saxon history shows that recurrent scandals generate a dynamic, blaming auditors and increasing regulation is not inevitable. In other countries in Western Europe, such as France, the legal tradition and its implication in the history of accounting standards, auditing and the auditing profession is significantly different from the Anglo-Saxon context (La Porta et al., 1998, Ramirez, 2001, Praquin, 2012, Baker, 2013, Hail et al., 2018). Regulatory response is not systematic (Ouriemmi and Loison, 2016, Hail et al., 2018) and auditors are not automatically blamed.

The analysis of the historical financial scandals outside the Anglo-Saxon world presents an opportunity to explore alternative dynamics in the nature and justification of ensuing actions (or lack thereof), the construction of responsibility for financial scandals and the defense of the accused. France is a perfect example.

V. The French context: an alternative model of responsibility

This section presents the French legal tradition and its implication in the construction of responsibility in cases of financial scandals.

It is important to understand that the development of the accounting and auditing profession across the world cannot be disconnected from the context political, economic and legal (Willmott, 1986, Walker, 1995). Those are the circumstances which explain that the French auditing profession cannot be considered as a dominant profession at the same period as the Anglo-Saxon's.

1. The French legal tradition and its implication on privileged position

In order to measure the privileged or non-privileged ranking of accounting and auditing professions in France, it is fundamental to refer to the place of business regulation in the political context.

1.1 France: a long tradition of State intervention

The first specificity of France is that there is a long tradition of State intervention in business regulation (Hoarau, 2003). The way that Colbert governed 'by inquiry' (1661-1683) is a good

example (Hoskin and Macve, 2016). In accordance with the 1673 Colbert ordonnance, traders must keep Double-Entry Bookkeeping accounts (Lemarchand, 1994a, Lemarchand, 1994b, Hoskin and Macve, 2016). This mandatory bookkeeping has three objectives for citizens: to ensure creditors' protection, to allow control of the invested funds and to strengthen confidence in trade (Hoarau, 2003, Praquin, 2008, Coquery and Praquin, 2008). However, Colbert also has the objective of maintaining 'sovereign authority'. By implementing Double-Entry Bookkeeping, he wants first to improve the finances of the King, Louis XIV, by imposing 'order' on the activities of tax officials. Then, he wants to collect data in order to understand the practices currently used in French industry and manufacturing, and to draw the necessary conclusions in order to improve the State economy (Hoskin and Macve, 2016). In France, regulation is the backbone of the economy. It exists to establish a legal framework and protect citizens (Labardin, 2011). On the Anglo-Saxon side, US Congress waits for periods of economic downturn to legislate[10] in order not to interfere with financial markets (Richardson and Kilfoyle, 2009), while in the UK the economy is implicitly controlled by regulations[11] ensuing from the industries which compose it (Parker, 1990). As highlighted by Toms (2019), the regulatory framework in the US and the UK "*evolved as business problems arose, often in the form of financial scandals*" (Toms, 2019, p.479). Historically, the French State does not wait for markets to increase or decrease to enact new regulations. In France, like other countries in Western Europe, regulation is 'a political philosophy, rather than market dynamics' (May, 1939, Holm, 2014).

1.2 Regulation made for citizen protection but not managed by experts: the example of insolvency work

By enacting the Code de Commerce in 1807, which broadly reproduced the 1673 ordonnance, Napoleon's purpose was to punish the failed traders (Praquin, 2008, Hoarau, 2003). Therefore, the first French Accounting Standards refer to insolvency work. From a historical perspective, bankruptcy and insolvency represent the first step towards Financial Statements control, the first shape of audit. Walker (1995) explains that the early organization of the accounting profession in Scotland, in 1853 (before England), was driven by three factors: changes in bankruptcy law, the expansion of industrial capitalism and the need for practitioners to

[10] US Companies Act, 1933/34
[11] UK Companies Act, 1856

achieve themselves socially (Walker, 1995). France does not follow the Anglo-Saxon model. Despite the need for accounting expertise in insolvency analysis, in 1807[12] and in 1838[13], it is not mandatory for trustees to come from the accounting profession (Praquin, 2008). The French insolvency legal framework underscores two perspectives: bankruptcy law and bankruptcy accounting. In the 19th century, a French trustee, who usually had a law degree, is in charge of law enforcement. Accounting is his valuation tool: a tool which is rarely handled or fully used (Praquin, 2008, Coquery and Praquin, 2008). In the UK, by abolishing official assignees and by replacing them with creditor-elected trustees, the 1869 Bankruptcy Act created a jurisdictional dispute between lawyers and accountants. Unlike in France, the insolvency trusteeship worked out to the advantage of the accountants (Walker, 2004a). According to Sikka and Willmott (1995), the increasing demand for services in insolvency work represents the first step to accountants being comfortably installed in the UK economy. In a second phase, they were helped by the 1861 Companies Act, also known as 'the accountants' friend', which lent a statutory authority to the 'respectable accountants'. Finally, the increase of auditing work strengthened the accountants' status and contributed to the modern vision of accounting in the UK (Sikka and Willmott, 1995).

1.3 Accounting and auditing, both absent from French regulation

After a strong period of control and intervention of business regulation with the 1673 Colbert Ordonnance and the 1807 Code de Commerce (Table 3), France enters a long period of lack of interest related to accounting and auditing regulation (Lemarchand, 1994b, Lemarchand, 1994a, Lemarchand, 1995, Ouriemmi, 2014). Despite its legacy of heavy interventionism in terms of business regulation, France remains a liberal State where a company's accounting is perceived as being private (Dattin, 2014). At the same period, other civil law countries apply a different approach to regulation. In France, only few new regulations were enacted between 1856 and 1935. Conversely, by enacting new regulations, Germany increases its legal restrictions.

In the early 19th century, the French State controls the access to limited companies. Consequently, the 1830s sees the proliferation of private companies limited by shares, whose creation does not necessitate state authorization (Lemarchand, 1995, Ouriemmi, 2014). The

[12] Code de Commerce
[13] Bankruptcy Law

Law of 1856 (Table 3) was designed to limit abuse in terms of the creation and functioning of these private companies limited by shares. The Law of 1856 imposes the creation of a supervisory board which must check the transaction entries and cash, among other items, in order to present a report to the General Assembly. Moreover, this law punishes the first illegal measure directly linked to accounting: the distribution of fictitious dividends (Lemarchand and Praquin, 2005). However, it does not specify how to measure the net income in relation to the dividends (Lemarchand, 1995, Lemarchand and Praquin, 2005, Ouriemmi, 2014).

The Law of 1863 (Table 3) indicates that the 'commissaires aux comptes' are allowed to check the companies' transactions anytime they want because they guarantee 'the good management of the directors' (Dattin, 2014, Dattin, 2017). The law adds that the publication of the inventory, balance sheet and profit and loss is compulsory, without any clarification of the evaluation of the balance sheet's components, or of the presentation of these different documents (Lemarchand, 1995, Lemarchand and Praquin, 2005).

The Law of 1867 (Table 3) is a French reference in terms of the regulation of trading companies. This law removes the state authorization needed to create a limited company (Lemarchand, 1995, Lemarchand and Praquin, 2005, Dattin, 2014). It replicates the article related to the distribution of fictitious dividends and applies it to limited companies, but without specifying how to measure the net income. Limited companies must establish an inventory, balance sheet and profit and loss but their publication is no longer compulsory (Lemarchand, 1993 in, Ouriemmi, 2014). The Annual General Meeting must appoint at least one 'commissaire aux comptes' but the control of the financial statements is limited to the quarter preceding the date of the AGM (Dattin, 2017). This law stimulates the creation of limited companies and trading transactions but remains strongly criticized based on the multiplication of fraud and financial scandals. Its main weaknesses concern the lack of accounting recommendations or proposals related to balance sheet homogenization (Lemarchand, 1995, Lemarchand and Praquin, 2005, Ouriemmi, 2014). The French State is free of accounting standards. At the same period, two companies can provide their balance sheet according to two different models (Fabre and Labardin, 2015). The law courts are the only one to shape fundamentals principles of accounting, mainly on the rules of earning determination and on the distributable result (Lemarchand and Praquin, 2005, Fabre and Labardin, 2015).

The purpose of the 1875, 1883, 1902, and 1921 bills of law (Table 4) established by parliamentary and extra-parliamentary commissions is to reinforce the 1867 law. Numerous debates related to balance sheet homogenization are initiated, specifically in 1902. Nevertheless, accounting and auditing are missing from these bills, and finally the deputies favor 'laissez-faire' at the expense of interventionism. All these bills of law are therefore abandoned (Lemarchand, 1995, Dattin, 2014, Dattin, 2017, Ouriemmi, 2014).

Due to World War I, Europe needs to fund the massive increase in State costs related to military provisions and feeding the population. Consequently, French income tax is established in 1914, followed by the creation of a corporate tax based on actual earnings in 1916 (Table 5). For the first time, homogenized accounting becomes a tool for the French State to collect its share of war profits (Lemarchand, 1995, Dattin, 2014, Ouriemmi, 2014). The accounting profession regards the 1916 law as a first step towards clarifying the numbers-based language of accounting: "*It is time to get over academic disdain and grant accounting its ranking as an accurate science*" (Touchelay, 2011, p 41). This law is deemed inefficient because of the difficulty in ascertaining the actual profit resulting from the war (Hautcoeur and Grotard, 2001, Vosslamber, 2019), the lack of consent of people liable for the tax, and the lack of an efficient body of inspectors (Daunton, 1996). Nevertheless it has notable implications on French tax and accounting regulation (Touchelay, 2011). The regulation of accounting valuation is instituted in France through tax laws. After the law of 1916, the tax circular of January 1930 (Table 5) related to balance sheet reevaluation establishes a new doctrine which represents a motor for the normalization of accounting (Touchelay, 2011).

Finally, it is not until the Stavisky scandal (1933-1936) and the resulting public outcry (the 1934 Paris riots) that the Chamber of Deputies initiates provisions related to the independence and qualifications of the 'commissaires aux comptes' in the 1935 decree-laws (Table 3). These decree-laws introduce a priori and a posteriori incompatibilities to carrying out auditors' duties and the obligation for listed companies to choose at least one of their auditors from a list of experts named by the Court of Appeal. Auditors must pass a technical examination before being considered experts. Nevertheless, these provisions remain insufficient, and the control of the Financial Statements by auditors an illusion (Dattin, 2014, Dattin, 2017): companies still fear auditors interfering with decisions made by the board of directors (Praquin, 2012) thereby compromising business secrecy (Dattin, 2014).

Accounting and auditing regulation in France between 1856 and 1935 is a series of missed meetings, or even flops. The deputies are torn between limiting trading transactions and protecting savings. Ultimately, they decide to respect business secrecy, and reinforce the status of a liberal country where "laissez-faire" reigns with the Law of 1867. Even in 1935, the attempts at reform are minor in terms of accounting and auditing standards. The main impact in terms of accounting remains the Tax Law of 1916, with the creation of a corporate tax based on actual earnings.

The following tables summarize the different laws, bills of laws and tax laws with an impact on accounting that were proposed between 1856 and 1935, and their aims.

Table 3: 1856-1935 French laws

Commercial Law	Object	Authors
Law on commercial companies 1856	Law related to private companies limited by shares - Supervisory board is mandatory. It has to check the transaction entries and the cash - Report from the supervisory board to the Annual General Meeting is mandatory - Punishment linked to the distribution of fictitious dividends without any recommendation related to the measure of net income - Double-entry accounting is mandatory	(Lemarchand, 1995, Lemarchand and Praquin, 2005, Ouriemmi, 2014)
Law on commercial companies 1863	Law related to limited companies - Statutory auditors can check the transactions anytime they want - Statutory auditors are the guarantee of the directors' good management - Double-entry accounting is no longer mandatory - Legal publication of the inventory, balance sheet and profit and loss is mandatory	(Lemarchand, 1995, Dattin, 2014, Dattin, 2017)
Law on commercial companies 1867	Law related to limited companies - The state's authorization is no longer compulsory to set up a limited company - Punishment linked to the distribution of fictitious dividends without any recommendation related to the measure of net income - Inventory, balance sheet and profit and loss are mandatory but without any recommendations on presentation - Legal publication of the inventory, balance sheet and profit and loss is no longer mandatory - Compulsory appointment of statutory auditors by the AGM in order to maintain investors' trust - Statutory auditors must draft a report to the AGM on the company's situation, balance sheet and accounts - Statutory auditors guarantee "the directors' good management". There are no precisions related to their qualifications or their independence	(Lemarchand, 1995, Lemarchand and Praquin, 2005, Ouriemmi, 2014, Dattin, 2014, Dattin, 2017)
1893: law	Some articles from the 1883 bill were updated but they do not concern accounting.	(Lemarchand, 1995)
1935: Decree-law	- Insufficient provisions to promote qualification and independence of statutory auditors - Introduces the principle of a permanent auditing assignment - Introduces a priori and a posteriori incompatibilities to carrying out auditor's duties. - Obligation for listed companies to choose at least one of their auditors from a list of experts named by the Court of Appeal (better qualifications). - These auditors had to pass a technical examination before being considered experts. Nevertheless, control of the financial statements remained illusory.	(Dattin, 2014, Dattin, 2017)

Table 4: 1856-1935 bill of French laws

Bill of law	Objects	Authors
1875: parliamentary commission	Amendment to the 1867 law. Bill of law related to financial disclosure : - Registration of certified copies of the balance sheet and profit and loss at Commercial Court and Judicial and Peace Court - Annual publication but without any recommendations on presentation This bill was abandoned: "Laissez-faire wins over interventionism". Accounting was left out of this bill.	(Lemarchand, 1995, Dattin, 2014, Dattin, 2017, Ouriemmi, 2014)
1883 : parliamentary commission	Bill of law related to evaluation standards of balance sheet This bill was abandoned: "Laissez-faire wins over interventionism".	(Lemarchand, 1995, Ouriemmi, 2014, Dattin, 2014, Dattin, 2017)
1902: extra-parliamentary commission	Bill to standardize balance sheet (form and content) in order to protect savings. This bill was abandoned: "Laissez-faire wins over interventionism".	(Lemarchand, 1995, Dattin, 2014, Dattin, 2017, Ouriemmi, 2014)
1921 (April): bill of law on commercial companies	Bill to standardize balance sheets (form and content) in order to: - Strengthen savings protection - Increase shareholder understanding - Insure an accurate calculation of the corporate tax and defend the Tresory's interests This bill was abandoned: "Laissez-faire wins over interventionism".	(Ouriemmi, 2014)
1921 (October): bill of law for traders	Bill to standardize traders' practices (Code de Commerce infringements): - Double-entries are mandatory for all transactions - Entries must be centralized monthly - Entries must be summarized in a document This bill was abandoned: "Laissez-faire wins over interventionism".	(Ouriemmi, 2014)

Table 5: 1856-1935 French tax laws with accounting impacts

Tax law with accounting impact	Objects	Authors
1914: law	Implementation of income tax	(Lemarchand, 1995)
1916: law	Implementation of corporate tax calculated on actual earnings. Standardized accounting is a state tool to collect its share of war profits.	(Touchelay, 2011)
1930: tax circular	Tax circular related to balance sheet reevaluation. - Companies which reevaluate their balance sheet benefit from tax incentives - Asset depreciations are calculated on the reevaluated gross value - Companies must highlight the reevaluation profit Companies must draw up a statement of the revaluated assets and their depreciations	(Touchelay, 2011)

1.4 Capital market versus family business

Finally, the explanatory power of 'financial markets' in the development of the accounting and auditing professions across the world should not be neglected (Walker, 1995, Ramirez, 2009b).

The UK's capital markets had taken off in the 1860s, which led to British accountants deciding to organize to respond to the new demand for auditing (Praquin, 2012). Indeed in Great Britain, *"the appointment of the professional accountant as an independent auditor dates from the 1840s, and in common with many other British accounting developments, was closely connected with the growth of the railways*" (Humphrey et al., 1992, p. 139). According to Rutteford (2009), the London Stock Exchange was the largest stock market in the 17th and 18th centuries (Rutterford, 2009). This early success can be explained by different factors, including the growing number of stock market bubbles created by railways or other new waves of technology (Rutterford, 2009, Toms, 2017). In addition, the Companies Act of 1862 and the Banking and Joint-Stock Companies Act of 1879 formalized and professionalized the role and status of auditors in the UK (Humphrey et al., 1992).

As explained by Bonin (1989), "in France, the capital structures remained family-based for a long time, even in large companies", and the companies financed themselves thanks to their own equity rather than capital markets (Bonin, 1989, Ramirez, 2009b, Praquin, 2012). In this context of family business, financial autonomy and individualism, the business circle remained hostile and immune to any external control, including auditing. Through her study of the archives of two major French companies from 1886 to 1926, Dattin (2014) shows that auditors were chosen from the directors' close network and act more like the directors' right-hand men than the people in charge of inspecting Financial Statements. The lack of independence was obvious and business secrecy was respected since the disclosure of accounting information to shareholders was limited. (Dattin, 2014).

This political and normative context underlines that in France, unlike in Great Britain and other common law countries, the accounting or auditing professions cannot be considered as privileged professions on which other professions can be dependant.

2. The lack of knowledge and skills

In France, the professionalization of auditing is recent. As explained by Praquin (2012), one needs to go back to the French Revolution (with the Allarde Decree of 17 March 1791 and the Le Chapelier Law of 14 June 1791) to understand that the French State greatly distrusted social organizations and professional corporations such as accountants and auditors (Praquin, 2012), prioritizing entrepreneurship (Praquin, 2008). Therefore, until the end of the 19th century, accounting in France was practiced by individuals who were considered in business and political circles as 'charlatans', 'accomplices of tax-dodging fraudsters' (Praquin, 2012). With regard to the auditors, there are not many at this time, and their involvement in accounting practices is secondary to their main occupation. In the 1870s, 'commissaire aux compte' is a "function" rather than a "profession" (Ramirez, 2001, Ramirez, 2003, Ramirez, 2009b, Baker, 2013). Moreover, it is well-known that auditors are recruited, in part, because of "*their lack of expertise*" (Ramirez, 2001, Dattin, 2014).

Therefore, in France, auditors cannot highlight their skills and expertise (Freidson, 1989) before 1948 when they were legally appointed, more precisely in 1966 when the State approved significant legislative and regulatory moves to modernize auditing in France (Ramirez, 2009b). Moreover, French auditors were represented by private professional associations (Freidson, 1989) very late in the 20th century.

VI. Summary

This part has first related to how to identify the responsibility. It presented Young's two models of responsibility highlighting that when structural injustices emerge from social structures, the legal model of responsibility is insufficient and leads to the social connection model of responsibility. Second, by using Young's framework, the sociology of professions (Freidson, 1989), and structuration theories (Giddens, 1984) this part explained why, in the Anglo-Saxon context, responsibility in cases of financial scandals is assigned to the auditing profession. Finally, this part demonstrated that in light of the multiple specificities in French regulations and professionalization, the dynamic resulting from the repetitive occurrence of financial scandals – widespread blaming of the auditing profession, followed by significant changes in the regulatory environment – can be disrupted. This second part demonstrated that the analysis of the historical financial scandals outside the Anglo-Saxon world presents

an opportunity to explore alternative dynamics in the nature and justification of ensuing actions.

Part 3: Research Objectives

As seen previously, the question of responsibility in cases of financial scandals is not prominent in academic research. However, someone or something is responsible for financial scandals; someone or something must be blamed (Humphrey et al., 1992, Sikka, 2009). The Anglo-Saxon world attributes the responsibility mainly to the auditors. Humphrey, Moizer and Turley (1992) describe the repetitive cycles of financial scandals (Fig 3), underscoring the fact that auditors are already held responsible in Anglo-Saxon public speeches in the 1880s and 1930s, and that each financial scandal is followed by significant changes in the regulatory environment.

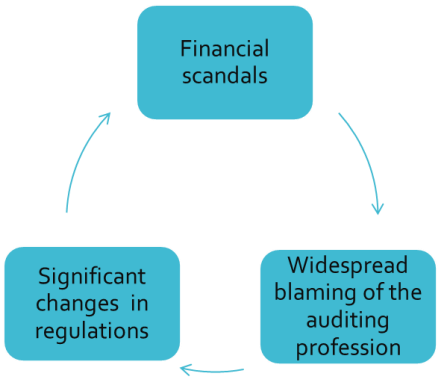


Fig 3: Repetitive cycles of financial scandals according to Humphrey, Moizer and Turley (1992) and Toms (2017)

Nevertheless, the academic research does not specify who holds the responsibility when accounting and auditing are not dominant professions. Indeed, in a country such as France, there is a long tradition of state intervention. France promotes a control by law instead of a control by profession. After a strong period of control and intervention in terms of business regulation (i.e 1673-Colbert Ordonnance and 1807- Code de Commerce), France enters a long period of lack of interest related to accounting and auditing regulation. Accounting and auditing are both absent from French regulation; these professions do not even exist in French Society's perception of the business world. Despite the lack of the auditing and accounting professions, responsibility related to financial scandal can be attributed. **The first objective of**

this PhD is to understand the historical construction of responsibility in France in cases of financial scandal.

The way that Society constructs this responsibility gives insight into Society itself and also gives meaning to specific outcomes of such scandals; especially when regulation is not an automatic response.

Indeed, the impact of the historical, legal, cultural and societal context (La Porta et al., 1998, Hail et al., 2018) in financial scandal outcomes is undeniable. It explains and balances the prominent Anglo-Saxon demonstration that regulation is an automatic response to fraud. France is the perfect example to demonstrate that based on its historical, legal, cultural and societal context, regulation is not an automatic outcome of financial scandal.

Society gives meaning to and rationalizes events by constructing narratives: "*the sense-making process is centered on the construction of narratives that explain the crisis and enable or constrain institutional response to the crisis*" (Hansen, 2012, p 673). Narratives shape social structures and give meaning to justify ¬or not¬ a regulatory response (Giddens, 1984). The analysis of these narratives contributes to understanding what form of outcomes financial scandals can generate. **The second objective of this PhD is to understand what is revealed by the media narratives about the outcomes of French financial scandal.**

Consequently, this study proposes to answer the two following research questions:

Historically, how was the responsibility for financial scandals constructed in France?

What do the media narratives reveal about the outcomes of historical French financial scandals?

Part 4: Research Methodology and Methods

I. Introduction

The purpose of this Part is to set out the methodology and methods adopted to address the research questions set out in Part 3. This Part commences with an explanation of the ontological and epistemological positioning of the thesis. It then explains and justifies the approach of examining the newspaper narratives surrounding two historical financial scandals in France in order to address the two research questions. The case study approach is explained, and the limitations of this approach are considered. The basis for choosing the two historical financial scandals is then explained. This is followed by a justification of the use of newspapers as a data source, and an explanation of the choice of newspapers used in the study, followed by an explanation of the data collection methods. The approach to data analysis is then discussed, and this Part concludes with a short summary.

II. Research Philosophy and Methodology

The researchers who share the same "*set of interrelated assumptions about the social world*" (Filstead, 1979, p 34) shape and nourish a paradigm. This paradigm "*provides a philosophical and conceptual framework for the organized study of that world*" (Filstead, 1979, p 34) The paradigm selected "*guides the researcher in philosophical assumptions about the research and in the selection of tools, instruments, participants, and methods used in the study*" (Ponterotto, 2005).

Ontology corresponds to the way a researcher chooses to define what is real (Hatch and Cunliffe, 2009). More specifically and according to Ponterotto (2005), ontology addresses the following questions: "*What is the form and nature of reality, and what can be known about that reality?*" (Ponterotto, 2005, p 130). This section positions this study ontologically and epistemologically.

1. Research Philosophy

The foundations of this study are constituted by the belief that "*What is the form and nature of reality, and what can be known about that reality the social world is a world of meaning.*

Meaning does not exist independent of people interacting with each other and that straightforward observation leads directly to the observation that most of the important stuff in the human experience is socially constructed" (Gioia, 2020, p 22).

This foundation references this study using a subjectivist approach (Hatch and Cunliffe, 2009), more specifically the research paradigm of constructivism-interpretivism. Contrary to the positivist paradigm which states that there is one single true reality which is "*What is the form and nature of reality, and what can be known about that reality apprehendable, identifiable, and measurable*" (Ponterotto, 2005, p 130), the constructivist-interpretisvist researchers perceive reality as multiple and constructed. According to Ponterotto (2005), reality is "*subjective and influenced by the context of the situation, namely the individual's experience and perceptions, the social environment, and the interaction between the individual and the researcher"* (Ponterotto, 2005, p 130).

As already seen, the paradigm selected guides the researcher in the choice of the requisite tools and methods to succeed in his work. Indeed, the way that the researcher shapes the knowledge and the criteria chosen to assess this knowledge – i.e. the epistemology – is closely linked to the ontology; the researcher's choices in terms of methodology and methods are modelized according to these ontological presuppositions (Hatch and Cunliffe, 2009).

2. Research Methodology

The constructivist-interpretivist epistemology assumes that knowledge is connected to the knower, i.e. the actor, and can only be understood in regard to the individuals who are directly involved in this event/process. The truth is socially constructed by multiple interpretations of objects of knowledge. This constructed knowledge is dynamic and changes depending on timing (Hatch and Cunliffe, 2009). In other words, there are numerous understandings and interpretations of reality and they can change depending on the moment of the analysis. Moreover, these interpretations are influenced by the personal experience of those who 'would-be knower'. As a starting point, the constructivist-interpretivist researchers do not consider being objective in their analysis of the interpretations produced by others. They state that this subjectivist stance maintains the reality as socially constructed, and therefore the dynamic interaction between researcher and knower is central to capturing and describing the "lived experience" (Erlebnis) of the actor (Ponterotto, 2005). "*The researcher should*

acknowledge, describe, and 'bracket' his or her values, but not eliminate them" (Ponterotto, 2005, p 131).

Capturing and describing the "lived experience" (Erlebnis) is the core purpose of the interpretivist researchers. Their empirical reality exceeds the humans 'five senses and includes emotions and intuition (Hatch and Cunliffe, 2009). In contrast to positivists, they don't need to 'observe 'and 'measure 'a reality, they need to "*seek methods that enable them to understand in depth the relationship of human beings to their environment and the part those people play in creating the social fabric of which they are a part*" (McQueens, 2002). In order to experience this aim, they need 'in-depth' and 'insights' from the community they are targeting. This is why Than & Than (2015) underline that there is a strong interconnection between the interpretivist approach and qualitative methodology: "*one is a methodological approach and one is a means of collecting data*" (Than and Than, 2015, p 24). Consequently, interpretivists favor qualitative methods, more specifically case studies and ethnography (Willis, 2007). Indeed, case studies allow the researcher to explore and understand "*the meaning individuals or groups ascribe to a social or human problem*" (Creswell, 2009, p 4), such as financial scandals in our specific study.

III. Research approach.

1. A case study approach

Part 3 explained that the overarching objective of this study is to contribute to our understanding of the historical differences in the outcomes of financial scandals in France versus Anglo Saxon countries and set out the research questions as follows:

Historically, how was the responsibility for financial scandals constructed in France?

What do the media narratives reveal about the outcomes of historical French financial scandals?

Adopting an interpretivist methodology, the primary choice is to develop qualitative research through case studies or ethnography (Willis, 2007). According to Creswell (2007), ethnography's purpose is to determine how a population, a community, or a group functions while "*case study research involves the study of an issue explored through one or more cases within a bounded system*" (Creswell, 2007, p 73). The bounded system can be represented by

a setting, a context or an event. Indeed, even if Stakes (2005) prefers to describe case studies as a choice of what is to be studied (Stake, 2005), scholars mainly present them as a strategy of inquiry, a methodology, or a comprehensive research strategy (Denzin and Lincoln, 2005, Merriam, 1998, Yin, 2003).

Prior literature adopting historical perspectives has found that the economic and legal context of the financial scandal outcomes (Toms, 2017;2019; Hail et al., 2018). However, adopting an interpretivist perspective with the objective of providing insight in the construction of responsibility and outcomes of scandals, an in-depth study of historical financial scandals in needed. It would be impossible for a single PhD study to conduct a significant number of in-depth historical case studies, and therefore it was necessary to limit the number of case studies as depth is far more important than breadth in addressing the research objective.

The decision was taken to study two cases of historical financial scandals, the Panama Scandal and the Stavisky scandal, which represents a research design involving 'multiple case studies'. This enabled the researcher to focus on one issue (e.g. construction of responsibility in the financial scandal) which is again examined through another financial scandal in another period in order to enlarge and deepen the understanding of the issue (Creswell, 2007). In order not to reduce each complex case to a few comparable variables and to understand the full specificities of each case (Stoecker, 1991), two case studies have been explored. Creswell (2007) recommends not analyzing more than four case studies (Creswell, 2007). The choice of two case studies takes into account the amount of data collection necessary and the time allocated to a PhD. In this work, the ‘multiple case studies’ method is used because the intention is to deliberately cover contextual conditions in the belief that they might be highly pertinent to understanding the financial scandal phenomenon in France at different periods of time (Yin, 2003). Given the position adopted in this study that the truth is socially constructed and dynamic (i.e. it changes depending on timing), the analysis of two financial scandals, developed at two different periods of time, in the same geographical scope, enables the researcher a) to identify this change/evolution over this period, and b) to consider the trajectory of the construction of both responsibility for the scandal and the regulatory responses and other outcomes across time. Consequently, the case study method facilitates addressing the research question and at the same time fully respects the research philosophy.

2. Criticisms of a case study approach

Gioia (2021) points out that the case studies method is more common in organization study than in many other fields. This statement can be explained by two inherent qualities: cases studies tend "to *be insightful*" and "*to couch those insights within the context of telling a good story. And who does not love a good story?*" (Gioia, 2020, p 21). Moreover, the fact that the case study method fits perfectly with the interpretivist-constructivist paradigm which nourishes other areas than organization study is a real strength. Nevertheless, despite all these advantages, their legitimacy and credibility have historically been questioned (Gioia, 2020, Gioia et al., 2012). Several factors explain these criticisms, all of which challenge the scientific approach.

First, no specific process of data collection is detailed; the case study method is more akin to drawing an analytical process (Charmaz, 2001, Strauss, 1987). The process of data analysis represents the second point of contestation: even if numerous methods are proposed (Merriam, 1998, Creswell, 2009), the data analysis process is poorly defined (Yin, 2003, Lauckner et al., 2012). Third, the idiosyncratic perception of the case study method, and more specifically of the interpretivist approach through case study, is underlined (Ponterotto, 2005, Hatch and Cunliffe, 2009, Gioia, 2020). Positivists seek to extrapolate their findings to a whole population; they generalize their findings from the sample they selected. Interpretivist-constructivist researchers have a hermeneutical approach; they construe their interpretation based on the fact that "*human claims about nature cannot be independent of inside-the-head processes of the knowing subject*" (Hamilton, 1994, p 63) Their goal is understanding the "meaning" of social phenomena and not to give some scientific explanations (Ponterotto, 2005). Consequently, their findings cannot be generalizable (Hatch and Cunliffe, 2009, Gioia, 2020). Finally, the last factor is that findings of the case study method are more impressionistic than rigorous: this is what good storytelling can be reproached for (Gioia, 2020).

To counter these arguments, a rigorous method of data collection and data analysis must be implemented. This rigorous method contributes to being able to answer the following question: "*how do you know what you say you know*?" (Gioia, 2020, p 23).

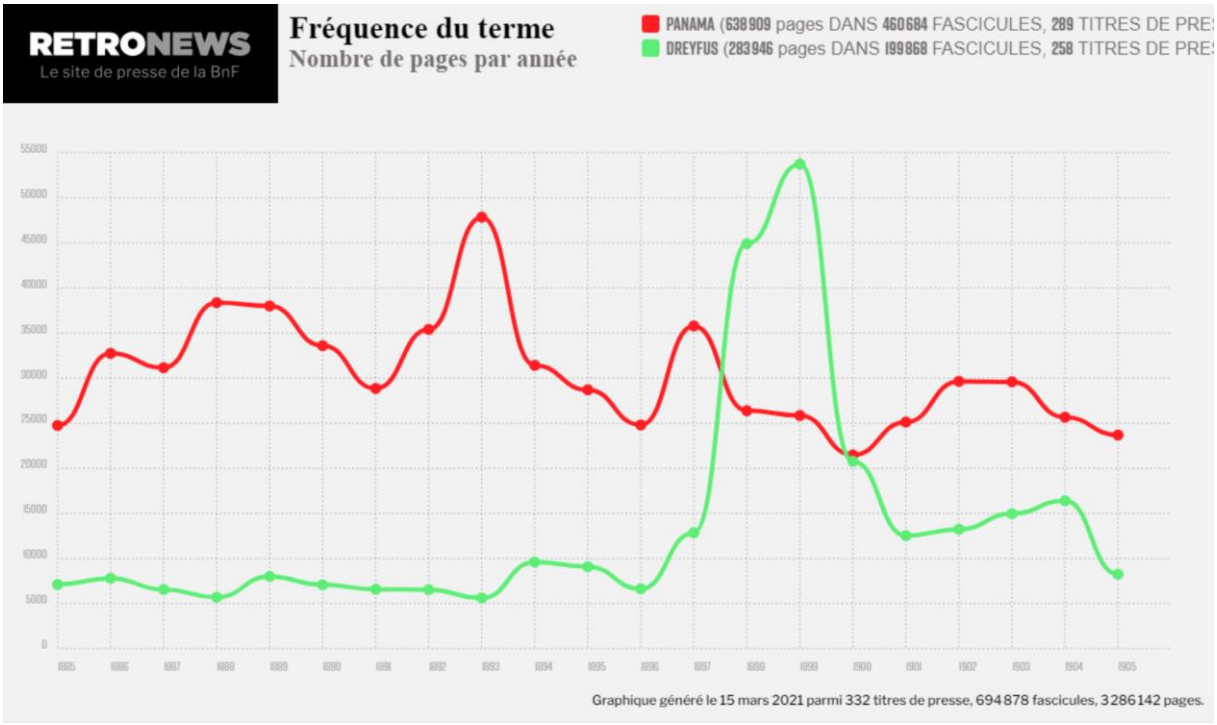
The construction of responsibility in our two historical case studies is examined through contemporaneous narratives published in the French national newspapers. In this work each case study represents an object of study, as well as a product of the inquiry (Creswell, 2007).

3. Justification of the choice of Panama and Stavisky scandals.

The specific past key French events we decided to analyze are financial scandals. Society's discourse is emphasized and can be more easily observed during specific periods such as accounting failures or financial scandals. Indeed, the actors involved in such cases develop an intensive process of 'criticisms 'and 'justifications 'that go beyond the implicit boundaries (Boltansky and Thévenot, 1991). This discourse becomes a critical discourse when disclosure of fraud and manipulation of figures proliferate, putting into question the production and the publication of Financial Statements (de Blic, 2004).

This research uses the discursive manifestations related to the construction of responsibility in two different French financial scandals, throughout history, in order to understand their impact on the outcomes of the scandals. This analysis is presented in the form of two case studies (See Part 4 Section III). The purpose of this section is to justify the choice of the two scandals and explain why they present a good basis to address the research questions.

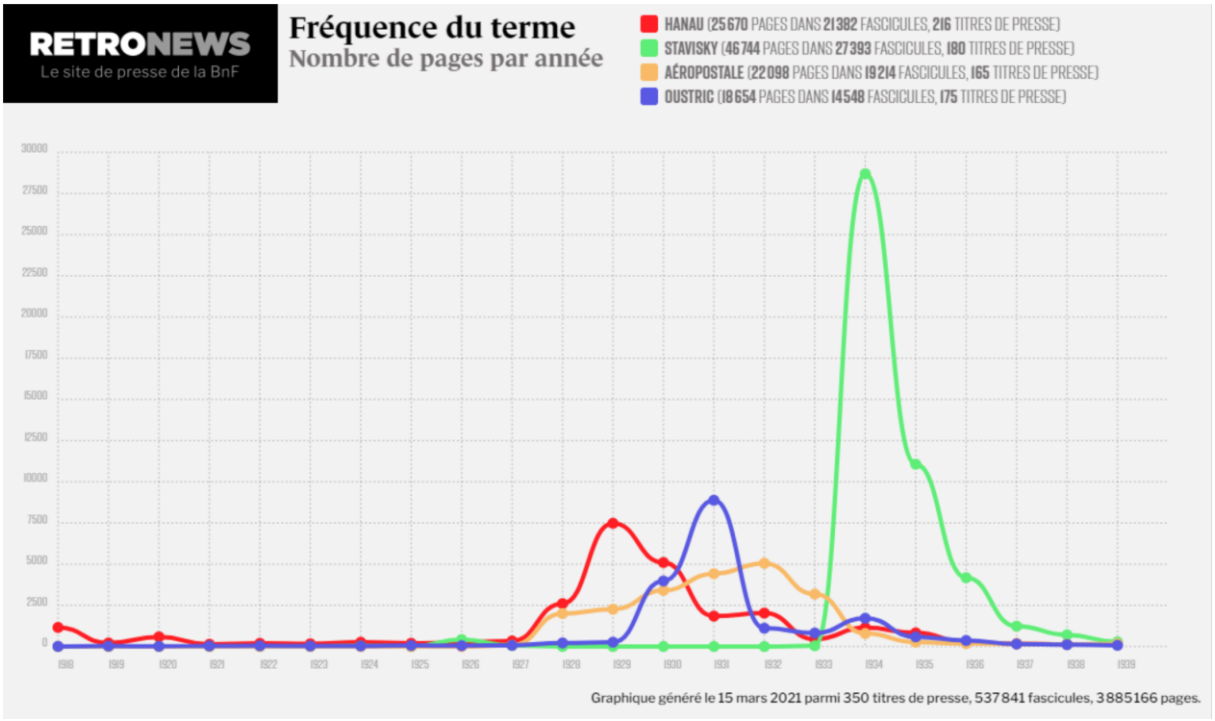
The first case study chosen is the Panama Canal scandal. The Panama Canal scandal occurred between 1889 and 1893. At this period, there is no mention of accounting or auditing in French public discourse given the fact that the accounting and auditing professions are neither accepted nor their tools used correctly. According to the literature, the Panama scandal is a) the beginning of a vast series of political maneuvers which aimed to destabilize the existing political power using financial pretexts (Thiveaud, 1997), and b) the first time that accounting was used as an efficient tool in a country shocked by chronic governmental crises (i.e. the expert Flory's report) (de Blic, 2004). Moreover, the Panama scandal was one of the most quoted scandals in the media at this period (Pic 1). Picture 1 shows a diagram detailing the frequency of the word 'Panama 'in the French press between 1885 and 1905. The Panama scandal (in red) reaches its peak in 1893 with almost 50,000 citations (Pic 1).



Picture 1: Frequency of the word 'Panama 'in the French Press between 1885 and 1905[14]

The second case study is an analysis of the Stavisky scandal. This scandal occurred between 1934 and 1936 and represents the first French scandal to initiate a change in regulation (decree-law of 1935). Despite the limited impact of this decree-law on accounting regulation and auditing professionalization (see Part 2 Section V-1), this implies determining how the French government came to change the law and how Society reacts to this change. Finally, like the Panama scandal, the Stavisky scandal was one of the most quoted scandals in the media at this period (Pic 2). Picture 2 shows a diagram detailing the frequency of the word 'Stavisky' in the French press between 1918 and 1939. The Stavisky scandal (in green) reaches its peak in 1934 with almost 30,000 quotations (Pic 2).

[14] Source: Retronews – BNF press website – www.retronews.fr



Picture 2: Frequency of the word 'Stavisky' in the French Press between 1918 and 1939[15]

The specificities of each of these two scandals (see above) and the fact that they represent the most talked-about scandals (Pic 3 and Pic 4) during a period agitated by a wave of scandals (i.e the Third Republic) (Thiveaud, 1997) justify the choice of these specific scandal in this study.

The two diagrams indicate the number of quotations in a selected specific period of time in all the French press. Based on the number of quotations, it was not possible to analyze every occurrence related to these scandals in the entire French press. This is why, the following section details the process implemented in this study to choose the newspapers from which data was collected.

4. Justification of Newspapers as the source of data.

Accounting history borrows "*methodologies and historiographical* (i.e. different processes implemented for the writing of history based on critical examination of sources) *discourses*" from history (Walker, 2009, p 14). The accounting historians' aim is to use evidence which allows them to draw a "*probable and coherent picture of what happened in the past*" (Edwards, 2009, p 57). This evidence must be communicative in order to be relevant

[15] Source: Retronews – BNF press website – www.retronews.fr

(Fleichman and Tyson, 1997). Accounting historians like auditors need to organize their thinking from comprehensive evidence gathering (Napier, 2002, Walker, 2004b).

Figure 4 categorizes the type of sources used in history.

Natural evidence	*Communicative evidence*
Past landscapes	*Written*
Natural objects	Chronicles, annals, biographies, genealogies
Human remains	Memoirs, diaries, letters, newspapers
Alterations of natural objects (tilled fields, cleared forests, etc.)	Literature, public documents, business records
Processive evidence	Inscriptions
Language, customs, institutions	*Oral*
Tools, other artefacts	Ballads, anecdotes, tapes, sagas
	Recordings (tapes, disks)
	Works of art
	Portraits, other paintings, sculpture, coins, medals
	Films, videotapes, music

Figure 4: Evidence of history (Fleichman and Tyson, 1997)

The communicative evidence can be divided into two categories: the written documents, called archival evidence, and the oral evidence (Fig 4). In order to answer the research questions, this study proposes to analyze narratives related to two financial scandals, originating from the popular press at the time of these scandals. Consequently, by analyzing the French press 'discursive activity related to financial scandals, archival evidence was used, more specifically Chronicles (Fig 4).

This research approach was inspired by the work of Morales, Gendron and Guénin Paracini (2014). They chose to examine the discursive activity in the '2010 Greek Government's debt crisis' through English-language press coverage of the issue. In other words, they use the discursive manifestations related to the 2010 debt crisis in Greece as a key event, in order to understand their impact on society (Morales et al., 2014).

The choice of media as a representative tool of communication of Society's discourse has been contested by academic research. Corrupted publishers, a tool of propaganda, the lack of independence against political and economic powers (Bouveresse, 2008, Kraus, 2000, Chomsky and Herman, 1974): the press has a bad reputation. In another issue, authors like Mallarmé accuse the daily newspapers of reporting a distorted reality represented by all the societal 'clichés' (Ettlin, 2017).

Without denying the relevance of these statements, this study relies on the observations that the press, and specifically daily newspapers, possess three features, which allow it to play a key role in modern democracy (Kalifa et al., 2011a, Morales et al., 2014).

According to Kalifa, Régnier, Thérenty and Vaillant (2011), these three features are that newspapers are a) newsworthy, b) daily and c) a collective work.

a) Newspapers are newsworthy (Kalifa et al., 2011a)

Contrary to the objective of a traditional publisher, which is to bring a message from the private sphere to the public sphere, the newspaper, and the news that it publishes, arises from the public space –and are fully located within this public space. It works as an instrument of mediation and intermediation between people (Kalifa et al., 2011a).

As a tool of mediation, it intervenes between the readers and the reality, by drawing the reality. It is 'this' drawn reality which is the object of many criticisms (Kalifa et al., 2011a). But in regards to the discourse analysis, the success of the popular press and the birth of mass media in France between 1880 and 1914 (Albert, 2018, Delporte et al., 2016, Kalifa et al., 2011b) lead to a change in the discursive activity. It no longer about convincing and stirring opinion with argumentative discourse – which was the case during the French Revolution – but about seducing consumers with narrative discourse (Karila Cohen, 2011, Kalifa et al., 2011a).

This narrative discourse becomes a subject of discussion that the readers then appropriate. According to Tarde (1890), the operating event in the socialization process is the phenomenon of imitation between people (Muhlmann, 2011, Tarde, 1890). Tarde studies imitation through a group of people that he calls 'the public'. He compares 'the public' to another group of people that Le Bon (1895) calls 'the crowd' and which is, according to Le Bon (1895), creates the disorder of the French Revolution, and is the initial disorder that leads to the others (Muhlmann, 2011, Le Bon, 1895). The crowd's acts are stimulated by the press, whose argumentative discourse belongs to the main representatives of the French Revolution. Tarde overcomes Le Bon's traditional antidemocratic discourse, his fear of the crowd and his vision of the press as a vector of violence and disorder by promoting 'the public', which is an alternative way of being at the service of people. According to Tarde (1901), 'the crowd', which

is a group in which people reproduce their behaviors with little free will, was historically overtaken by the rise of other groups, like 'the public'.

The public's socialization process is more elaborate. It integrates a diversity of individualities allowing it to enlarge the group, thanks to imitation. The rise of this modern social group was fostered by the development of mass media. Even before Berger and Luckman (1966) described language as the most important tool of 'socialization', Tarde (1901) presents 'the conversation' as a strong tool of socialization inside a social group, such as 'the public' (Karila Cohen, 2011, Muhlmann, 2011, Tarde, 1901). This 'conversation' has a greater outreach in terms of readership. People talk together about what they read, implementing a finer and more complex imitation process (Muhlmann, 2011, Tarde, 1901). 'The public' converses about the discourse contained in the press and accepts the group's diversity. It even regulates and manages this diversity through the collective conversation, which takes place within the group.

b) Newspapers are daily (Kalifa et al., 2011a)

This reality, which distinguishes a modern 'flow culture' from a traditional editorial culture, seems to be obvious. The objective of a daily newspaper is to be published every day with enough text and news to fill all its columns. However, this daily model transforms the status of the authors. Prior to the daily format and mass media, the initiative of writing came from the author: they decided to take up their pens to write what they wanted to say, taking their time. Publication was secondary. With daily newspapers, this model is reversed. It is the rhythm of publication, which nothing can stop, which implies finding writers, suppliers of text (Kalifa et al., 2011a): "*the rhythm of writing is not anymore the mirror of individual strengths, but a social reality*" (Kalifa et al., 2011a, p 18). Whatever the opinion, deep thought or feeling that an author wants to express, "*the tempo of the creative work comes from outside*" (Kalifa et al., 2011a, p 18). This imposed change in timing changes the readers' perception of politics, culture and the arts. The emergence of mass media in the early 19th century represents a collective time inside which different timings overlap and which the daily newspapers remember and therefore create (Kalifa et al., 2011a).

c) Newspapers are collective (Kalifa et al., 2011a)

Each new issue is the result of the concertation of a group of editors who lead multiple contributing journalists united by a real complicity. These people are connected within a newspaper but also from one newspaper to another (Kalifa et al., 2011a). They are connected within the sub-universe of writers/journalists. They use their own vocabulary, which allows their sub-universe to either keep laymen away and create rules for their acceptance. For these who belong to the same sub-universe, it allows them to internalize their membership (Berger and Luckman, 1966, Evans, 2010) and enhance their prestige by upgrading their sub-universe to a premium category (Evans, 2010). "*The journalistic word is both plural and collective"* (Kalifa et al., 2011a, p 19). It represents a social construction and plays a part in the collective discussion of the social group, named "the public".

d) limitations of Newspapers as a source of archival data

This section details how the data was secured.

As stated by academics (Edwards, 2009, Napier, 2002, Fleichman and Tyson, 1997), using archival evidence raises different issues.

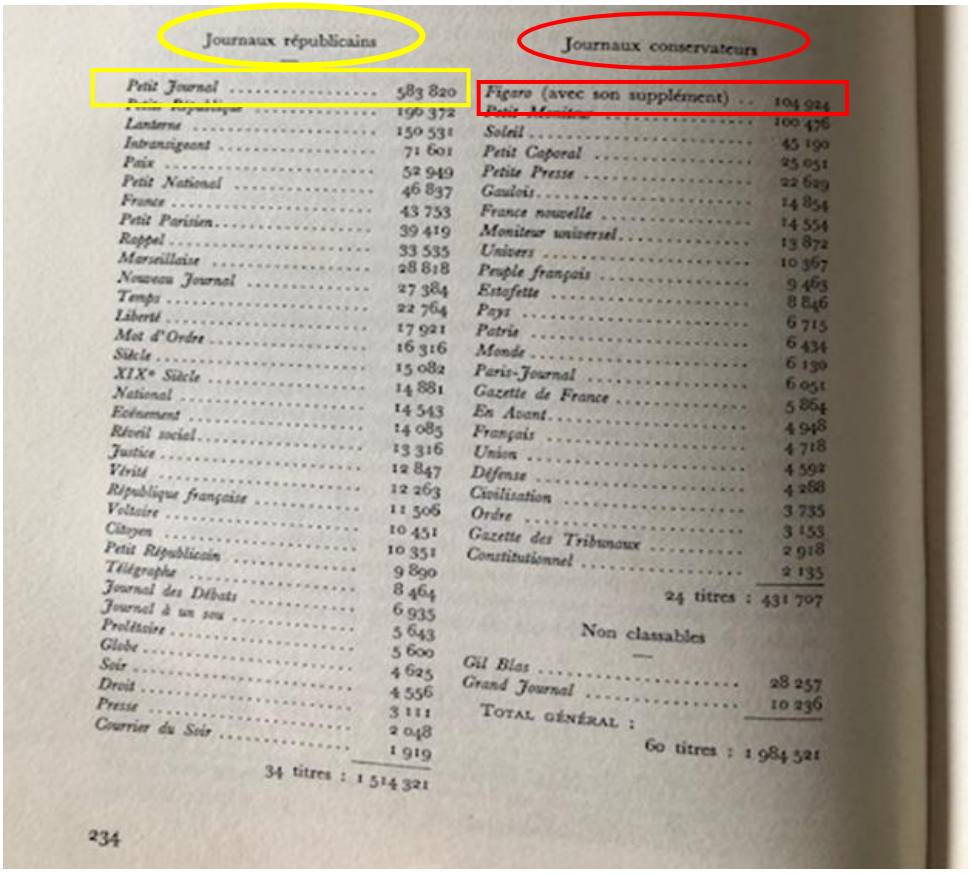
The first one is that archival evidence gradually disappeared and became, for certain periods or categories of evidence, an endangered species (Edwards, 2009, Fleichman and Tyson, 1997, Walker, 2004b). Indeed, as underlined by Napier (2009), the "*survival of specific documents can be the outcomes of a combination of deliberate selection (and suppression) and pure chance*" (Napier, 2009, p 41). The second one is that there is a practical problem in accessing archival evidence since the reference catalogues are insufficient because they are rare (Napier, 2009). Finally, once the document is identified and found, the challenge of deciphering it subsists: language, old handwriting, size of handwriting, disappearing ink, existence of symbols or abbreviations (Napier, 2009).

To avoid these three limitations, this research relied on the Gallica – BNF database (i.e. Bibliothèque Nationale de France's database), which contains the digital archives of the main national and local daily newspapers from the late 18th century to the first years of World War II. For each financial scandal analyzed, the two daily newspapers with the largest circulation in France (in both Paris and the French countryside) were identified. In order to secure empirical evidence – in other words to make sure that this evidence was accessible – the

accessibility and readability of these newspapers were checked on the database: all the newspapers were accessible and readable during the selected periods of the two financial scandals (except for Le Figaro for a few weeks). The newspapers were obviously written in French, and a 'magnifying glass' was available on Gallica to read the chronicles more easily. Thanks to this process, the data was identified, secured, accessible and readable.

5. Choice of Newspapers

Given the fact newspapers are a) newsworthy, b) daily and c) a collective work (See Part 4 Section 4) this study considers newspapers as a representative tool of communication of Society's discourse. In order to be representative of the majority of Society, the two daily newspapers with the largest circulation in France, in both Paris and province, have been chosen. In order to be relevant, the research needed to take into account the major political trends of the period under investigation, as well as the prism of Paris versus province. However, as highlighted by the academic research, mass media (i.e. popular newspapers) is not compatible with a strong political engagement (Albert, 2018, Delporte et al., 2016, Kalifa et al., 2011a). For example, Le Petit Journal's decline in readership occurs after 1898, when its anti-Dreyfus position becomes too strong (Albert, 2018) for Society. The orientation and the editorial line of the newspapers can be seen to be influenced by the major political trends until the 1890s (i.e. for the Panama Canal scandal). But it happens less and less after this period. Therefore, this research argues that given the national coverage of the selected newspapers, public discourse related to the scandals is represented by the significant number of readers of all selected daily newspapers (Pic 1 and Pic 2), and that their discursive activity is representative of as many individuals as possible.



Journaux républicains

Petit Journal	583 820
[illegible]	190 372
Lanterne	150 531
Intransigeant	71 601
Paix	52 949
Petit National	46 837
France	43 753
Petit Parisien	39 419
Rappel	33 535
Marseillaise	28 818
Nouveau Journal	27 384
Temps	22 764
Liberté	17 921
Mot d'Ordre	16 316
Siècle	15 082
XIX[e] Siècle	14 881
National	14 543
Evénement	14 085
Réveil social	13 316
Justice	12 847
Vérité	12 263
République française	11 506
Voltaire	10 451
Citoyen	10 351
Petit Républicain	9 890
Télégraphe	8 464
Journal des Débats	6 935
Journal à un sou	5 643
Prolétaire	5 600
Globe	4 625
Soir	4 556
Droit	3 111
Presse	2 048
Courrier du Soir	1 919
34 titres :	1 514 321

Journaux conservateurs

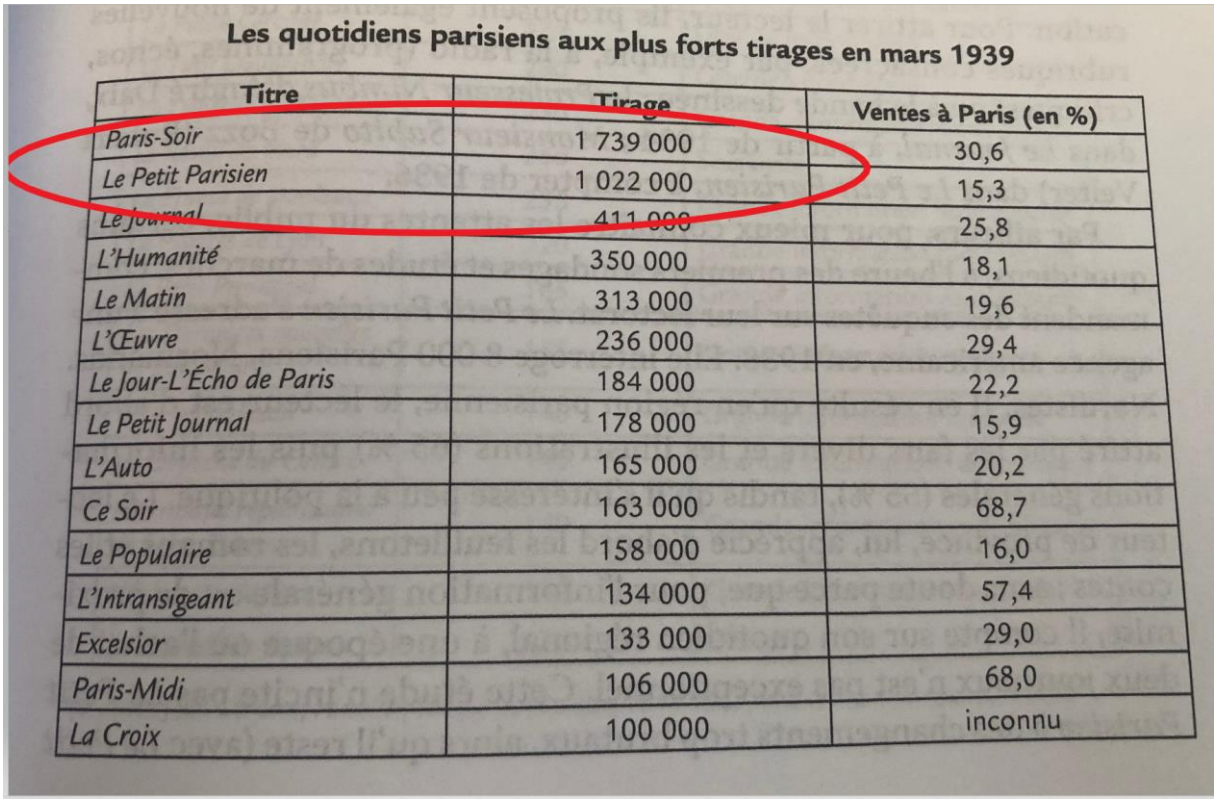
Figaro (avec son supplément)	104 924
[illegible]	100 476
Soleil	45 190
Petit Caporal	25 051
Petite Presse	22 629
Gaulois	14 854
France nouvelle	14 554
Moniteur universel	13 872
Univers	10 367
Peuple français	9 463
Estafette	8 846
Pays	6 715
Patrie	6 434
Monde	6 130
Paris-Journal	6 051
Gazette de France	5 864
En Avant	4 948
Français	4 718
Union	4 592
Défense	4 288
Civilisation	3 735
Ordre	3 153
Gazette des Tribunaux	2 918
Constitutionnel	2 135
24 titres :	431 707

Non classables

Gil Blas	28 257
Grand Journal	10 236
TOTAL GÉNÉRAL :	
60 titres :	1 984 321

234

Picture 3: *Circulation of French Newspapers in July 1880 (Godechot et al., 1972)*



Les quotidiens parisiens aux plus forts tirages en mars 1939

Titre	Tirage	Ventes à Paris (en %)
Paris-Soir	1 739 000	30,6
Le Petit Parisien	1 022 000	15,3
Le Journal	411 000	25,8
L'Humanité	350 000	18,1
Le Matin	313 000	19,6
L'Œuvre	236 000	29,4
Le Jour-L'Écho de Paris	184 000	22,2
Le Petit Journal	178 000	15,9
L'Auto	165 000	20,2
Ce Soir	163 000	68,7
Le Populaire	158 000	16,0
L'Intransigeant	134 000	57,4
Excelsior	133 000	29,0
Paris-Midi	106 000	68,0
La Croix	100 000	inconnu

Picture 4: Circulation of French Newspapers in March 1939 (Delporte et al., 2016)

Picture 3 shows the circulation of French daily newspapers in July 1880 while Picture 4 shows the circulation of French daily newspapers in March 1939. This research used these two documents as a basis to select the main daily newspapers in circulation during the Panama Canal scandal (Picture 3) and the Stavisky scandal (Picture 4). Hence, in the case of the Panama scandal, the two newspapers used to capture public narratives surrounding the scandal were *Le Petit Journal* and Le *Figaro.* In the case of the Stavisky scandal narratives were captured from *Paris Soir* and *Le Petit Parisien*.

IV. Data Collection

As the purpose of this methodology was to collect newspaper articles related to the selected financial scandals, the archives of the selected journal were studied in the time period under investigation (see chapters related to the case studies) using the Gallica database. All the articles that were published during these periods that mentioned specific words (Table 6) were identified and read carefully to be sure that they were in relation to the subject.

The specific words that were looked for using Gallica's search engine are as follows:

Table 6: Specific words used in Gallica's search engine

Financial Scandal	**Words used**
Panama Canal scandal	Panama; de Lesseps; procès
Stavisky scandal	Stavisky; Bayonne; Crédit municipal; société par actions; protection de l'épargne; loi; comptes; bilan ; procès

When an article mentioned one or more of the specific key words but was not related to the topic, it was excluded from the analysis (for example in France in the 1880s, a 'panama' was a hat).

Finally, the following table (Table 7) details the total numbers of articles analyzed for each financial scandal. The detail of these articles by newspapers and period is presented in the chapters relating to the case studies.

Table 7: Number of articles analyzed for each scandal

Financial scandal	**Number of articles analyzed**
Panama Canal scandal	465 articles
Stavisky scandal	872 articles

The second step in the data collection was to reference all the articles found using the Gallica database in an Excel worksheet: one worksheet per newspaper. In order to understand this work of collection and referencing the data, an extract of *Le Petit Parisien*'s worksheet is presented in Appendix 1 and an extract of *Paris Soir*'s worksheet is presented in Appendix 2. Appendix 1 and 2 illustrates that for each article collected, each row of the worksheet indicates the following information: the author (when specified), the title, the publication date, the topics, the key quotations and some personal remarks related to the articles. It has to be noted that given the fact that the articles were written in French, the data collection (and the quotations in the worksheet) is in French.

This systematic process of collection allows the researcher to take some necessary distance from the data in order to avoid "*becoming fascinated by the source evidence while losing sight of the broader context*", and not reach "*erroneous conclusions on the basis of inadequate evidence*" (Napier, 2009, p 41).

The third step was to re-read all of the articles in order to process the information, the tone, the presence or lack of accounting 'words' or 'thoughts', "*which help to develop preliminary insights on the frame used by the media*" (Clemente and Gabbioneta, 2017, p 291).

The data collection process implemented in this work was identical for the two financial scandals analyzed and for the four newspapers.

V. Data Analysis

1. Gioia Method

In order to be both as rigorous as possible, and respectful of the research philosophy, this study is inspired by the Gioia method. The Gioia method is a data analysis method that gives the possibility of cumulating creativity and rigor, which are necessary in a grounded theory approach (Garreau, 2015). As detailed by Gioia (2012 and 2020), the aim is not to conduct only theory-driven research (Schwarz and Stensaker, 2014). The grounded theory – the theory from which the Gioia method originated – leans on the principle that theories arise from empirical data, and not the reverse (Garreau, 2015, Glaser and Strauss, 1967). According to Gioia et al. (2012), "*Studying social construction processes implies that we focus more on the means by which organization members go about constructing and understanding their experience and less on the number or frequency of measurable occurrences*" (Gioia et al., 2012, p 16). The risk of this type of methodology is that the scientific approach as well as the theoretical advancement are questioned because of a lack of rigor in the methodology applied (Gioia et al., 2012). Garreau (2015) adds that the difficulty can also be due to a tension between creativity and rigor, both of which are necessary in the grounded theory approach (Garreau, 2015).

This PhD demonstrates in every step of its realization that the prior theoretical understanding should not take precedence (Gioia et al., 2012, Gioia, 2020). This is why it is essential to emphasize that the intent of the methodology implemented was to ground the findings in the informants' experience and their understanding of that experience. It was all the more important given that these informants belonged to the past, as history. It was fundamental to give meaning to a part of history, a specific context. It implied making "*a conscious effort to adequately give voice to informants' understandings and also to adequately represent their voices*" (Gioia, 2020, p 22), without any bias. Consequently, the findings should reflect the informant's voice, understanding, posture and "*make sense to scholars looking for deeper explanations*" (Gioia, 2020, p 23). For that purpose, and according to the Gioia method, data and findings are reported into two orders: a) a first order which is informant-centered and b) a second order, which is theory-centered. The first order is the way of the researcher to assert that the truth is socially constructed, while the second order is the way of the researcher to answer his research questions. Finally, in order to respond to the argument that the case

method study is not generalizable, Gioia (2012, 2020) states the following principle: each case study has to be considered as "*an interactive set of people, structures, and processes that need to be explained*" (Gioia, 2020, p 21). The issue is not 'to generalize' but rather 'to transfer'. "*Generalizability implies that you have gathered broad enough evidence for an observed phenomenon to apply widely; transferability implies that even a single observation can represent a principle that applies to many different contexts*" (Gioia, 2020, p 21). The principle is the same in teaching: teachers use specific case studies in order to exemplify a memorable principle that is transferable to a wider range of situations (Gioia et al., 2012, Gioia, 2020).

2. Coding the data

Creswell (2007) notes the different steps of data analysis in qualitative research: it "*consists of preparing and organizing the data (…), reducing the data into themes through a process of coding and condensing the codes, and finally representing the data in figures, tables, or a discussion*" (Creswell, 2007, p 148). The academic literature proposes different methods, for example: Miles and Huberman's method (1994) or Wolcott's method (1994). These authors agree on the crucial steps of the coding but they also bring their own specificities. Miles and Huberman (1994) add some steps to the process such as writing marginal notes, drafting summaries of field notes, and noting relationships among the categories (Miles and Huberman, 1994, Creswell, 2007). Wolcott emphasizes the importance of providing a description from the data and contextualizing this data with respect to the literature (Wolcott, 1994 in, Creswell, 2007).

Once the worksheets were fully filled in, the articles from the first newspaper were manually coded without a predetermined number of frame elements, in order to discover what the discursive activity proposed and if any themes were recurrent. It is important to state in this section that given the category of data which was collected – i.e archives, represented by chronicles (see Part IV-2.1 Justification of data source) – it was not possible to use computer and coding software such as NVIVO. Consequently, the coding was performed manually.

a) The 'first order' analysis

The objective of the first step was to hear the voice of the informants. In this specific study, this consists in highlighting what emerges from the media narratives, in relation to the scandals, without any bias. The questions that lead to this first step were: '*What do they say?',*

'What do they think?', 'How do they feel'? without taking into account the literature read previously. The attention was focused only on what the narratives reveal. During this step, the main themes present in the discursive activity were referenced, highlighting what Gioia (2012, 2020) calls the 'first order 'and which represent the informant's terms. (i.e. Society's discourse – See Part 4 Section III-4)

All the words included in these articles that reflect, for example, the identification of a fault, the phrasing of blame or even a feeling of astonishment, disappointment or hope related to the situation were highlighted. These words were isolated, translated into English and analyzed in order to combine the similar ones into a 'first order' category of themes (Clemente and Gabbioneta, 2017). Once the 'first order' categories were defined for the first newspaper, the same process was repeated for the second newspaper. Some identical 'first order' categories were identified, refining the analysis. Consequently new 'first order' categories emerged, deepening the analysis by an iterative process (Glaser and Strauss, 1967).

For the Panama Canal scandal, ten 'first order' categories emerged from the manual coding (Table 8). For the Stavisky scandal, 15 'first order' categories emerged from the manual coding (Table 8). These 'first order' categories allowed the researcher to understand the main themes that arose from Society's discursive activity.

Table 8: 'First order' categories that emerged from the manual coding

Elements	**Panama scandal**		**Stavisky scandal**	
First order categories that emerged from the scandal	Honor	Lies	Control	Anger
	Truth	Satisfaction	Accounting	Honor
	Blame		Failure	Claim
	Failure		Fraud	Regulation
	Expectations		Favor	Fear
	Fear		Blame	Human behavior
	Moral punishment		Responsibility	
	Dissatisfaction/Anger		Savings protection	

b) The ‘second order’ analysis

The objective of the second step of the analysis was to refocus on the research questions. The main themes found in the discursive activity were reconciled with the concepts of ‘responsibility ’and ‘outcomes’, highlighting what Gioia (2012, 2020) calls the ‘second order ’ and which represent the theory-centered themes.

After identifying the key themes in the narratives taken from the newspapers, it was necessary to refocus the analysis on the research questions by trying to understand in the discourse: who was blamed and criticized, who was considered guilty, who was concerned by the failure, and what was expected. In both newspapers, for each ‘first order’ category related to blame, fault or failure, the person or organization blamed or concerned was identified and isolated. For each ‘first order’ category related to expectations, punishment, anger, control or accounting, Society’s expectations were identified and isolated. This process allowed the researcher to define a set of ‘second order’ categories that corresponded to who or what was considered responsible, and what was expected in terms of outcomes.

The results of the coding work are detailed in Part 5 and 6 relating to each of the case studies.

VI. Summary

This Part has explained and justified the research philosophy and methodology underpinning this PhD. The decision to conduct two historical case studies of financial scandals in order to address the research questions was explained, as was the choice of the two scandals to study. The use of daily newspapers as the source of contemporaneous narrative was justified together with the choice of newspaper use. The data collection methods were explained. Finally, the methodological approach to data analysis in the study, the Gioia method, was described and its application in this study was explained.

Part 5: First case study: The Panama Canal scandal

I. Introduction

The purpose of this chapter is to present the first of the two historical case studies which aim to address the two research questions of this study:

Historically, how was the responsibility for financial scandals constructed in France?

What do the media narratives reveal about the outcomes of historical French financial scandals?

As explained in Part 4, the case study is based on contemporaneous media narratives appearing in the two most widely circulated newspapers at the time of the Panama Canal scandal. This represents 465 articles published between February 1st, 1888[16] and March 22nd, 1893[17], in the two daily newspapers with the largest circulation in France at this period (in both Paris and the French countryside): Le Petit Journal and Le Figaro.

Section II provides a history, a summary, and timelines for the Panama Canal scandal which lasted 49 months[18]. Section III then presents the analysis of the data. In order to understand the trajectory of the construction of responsibility and the outcomes the scandal, this long period was divided into three separate periods: (a) from February, 1st 1889 to November 10th, 1892 (indictment of the Compagnie de Panama's directors), (b) from November 11th, 1892 to February 9th, 1893 (Paris Indictment Court's Judgment), (c) from February 10th, 1893 to March 22nd, 1893 (final verdict). Section III presents an analysis of the data separately for each of these three time periods.

Section IV considers the first research question relating to the construction of responsibility. Section V considers the second research question in relation to the outcomes of the Panama scandal that emerge from the media narrative. This Part concludes with a summary.

[16] The Compagnie Universelle du canal interocéanique went bankrupt on February 4th, 1889. This analysis starts February 1st (the beginning of the month).
[17] The analysis ends on the last day of the lawsuit against Panama's directors, ie the day of the final verdict.
[18] From the Compagnie Universelle du canal interocéanique's bankrupcy to the final verdict during the lawsuit of Panama's administators.

II. The History and Legal Context of the Panama Canal scandal

1. The history of the Panama Canal scandal

1.1 The Panama Canal: a colossal project requiring huge funds

After his success in the achievement of the Suez Canal in 1869, Ferdinand de Lesseps, aka "*le Grand Homme*", is entrusted in 1878 with the mission of building a new canal, the Panama Canal.

This huge project requires huge funds. Lesseps launches a first public offering in 1879, which failed. Finally, in December 1880, Lesseps raises the needed funds from 102,116 small investors who buy 300 million francs of common stock. The Compagnie Interocéanique du Canal de Panama is created with Ferdinand de Lesseps and his son, Charles, at the head of the company. The excavation work starts immediately but the extreme weather conditions, disease and a lack of geographical knowledge of the country lead to significant delays but also substantial cost overruns (Thiveaud, 1997).

As financial resources deplete, new investors are needed and subscriptions are offered to the public. Between 1881 and 1889, the Compagnie Interocéanique du Canal de Panama draws 900 millions of French francs from French savings (Thiveaud, 1997, Mollier, 2020). The nation is fascinated by this incredible adventure and follows the advancement of the excavation works as well as the pitfalls through the media. However, part of the money raised is diverted, with the help of financiers, in order to buy votes in the Chamber of Deputies and to encourage certain journalists to promote the project and reassure the small investors (Sumpf, 2011).

Funds are still needed. Despite the multiple briberies paid in the Chamber of Deputies, the last bond issue in December 1888 fails to secure adequate funds, placing the Compagnie Interocéanique du Canal de Panama in financial difficulties (Thiveaud, 1997). Finally, the 4 February 1889, the Compagnie Interocéanique went bankrupt [19]. The excavation works, which were first slowed, are definitively stopped the 15 May 1889.

[19] National Archives of the world of work – 7 AQ 12 : bankruptcy judgement

1.2 Where did the money go?

Following to the Compagnie Interocéanique's bankruptcy, 500,000 small investors lost their return on investment and their capital. Some of them are even ruined. In order to calm the public outrage, a judicial investigation is opened. The investigating judge appoints an expert, the expert Flory, in order to examine how the huge fund was used. Flory's report (Pic 5) leaves no doubt that the money raised was used for bribery and corruption (de Blic, 2004).

The following depicts Flory's reconstitution of the use of the money raised by the Compagnie Interocéanique:

1 Premier établissement et frais de constitution	23,390 millions
2 Frais d'émission	104,923 millions
3 Charges sociales	249,568 millions
4 Dépenses d'administration	100,991 millions
5 Travaux de construction du canal	559,386 millions
6 Immobilisations	139,363 millions
7 Actions du Panama Rail Road	93,268 millions
8 Actif disponible	163,661 millions
Total	*1 434,550 millions*[12]

Picture 5: Flory's reconstitution of the use of the money raised by the Compagnie Interocéanique (de Blic, 2004)

This table highlights a gap between the money raised and the money effectively used for the excavation works (lines 1, 5 and 7). Between 1881 and 1889, the Compagnie Interocéanique embezzled and squandered approximately 700 million French francs (de Blic, 2004).

On 12 January 1893, Flory presents evidence during the trial, as the expert in charge of the Compagnie Interocéanique's accounting. Le Figaro publishes the minutes of the day including Flory's conclusions and its figures (Pic 6):



Le Bilan de Panama

En terminant, M. Flory donne à la Cour le bilan de la Société de Panama.

Nous en avons déjà indiqué les détails approximatifs. Voici les chiffres exacts, qu'il est intéressant de reproduire :

La Société de Panama a demandé à l'épargne *un milliard 434 millions*, qu'elle a employés ainsi :

Frais de fondation.....	23	millions
Achat du Panama rail-road.	93	—
Frais d'émissions.....	104	—
Frais d'administration.....	100	—
Service des intérêts et de l'amortissement.....	249	—
Acquisition d'immeubles....	137	—
Travaux de construction du canal.....	559	—

Le jour de la mise en liquidation, il lui restait un actif de *cent soixante-trois millions* « en valeurs plus ou moins réalisables. »

Arrêtons-nous sur ces chiffres, plus éloquents que toutes les discussions, plus saisissants que tous les commentaires.

Picture 6: Extract from Le Figaro detailing Flory's testimony during the trial of the Panama Canal scandal[20]

It worth noting that during the trial these figures are used to demonstrate the corruption. It is not a matter of highlighting issues in the Compagnie Interocéanique's accounting or lack of financial control.

2. Legal context of the Panama Scandal in France

As already seen in a previous chapter, by implementing mandatory accounting with the 1673 Colbert Ordonnance, France is an European forerunner in terms of intervention in business regulation (Lemarchand, 1994b, Lemarchand, 1994c). One of the main objectives of this law is to ensure creditors' protection for French citizens (Hoarau, 2003, Praquin, 2008, Coquery and Praquin, 2008). By enacting the Code de Commerce in 1807, which broadly replicated the 1673 ordonnance, Napoleon's purpose was to punish failed traders (Praquin, 2008, Hoarau, 2003). Therefore, the first French Accounting Standards refer to insolvency work. The objective is to protect creditors (Hautcoeur and Di Martino, 2013), despite the accounting profession's lack of organization (Praquin, 2012) and the low level of skill of its representatives (Ramirez, 2001, Dattin, 2014). Remember that the Anglo-Saxon objectives were different since

[20] Le Figaro – 12 January 1893

they were first to attract debtors in order to foster trade (Hautcoeur and Di Martino, 2013) and second to foster both the development of the accountancy profession and increase its level of skill.

France promotes a control by law instead of a control by a profession (France versus Anglo-Saxon countries). The Code de Commerce as well as the 1867 law on joint-stock companies illustrates a real desire to protect creditors and investors (Ouriemmi, 2014). The law is strongly connected to the concept of morality: bad behavior must be punished by law, and the economy should be ethical.

The opposition between France and an Anglo-Saxon representative, such as the UK, is not just a question of boundaries and geographical location. Throughout Western Europe, laws have influenced accounting. Some examples are: in 18th century Spain (Hernández-Esteve, 1996), or in Switzerland during the Napoleonic Wars with the implementation of the Civil Code (Labardin, 2011) or in Germany (Hoffmann and Detzen, 2013). A contrario, in the UK, the regulation of accounting appeared belatedly in 1844 (Edwards, 1992). It is this early professionalization which replaces the law in the Commonwealth and in the US in the mid-1850s (Richardson and Kilfoyle, 2009).

In the French context, laws are implemented as an additional mechanism of control, which is necessary because moral transgressions have been identified (Berger and Luckman, 1966). Laws are necessary to punish bad behavior.

The identification of what is right or wrong appears very early in one's self-construction. It is part of the primary socialization process. No individual is part of Society at birth. He becomes a member of Society thanks to a process starting with 'interiorization'. This means that the person will identify an objective event of Society and appropriate it as if it were his own definition of reality. In other words, "*the interiorization (…) is the understanding of what our fellow humans are (…), and of the world, as a social and significant reality"* (Berger and Luckman, 1966, p. 214). When an individual is able to manage the world in which people already inhabit, he can be considered as part of Society. The progressive and full process of integrating this individual into Society is called 'socialization' (Berger and Luckman, 1966). Primary socialization is the first level of socialization: the socialization that a child is subject to from birth, and thanks to which he becomes part of Society. Each individual is born in an

objective social structure inside which he is in a relationship with significant others who are imposed on him and who are in charge of his socialization. This individual is going to interiorize its mentors' definitions of the objective reality, in its own social world (Berger and Luckman, 1966). Thanks to primary socialization, the individual progressively interiorizes standards such as right and wrong, or more specifically, morality. According to Berger and Luckman (1966), this interiorization of what is wrong starts with "*my mum feels angry with me now*" (Berger and Luckman, 1966, p. 218), then "*my mum feels angry with me any time I spill my soup*" (Berger and Luckman, 1966, p. 218). Eventually the bad behavior becomes generalized as "*one should not spill one's soup*" (Berger and Luckman, 1966, p. 218). If one should not spill one's soup, one must be punished if one does.

In French Society and according to French law, going bankrupt is considered bad behavior. In 18th century France, bankruptcy is considered as an infamy. It implies a deprivation of civil rights, civil and commercial inability, humiliations and may go as far as excommunication (Szramkiewicz, 1981). Going bankrupt indicates that something is wrong because the bankrupted party betrayed his commitment to stakeholders. This requires a legal punishment. Again, French law exists in order to solve a moral issue. The legal framework is based on morality.

Morality is part of our institutionally-defined reality. It can be 'exteriorized' and then transmitted inside a social world thanks to the most important tool of 'socialization': language (Berger and Luckman, 1966).

In order to understand how French Society considers responsibility in the Panama Canal case, the purpose of this research is to analyze French Society's language, the most important tool of 'socialization' (Berger and Luckman, 1966) through the two most popular media of this period. The analysis of these narratives is presented in the next section.

III. Data Analysis

As explained in detail in Part 4, 465 articles published between February 1st, 1889[21] and March 22nd, 1893[22], in the two daily newspapers with the largest circulation in France at this period (in both Paris and the French countryside): Le Petit Journal and Le Figaro provide the narratives for this case study. The analysis of the media narratives is strengthened by the fact that the Panama Canal scandal is the starting point of what Gustave le Bon calls 'the crowd era' (Le Bon, 1895, Thiveaud, 1997)

The data analysis is presented 3 time periods which map the three major stages of the scandal (a) from February 1st 1889 to November 10th, 1892 (indictment of the Compagnie de Panama's directors), (b) from November 11th, 1892 to February 9th, 1893 (Paris Indictment Court's Judgment), (c) from February 10th, 1893 to March 22nd, 1893 (final verdict). In line with the Gioia method, for each time period, the first order analysis of the data is presented and this is followed by the second order analysis.

1. Period 1: from February 1889 to November 1892

In this first period, the media relate the Compagnie Interocéanique's bankruptcy, but the public does not immediately understand that small investors will not recover their funding. Months after months, information become clearer: 500,000 small investors lost their return on investment and their capital. Some of them are even ruined. Moreover, the media relates the growing evidence that the money raised was used for bribery and corruption and that this corruption goes as far as the Chamber of Deputies. In June 1891, 17 months after the Compagnie du canal de Panama collapsed, the French judicial system opens an investigation in order to calm the public outcry. In November 1892, Panama's directors and Mr Gustave Eiffel, a contractor, are charged with violating the Company Act of 1867 and breach of trust.

121 articles relating to the Panama scandal were collected from the two newspapers during this period as shown in Table 9 (note that months where no articles related to the Panama scandal were published are excluded from the table).

[21] The Compagnie Universelle du canal interocéanique went bankrupt on February 4th, 1889. This analysis starts February 1st (the beginning of the month).
[22] The analysis ends on the last day of the lawsuit against Panama's directors, ie the day of the final verdict.

Table 9: Number of articles collected in the first period of the Panama Canal scandal

Month	Le Petit Journal	LE FIGARO
February 1889	6	8
March 1889	9	2
April 1889	5	1
May 1889	1	1
June 1889	2	2
July 1889	3	5
September 1889	0	1
October 1889	1	2
November 1889	0	1
December 1889	0	2
January 1890	2	0
February 1890	5	1
March 1890	4	0
May 1890	2	1
August 1890	1	0
September 1890	1	1
December 1890	1	2
January 1891	2	3
June 1891	2	2
July 1891	1	1
September 1891	8	1
October 1891	4	0
November 1891	2	2
December 1891	3	0
January 1892	1	3
February 1892	1	0
March 1892	1	0
June 1892	1	1
July 1892	2	1
October 1892	1	3
November 1892	1	1
Total	**73**	**48**

The months with no articles related to the Panama scandal are not present in the previous table.

1.1 Period 1 first order analysis

The following tables (Table 10: Le Petit Journal; Table 11: Le Figaro) highlight the words and expressions that emerged from media narratives during this first period in relation to the scandal. The methods followed to identify these words are explained in detail in Part 4 Section V Data Analysis. These words were isolated and analyzed to combine those which are similar into themes, with the purpose of defining 'first order' categories.

Table 10: Le Petit Journal –February 1st, 1889 to November 10th, 1892

First order categories	Words and expressions found related to Panama scandal
Honor	'our duty'[i] 'let us all join hands to defend our interests'[ii], 'mission'[iii], 'worthy cause'[iv], 'the greatness of the concerned interests'[v], 'a mission of the highest importance'[vi], 'betrayed the disgrace'[vii], 'contaminate the National representation'[viii]
Truth	'truth'[ix,x,]
Blame	'incoherence'[xi], 'disregard'[xii,xiii,xiv,xv], 'wash their hands of the situation'[xvi,] 'abandon'[xvii], 'disdain'[xviii,xix,xx] 'dissatisfaction'[xxi], 'nothing has been done to help'[xxii], 'selfish'[xxiii], 'deemed guilty'[xxiv],'carelessness'[xxv],'resistance'[xxvi], 'guilty indifference'[xxvii], 'lack of capacity and foresight'[xxviii], 'misinform with perfidy'[xxix]
Failure	'contrary to the interests'[xxx] 'failure'[xxxi], 'such adversity'[xxxii], 'negligence'[xxxiii,xxxiv], 'to repair the faults and the discrepancies'[xxxv], 'failed many times'[xxxvi], 'waste shareholders' equity'[xxxvii], 'unspeakable embezzlements'[xxxviii]
Expectation	'aggressive repression'[xxxix]

Table 11: Le Figaro – February 1st, 1889 to November 10th, 1892

First order categories	Words and expressions found related to Panama scandal
Honor	'Supreme crisis'[xl], 'the honor of our financial marketplace'[xli], 'do not abandon the humble, the small investors'[xlii], 'this is human law: to afflict those who succumb and to acclaim those who succeed'[xliii], 'no matter the faults or the responsibilities, one cannot sue '*Le Grand Français*''[xliv], 'French Greatness'[xlv]
Blame	'fortune changes hands'[xlvi], '14 million in French money wasted'[xlvii], 'nouveaux riches'[xlviii], 'to wash hands of such a disaster'[xlix], 'one can save time'[l]
Failure	'unexplainable irregularities'[li], 'the amounts given to the builders represent 443 million, not even a third of the total expense. They want the nation to believe that these builders received 13 billion!'[lii]
Expectations	'we must sue Panama's directors'[liii], 'to reduce the losses and ensure the final success'[liv], 'punish the person who caused the wreck'[lv], 'aggressive repression'[lvi]

The first observation that emerged from the media narratives is that the failures underlined during this period do not correspond to an inherent lack of control or regulation, or a failure in the control process. They are more about the lack of morality, which are standards of

primary socialization, than about regulation or control issues: "*During the eight years that the Compagnie (i.e. La Compagnie interocéanique du canal de Panama) existed, they (i.e. the directors) failed many times, wasted the huge funding, that other people would have certainly used to succeed*"[23]. According to Le Figaro, deceiving the small investors are not even real issues: "*This is what human law wants: one afflicts those who succumb and one acclaims those who succeed. (…) Whatever the mistakes, whatever the ensuing responsibilities, whatever Panama's damage, Society would not understand the prosecution of the one who was called 'Le Grand Français'* (i.e. Ferdinand de Lesseps) *during the period of success"*[24]. This represents a new aspect of the question. These narratives suggest that no punishment is warranted or expected. Indeed, the use of additional mechanisms of control such as laws is not deemed necessary, because it considers that social control that relies on the institution of "human law" is both efficient and sufficient.

Both newspapers highlight the honor of the French nation, and taking revenge on those who have been flouted in order to safeguard French Greatness: "(…) *we never stop to claim that we must emerge from our guilty indifference because those people (i.e. small investors) made one single mistake, they thought that after the success of the Suez Canal, the Great France could do the same in Panama*" [25]; "(…) *once the Chamber considered Panama as a representation of French Greatness; it is still possible to save the ship after punishing the person who caused the wreck*"[26]. These narratives seek to change humankind's sense of honor and morality. The blame and criticism highlighted by the discursive activity emphasize what is wrong, what is immoral. The bad behavior represented by the financial scandal is considered an attack, a crime against the French nation. The ensuing requests are about 'repression', 'lawsuits'. At this stage of the scandal, society is clamoring for justice.

1.2 Period 1 second-order analysis

After analyzing the discourse emerged from the media, the second round of data analysis refocussed on the research questions by seeking to understand 'who was blamed and criticized'; 'who was considered guilty'; 'who was concerned by the failure' and 'which

[23] Le Petit Journal, October 21st, 1891
[24] Le Figaro, June 13th 1891
[25] Le Petit Journal, September 17th 1891
[26] Le Figaro, January 6th 1892

outcomes were expected'. In both newspapers, for each word related to blame and failure, the person or organization blamed or concerned was identified as a 'second order' category. The results are summarized in the following tables (Table 12 and 13):

Table 12: Le Petit Journal - Who is blamed - February 1st, 1889 to November 10th, 1892

Second order analysis	Who is blamed	Words and expressions found related to Panama scandal
Blame	**Government and/or Chamber of deputies**	'incoherence'[lvii], 'disregard'[lviii,lix], 'wash their hands of the situation'[lx], 'abandon'[lxi], 'disdain'[lxii,lxiii,lxiv] 'dissatisfaction'[lxv], 'guilty indifference'[lxvi]
	Trustee (Mr Monchicourt)	'disregard'[lxvii,lxviii], 'selfish'[lxix], 'deemed guilty'[lxx],'carelessness'[lxxi],'resistance'[lxxii]
	Contractors	'nothing has been done to help'[lxxiii]
	Panama's directors	'lack of capacity and foresight'[lxxiv],
	Unknown	'misinform with perfidy'[lxxv]

Table 13: Le Figaro - Who is blamed - February 1st, 1889 to November 10th, 1892

Second order analysis	Who is blamed	Words and expressions found related to Panama scandal
Blame	**Nouveaux riches**	'fortune changes hands'[lxxvi], '14 million in French money wasted'[lxxvii], 'nouveaux riches'[lxxviii], 'one can save time'[lxxix]
	Contractors	'14 million of French money wasted'[lxxx]
	Government and/or Chamber of deputies	'To wash hands of such a disaster'[lxxxi]

The targets of criticism are different depending on the newspaper. Le Figaro, which describes itself as a Conservative, right-wing newspaper, nostalgic for the Empire, incriminates mainly societal changes. In these narratives, the Republican Party is composed of 'nouveaux riches', 'parvenus' and are deemed responsible.

For Le Petit Journal, which is a Republican, left-of-center newspaper, there are many moral dysfunctions: the Chamber of Deputies is blamed for being 'indifferent', the trustee is 'selfish' and Panama's directors are incompetent. These narratives express dissatisfaction, but at this stage of the scandal, do not identify a guilty party, who ought to be punished.

Table 14: Le Petit Journal - Who is concerned by the failure - February 1st, 1889 to November 10th, 1892

Second order analysis	Who is concerned	Words and expressions found related to Panama scandal
Failure	**Chamber of deputies**	'contrary to the interests'[lxxxii],
	Compagnie de Panama, as an organization	'failure'[lxxxiii], 'such adversity'[lxxxiv],
	Government and/or Chamber of deputies	'negligence'[lxxxv,lxxxvi], 'to repair the faults and discrepancies'[lxxxvii]
	Panama's directors, as individuals	'failed many times'[lxxxviii], 'waste shareholders' equity'[lxxxix],
	Unknown	'unspeakable embezzlements'[xc]

Table 15: Le Figaro - Who is concerned by the failure - February 1st, 1889 to November 10th, 1892

Second order analysis	Who is concerned	Words and expressions found related to Panama scandal
Failure	**Mr Aarton, the right-hand man of Messieurs Ferdinand and Charles de Lesseps (he is Jewish)**	'unexplainable irregularities'[xci]
	Panama's directors	'the amounts given to the builders represent 443 million, not even a third of the total expense. They want the nation to believe that these builders received 13 billion!'[xcii]

These findings are even more politicized when the analysis focuses on who is concerned by the failure. The right-wing newspaper is obsessed with the acts or gestures of an enemy of the French Nation, represented by Mr Aarton, the right-hand man of Messieurs Ferdinand and Charles de Lesseps. It has to be noted that Mr Aarton is Jewish. As highlighted by Thiveaud (1997) the Panama scandal occurs during a period of significant nationalism and anti-Semitism, since it occurs at the same time as the Boulangist movement. (Thiveaud, 1997)

For Le Petit Journal, the failure is present at different stages of the scandal: the government and the Chamber of deputies are accused of negligence, and Panama's directors of countless errors. "*For eight years, they (i.e. Panama's directors) accumulated many faults, either wasting, or letting go to waste, huge funds which if used by other people would have been sufficient to carry out the project*."[27] There is a degree of uncertainty and naivety in these words. Was this an error, due to the Panama's directors' lack of skills? Or was it intentional

[27] Le Petit Journal, October 21st 1891

(i.e. error vs fraud)? At this stage of the scandal, Le Petit journal still prefers to speak in terms of 'faults' and 'errors'.

2. Period 2: from November 1892 to February 1893

This second periods corresponds to the Indictment Court trial. Five persons, included Panama's directors and the contractor M. Eiffel, are charged with violating the Law of 1867 and breach of trust.

262 articles relating to the Panama Canal scandal were collected from the two newspapers during this period as shown in Table 16:

Table 16: Number of articles collected in the second period of the Panama Canal scandal

Month	Le Petit Journal	LE FIGARO
November 1892	11	22
December 1892	9	83
January 1893	81	37
February 1893	2	17
Total	**103**	**159**

The significant number of articles in December 1892 and January and February 1893 is explained by the publication of the minutes of the lawsuit and by the updates from the Chamber of deputies' commission (in charge of the bribery inquiry).

2.1 Period 2 first order analysis

The following tables (Table 17: Le Petit Journal; Table 18: Le Figaro) highlight the words and expressions that emerged from media narratives during this second period relating to the scandal. These words were isolated and analyzed in order to combine the similar ones into themes with the purpose of defining 'first order' categories.

Table 17: Le Petit Journal – November 10th, 1892 to February 9th, 1893

First order categories	Words and expressions found related to Panama scandal
Fear	'what are they afraid of? what are they hiding?'[xciii]
Blame	'fraud'[xciv], 'swindle all or part of other people's fortunes'[xcv], 'mismanage the money entrusted to them'[xcvi], 'they try to whitewash political corruption'[xcvii], 'the politicians' morals are distorted'[xcviii]
Failure	'bookkeeping error'[xcix], 'black hole in Panama's accounting'[c]
Honor	'the government fell'[ci], 'National Interest'[cii], 'the people's morals are less elastic'[ciii], 'the people will not tolerate this lack of morals'[civ], 'the Chamber of deputies' commission must accomplish the mission it has been given'[cv]
Expectations	'to satisfy the Chamber of deputies' commission'[cvi], 'to satisfy public opinion'[cviicviii], 'all the perpetrators must be unmasked and punished'[cix]
Moral punishment	'they already feel the torments of loneliness'[cx], 'they will soon concede the guilty frivolity of their National Interest'[cxi]
Dissatisfaction/Anger	'indelible feeling'[cxii], 'unanimous resentment'[cxiii], 'public opinion is heavily exasperated'[cxiv], 'to disrespect public authorities'[cxv], 'hostile feelings'[cxvi], 'confusion has been increased'[cxvii], 'among all the cases that were completed, 5 were dismissed, causing confusion in the public opinion, public authorities and media'[cxviii]

Table 18: Le Figaro –November 10th, 1892 to February 9th, 1893

First order categories	Words and expressions found related to Panama scandal
Lies	'this belief spread to the people'[cxix]
Fear	'they tremble at the idea of finding what they are looking for'[cxx], 'the fearful government'[cxxi], 'compromising revelations'[cxxii]
Blame	'In Suez, F. de Lesseps was supported by the Emperor which is not the case now for the government'[cxxiii] 'improvisation' [cxxiv],'the lowest common denominator'[cxxv], 'the decreasing level of morality'[cxxvi], 'two moribund representatives'[cxxvii], 'the fearful government'[cxxviii], 'the biggest crime'[cxxix], 'to make this scandal possible'[cxxx], 'painful eloquence'[cxxxi]
Failure	'eloquent figures'[cxxxii]
Honor	'the triumphal march will suffer under the weight of suspicion'[cxxxiii], 'the value of visiting the old man (i.e. Ferdinand de Lesseps) and his wife'[cxxxiv], 'a big jury of honor'[cxxxv], 'did or did not do dishonorable things'[cxxxvi], 'its first duty'[cxxxvii]
Expectations	'the public concern'[cxxxviii], 'to define what is dishonorable'[cxxxix]
Dissatisfaction/Anger	'useless lawsuit'[cxl], 'they use this lawsuit as a revenge'[cxli], 'the satisfaction given to the Panama's investors costs the Nation its prestige'[cxlii], 'It is useless except to calm public opinion'[cxliii], 'it is impossible! Come back after the Panama affair!'[cxliv], 'exasperate'[cxlv], 'the finalization of the Panama Canal is requested by 800,000 persons, not 800'[cxlvi], 'the supposed corruptors'[cxlvii], 'the worst solution'[cxlviii], 'despicable effect'[cxlix], 'we don't understand'[cl], 'Here is the terrible judgment'[cli]

In this second period of analysis, some 'first order' categories are replicated from the previous period: blame, failure, honor and expectations. New categories appear as well: fear, lies, moral punishment and dissatisfaction/anger.

New information is now available and mainly concerns suspicions of government representatives accepting bribes. For the readers of Le Petit Journal, this information causes public anger and leads to a shift in responsibility from Panama's directors to the corrupt deputies. But being remorseful is not enough. For the honor of the nation, this lack of morality needs to be legally punished as well. "(…) *the politicians' morals are distorted. The people's morals are less elastic. They will not cross the ditch that Mrs Floquer and Rouvier (i.e. government ministers) gladly jump. Nobody is going to follow them in that way. They already feel the torments of loneliness; they will soon concede the guilty frivolity of their National Interest*."[28]

Le Figaro's narratives highlight direct anger is at the Republican representatives of the government. It seems obvious to these readers that such a government would be corrupt: "*The biggest crime of the Republican Party (…) having acclimatized us to their greed and their low moral standards which permitted this astonishing scandal"*[29]. Once again, Le Figaro reports that the crime has been committed against the French nation. French honor is represented by Ferdinand de Lesseps; to sue this "Grand Homme" is wrong. As a consequence, the readers' dissatisfaction and anger are directed at those who request this "*useless lawsuit*": "(…) *we were wondering why Mr Ricard (i.e. Minister of Justice) was so inflexible concerning this useless lawsuit. (…) it is because this lawsuit will act as revenge*"[30].

2.2 Period 2 second order analysis

After identifying what discourse emerged from the media, it was necessary to refocus on the research questions by understanding 'who was blamed and criticized'; 'who was considered guilty'; 'who was concerned by the failure' and 'which outcomes were expected'. In both newspapers, for each word related to blame and failure, the person or organization blamed

[28] Le Petit Journal, December 26th 1892
[29] Le Figaro, December 22nd 1892
[30] Le Figaro, November 19th 1892

or concerned was identified as a 'second order' category. The results are summarized in the following tables (Tables 19 and 20):

Table 19: Le Petit Journal – Who is blamed - November 10th, 1892 to February 9th, 1893

Second order analysis	Who is blamed	Words and expressions found related to Panama scandal
Blame	**Government and/or Chamber of deputies**	'they try to whitewash political corruption'[cliii], 'the politicians' morals are distorted'[cliii]
	Panama's directors	'fraud'[cliv], 'swindle all or part of other people's fortunes'[clv], 'mismanage the money entrusted to them'[clvi],

Table 20: Le Figaro – Who is blamed - November 10th, 1892 to February 9th, 1893

Second order analysis	Who is blamed	Words and expressions found related to Panama scandal
Blame	**Government and/or Chamber of deputies and/or Republican Party**	In Suez F. de Lesseps was supported by the Emperor which is not the case now for the government'[clvii] 'improvisation' [clviii],'the lowest common denominator'[clix], 'the decreasing level of morality'[clx],'two moribund representatives'[clxi], 'the fearful government'[clxii], 'the biggest crime'[clxiii], 'to make this scandal possible'[clxiv], 'painful eloquence'[clxv]

The discourse changes during this second period. In both newspapers, certain people who were previously blamed are no longer named: the trustee (i.e. Le Petit Journal), and the contractors (i.e. Le Petit Journal and Le Figaro).

Le Petit Journal criticizes both the Panama's directors (i.e. the incompetent people who committed bribery) and the Government and its deputies (i.e. those who accepted the bribes), whereas Le Figaro concentrates its criticisms on the Republican Party's representatives, the "nouveaux riches" and "parvenus" They are considered guilty because they have adopted the lowest possible moral standards. The representatives of the Republic want money and social status, which leads to venality and bribery: "*Everything in the Republic is an improvisation. Because Democracy is looking for the lowest common denominator, it creates a Society of people who are ready to bend at the knee to please it. This explains the decreasing level of morality in the Chamber of Deputies with each new term.*"[31]

[31] Le Figaro, December 3rd 1892

Another sign of the change in discourse is the proportion of words and expressions linked to 'blame', which decreases significantly. Despite an increase in the number of articles related to the Panama scandal during this second period, this 'first order' category gradually transforms into a new one: 'anger/dissatisfaction'. The media publishes the minutes of the trial as well as updates from the Chamber of Deputies' commission. Consequently, the public is better informed and expresses its anger (Table 21 and 22).

Table 21: Le Petit Journal – Who is concerned by the failure - November 10th, 1892 to February 9th, 1893

Second order analysis	Who is concerned	Words and expressions found related to Panama scandal
Failure	**Panama's accounting**	'bookkeeping error'[32], 'black hole in Panama's accounting'[33]'

Table 22: Le Figaro – Who is concerned by the failure - November 10th, 1892 to February 9th, 1893

Second order analysis	Who is concerned	Words and expressions found related to Panama scandal
Failure	**Panama's accounting**	'eloquent figures'[34]

Once again, despite an increase in the number of articles related to the Panama scandal during this second period, the notion of failure is rarely mentioned. Nevertheless, these failures concern Panama's accounting, namely its factual deficiencies and incoherence. These accounting figures are presented in order to demonstrate the existence of bribery. However, no reference is made to a lack of accounting control over these figures.

[32] Le Petit Journal, November 22nd, 1892
[33] Le Petit Journal, November 22nd, 1892
[34] Le Figaro, January 12th 1893

Table 23: Le Petit Journal - Who is the target of the dissatisfaction/anger - November 10th, 1892 to February 9th, 1893

Second order analysis	Who is the target	Words and expressions found related to Panama scandal
Dissatisfaction/ Anger	**Public authorities**	'indelible feeling'[clxvi], 'unanimous resentment'[clxvii], 'public opinion is heavily exasperated'[clxviii], 'to disrespect public authorities'[clxix], 'hostile feelings'[clxx], 'confusion has been increased'[clxxi],
	Indictment Court	'among all the cases that were completed, 5 were dismissed, causing confusion in the public opinion, public authorities and media'[clxxii]

Table 24: Le Figaro - Who is the target of the dissatisfaction/anger - November 10th, 1892 to February 9th, 1893

Second order analysis	Who is the target	Words and expressions found related to Panama scandal
Dissatisfaction/ Anger	**The People**	'useless law suit'[clxxiii], 'they use this lawsuit as a revenge'[clxxiv],'It is useless except to calm public opinion'[clxxv], 'it is impossible! Come back after the Panama affair!'[clxxvi],
	Small investors	'the satisfaction given to the Panama's investors costs the Nation its prestige'[clxxvii], 'the finalization of the Panama Canal is requested by 800,000 persons, not 800'[clxxviii],
	Government	'exasperate'[clxxix], 'the claimed corruptors'[clxxx]
	Indictment Court	'the worst solution'[clxxxi], 'despicable effect'[clxxxii], 'we don't understand'[clxxxiii], 'Here is the terrible judgment'[clxxxiv]

This new 'first order' category shows the tone of the discourse used during this second period. Whatever their political affiliation, people are dissatisfied and angry.

For Le Petit Journal, the anger is directed at both the public authorities (government and deputies) who betrayed the people's trust, and the Indictment Court. The voice of the people rises against the bribery and the corrupt officials. Society does not understand the court's decision to find certain politicians non-guilty, despite strong evidence of corruption.

Moreover, it is interesting to note that once the Panama's directors were charged, the subject of the scandal, as well as responsibility for it, shifted. The people demand a government and a Chamber of Deputies that are free of moral turpitude. It is no longer a question of avenging the small investors.

For Le Figaro's readers, people are fighting the wrong battle. Those "*useless lawsuits*" against Panama's directors and corrupt deputies are sullying French honor. These narratives emphasize that honor and morality require that the lawsuits against Ferdinand de Lesseps and Charles de Lesseps be dismissed. No one outside of France can comprehend how such "Grands Hommes" could be sentenced and imprisoned. These narratives express the position that French honor owes a great deal to these men. Moreover, the excavation work in Panama must continue. Once again, French honor is at stake. France must continue its "Grands travaux" in order to leave its footprint on the world.

The reasons for Society's anger are very different in both newspapers. Some people want justice: first for the small investors, and then against the corrupt officials who accepted bribes (i.e. Le Petit Journal). Others want people to realize that the real fight concerns the nation and its honor, and that it is time to continue the excavation work in Panama. (i.e. Le Figaro). Interestingly, there is no call for more laws, regulation or control. The requests are related to justice and honor. The financial scandal that had been due to the financial ruin of small investors has transformed into a moral scandal that modifies Society's vision of 'who is guilty'. Le Figaro even denies the existence of the financial scandal. But the revelation of Panama's mismanagement leads to a scandal of honor for the French nation.

3. Period 3: from February 1893 to March 1893

This last part is the shortest part of the analysis of the scandal. It corresponds to the time between the Indictment Court's decision and the final judgement delivered by the Criminal Court. The tone of the discourse corresponds mainly to the shock felt after the Indictment Court's decision, more specifically the decision to find certain politicians not guilty.

82 articles correspond to this period and are divided as shown in Table 25:

Table 25: Number of articles collected in the last period of the Panama Canal scandal

Month	Le Petit Journal	LE FIGARO
February 1893	40	14
March 1893	24	4
Total	**64**	**18**

The significant number of articles in February and March 1893 is explained by the transcription of the minutes of the trial.

3.1 Period 3 first order analysis

The following tables (Table 26: Le Petit Journal; Table 27: Le Figaro) highlight the words and expressions that emerged from media narratives during this third period relating to the scandal. These words were isolated and analyzed in order to combine the similar ones into themes with the purpose of defining 'first order' categories.

Table 26: Le Petit Journal – February 10th, 1893 to March 22nd, 1893

First order categories	Words and expressions found related to Panama scandal
Dissatisfaction/Anger	'Hard treatment'[clxxxv], 'violent contrast'[clxxxvi], 'outrageous impunity'[clxxxvii], 'panamiste!'[clxxxviii], 'dissatisfaction of the public opinion'[clxxxix],
Satisfaction	'favorable impression'[cxc], 'revenged'[cxci]
Blame	'political feint'[cxcii], 'to save time'[cxciii], 'to imitate the ostrich'[cxciv], 'parliamentarian putrefaction'[cxcv], 'corrupted politicians'[cxcvi]
Honor	'Honor of France'[cxcvii], 'to not sweep the issues under the rug'[cxcviii], 'National dignity'[cxcix]

Table 27: Le Figaro –February 10th, 1893 to March 22nd, 1893

First order categories	Words and expressions found related to Panama scandal
Dissatisfaction/Anger	'small public opinion vs big public opinion'[cc], 'astonishment'[cci], 'confusion'[ccii], 'incoherence'[cciii], 'sadness'[cciv], 'painful astonishment'[ccv], 'seriousness'[ccvi], 'real shock'[ccvii]
Blame	'common practices'[ccviii], 'so prudish'[ccix], 'share of responsibility'[ccx], 'greed'[ccxi], 'accomplice'[ccxii], 'political manoeuvre'[ccxiii]
Satisfaction	'Failure inflicted to the government'[ccxiv]

This last part is the shortest part of the analysis of the scandal. It corresponds to the time between the Indictment Court's decision and the final judgement delivered by the Criminal Court. The tone of the discourse corresponds mainly to the shock felt after the Indictment Court's decision, more specifically the decision to find certain politicians not guilty.

Despite its anger towards the unfairness of the legal decision, Le Petit Journal takes satisfaction from the fact that the courts took the betrayal of Panama's small investors seriously; they are now avenged.

In a sense, Le Figaro seems satisfied with the final verdict. Indeed, for Le Figaro's readers, the acquittal of all the people accused of taking bribes except one has discredited the government,

which claimed to want to prove its goodwill and transparency. This is a source of satisfaction for Le Figaro's readers.

3.2 Period 3 second order analysis

Table 28: Le Petit Journal – Who is blamed - February 10th, 1893 to March 22nd, 1893

Second order analysis	Who is blamed	Words and expressions found related to Panama scandal
Blame	**Chamber of Deputies**	'political feint'[ccxv], 'to save time'[ccxvi], 'to imitate the ostrich'[ccxvii], 'parliamentarian putrefaction'[ccxviii], 'corrupted politicians'[ccxix]

Table 29: Le Figaro – Who is blamed - February 10th, 1893 to March 22nd, 1893

Second order analysis	Who is blamed	Words and expressions found related to Panama scandal
Blame	**Government / Chamber of Deputies / Republican Party**	'common practices'[ccxx], 'so prudish'[ccxxi], 'share of responsibility'[ccxxii], 'greed'[ccxxiii], 'accomplice'[ccxxiv], 'political manoeuvre'[ccxxv]

Le Petit Journal blames the Chamber of Deputies, which it accuses of "*imitating the ostrich*"[35] in regards to the "*parliamentarian putrefaction*"[36] infecting the Chamber with corruption. The newspaper compares the Chamber to a contaminated hospital: *"We need to close the house, open the windows, clean the floors, the ceilings and the walls, which have been deeply soiled."*[37]

Le Figaro also blames the deputies. In its opinion, the Chamber has been corrupted since the Republicans gained power. The deputies are accused of hypocrisy for acting shocked by these "*common practices*".[38]

[35] Le Petit Journal, February 18th 1893
[36] Le Petit Journal, March 5th 1893
[37] Le Petit Journal, March 5th 1893
[38] Le Figaro, February 10th 1893

Table 30: Le Petit Journal – Who is the target of the dissatisfaction/anger - February 10th, 1893 to March 22nd, 1893

Second order analysis	Who is the target	Words and expressions found related to Panama scandal
Dissatisfaction/Anger	**Indictment Court**	'Hard treatment'[ccxxvi], 'violent contrast'[ccxxvii]
	Allegedly Corrupt Deputies	'outrageous impunity'[ccxxviii]
	Immoral people	'panamiste!'[ccxxix]
	Chamber of Deputies	'dissatisfaction of the public opinion'[ccxxx]

Table 31: Le Petit Journal – Who is the target of the dissatisfaction/anger - February 10th, 1893 to March 22nd, 1893

Second order analysis	Who is the target	Words and expressions found related to Panama scandal
Dissatisfaction/Anger	**The People**	'small public opinion vs big public opinion'[ccxxxi],
	Indictment Court	'astonishment'[ccxxxii], 'confusion'[ccxxxiii], 'seriousness'[ccxxxiv], 'painful astonishment'[ccxxxv], 'incoherence'[ccxxxvi], 'sadness'[ccxxxvii], 'real shock'[ccxxxviii]

Again, the anger expressed by both newspapers does not target the same actors.

Le Petit Journal's readers are angry at the outrageous impunity of certain politicians, because moral principles are still predominant at this time in France. The newspaper chronicles a small incident during which a new insult was invented: "*panamiste*!"[39], which is indicative of popular opinion at this time.

For Le Figaro, the issue is the serious sentence given to an honorable man (i.e. F. de Lesseps) rather than the acquittal of the allegedly-corrupt politicians. For Le Figaro's readers, "*the acts of bribery are inconsequential.*"[40] For them, F. de Lesseps' sentence is a grave attack on France's honor.

In this last part, the subject of the scandal has shifted towards the notion of injustice: on one hand, the 'outrageous impunity' of allegedly-corrupt politicians, and on the other hand, the severe punishment of contractors (i.e. F. de Lesseps). Therefore, the 'guilty parties' are

[39] Le Petit Journal, February 12th 1893
[40] Le Figaro, March 22nd 1893

represented by corrupted public authorities and people who demanded justice for the "insignificant" small investors.

The scandal ends with a deep feeling of injustice, whether in regards to corrupted public authorities or to those who highlighted an insignificant issue and led to France's dishonor. The following two sections present first, the discussion of the findings in relation to the construction of responsibility, followed by a discussion of what the narratives reveal about the outcomes of the scandals.

IV. Discussion: The Construction of Responsibility

The construction of responsibility was discussed in detail in Part 2 and a table giving an overview of the representations of responsibility was presented there (Part 2 table 2). This table is reproduced below for convenience.

Characteristics	Accountability	Liability model of responsibility	Social connection model of responsibility
Type of responsibility	Ethic and legal	Legal	Moral
Limit of responsibility	Isolating	Isolating	Not isolating
Theoretical limitations	Reasons why an agent voluntarily act or did not act	Actions causing the harm	Background conditions / Structuration by which actions have been made possible
Temporality	Backward looking	Backward looking	Forward looking
Individual / Shared responsibility	Individual responsibility	Individual responsibility legal person or collective entity treated as a single agent	Shared responsibility
Type of actions to discharge responsibility	N/A	Individual actions To prove one is not responsible	Collective actions

Recall of Table 2: Overview: representations of responsibility

This discussion is organized in three sections. First, the trajectory of the construction of responsibility analyzed in the media narratives is summarized. Second, the construction of responsibility in the Panama case is examined in relation to the liability model of responsibility. This is followed by an examination of the construction of responsibility in relation to the Social connection model of responsibility.

1. The trajectory of the construction of responsibility in the Panama Canal scandal

The discursive activity details that the Panama scandal is first and foremost a moral issue. As explained in in Part 2 Section V, countries with a tradition of French commercial code, perceive laws as necessary to punish bad behavior. In this tradition, Society understands that the law serves to protect its citizens; it therefore clamors for justice. This is reflected in the narratives studied, particularly in Le Petit Journal, where the objective of the investigation is to address a moral issue rather than any changes in the institutions or control process.

Faced with the clamor for justice, the government feels compelled to act. Nevertheless, an analysis of the chronology highlights the time between the moral issue (i.e the bankruptcy) and the activation of the process of punishment.

In June 1891, 17 months after the Compagnie du canal de Panama collapsed, the French judicial system opens an investigation. In November 1892, Panama's directors and Mr Gustave Eiffel, a contractor, are charged with violating the Companies Act of 1867 and breach of trust. The Indictment Court's decision of February 9th 1893 sentenced Panama's directors, Mr Eiffel and one politician who was convicted of bribery. Finally, on March 22nd 1893, the Criminal Court delivers its final judgment, sentencing the main Panama director, Mr Charles de Lesseps, to jail for violation of the Company Act of 1863 and breach of trust, as well as one former Minister and one deputy for bribery. The other defendants' cases are dismissed. This is summarized in Table 32.

Table 32: Summary of the trajectory of the construction of responsibility in the Panama Canal scandal

Period	Subject(s) of scandal	Responsibility
Period 1: February 1889 – November 1892	Bankruptcy of the Compagnie interocéanique du canal de Panama (Le Petit Journal and Le Figaro)	Compagnie de Panamas' directors (Le Petit Journal)
	Ruin of the small investors (Le Petit Journal)	Government which does not feel concerned by the bankruptcy (Le Petit Journal and Le Figaro) Nouveaux riches (Le Figaro)
Period 2: November 1892 – February 1893	Immoral people within the government and the Chamber of deputies (Le Petit Journal)	Corrupted officials who accepted bribes (Le Petit Journal)
	French honor has been violated (Le Petit Journal and Le Figaro)	People who wanted to avenge small investors (Le Figaro)
Period 3: February 1893 - March 1893	Injustice through the impunity of certain politicians (Le Petit Journal)	Corrupted public authorities (Le Petit Journal)
	Injustice through the sentence of an honorable man (Le Figaro)	People who wanted to avenge small investors (Le Figaro)

2. The liability model of responsibility in the Panama Canal scandal

The objective of this sub-section is to consider the applicability of the liability model of responsibility in the implementation of a process of punishment in the Panama Canal scandal based on Young's definition (Young, 2004, Young, 2006, Neuhäuser, 2014). As explained by Young (2006), it is common to assign responsibility from "a legal reasoning employed to establish guilt or fault for a harm" (Young, 2006, p116); this is the liability model of responsibility

2.1 A responsibility which comes from a legal framework

As explained in Part 1 (Section IV-2) and Part 2 (Section III), France promotes a control by law instead of a control by a profession. In the French context, laws are implemented as an additional mechanism of control, which is necessary because moral transgressions have been identified (Berger and Luckman, 1966).

The Code de Commerce as well as the Company Act of 1867 indicate a real desire to protect creditors (Praquin, 2012, Hautcoeur and Di Martino, 2013, Ouriemmi, 2014). In 18th century France, bankruptcy is considered an infamy. It involves a deprivation of civil rights, civil and commercial inability, humiliation and may go as far as excommunication (Szramkiewicz, 1981).

Going bankrupt indicates that something is wrong because the bankrupted party betrayed his commitment to stakeholders.

As a consequence, following the Compagnie interocéanique du canal de Panama's bankruptcy and the popular clamor, in June 1891, a judicial investigation is opened against the Panama's directors for violation of the Company Act of 1867 and breach of trust.

2.2 An isolating responsibility

According to the liability model of responsibility, responsibility must be assigned to a specific agent (i.e. a single agent or even a company) when there is a causal relationship between the actions of this agent and the fault. This is the first specific characteristic of the liability model of responsibility: it seeks to identify and isolate the responsible agents, distinguishing them from those who are not responsible (Young, 2004, Young, 2006).

Therefore, the first agents concerned by the judicial investigation are the people in charge of the Compagnie interocéanique du canal de Panama: its directors. Their actions are directly linked to the collapse of the company. Their liability is isolated. This means that if it is clearly proven that they violated the rules, they will be accused and punished as individual agents. By isolating those liable (to distinguish them from those who are not responsible), it follows that the structural process by which the blameworthy actions were made possible is not questioned.

2.3 Moral transgression as a deviation from the ideal social world

As seen previously, morality is part of our institutionally defined reality. It can be 'exteriorized' and transmitted inside a social world via the most important tool of 'socialization': language (Berger and Luckman, 1966).

In an 'ideal' social world, human behavior is predefined according to a morally-acceptable code of conduct, which allows it to be canalized in a specific direction to the detriment of others; this code of conduct represents a social control (Berger and Luckman, 1966). Additional mechanisms of control, such as laws, are required when the social control has been identified as deficient and has been transgressed.

According to Young (2004, 2006), the liability concept of responsibility seeks to identify the perpetrator of a moral transgression. A harm or a fault is considered to be a morally

unacceptable transgression of the social code of conduct and projects the actors outside the 'ideal' social world. This model of responsibility considers the moral transgression as a punctual and limited event "*that breaks away from the ongoing normal flow*" (Young, 2006, p120). The role of the punishment is to allow a return to normality, a return to the baseline conditions (Young, 2004, Young, 2006).

On March 22nd 1893, the Criminal Court sentences the main Panama director, Mr Charles de Lesseps, to jail for violation of the Company Act of 1863 and breach of trust. Despite the fact that this final judgement is considered harsh and unfair, the punishment of one of the main actors of the Panama Canal scandal allows French society to return to normal. The popular clamor is progressively appeased and nothing more changes.

2.4 The backward-looking aspect of assigning responsibility

Under the liability model of responsibility, the fault or moral transgression for which Society seeks to hold agents responsible is "*an isolatable action or event that has reached a terminus*" (Young, 2006, p 121). The objective is to seek punishment for this past and punctual action. It could have future impacts, such as restoring calm or dissuading others from repeating the same immoral actions or even, in the Panama Canal case, identifying weak points in the institutional system.

Indeed, in the Panama Canal scandal, by opening a judicial investigation in June 1891 against the Panama's directors, French public authorities seek 'to repair the faults and the discrepancies'[41] in order 'to satisfy public opinion'[42] and restore calm. But there is no other forward-looking impact after the directors' final sentencing. This approach fits the liability model of responsibility which looks for the agents liable for a past moral transgression in order to set a punishment. The final sentence discharges the backward-looking responsibility, deactivating any possibility of collective actions, which would modify the social structure.

This sub-section tracks how a continental European country such as France, in compliance with the spirit of 17th century laws whose objective is to protect citizens, implemented the liability model of responsibility. At this period in France, the law is at the service of morality. When Society complains about a moral transgression, French Justice develops a process of

[41] Le Petit Journal, March 31st 1889
[42] Le Petit Journal, December 27th 1892

inquiry that identifies the punctual and completed actions in order to punish the individual agent - the guilty party - and restore calm.

But the discursive analysis highlights the fact that even if the main actors (i.e. French Society, public authorities, Justice) are not yet aware of it, something different is emerging. In adopting a liability model of responsibility, public authorities succeed in restoring calm. But even if the Panama Canal scandal is not at the origin of changes in accounting regulations, nor in the recognition of the accounting or auditing professions, it represents the arrival of winds of change. Through the dissatisfaction and clamor, this study provides evidence of the initiation of a new model of construction of responsibility. This is discussed in detail in the following section.

3. The social connection model of responsibility in the Panama Canal scandal

The evidence from the media narratives examined in this case study illuminate that even if it is not yet possible to clearly identify Young's (2004, 2006) five indicators set out above (i.e. not isolating, judging background conditions, more forward-looking than backward-looking, shared responsibility, discharged only by collective actions), a specific structural process is appearing, leading to structural injustice and the emergence of the social connection model of responsibility. The following sections consider these indicators in the context of the Panama scandal.

3.1 The existence of structural social processes (Young, 2006)

The construction of responsibility analyzed in Table 32 above highlights that during Periods 2 and 3, some of the people's voices (i.e. this right-wing newspaper) rise against the violation of French honor. What is called into question for this segment of Society, is not the misappropriation of small investors' money or the system of bribery implemented by some deputies, but the fact that honorable people (i.e. Ferdinand de Lesseps) can be charged and sentenced, sullying the country's reputation overseas. France is weakened because some citizens feel shocked by these common processes, which are insignificant compared to the international reach of the country.

> *"One was wondering why he (i.e. the Minister of Justice) had turned inflexible regarding the Panama's lawsuits and had forced the other deputies into a trial whose*

futility struck the eyes of the least alert.(…) As the ruin of Panama left many dissatisfied people for whom a trial will take the place of revenge (…).”[43]

“However interesting the Panama’s small investors may be, it is clear that the satisfaction which is given to them costs the country dearly, its prestige which was recovering, its influence which was being reborn.”[44]

“Do not the alleged acts correspond to common practices, publicly practiced under the complaisant eyes of this government, which suddenly shows itself so prudish?”[45]

Through these words and context, Le Figaro shapes a structural social process recognized by Society at this period in France. The small investors (i.e. the people’s representatives), the Panama’s directors, and the corrupted people among the public authorities are all actors “*within an extensive system of structural social processes*” (Young, 2006, p 116) that connects people who accepted bribes to those who invested. According to Young, “*our responsibility derives from belonging together with others in a system of interdependent processes of cooperation and competition through which we seek benefits and aim to realize projects*” (Young, 2006, p 119). The actions performed by the different actors represent *social systems* (Giddens, 1984, Englund et al., 2011). Social systems comprise the actions of agents present in a “*specific time-space setting*” (Englund et al., 2011, p 496) and “*linked to a specific subject*” (Englund et al., 2011, p 496). These actions are shaped inside *social structure systems* (Giddens, 1984, Englund et al., 2011) - a framework - which is the result of typifications and interactions between these different social actors. Social structures are not a territory, but a process. By initiating this social system, French Society is preparing the foundations of the social connection model of responsibility.

3.2 Indirect interaction between the wrongdoer and the wronged party, and structural injustice (Young, 2006)

According to Young (2006), “*structural social processes constrain and enable many actors in complex relations, however, those with the greatest power in the system, or those who derive*

[43] LeFigaro, November 19th 1892
[44] Le Figaro, November 20th 1892
[45] Le Figaro, February 10th 1893

benefits from its operations, may well be removed from any interaction with those who are most harmed in it" (Young, 2006, p 118).

When some deputies accepted bribes to support the Panama's public offering, or to change their vote on laws relating to the excavation work, they did not intend to ruin the small investors. The money exchanged was intended to satisfy their self-interest, without thinking about where the money came from. There is no direct interaction between the small investors who finance the project and the corrupted deputies who enjoyed part of the money. This is the concept of structural injustice (Young, 2004, Young, 2006). In the Panama Canal scandal, the structural injustice reaches its peak when those who satisfied their self-interest and accepted bribes are generally discharged by the Criminal Court's final judgment. The disconnection between the wronged parties, represented by the small investors, and the indirect wrongdoers, represented by the corrupted deputies, is explicitly stated.

> *"As we predicted yesterday, the announcement that among all the cases that were completed, five were dismissed, causing confusion in the public opinion, public authorities and media"*[46]
>
> *"What contrasts with the good impression of this judicial demonstration (…) is the outrageous impunity, which some accused persons have benefitted from."*[47]

This point highlights "*that where there is structural social injustice, a liability model is not sufficient for assigning responsibility*" (Young, 2006, p 118). Once again, the liability model of responsibility is suitable only when there is a sense of moral right "*that respects agents as individuals and expects them to behave in respectful ways toward others*" (Young, 2006, p 118). In the Panama Canal scandal, the actions taken by agents and underlined by the judicial investigation demonstrate the opposite.

> *"The Chamber of deputies seems to be the only one to not understand the public dissatisfaction. (…) It may be gaining time, but at the same time it is losing the limited consideration it still has. We already knew the sickness inside it but we are discovering that they do not intend to find the remedy."*[48]

[46] Le Petit Journal, February 9th 1893
[47] Le Petit Journal, February 11th 1893
[48] Le Petit Journal, February 18th 1893

"Is there a parliamentarian putrefaction as there is a hospital putrefaction, a subtle and fatal air alteration which condemns all the patients, all the amputees to a fatal death, despite scientific resources and the dedication of all the doctors? There is only one medicine for this kind of invincible epidemic: we need to close the house, open the windows, clean the floors, the ceilings and the walls, all of which have been deeply soiled"[49]

The phenomena of structural injustice is identified and implies that the liability model of responsibility is insufficient. Firstly, it cannot prevent similar actions from being repeated in the future; secondly, it cannot identify the weak points in the social structural process (i.e. the institutional system) that allow or even encourage these highly immoral actions in order to modify them.

Even if French Society is not yet aware that it is capable of initiating a change, the five indicators of the social connection model of responsibility are already present in its discourse.

The five indicators of the social connection model of responsibility in the Panama Canal scandal:

a) Not isolating (Young, 2006)

As already seen, on March 22nd 1893 the Criminal Court sentences the main Panama director, Mr Charles de Lesseps, to jail for violation of the Company Act of 1863 and breach of trust. With this sentence, Justice isolated an agent, Charles de Lesseps, and demonstrated that his actions are directly linked to the Compagnie Interocénanique du canal de Panama's bankruptcy, distinguishing him from those who appear not to be responsible. This is compliant with the liability model of responsibility. Nevertheless, and despite the calm recovery, Justice does not succeed in its attempt to distinguish the sentenced representative (i.e. Charles de Lesseps) from those who appear not to be responsible. For Society, de Lessep's sentence is harsh and incomprehensible.

"Under these conditions, the public will certainly be surprised by the hard treatment that strikes some, compared to the outright dismissal from which others benefit."[50]

[49] Le Petit Journal, March 5th 1893
[50] Le Petit Journal, February 10th 1893

"Everyone was surprised at the seriousness of the sentence inflicted on engineers or contractors, while the magistrates were so eager to whitewash the influential political figures who were accused of haggling and corruption."[51]

With these words, Society states that this is not an isolated responsibility, and claims that this judgment does not morally exonerate other agents from their actions. According to Young, "*where there is structural injustice, finding some people guilty of perpetrating specific wrongful actions does not absolve others whose actions contribute to the outcomes from bearing responsibility*"(Young, 2006). This isolating concept of responsibility becomes inadequate.

b) Judging background conditions (Young, 2006)

According to Young (2006), "*when we judge that structural injustice exists, we mean that at least some of the normal and accepted background conditions of action are not morally acceptable*" (Young, 2006, p 120).

Even if French Society does not demand change after the final verdict, it is conscious that the events that took place, the current situation and the final verdict are not morally acceptable.

"What spoils us the good impression we had on the judicial event (...) is that there is a big gap between the feeling of justice and the outrageous impunity of certain proven guilty."[52]

It is part of the social connection model of responsibility to identify usual and common practices of communities or institutions, which implicate or take responsibility by the simple fact of being accepted. French Society did not question the final verdict; therefore its acceptance is implied.

c) More forward-looking than backward-looking (Young, 2006)

This indicator implies that Society is conscious of the fact that the structuration process (Giddens, 1984) which caused the structural injustice cannot be countered without its intervention (Young, 2006). This may be the more contestable and unidentifiable of Young's indicators in the Panama Canal scandal. Indeed, Society asserts its dissatisfaction and

[51] Le Figaro, February 10th 1893
[52] Le Petit Journal, February 11th 1893

incomprehension with the way Justice operates. But this same Society does not yet understand that its own actions can influence the structural social process. According to Young (2006), it is not only a question of punishing people who directly caused the moral transgression but "*rather to enjoin those who participate by their actions in the process of collective action to change it*" (Young, 2006, p 122). At the time of the Panama Canal scandal, French Society demands justice, first for the small investors and second for the honor of France. It does not question the use of accounting, the control of the figures delivered through balance-sheets or the role that these institutions play in the social imbalance. It proves that Society is not yet ready to change its way of thinking.

d) Shared responsibility (Young, 2006)

> *"Did the public authorities not have their own responsibility in the committed faults and the violated laws? Did the Chamber not have its role in the mismanagement of funds? Shouldn't the deputies' demands and greed tip the scales in favor of the directors who were overwhelmed? Wasn't the Nation itself, in its confusion, the accomplice of MM de Lesseps, Cossu and Eiffel?"*[53]

Unlike the liability model of responsibility, the social connection model of responsibility does not isolate the liable individuals in order to absolve others (Young, 2006).

In the social connection model of responsibility, these are the 'harmful outcomes' (Young, 2006, p 122) which are analyzed. Each individual involved in the structural process leading to structural injustice and therefore to 'harmful results', is judged partially responsible. The notion of 'partial responsibility' is explained by the fact that no single individual produces the 'harmful outcomes'. "*The specific part that each person plays in producing the outcome cannot be isolated and identified and thus the responsibility is essentially shared*" (Young, 2006, p 122).

In the Panama Canal case, the media highlights the fact that each level of the structural process is responsible. The public authorities are responsible for 'imitating the ostrich' [54]. The deputies are responsible because of their 'greed'[55]; they are 'corrupted'[56]. Panama's directors

[53] Le Figaro, February 10th 1893
[54] Le Petit Journal, February 18th 1893
[55] Le Figaro, February 10th 1893
[56] Le Petit Journal, March 11th 1893

are responsible because they have 'swindled all or part of other people's fortunes'[57]. And finally the people are responsible because they contribute to the production and reproduction of the structural injustice by agreeing with the final verdict. The analysis of the data highlights the fact that different actors are blamed and are the targets of Society's dissatisfaction. The discursive activity clearly states a shared responsibility.

e) Discharged only by a collective action (Young, 2006)

The last indicator of the social connection model that Young (2004, 2006) underlines is the fact that "*the forward-looking responsibility can be discharged only by joining with others in collective action*" (Young, 2006, p 123). This indicator is mainly evidenced by the fact that the responsibility is shared. The role of the forward-looking responsibility is to change the institutions, to act on the structural process so that the future outcomes are less harmful, less unjust.

Given that it is not yet possible to clearly demonstrate the forward-looking responsibility (see Part 5 Section IV- 3.2.c.), the 'discharged only by a collective action' indicator is the second of Young's indicators which can be contested in the Panama Canal scandal. Indeed, the objective of the liability model of responsibility is to restore calm. This is what happened after the Criminal Court's final verdict. Through the media, Society expressed its dissatisfaction with the inequitable final verdict, but it does not consider taking measures in order to act on the structural process itself. Once again, the final sentence discharges the backward-looking responsibility, deactivating any possibility of collective action, which would modify the social structure (see Part 5 Section IV- 3.2.d.).

V. Discussion: Outcomes of the scandal emerging from the media narratives

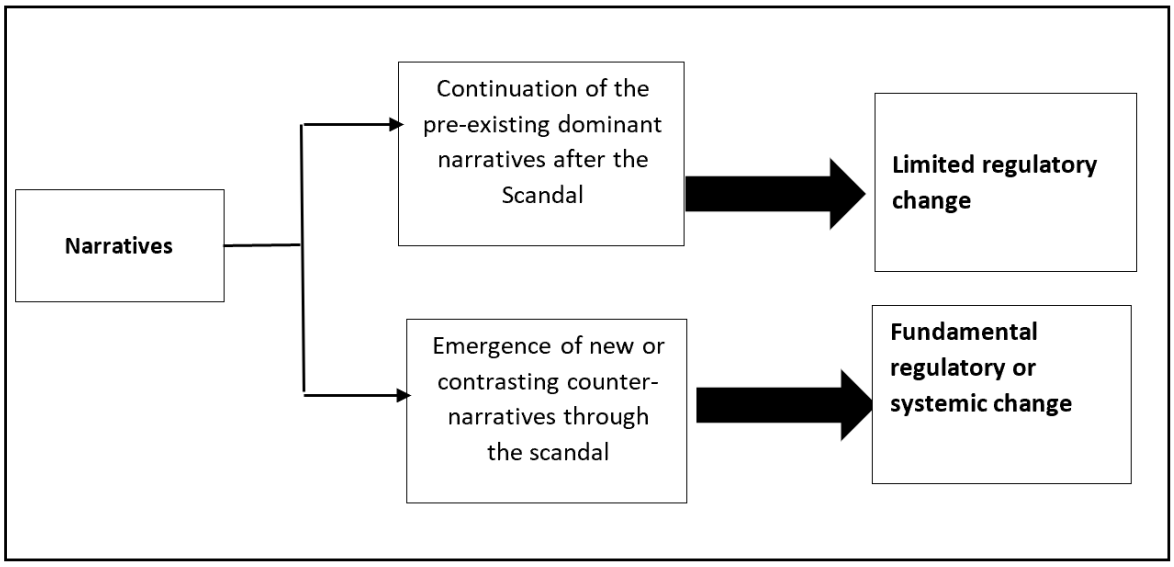
This last part of the discussion addresses the second research question: What is revealed by the media narratives about the outcomes of Panama scandal. Van Driel's (2019) study in an Anglo-Saxon context focuses on role of narratives surrounding financial scandals in shaping the regulations that emerge from financial scandals. He explains that the outcome of a scandal is a social construction based on the country context and the ensuing narratives. Hail et al.'s (2018) findings point to the fact that in the context of countries with a French commercial code the link between financial scandals and regulation is less marked. Building on these

[57] Le Petit Journal, November 23rd 1892

studies, this PhD thesis uses media narratives to investigate the outcomes of historical financial scandals in France, where regulation as an outcome is not a forgone conclusion.

As explained in Part 1, Hansen (2012) also addresses the influence of narratives in the outcomes from financial scandals. He points to the influence of the 'semantic struggle' around a scandal on the outcomes of the scandal.

Figure 1 recalls the 'semantic struggle' and the outcomes according to Hansen (2012).



Recalls of Fig 1: The semantic struggle and the outcomes of financial scandals (Hansen, 2012)

Hansen's (2012) argues that narratives surrounding a financial scandal are a key component in understanding whether they generate new regulation or not. While this study uses the narratives to examine the generation of new regulation as a result of the scandal, the findings are not limited to regulation, but consider the full range of outcomes that the narratives reveal. It is also worth noting that the narratives are interesting both in terms of the outcomes that the provoke and the issues on which they remain silent. These are considered in the following sections.

1. Punishment of guilty individuals

The narratives reveal a clamor for justice which results in the punishment of the guilty parties: in order to calm public opinion, the main actors are sentenced to jail (two Panama's directors

and one minister[58]). The data analysis highlights that the discursive activity of the Panama Canal scandal is truly a product of its time. Indeed, according to the media narratives, the Panama scandal is the consequence of bad human behavior, and isolated 'cases of greed'. Consequently, the punishment of certain guilty is an expected outcome.

2. Absence of regulation

In the Panama Canal scandal, the dominant narrative do not emphasize a systemic failure requiring fundamental changes, such as regulatory change (Hansen, 2012). The role that history and the resulting narratives play in this sense-making process is essential to understanding the lack of regulatory response. As demonstrated by Hansen (2012) when the narratives emerging from the scandal do not differ from the understanding of the event before the crisis, resulting for example of isolated 'cases of greed' (see Part 5 Section V-1), there is no regulatory change (Fig 1). Based on the French legal tradition, a regulatory response was not expected. Consequently, this absence of regulation is not surprising.

3. The political outcomes revealed by the narratives

The narratives also reveal the role the scandal plays in contributing to political instability of the time. Indeed, Le Figaro, which describes itself as a Conservative, right-wing newspaper, nostalgic for the Empire, mainly incriminates in its discursive activity the government and its representatives in order to overthrow the Republican regime (Thiveaud, 1997). According to Le Figaro's narratives, the representatives of the Republic want money and social status, which leads to venality and bribery:

> "*The biggest crime of the Republican Party (…) having acclimatized us to their greed and their low moral standards which permitted this astonishing scandal*"[59].
>
> "*Everything in the Republic is an improvisation. Because Democracy is looking for the lowest common denominator, it creates a Society of people who are ready to bend at the knee to please it. This explains the decreasing level of morality in the Chamber of Deputies with each new term.*"[60]

[58] Le Petit Journal, March 22nd 1893
[59] Le Figaro, December 22nd 1892
[60] Le Figaro, December 3rd 1892

The expression of these protests contributes to political instability of the Third Republic, which is a historical fact. Consequently, this is an expected outcome. Nevertheless, the expression of these emotions may also fuel populist feelings.

4. The emotions of the narratives

The expression of this type of heightened emotions (see Part 5 Section V-3) contributes both to political instability of the Third Republic and may also fuel populist feelings. The data analysis highlights for example that according to Le Figaro's narratives, there is an obsession with the acts or gestures of 'an enemy of the French Nation', represented by Mr Aarton, the right-hand man of Messieurs Ferdinand and Charles de Lesseps, who is Jewish.

As emphasized by Thiveaud (1997) and Mollier (2020) the Panama Canal scandal occurs during a period of significant nationalism and anti-Semitism, since it occurs at the same time as the Boulangist movement (Thiveaud, 1997). It lays the foundations for the Dreyfus Affair (1894-1906) which expresses an enraged anti-Semitism (Mollier, 2020). Nevertheless, these heightened emotions were not an expected outcome of the analysis of the narratives in cases of financial scandal.

5. Silence of the narratives on the accounting and auditing professions

Finally, the narratives illustrate how French media perceive corporate malpractices when there is no accounting standard and no auditing profession. Indeed, late 19th century in France the discursive activity of the Panama Canal scandal is truly a product of its time since the issue of the scandal is related to bad human behavior, rather than to an inherent lack of control or regulation, or a failure in the control process. As explained in Part 5 Section 1.2, the investigating judge, in charge of the Panama Canal trial, appoints the expert Flory in order to examine how the money raised was used. Flory's report figures (Pic 5 and 6) are used to demonstrate the corruption. It is not a matter of highlighting issues in the Compagnie Interocéanique's accounting or lack of financial control. During the scandal, the words 'accounting', 'auditors' or even 'control' are not present in the discursive activity at any time. However, usually these words are expected in an analysis of the narratives of a financial scandal. Consequently, the silence of the narratives on the accounting and auditing professions is an unexpected outcome.

6. Overview of the outcomes of the Panama Canal scandal emerging from the narratives

The following figure (Fig 5) summarizes the outcomes of the Panama Canal scandal which emerged from the narratives

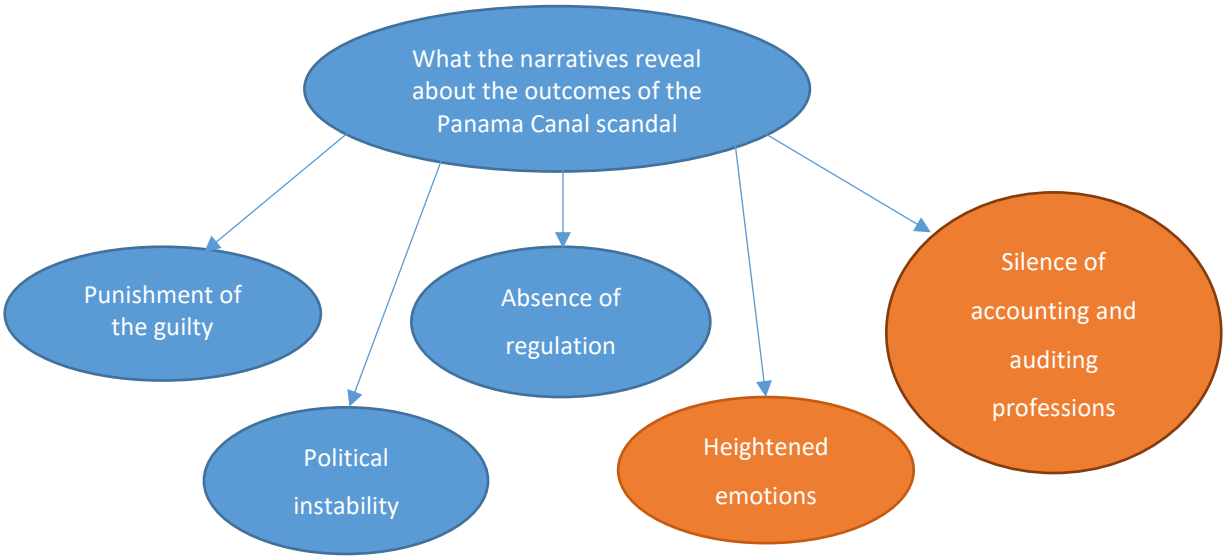


Figure 5: The outcomes of the Panama Canal scandal

VI. Summary

This chapter has presented the analysis of the 465 newspaper articles related to the Panama Canal scandal. Using Young's framework of responsibility presented in Part 2, the construction of responsibility is examined in the Panama Canal scandal. The findings reveal that liability model provides a good representation of the construction of responsibility, as the Panama scandal is perceived as a consequence of bad human behavior resulting from isolated 'cases of greed'. This is consistent with the French legal tradition at the time where the law is strongly connected to the concept of morality. However, the analysis also reveals that there is evidence of the beginning of the development of a social connection model of responsibility.

The second research question addresses what the narratives reveal about outcomes of the financial scandal. First the narratives reveal a clamor for justice which results in the punishment of the guilty parties. Second, consistent with identification of a single guilty party, the narratives a lack any discussion of a systemic failure requiring fundamental changes, such as institutional or regulatory change (Hansen, 2012). As explained in section II of this chapter,

the French accounting and auditing profession was undeveloped at the time of the scandal and therefore it is also unsurprising that the narratives lack any consideration of the concerns about accounting or auditing.

Finally, the narratives also emphasize the role the scandal plays in contributing to the political instability of the time and provide evidence of the role of the scandal in expressing heightened emotions that may fuel populist sentiment.

Part 6: Second case study: The Stavisky scandal

I. Introduction

The purpose of this chapter is to present the second of the two historical case studies which aim to address the two research questions of this study:

Historically, how was the responsibility for financial scandals constructed in France?

What do the media narratives reveal about the outcomes of historical French financial scandals?

As explained in Part 4, the case study is based on contemporaneous media narratives appearing in the two most widely circulated newspapers at the time of the Stavisky scandal. This represents 872 articles published between the 1st December 1933[61] and the 20 January 1936[62], in the two daily newspapers with the largest circulation in France at this period: Paris Soir and Le Petit Parisien.

Section II provides a history and a summary and timelines for the Stavisky scandal which lasted 24 months[63]. Section III then presents the analysis of the data. In order to understand the trajectory of the construction of responsibility and the outcomes the scandal, this long period was divided into three separate periods: (a) from December 1st, 1933 to February 7th, 1934 (Riots of Paris), (b) from February 8th, 1934 to November 2nd, 1935 (Trial in the Seine criminal court), (c) from November 3rd, 1935 to January 20th, 1936 (final verdict). This section presents an analysis of the data separately for each of these three time periods.

Section IV considers the first research question relating to the construction of responsibility. Section V considers the second research question in relation to the outcomes of the Stavisky scandal that emerge from the media narrative. This Part 6 concludes with a summary.

[61] Credit Municipal de Bayonne director's confessions (the beginning of the month).
[62] Final verdict of the lawsuit.
[63] From the Credit Municipal de Bayonne director's confessions to the final verdict of the lawsuit.

II. The history and legal context of the Stavisky scandal

1. The history of the Stavisky scandal

1.1 Alexandre Stavisky, aka “Sacha the handsome”

Alexandre Stavisky, *aka* ‘Sacha the handsome’, is a crook who was born in Ukraine in 1886, but his Jewish family went into exile in France in 1898 to become citizens of France. Due to his father’s privileged professional situation, he got a good education in a prestigious college in Paris. However, his innate talents as a ‘seducer’ encourage him to choose a different path (Morel, 2016). He was well-known to the Seine police (the first police report is dated from 1924) for his misdeeds with mature women who he exploited for their fortunes. He was described as a handsome "smooth talker" and upstart who constantly needed to finance his luxurious lifestyle and vices (Morel, 2016). The multiple inquiries underline two periods in his “carrier”. The first period concerns swindle and theft offences against individuals. The second period focuses on savings fraud (Thiveaud, 1997). The commission of inquiry in charge of the Stavisky scandal highlighted that the extent of the second period is the result of his incredible impunity (Thiveaud, 1997).

1.2 The Crédit municipal d’Orléans: the implementation of the fraud

In 1931, Stavisky set up a fraudulent pawn brokerage in Orleans which allowed him to discount up to 10 times the amount loaned through a system of double coupons. The process is simple: fake emeralds, which are previously assessed by an ‘expert’ (Stavisky's accomplice) are pawned. The Credit Municipal d'Orléans loans money in compensation for the pawned jewels, and then issues bonds which the amount is 10 times higher than the amounts loaned. The money originating from the bonds is used to finance the luxurious lifestyle of Stavisky and his accomplices. When the system was brought to light in Orleans, Stavisky repaid the defrauded sums but strangely was not prosecuted. He then moved to Bayonne to set up exactly the same fraud on a larger scale (Thiveaud, 1997, Sagardoytho, 2019).

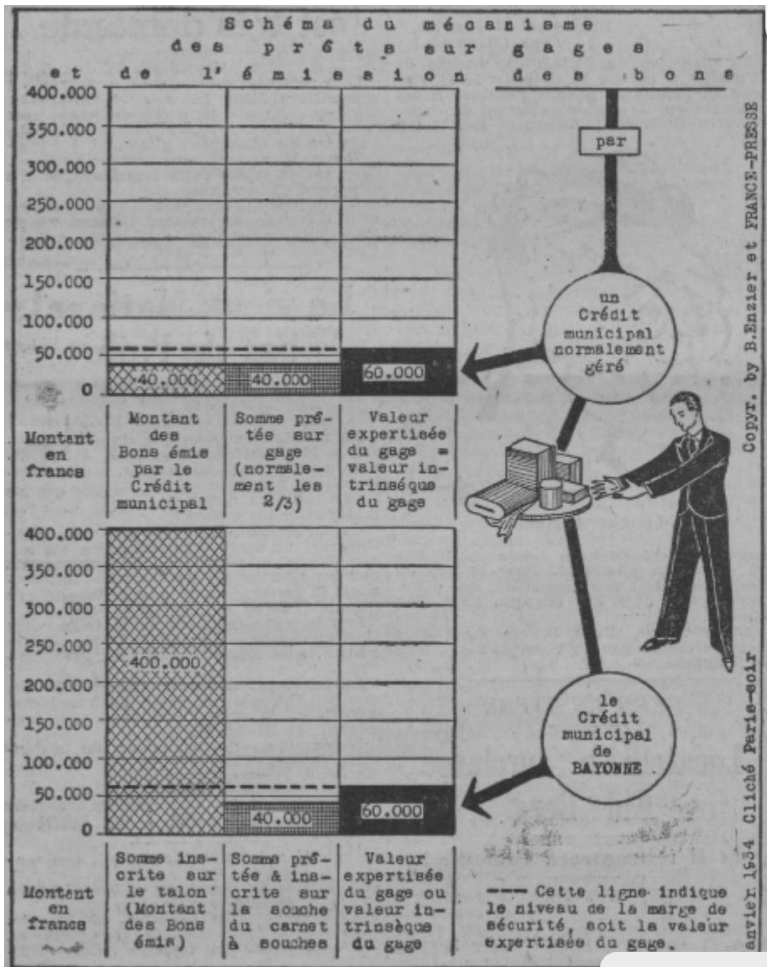
1.3 The creation of the Crédit Municipal de Bayonne

In Bayonne, Stavisky uses the Decree of 24 October 1918 which allows the pawn shops to function like a Crédit Municipal by issuing bonds. In partnership with the Mayor of Bayonne,

Deputy Garat, he creates the Crédit Municipal de Bayonne in 1931 and implements exactly the same fraud as he did in Orléans (Thiveaud, 1997).

It was a simple tax audit in December 1933 that put an end to the fraud. The Director of Credit Municipal de Bayonne, Tissier, voluntarily surrenders to the police and makes a full confession (Morel, 2016).

The 14 January 1934, Paris Soir publishes the scheme of the fraud (Pic 7) implemented by Stavisky and its accomplices:



Pic 7: Extract from Paris Soir detailing the fraud of the Crédit Municipal de Bayonne[64]

1.4 Flee, suicide and protest

Following Tissier's confession, Juge D'Hualt from Bayonne issues an arrest warrant against Stavisky. But it is too late; he left Paris and remains untraceable. Finally, the 8 January 1934, he

[64] Paris Soir – January 14th 1934

is found dying (a shot in the head) in a chalet near Chamonix. His death makes the headlines; the press claiming that it is not a suicide. Indeed, the media accuse high officials, deputies and even the Prime Minister Chautemps to be involved in the fraud. This is the starting point of a violent campaign led by the extreme-right against the government and its institutions which will ultimately weaken The Republic.

2. Legal context in France

As already seen, after a strong period of control and intervention in terms of business regulation with the 1673 Colbert Ordonnance and the 1807 Code de Commerce, France enters a long period of lack of interest related to accounting and auditing regulation. Only few regulations were enacted between 1856 and 1935 (see Table 3).

Due to World War I, Europe needs to fund the massive increase in State costs related to military provisions and feeding the population. Consequently, French income tax is established in 1914, followed by the creation of a corporate tax based on actual earnings in 1916 (see Table 5). For the first time, homogenized accounting becomes a tool for the French State to collect its share of war profits (Lemarchand, 1995, Dattin, 2014, Ouriemmi, 2014). The accounting profession regards the 1916 law as a first step towards clarifying the numbers-based language of accounting: "*It is time to get over academic disdain and grant accounting its ranking as an accurate science*" (Touchelay, 2011, p 41). This law is deemed inefficient because of the difficulty in ascertaining the actual profit resulting from the war (Hautcoeur and Grotard, 2001, Vosslamber, 2019), the lack of consent of people liable for the tax, and the lack of an efficient body of inspectors (Daunton, 1996). Nevertheless it has notable implications on French tax and accounting regulation (Touchelay, 2011). The regulation of accounting valuation is instituted in France through tax laws. After the law of 1916, the tax circular of January 1930 (see Table 5) related to balance sheet reevaluation establishes a new doctrine which represents a motor for the normalization of accounting (Touchelay, 2011).

Finally, it is not until the Stavisky scandal (1933-1936), analyzed in this part, and the resulting public outcry (the 1934 Paris riots) that the Chamber of Deputies initiates provisions related to the independence and qualifications of the 'commissaires aux comptes' in the 1935 decree-laws (see Table 3). These decree-laws introduce a priori and a posteriori incompatibilities to carrying out auditors' duties and the obligation for listed companies to choose at least one of their

auditors from a list of experts named by the Court of Appeal. Auditors must pass a technical examination before being considered experts. Nevertheless, these provisions remain insufficient, and the control of the Financial Statements by auditors an illusion (Dattin, 2014, Dattin, 2017): companies still fear auditors interfering with decisions made by the board of directors (Praquin, 2012) thereby compromising business secrecy (Dattin, 2014).

Accounting and auditing regulation in France between 1856 and 1935 is a series of missed meetings, or even flops. The deputies are torn between limiting trading transactions and protecting savings. Ultimately, they decide to respect business secrecy, and reinforce the status of a liberal country where "laissez-faire" reigns with the Law of 1867. Even in 1935, as highlighted in this case study, the attempts at reform are minor in terms of accounting and auditing standards. The main impact in terms of accounting remains the Tax Law of 1916, with the creation of a corporate tax based on actual earnings.

III. Data Analysis

As explained in detail in Part 4, 872 articles published between December 1st, 1933[65] and January 20th 1936[66], in the two daily newspapers with the largest circulation in France at this period Paris Soir and Le Petit Parisien provide the narratives for this case study.

The data analysis is presented 3 time periods which map the three major stages of the scandal: (a) from December 1st, 1933 to February 7th, 1934 (Riots of Paris), (b) from February 8th, 1934 to November 2nd, 1935 (Trial in the Seine criminal court), (c) from November 3rd, 1935 to January 20th, 1936 (final verdict). In line with the Gioia method, for each time period, the first order analysis of the data is presented and this is followed by the second order analysis.

1. Period 1: From December 1st 1933 to February 7th 1934

In this first period, Tissier, the Director of the Crédit Municipal de Bayonne voluntarily surrenders to the police and confesses to being part of a fraud implemented within the Crédit Municipal. One of the founders of this pawnshop is none other than the famous Mayor of Bayonne, the Deputy Garat. An arrest warrant against Garat's business partner, a man named Alexandre Stavisky, is issued. all the national media run to Bayonne. The fraud quickly provokes a

[65] Credit Municipal de Bayonne director's confessions
[66] Final verdict of the lawsuit

considerable emotion; especially when the press reports the fact that the Crédit Municipal de Bayonne was an organization under state control, and all its accounting appeared to be in order. This emotion will lead until the riots of Paris the night of the 6 February 1934.

281 articles relating to the Stavisky scandal were collected from the two newspapers during this period as shown in Table 33:

Table 33: Number of articles collected in the first period of the Stavisky scandal

	Paris-soir	Le Petit Parisien
December 1933	1	2
January 1934	189	50
February 1934	28	11
Total	**218**	**63**

1.1 Period 1 first order analysis

The following tables (Table 34: Paris Soir; Table 35: Le Petit Parisien) highlight the words and expressions that emerged from media narratives during this first period in relation to the scandal. The methods followed to identify these words are explained in detail in Part 4 Section V Data Analysis. These words were isolated and analyzed to combine those which are similar into themes, with the purpose of defining 'first order' categories.

Table 34: Paris Soir –December 1st 1933 to February 7th 1934

First order categories	Words and expressions found related to Stavisky scandal
Control	'a control of the finance administration has regularly taken place'[ccxxxix], 'the commissions supervised the good running of the organization'[ccxl], 'the controller's signature was on those documents'[ccxli], 'control service'[ccxlii], 'control of the Ministry of Labor'[ccxliii], 'mortgage credit controller'[ccxliv], 'Finance Controller'[ccxlv], 'the controls that the laws planned failed'[ccxlvi], 'a new law, a new control'[ccxlvii], 'multiple controls do not work'[ccxlviii]
Accounting	'accounting books'[ccxlix], 'accounting issues'[ccl], 'expert'[ccli], 'public accountant'[cclii], 'booked'[ccliii], 'to check the accounting'[ccliv], 'legality of the transactions'[cclv], 'auditors'[cclvi], 'standard balance sheet'[cclvii], 'balance sheet interpretation'[cclviii], 'budget approved by the board'[cclix]
Failure	'crash'[cclx], 'scandal'[cclxi,cclxii,cclxiii], 'the money was fraudulently stripped away'[cclxiv], 'infringing acts'[cclxv], '550 million disappeared'[cclxvi], 'default and slowness of the administration'[cclxvii], 'deficiency of the judicial authority'[cclxviii], 'political and financial scandal'[cclxix], 'default administrations'[cclxx], 'the controls that the laws planned failed'[cclxxi], 'insufficient and obsolete organization of police'[cclxxii]
Fraud	'such fraud'[cclxxiii,cclxxiv,cclxxv,cclxxvi], 'strip the public savings'[cclxxvii],'to hide his fraud'[cclxxviii]
Favor	'mysterious protection'[cclxxix], 'the influences'[cclxxx], 'to promote the investments'[cclxxxi], 'to continue his dangerous operation'[cclxxxii], 'bribery'[cclxxxiii], 'some fellowships and complicities'[cclxxxiv]
Blame	'the unfortunate victims'[cclxxxv] ,'to comment with harshness'[cclxxxvi], 'to change the mores'[cclxxxvii], 'to split the political and business worlds'[cclxxxviii], 'to regulate the parliamentary incompatibilities'[cclxxxix], 'to be surprised that this law does not exist'[ccxc], 'magistrates need to be armed'[ccxci], 'disgusting facility of mores'[ccxcii], 'the judicial investigation stalls'[ccxciii]
Responsibility	'our responsibility'[ccxciv], 'political and administrative responsibilities'[ccxcv], 'guilty people'[ccxcvi], 'accurate attribution of responsibility'[ccxcvii]
Savings protection	'savings protection'[ccxcviii,ccxcix,ccc,ccci], 'bill'[ccciii], 'subject to predators'[ccciii], 'insufficient laws'[ccciv]
Anger	'crowd's exasperation'[cccv], 'death cries'[cccvi], 'indignation'[cccvii], 'public opinion claims'[cccviii], 'eagerness'[cccix], 'the exigent and durable anger'[cccx], 'violent passion'[cccxi], 'clashes'[cccxii], 'thousands of demonstrators'[cccxiii], 'the crowd clamors'[cccxiv], 'such violence'[cccxv], 'the agitation is increasing'[cccxvi], 'Go to jail! Thief! Crook!'[cccxvii], 'what is shameful'[cccxviii], 'the popular consciousness is revolted'[cccxix]
Honor	'France needs to be cleaned of the stain she has suffered'[cccxx], 'insult to a country'[cccxxi], 'duty'[cccxxii], 'nation's consciousness'[cccxxiii], 'nation of justice and probity'[cccxxiv], 'to discredit'[cccxxv], 'France is in danger'[cccxxvi]
Injustice	'what is shameful'[cccxxvii], 'the only and real sanction should be applied to the one who does not know anything of this scandal'[cccxxviii], 'bitten disregard of justice'[cccxxix]

Table 35: Le Petit Parisien – December 1st 1933 to February 7th 1934)

First order categories	Words and expressions found related to Stavisky scandal
Control	'controller'[cccxxx], 'to control'[cccxxxi],
Accounting	'the first accounting checks'[cccxxxii], 'the expert'[cccxxxiii], 'accounting fraud'[cccxxxiv], 'to find the accounting in order'[cccxxxv], 'budget'[cccxxxvi], 'public accountants'[cccxxxvii]
Failure	'magistrates failed'[cccxxxviii], 'negligence'[cccxxxix], 'the upper limit of the issuance of bonds was exceeded'[cccxl], 'scandal'[cccxli]
Fraud	'fraud'[cccxlii,cccxliii]
Blame	'weakness'[cccxliv], 'negligence of the judicial and police organizations'[cccxlv], 'incredible compromise'[cccxlvi], 'obsolescence of some administrations'[cccxlvii]
Claim	'justice should be done'[cccxlviii]
Savings protection	'bill'[cccxlix], 'savings protection'[cccl]
Anger	'to appease public opinion'[cccli], 'public irritation'[ccclii]
Regulation	'bill'[ccliii]

The first finding in the analysis of these two tables is that two key new themes have emerged from the media's discursive activity of the Stavisky scandal: control and accounting.

First, the Crédit Municipal de Bayonne's failure is quickly called 'a scandal': *"It is not only an amazing fraud: the Crédit Municipal de Bayonne's crash is now taking (…) the proportions of a scandal"*[67] or "*For one month, the scandal, borne of a few individual failures, paralyzed the Chamber of Deputies"*[68].

What the public and media questioned about this bankruptcy is the fact that the Crédit Municipal de Bayonne was an organization under state control, and all its accounting appeared to be in order. "*Nothing suspicious can be revealed since the Finance administration regularly proceeded with controls. Furthermore, the prosecutors and the mayor of Bayonne ensured that the establishment was running correctly.*"[69] "*The Finance Controller always found the accounting in order*"[70].

Given these conditions, it was astonishing that Crédit Municipal went bankrupt without anybody detecting the warning signs. The press quickly underlines a failure in the control process as well as the inefficiency of the accounting. "*The Credit Municipal's controller must explain the modus*

[67] Paris Soir, January 5th, 1934
[68] Le Petit Parisien, February 7th, 1934
[69] Paris Soir, January 1st, 1934
[70] Le Petit Parisien, January 6th, 1934

operandi of its division"[71]*. "It appeared that the controller signed blank notes payable in advance*."[72]

The second observation concerns the words and expressions used in "Paris Soir" to describe public's anger. These words are violent, not merely exasperated. It is important to note that the Stavisky scandal, and the disclosure of who the stakeholders might be, led to violent riots in Paris on February 6th and 7th 1934. This is the second significant change in the analysis of this scandal. The arrest of the individuals who were directly involved in the fraud was insufficient in restoring calm. In this specific case, and at this period of time, the crowd demanded real changes in the defaulting institutions. The entire system is being criticized: "*a despot (i.e. Stavisky) has to explore hearts and kidneys: (…) by using ambitions, vanities, passions and vices, he strongly builds his system*"[73].

These two observations arise from the identification of the main themes – i.e 'first order'(Gioia et al., 2012) – ascertained by the analysis of words and expressions used in the articles.

1.2 Period 1 second order analysis

Following this first identification, it was necessary to highlight the 'second order' (Gioia et al., 2012) of the analysis in order to reconcile the contents of the media narratives to the research questions.

The result of the 'second order' research is detailed in the following tables.

[71] Le Petit Parisien, January 5th, 1934
[72] Paris Soir, January 2nd, 1934
[73] Paris Soir, January 9 th, 1934

Table 36: Paris Soir – What people think of control - December 1st 1933 to February 7th 1934

Second order analysis	What people think	Words and expressions found related to Stavisky scandal
Control	**Existence of a control**	'a control of the finance administration has regularly taken place '[ccccliv], 'the commissions supervised the good running of the organization'[ccclv]
	Confirmation of the control	'the controller's signature was on those documents'[ccclvi]
	Who was in charge of the control	'control service'[ccclvii], 'control of the Ministry of Labor'[ccclviii], 'mortgage credit controller'[ccclix], 'Finance Controller'[ccclx]
	Failure of the control	'the controls that the laws planned failed'[ccclxi],
	Controls are not efficient	'a new law, a new control'[ccclxii], 'multiple controls do not work'[ccclxiii]

Table 37: Le Petit Parisien – What people think of control - December 1st 1933 to February 7th 1934

Second order analysis	What people think	Words and expressions found related to Stavisky scandal
Control	**Existence of a control**	controller'[ccclxiv], 'to control'[ccclxv],
	Who was in charge of the control	'control service'[ccclxvi], 'control of the Ministry of Labor'[ccclxvii], 'mortgage credit controller'[ccclxviii], 'Finance Controller'[ccclxix]
	Failure of the control	'the controls that the laws planned failed'[ccclxx],
	Controls are not efficient	'a new law, a new control'[ccclxxi], 'multiple controls do not work'[ccclxxii]

Early in the scandal, the fact that two ministers (Finance and Trade) were in charge of the Crédit Municipal de Bayonne's controls astonished the media and the public. How can an organization under state control, such as The Crédit Municipal de Bayonne, fail?

Words and expressions related to control appear immediately and continue to appear until the end of the scandal in January 1936.

By deepening the analysis in order to understand what people think about control, 'second orders' themes have been determined. The first point is that controls existed and were indeed performed: "*All these documents bore not only the Crédit Municipal's signature but also the controller's signature, a qualified official whose good faith and complete fairness cannot be contested*"[74].

[74] Paris, January 2nd, 1934

Consequently, the relevance of the controls implemented is quickly contested and their failure highlighted: "*What does Bayonne's fraud prove? Not that the laws were insufficient but that the controls, provided by the law, failed*"[75]. Moreover, these controls are deemed to be inappropriate and even the idea of passing new laws is called into question. "*Each time a fraud succeeds, someone inquires and someone passes a law. Honest people feel better protected. Fraudsters will use this feeling of safety to cheat investors. (…) What seems necessary is not to elaborate a new law but to transform the notion of control*"[76].

What could be considered surprising is that these comments appeared just days after the discovery of the scandal. Even if the scandal lasted 26 months, the defaulting controls and institutions were underlined within the first six weeks.

Table 38: Paris Soir – What people think of accounting - December 1st 1933 to February 7th 1934

Second order analysis	What people think	Words and expressions found related to Stavisky scandal
Accounting	**Existence of accounting**	'accounting books'[ccclxxiii], 'booked'[ccclxxiv],
	Auditing of balance sheets	'to check the accounting'[ccclxxv], 'legality of the transactions'[ccclxxvi], 'auditors'[ccclxxvii]
	Accounting standards	'legality of the transactions'[ccclxxviii], 'standard balance sheet'[ccclxxix], 'budget approved by the board'[ccclxxx]
	Accounting issues	'accounting issues'[ccclxxxi], 'balance sheet interpretation'[ccclxxxii]
	Person in charge of accounting	'expert'[ccclxxxiii], 'public accountant'[ccclxxxiv]

[75] Paris Soir, January 13th, 1934
[76] Paris Soir, January 28th 1934

Table 39: Le Petit Parisien – What people think of accounting - December 1st 1933 to February 7th 1934

Second order analysis	What people think	Words and expressions found related to Stavisky scandal
Accounting	**Existence of accounting**	'budget'[cccLxxxv]
	Auditing of balance sheets	'the first accounting checks'[cccLxxxvi], 'to find the accounting in order'[cccLxxxvii]
	Person in charge of accounting	'the expert'[cccLxxxviii], 'public accountants'[cccLxxxix]
	Accounting issues	'accounting fraud'[cccxc]

The same observation can be made for accounting: words and expressions related to accounting appear early in the scandal. The public understands that balance sheets were established when the Crédit Municipal de Bayonne was created, and that nothing could predict the existence of fraud because the accounting was in order: "*The Finance Controller always found the accounting in order*"[77].

Accounting is seen as a tool that determines if a company is well-managed or not. But the subjects of balance sheets and accounting remain obscure to the public, the media, the prosecutors, the defendants, the lawyers, and even the controllers themselves. Stavisky knew this and used this lack of knowledge to his advantage. The interpretation of standards and balance sheets suddenly became an issue. "*It has been proven that the defendant acted in good faith based on the standard balance sheets provided by Tissier. (…) His defense is based on the interpretation of the balance sheet* (…) *No accountant can ignore that two budgets can never be added together (…) The defendant claimed that the budgets were approved by the prosecutors' administration; he cannot doubt their accuracy*"[78]

The last interesting observation of what people think of accounting in the first period of analysis is the fact that the experts appointed to analyze the Crédit Municipal de Bayonne's accounting are called '*public accountants*'[79]. The use of this term seems to give more legitimacy and expertise to the people in charge.

[77] Le Petit Parisisen, January 6th, 1934
[78] Paris Soir, January 27th, 1934
[79] Le Petit Parisien, January 31st, 1934

Table 40: Paris Soir– Analysis of who is blamed - December 1st 1933 to February 7th 1934

Second order analysis	Who is blamed	Words and expressions found related to Stavisky scandal
Blamed	**Fraudsters**	'the unfortunate victims'[cccxci], 'to comment with harshness'[cccxcii],
	Defaulting institutions	'to regulate the parliamentary incompatibilities'[cccxciii], 'to split the political and business worlds'[cccxciv], 'to be surprised that this law does not exist'[cccxcv], 'magistrates need to be armed'[cccxcvi], 'the judicial investigation stalls'[cccxcvii]
	Human behavior	'to change the mores'[cccxcviii], 'disgusting facility of mores'[cccxcix]

Table 41: Le Petit Parisien – Analysis of who is blamed - December 1st 1933 to February 7th 1934

Second order analysis	Who is blamed	Words and expressions found related to Stavisky scandal
Blamed	**The people**	'weakness'[cd],
	Defaulting institutions	'negligence of the judicial and police organizations'[cdi], 'obsolescence of some administrations'[cdii]
	High officials	'incredible compromise'[cdiii]

In 1889, when the Panama Scandal exploded, Society considers human behavior responsible for the scandal. Even 44 years later, human behavior still appears in the second order analysis, but it is mainly the defaulting institutions which are soon blamed: "*Magistrates failed (…) errors come less from individual negligence than from the anachronistic organization of the police and justice departments*"[80]

Both newspapers come to the same conclusion. Paris Soir highlights that "*parliamentary incompatibilities must be studied and regulated*"[81]. Le Petit Parisien underlines "*the obsolescence of some administrations*"[82].

The readers' attention is displaced from Stavisky, a man, to the defaulted administrations, i.e. a system. It is the system which is now being questioned, not the individuals.

The defaulted administrations, as well as the defaulted politicians (i.e. these who accepted the bribery), are part of a global system that was reinforced by the post-war atmosphere. All the indicators reflect an atmosphere that is favorable to fraud: "*all the issues are present: interior*

[80] Le Petit Parisien, January 12th, 1934
[81] Paris Soir, January 20th, 1934
[82] Le Petit Parisien, January 22nd, 1934

disorders, no budget, a dry cash flow and, on the external front, numerous complications"[83]. Based on the geopolitical context during which the Stavisky scandal occurred, it is important to reaffirm Paris Soir's point of view in an article from January 9th 1934 about Alexandre Stavisky and the fraudulent system he implemented: "*a despot (i.e. Stavisky) has to explore hearts and kidneys: (…) by using ambitions, vanities, passions and vices, he strongly builds his system*"[84].

Table 42: Paris Soir – Analysis of who is concerned by the failure - December 1st 1933 to February 7th 1934

Second order analysis	Who is concerned by the failure	Words and expressions found related to Stavisky scandal
Failure	**Institutions**	'default and slowness of the administration'[cdiv], 'deficiency of the judicial authority'[cdv], 'political and financial scandal'[cdvi], 'default administrations'[cdvii], 'insufficient and obsolete organization of police'[cdviii]
	Control	'the controls that the laws planned failed'[cdix],
	Crédit Municipal de Bayonne	'crash'[cdx], 'scandal'[cdxi,cdxii,cdxiii], '550 million disappeared'[cdxiv],
	The law	'the money was fraudulently stripped away'[cdxv], 'infringing acts'[cdxvi],

Table 43: Le Petit Parisien – Analysis of who is concerned by the failure - December 1st 1933 to February 7th 1934

Second order analysis	Who is concerned by the failure	Words and expressions found related to Stavisky scandal
Failure	**Magistrates**	'magistrates failed'[cdxvii]
	Institutions	'negligence'[cdxviii]
	Crédit Municipal de Bayonne	'scandal'[cdxix]
	Control	'the upper limit of the issuance of bonds was exceeded'[cdxx]

The 'second order' analysis of this theme again shows that the failure mainly concerns the institutions and control.

Paris Soir's discourse addresses mainly the failure of institutions. The newspaper underlines the '*default and slowness of the administration*'[85], the '*deficiency of the judicial authority*'[86]and the '*insufficient and obsolete organization of police*'[87].

[83] Le Petit Parisien, February 9th, 1934
[84] Paris Soir, January 9 th, 1934
[85] Paris Soir, January 6th, 1934
[86] Paris Soir, January 6th, 1934
[87] Paris Soir, January 16th, 1934

Both newspapers mention the failure of the controls: '*the controls that the laws planned failed'*[88]*, 'the upper limit of the issuance of bonds was exceeded*'[89].

It is interesting to note that Society believes that theses controls imply quality and trust in an organization. Since controls exist and are implemented, Society cannot imagine that they could be bypassed. Even if auditing is not yet recognized at this period as a serious profession or a guarantee of quality regarding Financial Statements, Society's beliefs are a French precursor for what the auditors are already blamed for in the Anglo-Saxon world. Specifically, if auditors' duties are to control organizations' Financial Statements, how can they not identify fraud? Therefore they are responsible.

[88] Paris Soir, January 13th, 1934
[89] Le Petit Parisien, January 26th, 1934

Table 44: Paris Soir – Analysis of who is the target of the anger - December 1st 1933 to February 7th 1934

Second order analysis	Who is the target of the anger	Words and expressions found related to Stavisky scandal
Anger	**Tissier (Director of the Crédit municipal)**	'crowd's exasperation'[cdxxi], 'death cries'[cdxxii]
	People who let Stavisky remain free	'indignation'[cdxxiii], 'public opinion claims'[cdxxiv], 'the exigent and durable anger'[cdxxv], 'eagerness'[cdxxvi],
	Deputies/The government	'violent passion'[cdxxvii], 'clashes'[cdxxviii], 'thousands of demonstrators'[cdxxix], 'the crowd clamors'[cdxxx], 'such violence'[cdxxxi], 'what is shameful'[cdxxxii], 'the popular consciousness is revolted'[cdxxxiii]
	Corrupted high officials	'the agitation is increasing'[cdxxxiv], 'Go to jail! Thief! Crook!'[cdxxxv],

Table 45: Le Petit Parisien – Analysis of who is the target of the anger - December 1st 1933 to February 7th 1934

Second order analysis	Who is the target of the anger	Words and expressions found related to Stavisky scandal
Anger	**Deputies/The government**	''violent passion'[cdxxxvi], 'clashes'[cdxxxvii], 'thousands of demonstrators'[cdxxxviii], 'the crowd clamors'[cdxxxix], 'such violence'[cdxl], 'what is shameful'[cdxli], 'the popular consciousness is revolted'[cdxlii]

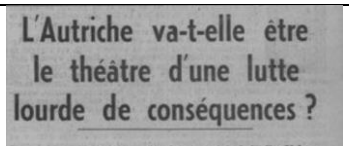
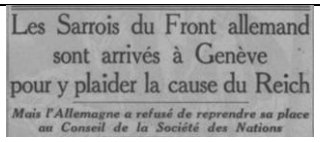
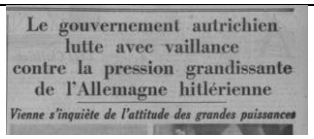
As already explained in the first part of the analysis (i.e. first order analysis), the number of words and expressions used in Paris Soir to describe the crowd's anger is significant in this first period. Additionally, the choice of words used are closer to violence than to simple exasperation. The imbalance between the quantity of 'anger' words found in Paris Soir and in Le Petit Parisien is explained by the fact that on February 7th, 1934, Paris Soir published the political parties' manifestos, all of which called for a general demonstration. It is interesting to highlight that France cannot escape from the general geopolitical context and the rise of populism. Paris Soir underlines the fact that the main demonstration is organized by the extreme right. A counterdemonstration is organized by the extreme left.

The table below indicates the main criticisms made by each party in order to fan public anger. The table specifies the name of the parties and their political positioning.

Table 46: Overview of the political manifestos found in Paris Soir

Political positioning	Name of the party	Criticisms given in the manifesto
Extreme right-wing	U.N.C	The government betrayed its commitment. For a free, generous and clean France.
	La Solidarité Française	Pleasure and capriciousness replace the scandals. One delivers the prosecutor's head (…) which was felled by injustice. Public servants, retailers, your daily bread is threatened. France for the French people ! French people at home!
	La croix de feu	All the healthy elements of the country are warned ! Dictatorial acts decided by a weak and provocative government in a country attached to order and its familial and patriotic traditions.
	L'action française	Death to the crooks! Send them to jail!
	Le Front universitaire	France is at risk! Tomorrow, revolutionaries will take the power and deliver the weakened country to the invaders.
	La confederation des contribuables	To form a national front in order to sanitize and save the nation against its enemies, who come from inside. They discredit the Republic!
Left Front	CGT	We need to save the public liberties, which are under threat! Those who want to overrun the streets are motivated by facist and Hitlerian regimes.
	The Union of Confederations	The Union of the Confederation highlights the fact that the situation is serious.
	SFIO	The nationalist pest is revealing itself. Alerte Camarade!

It is important to understand how the media communicates the geopolitical situation in Europe at this time. The pictures below reveal some headlines found in Paris Soir and Le Petit Parisien during this period.

		
Le Petit Parisien, January 5th 1934	Paris Soir, January 14th 1934	Le Petit Parisien, January 15 th 1934
		
Le Petit Parisien, January 16 th 1934	Paris Soir, January 17 th 1934	Le Petit Parisien, January 22nd 1934
		
Paris Soir, January 31st 1934	Paris Soir, February 5th 1934	

Picture 7: Headlines found in Paris Soir and Le Petit Parisien in relation with the geopolitical situation in Europe at this time

These headlines and the corresponding articles prove that French Society is aware of the rise of populism in Germany and the rest of Europe.

2. Period 2: From February 8th, 1934 to November 2nd, 1935

This second period begins after the riots of Paris. The whole nation is shocked by the violence of the night which is report is the media. The toll of the riots in Paris will be 15 deaths, 3 missing and 900 injured. The riots will change the viewpoint and actions of the heads of State. Consequently, they decide to reorganize the Justice Department, reorganize the Police, and implement a new savings protection law.

499 articles correspond to this period and are divided as shown in Table 47:

Table 47: Number of articles collected in the second period of the Stavisky scandal

	Paris-soir	Le Petit Parisien
February 1934	49	37
March 1934	30	34
April 1934	19	27
May 1934	21	25
June 1934	19	22
July 1934	19	12
August 1934	4	4
September 1934	16	9
October 1934	4	11
November 1934	18	17
December 1934	11	8
January 1935	13	16
February 1935	5	5
March 1935	5	6
April 1935	2	2
May 1935	3	2
June 1935	3	3
July 1935	2	1
August 1935	4	7
September 1935	1	1
October 1935	0	1
November 1935	1	0
Total	**249**	**250**

2.1 Period 2 first order analysis

The following tables (Table 48: Paris Soir; Table 49: Le Petit Parisien) highlight the words and expressions that emerged from media narratives during this second period in relation to the scandal. The methods followed to identify these words are explained in detail in Part 4 Section V

Data Analysis. These words were isolated and analyzed to combine those which are similar into themes, with the purpose of defining 'first order' categories.

Table 48: Paris Soir – February 8th 1934 to November 2nd 1935

First order categories	Words and expressions found related to Stavisky scandal
Control	'the issues are the balance-sheet, the financial management and the control'[cdxliii], 'controlled by a qualified financial inspector'[cdxliv], 'financial control occurred daily'[cdxlv], 'controller'[cdxlvi], 'the official controls give a false sense of security which enforces the investors' truth'[cdxlvii], '
Accounting	'the issues are the balance sheet, the financial management and the control'[cdxlviii], 'Figures! Finally figures!'[cdxlix], 'saving protections cannot be accomplished without a professionalization of public accountants'[cdl], 'the law specifies that the statutory auditor would be paid annually to check the financial statements'[cdli], 'the statutory auditors' report does not include more than the balance sheet'[cdlii], 'the statutory auditor could be chosen among the board members' friends (…) what independence?'[cdliii], 'more accurate balance sheets'[cdliv], 'more active statutory auditors'[cdlv]
Failure	'scandal'[cdlvi], 'no trace of irregularities'[cdlvii], 'the law did not anticipate'[cdlviii], 'cracks in the legislative system'[cdlix], 'regrettable default of the enforcement of laws'[cdlx]
Fear	'control should not mean substitution of the board'[cdlxi]
Fraud	'fraud type 1930 vs fraud type 1935'[cdlxii], 'to protect against financial fraud'[cdlxiii],
Blame	'to end the bankruptcy scandals which destroy savings when the members of the board avoid responsibilities'[cdlxiv], 'successive governments did not take the appropriate decisions'[cdlxv], 'improving regulation is not enough, we should change the mores'[cdlxvi], 'saving protections cannot be accomplished without a professionalization of public accountants'[cdlxvii]
Claim	'administrative and political purge'[cdlxviii], 'savings protection and freedom of actions in the business world'[cdlxix], 'improving regulation is not enough, we should change the mores'[cdlxx], , 'justice should be done'[cdlxxi]
Savings protection	'savings protection and freedom in the business world'[cdlxxii], 'to educate investors'[cdlxxiii], 'saving protections cannot be accomplished without a professionalization of public accountants'[cdlxxiv], 'to end the bankruptcy scandals which destroy savings when the members of the board avoid responsibility'[cdlxxv], 'two bills related to savings protection have been approved'[cdlxxvi]
Anger	'deeply outraged'[cdlxxvii], 'popular anger'[cdlxxviii], 'to smother public anger (...) in order to hide the real guilty people'[cdlxxix]
Responsibility	'judicial responsibilities'[cdlxxx], 'administrative responsibilities'[cdlxxxi], 'police and national safety responsibilities'[cdlxxxii]

Table 49: Le Petit Parisien – February 8th 1934 to November 2nd 1935

First order categories	Words and expressions found related to Stavisky scandal
Control	'the mistakes made by the different commissions of control'[cdlxxxiii], 'serious mistake made by the department in charge of the control'[cdlxxxiv], 'the control was ineffective because of complaisance, incompetence or negligence by those who were in charge'[cdlxxxv], 'general controller pleads a lack of means'[cdlxxxvi]'crédits municipaux's controller pleads naivety'[cdlxxxvii],
Accounting	'the experts'[cdlxxxviii], 'many years of accounting have been checked'[cdlxxxix], 'balance sheets must have the same format as in previous years. (…) This homogenization will allow stakeholders to have a better understanding of the financial situation of companies'[cdxc], 'the balance sheet and the income statements will be mandatory'[cdxci], 'commissaires'[cdxcii], 'statutory auditors' duty'[cdxciii], 'statutory auditors' report'[cdxciv], 'approval of financial statements'[cdxcv], 'there are in England some auditors who have the same duties as our commissaires'[cdxcvi], 'the auditors' certification is mandatory for statutory auditors'[cdxcvii], 'order, accuracy and clarity in the balance sheets'[cdxcviii], 'the statutory auditors' statute, which is the main guarantee of the investors, has been strengthened'[cdxcix]
Failure	'the mistakes made by the different commissions of control'[d], 'lack of prefectoral control'[di], 'if the actual laws had been respected, the Nation would not have been poisoned by scandals'[dii], 'Stavisky benefited more from system failures and the atmosphere than from individual misconduct'[diii]
Fraud	'necessity knows no law'[div]
Blame	'shameful scandal'[dv], 'deep and strong reforms need to be made in the judicial organization'[dvi]
Claim	'deep and strong reforms need to be made in the judicial organization'[dvii]
Savings protection	'bills of savings protection'[dviii], 'bills have to be presented to the Chamber of Deputies in order to reinforce savings protection and modify the 1867 law'[dix] 'savings protection'[dx], 'this bill concerns first the statutory auditors' duties and second the balance sheet of the joint-stocks companies'[dxi], 'further strengthening regulation dares to bother the business world, which is already well managed, without helping savings protection'[dxii], 'the statutory auditors' statute, which is the main guarantee of the investors, has been strengthened'[dxiii], 'savings protection and the public limited companies' reform contributed to reestablishing ethics in the business world and the investors' trust'[dxiv]
Responsibility	'Daladier is gone. He did not want to be responsible for starting a civil war'[dxv], 'in the lawsuit; the issues are about the prosecutors' responsibility, police responsibility. (…) Since the scandal, the judicial system and police prefecture have been reorganized. What was possible in 1933 is no longer possible in 1935'[dxvi], 'Stavisky benefited more from system failures and the atmosphere than from individual misconduct'[dxvii]

The 'first order' analysis of this second period of the scandal reveals first that the anger progressively disappears, leaving room for a new theme: responsibility. Indeed, after the riots and the death of civilians and police officers, the time for anger has passed; it is now time for change. "*Daladier (i.e. the Prime Minister) is gone. He did not want to be responsible for starting*

a civil war"[90]. First, the government appeases the angry crowd with a cabinet reshuffle and then it reorganizes its administration: the Justice, Police and Investigation Departments. Moreover, between June and October 1935, the government passes a series of laws related to the strengthening of the status of auditors, the certification of accountants and the protection of savings.

Second, the analysis shows that during this period Paris Soir's main themes are: Control, Accounting, Failure, Blame and Savings Protection, whereas Le Petit Parisien's discourse mainly concerns: Control, Accounting, Failure, Savings Protection and Responsibility.

2.2 Period 2 second order analysis

Following this first identification, it was necessary to highlight the 'second order' (Gioia et al., 2012) of the analysis in order to reconcile the contents of the media narrative to the research questions.

The result of the 'second order' research is detailed is the following tables.

Table 50: Paris Soir – Analysis of what people think of Control - February 8th 1934 to November 2nd 1935

Second order analysis	What people think	Words and expressions found related to Stavisky scandal
Control	**Control is needed**	'the issues are the balance sheet, the financial management and the control'[dxviii], 'controlled by a qualified financial inspector'[dxix],
	Existence of a control	'financial control occurred daily'[dxx], 'controller'[dxxi],
	Disadvantages of control	'the official controls give a false sense of security which enforces the investors' truth'[dxxii],

[90] Le Petit Parisien, February 8th, 1934

Table 51: Le Petit Parisien – Analysis of what people think of Control - February 8th 1934 to November 2nd 1935

Second order analysis	What people think	Words and expressions found related to Stavisky scandal
Control	**Failure of control**	'the mistakes made by the different commissions of control'[dxxiii], 'serious mistake made by the department in charge of the control'[dxxiv], 'the control was ineffective because of complaisance, incompetence or negligence by those who were in charge'[dxxv], 'general controller pleads a lack of means'[dxxvi]'crédits municipaux's controller pleads naivety'[dxxvii],

In regard to control, the two newspapers do not steer their discursive activity in the same direction.

Le Petit Parisien's objective is to underline the failure of control. The newspaper quotes the public accountant (i.e. Verlaguet) appointed to analyze Crédit Municipal de Bayonne's accounting: "*the control was ineffective because of complaisance, incompetence or negligence by those who were in charge*"[91]. Verlaguet adds: "*a watchful and trained eye was necessary to detect fraud because Stavisky was the best in his domain*"[92]. He blames both the inefficient controls that were implemented and the controllers' lack of knowledge, which could also explain this inefficiency. But he also states that when fraud is expertly implemented, it can hardly be detected. The French expert unintentionally initiates in France the defense system used by Anglo-Saxon auditors since the 1880s, namely that auditors' duties do not equip them to prevent fraud.

Paris Soir's opinion is closer to the French way of thinking at this period: "*the official controls give a false sense of security which enforces the investors' truth and aggravates the loss of savings"*[93]. The newspaper adds that "The *State is wrong. It fails to serve the interests that it had to safeguard*"[94]. The controls are not only inefficient but also counterproductive. They fail to serve the public interest, and encourage fraudsters.

Table 52: Paris Soir – Analysis of what people think of accounting - February 8th 1934 to November 2nd 1935

Second order analysis	What people think	Words and expressions found related to Stavisky scandal

[91] Le Petit Parisien, March 7th, 1934
[92] Le Petit Parisien, March 7th, 1934
[93] Paris Soir, June 21st, 1935
[94] Paris Soir, June 21st, 1935

Accounting	**Accounting is needed**	'the issues are the balance-sheet, the financial management and the control'[dxxviii], 'Figures! Finally figures!'[dxxix]
	Professionalization is needed	'saving protections cannot be accomplished without a professionalization of public accountants'[dxxx], 'more accurate balance sheets'[dxxxi], 'more active statutory auditors'[dxxxii]
	Statutory auditors' duties	'the law specifies that the statutory auditor would be paid annually to check the financial statements'[dxxxiii]
	Lack of information	'the statutory auditors' report does not include more than the balance sheet'[dxxxiv]
	Lack of independence	'the statutory auditor could be chosen among the board members' friends (…) what independence?'[dxxxv]

Table 53: Le Petit Parisien – Analysis of what people think of accounting - February 8th 1934 to November 2nd 1935

Second order analysis	What people think	Words and expressions found related to Stavisky scandal
Accounting	**Existence of accounting**	'the experts'[dxxxvi]
	Auditing of balance sheets	'many years of accounting have been checked'[dxxxvii]
	Professionalization is needed	'balance sheets must have the same format as in previous years. (…) This homogenization will allow stakeholders to have a better understanding of the financial situation of companies'[dxxxviii], 'the balance sheet and the income statements will be mandatory'[dxxxix], 'there are in England some auditors who have the same duties as our commissaires'[dxl], 'the auditors' certification is mandatory for statutory auditors'[dxli], 'order, accuracy and clarity in the balance sheets'[dxlii], 'the statutory auditors' statute, which is the main guarantee of the investors, has been strengthened'[dxliii]
	Existence of statutory auditors	'commissaires'[dxliv]
	Statutory auditors' duties	'statutory auditors' duty'[dxlv], 'statutory auditors' report'[dxlvi], 'approval of financial statements'[dxlvii],

Two news ideas arise from the accounting theme. First, statutory auditors and their duties make their first appearance in the discourse. Second, the fact that accounting and auditing need to be professionalized is emphasized.

Indeed, for the first time in the scandal, newspapers mention statutory auditors. It seems that the media and Society do not completely comprehend what an auditor is and what his duties are. Society mixes up police, auditors and members of the commission of inquiry appointed by the

government since all of them are called "*commissaires*"[95]. This word contains the notion of inquiries, but the auditors' duties are still unclear. It seems obvious to the Deputies that their role needs to be clarified with a new law. In this new law, their role should consist in checking that the "*balance sheet gives a sincere and accurate vision of companies' financial situation*"[96] but also that "*a report will be compulsory*"[97] and that it will contain their "*approval of financial statements*".[98] The lack of independence of these auditors at this period is highlighted by Paris Soir: "*the statutory auditor could be chosen among the board members' friends (…) what independence*?"[99]. In other words, the auditing profession is unknown, and its efficiency is contested. Consequently, professionalization is necessary. First, the new bill stipulates that "*auditors' certification is mandatory for statutory auditors*"[100]. Moreover, the objective of the bill is to create "*more active statutory auditors*"[101] by strengthening "*the statutory auditors' statute, which is the main guarantee of the investors*" [102].

But auditing is not the only field that needs to be professionalized; accounting needs it too. The accountants themselves affirm that "*saving protections cannot be accomplished without a professionalization of public accountants*"[103]. Moreover, the bill aims to homogenize Financial Statements: "*balance sheets must have the same format as in previous years. (…) This homogenization will allow stakeholders to have a better understanding of the financial situation of companies*"[104]. The professionalization of accounting includes both improving experts' skills and a better readability and understanding of Financial Statements.

[95] Le Petit Parisien, May 18th, 1934
[96] Le Petit Parisien, May 30th, 1934
[97] Le Petit Parisien, May 30th, 1934
[98] Le Petit Parisien, May 30th, 1934
[99] Paris Soir, May 18th, 1934
[100] Le Petit Parisien, June 6th, 1934
[101] Paris Soir, January 20th, 1935
[102] Le Petit Parisien, August 10th, 1935
[103] Paris Soir, April 17th, 1934
[104] Le Petit Parisien, May 18th, 1934

Table 54: Paris Soir – Analysis of who is blamed - February 8th 1934 to November 2nd 1935

Second order analysis	Who is blamed	Words and expressions found related to Stavisky scandal
Blamed	**Company board members**	'to end the bankruptcy scandals which destroy savings when the members of the board avoid responsibilities'[dxlviii]
	Deputies/The government	'successive governments did not take the appropriate decisions'[dxlix]
	Human behavior	'improving regulation is not enough, we should change the mores'[dl]
	Lack of professionalization	'saving protections cannot be accomplished without a professionalization of public accountants'[105]

Table 55: Le Petit Parisien – Analysis of who is blamed - February 8th 1934 to November 2nd 1935

Second order analysis	Who is blamed	Words and expressions found related to Stavisky scandal
Blamed	**Corruption**	'shameful scandal'[dli]
	Defaulting institutions	'deep and strong reforms need to be made in the judicial organization'[dlii]

Several themes arise from the research of who or what is blamed, and they differ in the two newspapers. Nevertheless, a time for change is reflected in the 'second order' analysis of the theme of 'blame', through the issues of a 'lack of professionalization' and 'defaulted institutions'. After the violent riots, the people are "*deeply concerned by the political, financial and judicial scandals*"[106] and regret that "*successive governments did not take the appropriate decisions*"[107].

One of the first conclusions reached by the commission of inquiry which was appointed by the government is that "*deep and strong reforms need to be made in the judicial organization*" [108] This was necessary in order to prevent new situations like the one where magistrates let Stavisky remain free.

Finally the last change concerns the 'unloved' accountants. They raise their voices to fault the lack of professionalization of their profession, and warn that "*saving protections cannot be accomplished without a professionalization of public accountants*"[109]. Accountants call for a

[105] Paris Soir, April 17th, 1934
[106] Paris Soir, February 11th, 1934
[107] Paris Soir, February 11th, 1934
[108] Le Petit Parisien, April 11th, 1934
[109] Paris Soir, April 17th, 1934

strengthening of their status through certification, but also via a change in Society's perception of them and what they do.

Table 56: Paris Soir – Analysis of who is concerned by the failure - February 8th 1934 to November 2nd 1935

Second order analysis	Who is concerned by the failure	Words and expressions found related to Stavisky scandal
Failure	**Defaulting institutions**	'scandal'[dliii],
	Accounting issues	'no trace of irregularities'[dliv],
	Legal issues	'the law did not anticipate'[dlv], 'cracks in the legislative system'[dlvi], 'regrettable default of the enforcement of laws'[dlvii]

Table 57: Le Petit Parisien – Analysis of who is concerned by the failure - February 8th 1934 to November 2nd 1935

Second order analysis	Who is concerned by the failure	Words and expressions found related to Stavisky scandal
Failure	**Defaulting of control**	'the mistakes made by the different commissions of control'[dlviii], 'lack of prefectoral control'[dlix]
	Lack of legal compliance	'if the actual laws had been respected, the Nation would not have been poisoned by scandals'[dlx]
	Defaulting institutions	'Stavisky benefited more from system failures and the atmosphere than from individual misconduct'[dlxi]
	Human behavior	'Stavisky benefited more from system failures and the atmosphere than from individual misconduct'[dlxii]

Once again, the 'second order' analysis of this theme shows that the failure concerns mainly a global system rather than specific individuals.

For Paris Soir, it is mainly a failure in the enforcement and application of the law: "*Legislators always did the same thing. In 1934, they develop methods that can prevent 'type 1930' frauds, but 'type 1935' frauds can succeed because they are the result of schemes that the law did not anticipate*"[110]; "*He (i.e. Stavisky) benefited (…) mainly from the regrettable default of the enforcement of laws*"[111].

Le Petit Parisien's discourse is in line with this. The journalists underline the failure to apply the current laws: "*if the current laws had been respected, the Nation would not have been poisoned*

[110] Paris Soir, February 25th, 1934
[111] Paris Soir, February 6th, 1935

by scandals"[112]. They once again mention a failure in the system: "*Stavisky benefitted more from system failures and the atmosphere than from individual misconduct*"[113].

Both newspapers ask the following questions: Why does France need a new law when the current one is not respected? Do regulations need to be enforced? Will this change anything?

Table 58: Paris Soir and Le Petit Parisien – Analysis of who is the target of the anger - December 1st 1933 to February 7th 1934

Second order analysis	Who is the target of the anger	Words and expressions found related to Stavisky scandal
Anger	**Defaulting institutions**	'deeply outraged'[dlxiii]
	Garat (former mayor of Bayonne)	'popular anger'[dlxiv]
	Corrupted high officials	'to smother public anger (...) in order to hide the real guilty people'[dlxv]

Table 59: Paris Soir and Le Petit Parisien – Analysis of who is the target of the anger - December 1st 1933 to February 7th 1934

Second order analysis	Who is the target of the anger	Words and expressions found related to Stavisky scandal
Anger	**N/A**	

As already seen, the discursive activity related to anger gradually disappears. There is no mention of this emotion in Le Petit Parisien at this period. For Paris Soir, the anger is mainly caused by human behavior, with accusations against the former mayor of Bayonne and the corrupted high officials.

[112] Le Petit Parisien, January 25th, 1935
[113] Le Petit Parisien, November 2nd, 1935

Table 60: Paris Soir – Analysis of what people think of responsibility - December 1st 1933 to February 7th 1934

Second order analysis	What people think	Words and expressions found related to Stavisky scandal
Responsibility	**Institutional responsibility**	'judicial responsibilities'[dlxvi], 'administrative responsibilities'[dlxvii], 'police and national safety responsibilities'[dlxviii]

Table 61: Paris Soir – Analysis of what people think of responsibility - December 1st 1933 to February 7th 1934

Second order analysis	What people think	Words and expressions found related to Stavisky scandal
Responsibility	**Government**	'Daladier is gone. He did not want to be responsible for starting a civil war'[dlxix], ,
	Institutional responsibility	'in the lawsuit; the issues are about the prosecutors' responsibility, police responsibility. (…) Since the scandal, the judicial system and police prefecture have been reorganized. What was possible in 1933 is no longer possible in 1935'[dlxx], 'Stavisky benefited more from system failures and the atmosphere than from individual misconduct'[dlxxi]
	Human behavior	'Stavisky benefited more from system failures and the atmosphere than from individual misconduct'[dlxxii]

The discourse related to responsibility replaces the one related to anger. It is interesting to note that the notion of responsibility is more present in Le Petit Parisien, which no longer uses words and terms related to anger.

Le Petit Parisien mainly highlights the responsibility of institutions: "*the issues are about prosecutors' responsibility, police responsibility*"[114]. The Stavisky scandal was the result of a global system reinforced by the post-war atmosphere: "*Stavisky benefitted more from system failures and the atmosphere than from individual misconduct*"[115]. In order to prove their good faith and that they have taken Society's claims into account, the Chamber of Deputies states that changes have gradually been implemented since the beginning of the scandal: "*What was possible in 1933 is no longer possible in 1935"*[116].

[114] Le Petit Parisien, November 2nd, 1935
[115] Le Petit Parisien, November 2nd, 1935
[116] Le Petit Parisien, November 2nd, 1935

Paris Soir's discourse is the same. It too considers the institutions to be responsible: "*judicial responsibilities*"[117], "*administrative responsibilities*"[118], "*police and national security responsibilities*"[119]

3. Period 3: From November 3rd, 1935 to January 20th, 1936

This last period is fully devoted to the trial.

92 articles correspond to this period and are divided as shown in Table 62:

Table 62: Number of articles collected in the last period of the Stavisky scandal

	Paris-soir	Le Petit Parisien
November 1935	10	24
December 1935	12	22
January 1936	11	13
Total	**33**	**59**

3.1 Period 3 first order analysis

The following tables (Table 63: Paris Soir; Table 64: Le Petit Parisien) highlight the words and expressions that emerged from media narratives during this last period in relation to the scandal. The methods followed to identify these words are explained in detail in Part 4 Section V Data Analysis. These words were isolated and analyzed to combine those which are similar into themes, with the purpose of defining 'first order' categories.

[117] Paris Soir, November 24th, 1934
[118] Paris Soir, November 28th, 1934
[119] Paris Soir, December 12th, 1934

Table 63: Paris Soir – November 2nd 1935 to January 20th 1936

First order categories	Words and expressions found related to Stavisky scandal
Control	'a credit municipal is controlled by several ministers, which gives prestige to the savings certificates issued.'[dlxxiii], 'each time that government wants to protect savings by multiplying controls, it multiplies meeting points between politicians and businessmen'[dlxxiv], 'the investments are placed under State authority'[dlxxv], 'the control is blamed: the State, prosecutors'[dlxxvi]
Failure	'the Seine prosecutors showed a lack of curiosity'[dlxxvii]
Favor and complicity	'Stavisky did not want the control to be too strong. It was compulsory for him to find some complicities so that the Bayonne entries not be carefully checked'[dlxxviii], 'each time that government wants to protect savings by multiplying controls, it multiplies meeting points between politicians and businessmen'[dlxxix], 'the friendly complaisance towards the people currently in power'[dlxxx],
Savings protection	'each time that government wants to protect savings by multiplying controls, it multiplies meeting points between politicians and businessmen'[dlxxxi],
Anger	'The jolt of indignation was not due to the significant amount of the fraud'[dlxxxii], 'the fact that a crook out on bail, known in Paris, was able to freely manage his business for 7 years, first confused, then revolted all decent people. They look for somebody to blame'[dlxxxiii]
Responsibility	'the fact that a crook out on bail, known in Paris, was able to freely manage his business for 7 years, first confused, then revolted all decent people. They look for somebody to blame'[dlxxxiv], 'each time that government wants to protect savings by multiplying controls, it multiplies meeting points between politicians and businessmen'[dlxxxv], 'the Seine prosecutors showed a lack of curiosity'[dlxxxvi],[dlxxxvii], 'this lack of curiosity is the second guiltiest party after Stavisky'[dlxxxviii], 'looking for guilty parties'[dlxxxix], 'the control is blamed: the State, prosecutors'[dxc], 'the credulity of the Department of Trade and their controls'[dxci], 'the prosecutors' Financial Department neither reacts nor inquires'[dxcii], 'the question of responsibility is raised'[dxciii], 'an opaque shield between the finance inspection and me; an opaque shield between the police and me, an opaque shield between the insurance companies and me, and an opaque shield between the prosecutors and me'[dxciv], 'it is a question of the post-war Parisian atmosphere, when people do not hesitate to have a dinner, no matter with who or when'[dxcv]

Table 64: Le Petit Parisien – November 2nd 1935 to January 20th 1936)

First order categories	Words and expressions found related to Stavisky scandal
Accounting	'an expert shames his profession when he seeks information he knows to be incorrect.'[dxcvi], 'his offensive against certified accountants who practice psychology'[dxcvii]
Failure	'Failures? We noticed them in five ministers'[dxcviii]
Honor	'an example of civic virtue'[dxcix] 'a great nation can always overcome the noisiest scandal'[dc], 'public morality'[dci], 'keep France and its institutions safe'[dcii]
Human behavior	'post-war mores'[dciii], 'one loves money too much. Despicable money!'[dciv], 'we need to proceed to a full reform of our mores'[dcv]
Claim	'22 billion in legal damages'[dcvi]
Responsibility	'they want La Confiance to be deemed responsible'[dcvii], 'Garat, who is seen as the main guilty party'[dcviii], 'it is the prosecutors that we must reproach for their lack of curiosity'[dcix], 'it was possible for this minister to match the amounts lent and the amounts reported by Bayonne. This has not been done'[dcx], 'who is responsible?'[dcxi], 'France is overwhelmed with papers'[dcxii], 'post-war mores'[dcxiii], 'one loves money too much. Despicable money!'[dcxiv]

Now is the time for the trial and judgement. Both parties the public prosecutor and the defendant's lawyers attempt to define who is responsible. For this reason, Paris Soir uses words and expressions related to control, favor, complicity and anger, whereas Le Petit Parisien uses terms related to accounting and human behavior. In both newspapers, the content devoted to responsibility is significant. For the first time since the beginning of the scandal, legal damages are claimed in order to compensate the small investors who invested in the bonds issued by the insurance companies, but also the 'little people' from Bayonne or other cities in southwest France who pawned their jewels.

3.2 Period 3 second order analysis

Following this first identification, it was necessary to highlight the 'second order' (Gioia et al., 2012) of the analysis in order to reconcile the contents of the media narratives to the research questions.

The result of the 'second order' research is detailed is the following tables.

Table 65: Paris Soir – Analysis of what people think of control - November 2nd 1935 to January 20th 1936

Second order analysis	What people think	Words and expressions found related to Stavisky scandal
Control	**Control is needed**	'a credit municipal is controlled by several ministers, which gives prestige to the savings certificates issued.'[dcxv], 'the investments are placed under State authority'[dcxvi]
	Control as a source of bribery	'each time that government wants to protect savings by multiplying controls, it multiplies meeting points between politicians and businessmen'[dcxvii]
	Failure of control	'the control is blamed: the State, prosecutors'[dcxviii]

Table 66: Le Petit Parisien – Analysis of what people think of control - November 2nd 1935 to January 20th 1936

Second order analysis	What people think	Words and expressions found related to Stavisky scandal
Control	**N/A**	

Paris Soir is the only newspaper to use words and expressions related to control during this period of the scandal. It is important to remember that the period currently under review is devoted exclusively to the trial.

Control, in the sense given by Paris Soir, is deemed responsible: "*a credit municipal is controlled by several ministers, which gives prestige to the savings certificates issued*"[120], "*each time that government wants to protect savings by multiplying controls, it multiplies meeting points between politicians and businessmen*"[121], "*the control is blamed: the State, prosecutors…*"[122].

The newspaper personifies control as a guilty party. It seems 'control' can be put in the dock along with the former Mayor of Bayonne, the Director of the Credit Municipal and other high officials involved in the scandal. Society believes that since the State controlled the Credit Municipal's transactions, they were a solid investment. Without these State controls, there would have been fewer small investors and people who pawned their jewelry. State controls gave these investments the appearance of legitimacy, prestige and security.

Table 67: Paris Soir – Analysis of what people think of accounting - November 2nd 1935 to January 20th 1936

[120] Paris Soir, November 6th, 1935
[121] Paris Soir, November 6th, 1935
[122] Paris Soir, November 15th, 1935

Second order analysis	What people think	Words and expressions found related to Stavisky scandal
Accounting	**N/A**	

Table 68: Le Petit Parisien – Analysis of what people think of accounting - November 2nd 1935 to January 20th 1936

Second order analysis	What people think	Words and expressions found related to Stavisky scandal
Accounting	**Loss of credibility of accountants**	'an expert shames his profession when he seeks information he knows to be incorrect.'[dcxix], 'his offensive against certified accountants who practice psychology'[dcxx]

Paris Soir's discourse blames control whereas Le Petit Parisien's denigrates accountants.

The Public Accountant Verlaguet was tasked with analyzing the Credit Municipal's financial statements from its creation in order to shed light on the fraud. His statements, first in front of the commission of inquiry, and then during the trial, unequivocally reveal the culpability of Mr Guébin, Director of the insurance company 'La Confiance'.

Henceforth, the only purpose of Guébin's lawyer will be to discredit the public accountant, who he qualifies as a "*certified accountant who practices psychology*"[123]. Moreover, he adds that "*an expert shames his profession when he seeks information he knows to be incorrect*."[124]

It is not the personality of the public accountant which is discredited, but his entire profession. It is important to remember that at this period in France, accounting is an 'unloved' profession with few required skills.

[123] Le Petit Parisien, December 6th, 1935
[124] Le Petit Parisien, December 6th, 1935

Table 69: Paris Soir – Analysis of who is concerned by the failure - November 2nd 1935 to January 20th 1936

Second order analysis	Who is concerned by the failure	Words and expressions found related to Stavisky scandal
Failure	**Defaulting institutions**	'the Seine prosecutors showed a lack of curiosity'[dcxxi]

Table 70: Le Petit Parisien – Analysis of who is concerned by the failure - November 2nd 1935 to January 20th 1936

Second order analysis	Who is concerned by the failure	Words and expressions found related to Stavisky scandal
Failure	**Defaulting institutions**	'Failures? We noticed them in five ministers'[dcxxii]

Even if not much space is allocated to the failure, both newspapers identify the institutions (justice and other ministries) as involved in the failure.

Once again, the failure of the French system is described as the operative event of the scandal.

Table 71: Paris Soir – Analysis of who is the target of the anger - November 2nd 1935 to January 20th 1936

Second order analysis	Who is concerned by the failure	Words and expressions found related to Stavisky scandal
Anger	**People who let Stavisky remain free**	'The jolt of indignation was not due to the significant amount of the fraud'[dcxxiii], 'the fact that a crook out on bail, known in Paris, was able to freely manage his business for 7 years, first confused, then revolted all decent people. They look for somebody to blame'[dcxxiv]

Table 72: Le Petit Parisien – Analysis of who is the target of the anger - November 2nd 1935 to January 20th 1936

Second order analysis	Who is concerned by the failure	Words and expressions found related to Stavisky scandal
Anger	**N/A**	

Again, the emotion of 'anger' is only present in Paris Soir and corresponds to the public's feelings of incomprehension and powerlessness. It is "*not due to the significant amount of the fraud*"[125], but generated by "*the fact that a crook out on bail (i.e. Stavisky), known in Paris, was able to*

[125] Paris Soir, November 3th, 1935

freely manage his business for seven years"[126] without being stopped. How can this be possible? Once again, it is the system, rather than specific individuals, which is blamed.

Table 73: Paris Soir – Analysis of what people think of responsibility (November 2nd 1935 to January 20th 1936)

Second order analysis	Who is concerned by the failure	Words and expressions found related to Stavisky scandal
Responsibility	**People who let Stavisky remain free**	'the fact that a crook out on bail, known in Paris, was able to freely manage his business for 7 years, first confused, then revolted all decent people. They look for somebody to blame'[dcxxv]
	Control	'each time that government wants to protect savings by multiplying controls, it multiplies meeting points between politicians and businessmen'[dcxxvi], 'the control is blamed: the State, prosecutors'[dcxxvii]
	Institutions	'the Seine prosecutors showed a lack of curiosity'[dcxxviii],[dcxxix], 'this lack of curiosity is the second guiltiest party after Stavisky'[dcxxx], 'looking for guilty parties'[dcxxxi], 'the credulity of the Department of Trade and their controls'[dcxxxii], 'the prosecutors' Financial Department neither reacts nor inquires'[dcxxxiii], 'the question of responsibility is raised'[dcxxxiv], 'an opaque shield between the finance inspection and me; an opaque shield between the police and me, an opaque shield between the insurance companies and me, and an opaque shield between the prosecutors and me'[dcxxxv]
	Human behavior	'it is a question of the post-war Parisian atmosphere, when people do not hesitate to have a dinner, no matter with who or when'[dcxxxvi]

[126] Paris Soir, November 3th, 1935

Table 74: Le Petit Parisien – Analysis of what people think of responsibility (November 2nd 1935 to January 20th 1936)

Second order analysis	Who is concerned by the failure	Words and expressions found related to Stavisky scandal
Responsibility	**Insurance company in charge of the deal**	'they want La Confiance to be deemed responsible'[dcxxxvii]
	Garat (former mayor of Bayonne)	'Garat, who is seen as the main guilty party'[dcxxxviii]
	Institutions	'it is the prosecutors that we must reproach for their lack of curiosity'[dcxxxix], 'it was possible for this minister to match the amounts lent and the amounts reported by Bayonne. This has not been done'[dcxl], 'who is responsible?'[dcxli], 'France is overwhelmed with papers'[dcxlii]
	Human behavior	'post-war mores'[dcxliii], 'one loves money too much. Despicable money!'[dcxliv]

Responsibility, which is the theme of this part of the analysis, corresponds to the responsibility highlighted by the different parties during the trial, namely the claimants and the defendants. It is interesting to note that this responsibility is more often embodied by institutions, organizations, systems and control than by specific individuals.

The only individual who is singled out by Le Petit Parisien is Deputy Garat, the former mayor of Bayonne. Indeed, his claims of being victimized, while he is one of the main guilty parties in the fraud, exasperate the public.

The responsibility raised concerns mainly with the French institutions. What the media previously called 'a failure' is now defined as a "*lack of curiosity*"[127],[128],[129],[130] or "*credulity*" [131]. In other words, these institutions had the opportunity to reveal what was happening: "*it was possible for this Minister to match the amounts lent and the amounts reported by Bayonne. This has not been done*"[132]. But they did not. Was it intentional? Was it a deliberate action which contributed to the conspiracy theory used by some extreme-right representatives during the increase in populism of this period?

[127] Paris Soir, November 14th, 1935
[128] Paris Soir, November 16th, 1935
[129] Paris Soir, November 14th, 1935
[130] Le Petit Parisien, November 13th, 1935
[131] Paris Soir, November 16th, 1935
[132] Le Petit Parisien, November 13th, 1935

As already seen, controls are also identified as a component of the fraud. French Society thinks that the implementation of control processes fostered the fraud. Indeed, small investors see these controls as an indication of quality and a secure investment. Consequently, they are not suspicious, and they invest all their savings. Moreover, Society perceives controls as an unnecessary overlap between the business world and the political world. This overlap encourages bribery and favors: "*each time that government wants to protect savings by multiplying controls, it multiplies meeting points between politicians and businessmen'*[133]*, 'the control is blamed: the State, prosecutors…*"[134]

Finally, the post-war atmosphere is again highlighted as an excuse for bad human behavior. After years of fear and restrictions, people want money to live freely and to enjoy life's luxuries and pleasures.

[133] Paris Soir, November 6th, 1935
[134] Paris Soir, November 15th, 1935

IV. Discussion: The Construction of Responsibility

The construction of responsibility was discussed in detail in Part 2 and a table giving an overview of the representations of responsibility was presented there (Part 2 table 2). This table is reproduced below for convenience.

Characteristics	**Accountability**	**Liability model of responsibility**	**Social connection model of responsibility**
Type of responsibility	Ethic and legal	Legal	Moral
Limit of responsibility	Isolating	Isolating	Not isolating
Theoretical limitations	Reasons why an agent voluntarily act or did not act	Actions causing the harm	Background conditions / Structuration by which actions have been made possible
Temporality	Backward looking	Backward looking	Forward looking
Individual / Shared responsibility	Individual responsibility	Individual responsibility legal person or collective entity treated as a single agent	Shared responsibility
Type of actions to discharge responsibility	N/A	Individual actions To prove one is not responsible	Collective actions

Recall of Table 2: Overview: representations of responsibility

This discussion is organized in five sections. First, the trajectory of the construction of responsibility analyzed in the media narratives is summarized. Second, the role played by the narratives in relation to accounting and control in the construction of responsibility is detailed. Finally, the construction of responsibility in the Stavisky case is examined by using Young's framework. This last purpose is divided into three different sections.

1. The trajectory of the construction of responsibility in the Stavisky scandal

The discursive activity highlights that the construction of responsibility in the Stavisky case follows a new scheme since the narratives detail the responsibility is both individual and collective. Indeed, two new key themes emerge from the narratives: accounting and control. The media narratives describe accounting and control as elements of the scandal and constructs responsibility around them. The French system, through its laws and institutions, is responsible for fraud. In the 1930s, the French financial world is still controlled by law rather than by professions. The regulatory frame did not significantly change from 1867 and was developed in order to respect business secrecy, and reinforce France as a liberal country where "laissez-faire" reigned. Consequently, the media's emphasis on the failure of state controls and the inefficiency of companies' accounting, highlights a collective responsibility.

Nevertheless, at the same time, the narratives address a moral issue reinforced by the postwar atmosphere. As explained in Part 2 Section V, countries with a tradition of French commercial code, perceive laws as necessary to punish bad behavior. In this tradition, law serves to protect its citizens. Consequently, the media narratives reveal a clamor for justice leading to an individual responsibility. In other words, both of Young's models of responsibility coexist in the Stavisky scandal.

Table 75 details the trajectory of the construction of responsibility in the Stavisky scandal.

Table 75: Summary of the trajectory of the construction of responsibility in the Stavisky scandal

Period	Object(s) of scandal	Responsibility
Period 1: From December 1933 to February 1934	Fraud was committed despite the control of two ministers and accounting which appeared in order (Paris Soir and Le Petit Parisien)	Dysfunctional institutions (Paris Soir and Le Petit Parisien)
	A global and obsolete system reinforced by the post-war atmosphere (Paris Soir and Le Petit Parisien)	Those who accepted bribery/Those who let Stavisky remain free (Paris Soir and Le Petit Parisien)
Period 2: From February 1934 to November 1935	Current laws which are not respected (Paris Soir and Le Petit Parisien)	Dysfunctional institutions: the judicial, administrative and police institutions (Paris Soir and Le Petit Parisien)
	System failure reinforced by the post-war atmosphere (Paris Soir and Le Petit Parisien)	Human behavior (Le Petit Parisien)
Period 3: From November 3rd, 1935 to January 20th, 1936	The fact that institutions had the opportunity to reveal what was happening (Paris Soir and Le Petit Journal)	Dysfunctional institutions (Paris Soir and Le Petit Journal)
	The fact that a crook known to all judges was free and able to manage his own business (Paris Soir)	Those who accepted bribery/Those who let Stavisky remain free (Paris Soir)

2. When control, accounting and auditing become part of the construction of responsibility

2.1 Accounting and control: elements of the scandal

Early in the scandal, the media discursive activity highlights a link between the fraud, and control and accounting. It is this link which transforms the Stavisky fraud into a scandal. Based on the narratives of both newspapers, it appears that the Credit Municipal de Bayonne was an organization under state control, and all its accounting appeared to be in order. Consequently, it was unthinkable that the Credit Municipal went bankrupt without anybody detecting the warning signs. The press quickly underlines a failure in the control process as well as the inefficiency of the accounting assigning responsibility to the dysfunctional institutions.

> *"It is not only an amazing fraud: the Credit Municipal de Bayonne's crash is now taking (…) the proportions of a scandal"*[135].

> "*Nothing suspicious can be revealed since the Finance administration regularly proceeded with controls. Furthermore, the prosecutors and the mayor of Bayonne ensured that the*

[135] Paris Soir, January 5th, 1934

establishment was running correctly."[136], "*The Finance Controller always found the accounting in order*"[137].

"*The Credit Municipal's controller must explain the modus operandi of its division*"[138].

It is noted that, contrary to Anglo-Saxon countries, France promotes control by law instead of control by profession. The Code de Commerce as well as the Law of 1867 on trading companies indicate a real desire to protect creditors and investors (Lemarchand, 1994a, Ouriemmi, 2014). The law is strongly connected to the concept of morality: bad behavior must be punished by law, and the economy should be ethical. This must be respected regardless of the accounting profession's lack of organization (Praquin, 2012) and the low level of skill of its representatives (Ramirez, 2001, Dattin, 2014). It is socially immoral to commit fraud and the media narratives emphasize that the controls conducted by the State should be enough to reassure the investors.

"*All these documents bore not only the Credit Municipal's signature but also the controller's signature, a qualified official whose good faith and complete fairness cannot be contested*"[139].

2.2 A control inefficient and counterproductive

By quoting the expert Verlaguet, Le Petit Journal's narratives demonstrate that the state controllers failed mainly because of their lack of knowledge and skills. Verlaguet is the only expert who discusses the scandal. He is a public accountant who was appointed to analyze the Credit Municipal's financial statements. His opinion is damning. He blames both the inefficient controls that were implemented and the controllers' lack of knowledge, which could also explain this inefficiency.

"*The control was ineffective because of complaisance, incompetence or negligence by those who were in charge*"[140].

The state appoints controllers to check trading companies' transactions in order to be sure that no laws are being transgressed. Nevertheless, based on the media narratives, this control

[136] Paris Soir, January 1st, 1934
[137] Le Petit Parisien, January 6th, 1934
[138] Le Petit Parisien, January 5th, 1934
[139] Paris, January 2nd, 1934
[140] Le Petit Parisien, March 7th, 1934

appears to be more of a formality than a process in which the state controller is truly involved. What was supposed to make the investors feel secure is in fact just a masquerade.

Paris Soir's discourse brings another point of view relating to these controls.

> "*The official controls give a false sense of security which enforces the investors' truth and aggravates the loss of savings"*[141] and "*The State is wrong. It fails to serve the interests that it had to safeguard*"[142].

Both newspapers' narratives assign responsibility to the State controls. They are not only inefficient but also counterproductive. They failed to serve the public interests and encouraged fraudsters.

2.3 Control is deemed responsible

During the trial (last period of the Stavisky scandal), both parties the public prosecutor and the defendant's lawyers attempt to define who is responsible. The media narratives disclosenthat they use accounting and control in their discourse as an excuse to highlight or contest the responsibilities.

Paris Soir's discursive activity personifies control as a guilty party. It seems 'control' can be put in the dock along with the former Mayor of Bayonne, the Director of the Credit Municipal and other high officials involved in the scandal. First, these controls gave 'prestige' to the savings certificates. Society believes that since the state controlled the Credit Municipal's transactions, they were a solid investment. This is why the public invested heavily in the Credit Municipal 's bonds. Second, these controls are seen as a gateway to politicians. Consequently, each time that the business and political worlds overlap, there is a higher probability of bribery and fraud. Finally, these controls do not represent a safeguard. On the contrary, they are blamed because they are responsible for the political world's corruption.

> "*A credit municipal is controlled by several ministers, which gives prestige to the savings certificates issued.*"[143]

[141] Paris Soir, June 21st, 1935
[142] Paris Soir, June 21st, 1935
[143] Paris Soir, November 6th, 1935

"*Each time that government wants to protect savings by multiplying controls, it multiplies meeting points between politicians and businessmen.*"[144]

"*The control is blamed: the State, prosecutors…*"[145]

By arguing that responsibility can be assigned to controls and lack of accounting, media narratives initiate a new way to think about responsibility. Indeed, Stavisky and its accomplices are not the only responsible in this scandal. They perpetuated fraud but their actions were possible due to an inefficient system of control.

3. When the public's attention is displaced from a guilty man to an entire system

The scandal is called the 'Stavisky scandal'. It bears the name of a man, Alexandre Stavisky, who consciously implemented a sophisticated fraud, first in the Credit Municipal d'Orleans, and then in the Credit Municipal de Bayonne. However, as highlighted in the previous table, early in the scandal, it is not the man who is deemed guilty, it is a system.

The way that the media process the information displaces the readers' attention from Stavisky, the man, to the dysfunctional administrations, the system. It is the system which is now put into question, not the individual.

Moreover, Paris Soir presents the man as notorious: "*the most exceptional crook*"[146], "*without any culture, though he had an extraordinary knowledge of all the financial scheming*"[147]. It seems that the public can only be impressed by Stavisky's actions; he was *"exceptional".* He had the intellectual ability to do what everybody dreams of doing. Yet he only did what the system allowed him to do.

As explained by Young (2004), punishing Stavisky "*does not remedy the general problem so long as that incentive structure is in place and sanction is not routine*" (Young, 2004, p. 375). The actions for which Stavisky is responsible are part of the 'structural conditions' that provide the incentives that led him to violate first social controls, and then the law.

The French financial market/business world is a social structure constructed by the actions and willingness of its actors. By prioritizing and protecting a control by law rather than a control by

[144] Paris Soir, November 6th, 1935
[145] Paris Soir, November 15th, 1935
[146] Paris Soir, January 1st 1934
[147] Paris Soir, January 1st 1934

profession, and implementing state controls performed by unskilled controllers, France created a favorable ground for fraud and bribery. Young called this process 'structural injustice' (Young, 2004, Young, 2006)

On one side there are the small investors - the public - who do not possess the knowledge and skills to develop or exercise their capacities. They are not the masters of their own fate, and feel dominated. On the other side there are the fraudsters, the institutions' representatives, the corrupted people described as the elite, which dominates by developing and exercising their capacities. According to Young, when these two sides co-exist, there is a 'structural injustice'. 'Structural injustice' results from the self-interest of individuals or institutions "*within given institutional rules and accepted norms*" (Young, 2006, p. 114). All of the people whose actions create this 'structural injustice' are responsible for it, because they are integral to the process that contributed to it. Nevertheless, they are not the 'primary responsible' because they did not cause the harm voluntarily. Based on the media's processing of the scandal, dysfunctional institutions are not the primary responsible. They did not commit the fraud, Stavisky did; but they allowed him to do it. They are therefore responsible.

4. The Stavisky case: does the media invoke the social connection model of responsibility?

Young distinguishes between legal and collective responsibility, which she calls the 'social connection model of responsibility'. According to her, in legal responsibility (the liability model), agents are responsible for what they have done. She argues that sometimes this may be insufficient, and that collective responsibility derives from the social structures in which these agents evolve (Young, 2004, Young, 2006).

With the social connection model of responsibility, agents bear responsibility for these structural injustices. Their responsibility comes from the fact that together, these agents belong to a structuration process in which they act in self-interest; this process creates predictable but involuntary results.

In order to verify the existence of the social connection model of responsibility in the media's discursive activity, the purpose of this subsection is to identify the five specific characteristics of the social connection model of responsibility (Young, 2004, Young, 2006).

a) Not isolating responsibility (Young, 2004, Young, 2006)

"*A despot (i.e. Stavisky) has to explore hearts and kidneys: (…) by using ambitions, vanities, passions and vices, he strongly builds his system*"[148].

Between December 1933 and February 1934, the main actors of the fraud are under arrest. These include the Mayor of Bayonne, the directors of two newspapers and the Director of the insurance company (whose bonds people had invested in). Stavisky commits suicide in a villa in the French Alps. State controllers and the director of the city police are sanctioned. Despite these judicial procedures, the public's anger is growing.

"Who cares about him (i.e Stavisky)! The public opinion claims something else: the indictment of all the guilty parties, of those who let a known and confessed delinquent remain free and able to freely manage his crooked business for six years."[149]

"What does the scandal characterize? This is the terrible connivance of notable men with a repeat offender! It is this horrible association with a known crook which raised the public's awareness!"[150]

The words and expressions used by "Paris Soir" to describe Society's anger in the first weeks of the scandal are violent rather than simply exasperated: *'violent passion'*[151]*,'clashes'*[152]*, 'thousands of demonstrators'*[153]*,'such violence'*[154]*, 'the popular consciousness is revolted'*[155].

It is important to note that the arrests of the individuals directly involved in the fraud not only failed to restore the calm, but also led to violent riots (organized by the extreme right) during the night of February 6 to 7 1934.

According to Young (2004, 2006), finding the primary responsible does not absolve the others' actions; they also bear responsibility for the outcomes. The social connection model of responsibility does not identify certain guilty parties in order to absolve others (Young, 2004, Young, 2006). The first criteria of 'not isolating responsibility' is clearly identified and highlighted in the media's discursive activity. In this specific case, and at this period, the crowd demands real changes in the defaulting institutions.

[148] Paris Soir, January 9th, 1934
[149] Paris Soir, January 7th, 1934
[150] Le Petit Parisien, January 16th, 1934
[151] Paris Soir, January 13th, 1934
[152] Paris Soir, January 13th, 1934
[153] Paris Soir, January 13th, 1934
[154] Paris Soir, January 13th, 1934
[155] Paris Soir, February 6th, 1934

The riots will change the viewpoint and actions of the heads of State. After the riots, between February 1934 and October 1935, the government decides to reorganize the Justice Department, reorganize the Police, and implement new savings protection decree-laws. The trial began in November 1935 after all these changes were made. Its objective was to apply legal responsibility (the liability model of responsibility).

b) Understanding the background conditions (Young, 2004, Young, 2006)

One of the main differences between the social connection and the liability models of responsibility is what is considered as morally unacceptable.

In the social connection model of responsibility, it is the context (i.e. the background conditions), the structuration (Giddens, 1984, Englund et al., 2011) in which fraud has been made possible which is judged to be morally unacceptable (Young, 2004, Young, 2006).
In the liability model of responsibility, it is the action of committing a fraud which is judged to be morally unacceptable, because it crosses the social controls/boundaries of the legal framework (Young, 2004, Young, 2006).

First, the Credit Municipal of Bayonne took advantage of the fact that the company was under state control. State control was the only recognized and valued control in France at this time, and represented a guarantee for the small investors who invested heavily in the Credit Municipal's bonds.

> "*A credit municipal is controlled by several ministers, which gives prestige to the savings certificates issued*"[156].

Second, based on the Law of 1867, inventory, balance sheet and profit and loss are mandatory in France at this period, yet there are no guidelines on presentation and no legal obligation to publish them. Remember, the Credit Municipal's accounting appeared 'clean'.

> "*The Finance Controller always found the accounting in order*"[157].

Finally, the fraud was committed by Alexandre Stavisky, who was well-known by the police and the justice departments, which allowed him to remain free to manage his business.

[156] Paris Soir, November 6th, 1935
[157] Le Petit Parisien, January 6th, 1934

"The fact that a crook out on bail, known in Paris, was able to freely manage his business for seven years, first confused, then revolted all decent people. They look for somebody to blame"[158].

Consequently the background conditions of the scandal are shaped by these three circumstances: a company under state control, an accounting considered to be 'in order', and a repeat offender who was allowed to remain free by institutions which knew exactly who he was.

By considering the dysfunctional institutions as responsible throughout the 24 months of the scandal, the media highlight that the environment, the context, the "post-war atmosphere" in which the fraud was committed are judged to be more immoral than the fraudster himself.

The second criteria of 'understanding the background conditions' is clearly identified and highlighted in the media's discursive activity.

c) More forward-looking than backward-looking (Young, 2004, Young, 2006)

As a reminder, violent riots took place in the streets of Paris during the night of 6 to 7 February 1934. But despite the numerous indictments, the administrative sanctions of police officers and magistrates, and the death of Stavisky, French people want change.

It is also important to understand that the Stavisky scandal occurs in the geopolitical context of rising populism in Europe. Through the media, French Society is informed of the invasion of Austria, Hitler's rearmament and the territorial dispute over the Saarland. In the meantime, the French economic situation is fragile, leading to governmental instability.

"Let's speak about the French problems: interior disorders, no budget voted, no more cash reserves, and beyond the frontiers a maximum of difficulties which must be remedied as soon as possible"[159].

This is the ideal environment for the development and growth of populism. It is in this context that on the eve of the riots, Paris Soir publishes several political manifestos calling for a general demonstration. Paris Soir points out that the majority of these manifestos are from extreme-right parties. The extreme right demands a strong, free and 'clean' France, the end of dictatorial acts, the return of 'their bread' to public servants and retailers (i.e. the little people), the creation of a national front in order to cleanse the nation and save it from the enemies in its ranks. On the

[158] Paris Soir, November 3th, 1935
[159] Le Petit Parisien, February 9 th 1934

other side of the political divide, the extreme left calls for saving the public's liberties from fascist and Hitlerian regimes, as well as a warning against the 'nationalist pest'.

The Stavisky scandal reveals enormous anger, and the French people clamor for real change. Regardless of the fact that these demands are initially voiced by populists, French Society as a whole clamors for more than the guilty parties of the Stavisky trial. French Society demands institutional changes.

The purpose of the social connection model is to encourage action from those who want things to change. This is a forward-looking objective, and not only a question of punishing agents for what they have done in the past (i.e. backward-looking purpose) (Young, 2004, Young, 2006). The aim of the social connection model is to identify the weak points of structuration, which cause the structural injustices, to change the negative synergy and reform typification or institutionalization (Young, 2004, Young, 2006).

French Society's violent anger as described in the media's discursive activity sparks a movement for change. This movement has forward-looking purposes. Between February 1934 and October 1935, the French government will initiate a change by reorganizing the justice and police departments and by enacting decree-laws in order to reinforce savings protection and the status of the 'unloved' auditing profession. Academic research acknowledges that these decree-laws are minor in terms of accounting and auditing standards (Lemarchand, 1995, Lemarchand and Praquin, 2005, Ouriemmi, 2014, Dattin, 2014, Dattin, 2017). Nevertheless, this is the first time that a financial scandal in France leads to a change in regulation and institutions reminiscent of the Anglo-Saxon model.

The third criteria of 'more forward-looking than backward-looking' is clearly identified and highlighted in the media's discursive activity.

d) Shared responsibility (Young, 2004, Young, 2006)

This is a new concept in the media's discursive activity. Early in the scandal, and for its entire duration, neither newspaper names specific individuals as the guilty parties. They do not emphasize the responsibility of one man over others. It is always a question of shared responsibility.

"*Judicial responsibilities*"[160],

[160] Paris Soir, November 24th, 1934

"Administrative responsibilities"[161]

"Police and national safety responsibilities"[162]

"In the lawsuit; the issues are about the prosecutors' responsibility, police responsibility" [163]

"Stavisky benefitted more from system failures and the atmosphere than from individual misconduct"[164]

"Failures? We noticed them in five ministers" [165]

"The Seine prosecutors showed a lack of curiosity"[166],[167]

First, these are the institutions which are defined as responsible; all the people who work at these institutions, or who are at the head of these institutions, are responsible. Therefore responsibility is shared between the government, the ministers in charge of these institutions, magistrates, prefects and other representatives of all these institutions. They all contribute to creating social injustice (Young, 2004, Young, 2006).

"*The control is blamed: the State, prosecutors*"[168]

Second, all those in charge of the state controls share responsibility. Their lack of knowledge and skills, of curiosity, of independence, all cause social injustice (Young, 2004, Young, 2006). As a reminder, at this period in France, the process of control is exercised by the State, which enacts laws. This system of control by law also causes this social injustice.

"The friendly complaisance towards the people currently in power"[169]

"People do not hesitate to have a dinner, no matter with whom or when"[170]

The positioning of the French elite is questioned: they do not have to respect laws but exercise their power based on their status, network or wealth. The responsibility is shared between this elite which enjoys judiciary protection and positions itself above the law, and the government.

[161] Paris Soir, November 28th, 1934
[162] Paris Soir, December 12th, 1934
[163] Le Petit Parisien, November 2nd, 1935
[164] Le Petit Parisien, November 2nd, 1935
[165] Le Petit Parisien, December 18th, 1935
[166] Paris Soir, November 14th, 1935
[167] Paris Soir, November 16th, 1935
[168] Paris Soir, November 15th, 1935
[169] Paris Soir, November 27th, 1935
[170] Paris Soir, December 19th, 1935

It is one of the roles of the social connection model of responsibility to emphasize all the actors who create social injustice through social structures, who "*share responsibility for such injustice*" (Young, 2006). This characteristic is an extension of the first criterion, which is not to isolate responsibility.

The fourth criterion of 'shared responsibility' is clearly identified and highlighted in the media's discursive activity.

e) Discharged only by collective actions (Young, 2006)

In 1936, at the end of the trial and on the eve of the World War II, France is a long way from having rectified its institutional malaise. The Third Republic is highly unstable. Despite the outcomes of the Stavisky trial, the police and judicial reorganization and the decree-laws enacted in 1935, French Society is still disgruntled and expects institutional change.

The 'forward-looking' concept of the social connection model consists in changing the institutions or processes in order to attenuate or eliminate social injustice. In the same way as responsibility is shared, the actions required to implement change can only be collective (Young, 2004, Young, 2006).

This is the only one of the five characteristics of the social connection model of responsibility which is not clearly underlined by the media's discursive activity. In order to implement collective actions and provide real change, different sub-social worlds must interact. This must include the professionalization of auditing and accounting, governmental stabilization, the enactment of laws related to trading companies including articles related to accounting, balance sheet standardization and evaluation, and of course, defusing populist ideas.

5. What about the liability model of responsibility in the Stavisky scandal?

It is thus apparent that four of the five characteristics of Young's social connection model of responsibility are present in the media's discursive activity. Even if the last characteristic, 'discharged only by collective actions', is more difficult to demonstrate, it is important to understand that the social connection model of responsibility is engaged in the Stavisky scandal and ensues from the structural injustice that French Society feels at this time.

Nevertheless, it is important to understand that the social connection and liability models of responsibility are not incompatible, and can occur simultaneously as long as the primary responsible is easily identifiable (Young, 2004, Neuhäuser, 2014) in order to punish them. In the

case of a financial scandal, the primary responsible are the agents who commit fraud directly (i.e. Stavisky, the Director of the Credit Municipal, the expert who appraised the jewelry, the Director of the insurance companies whose bonds were issued) or indirectly (all the people/politicians/institutions' representatives who knew and who accepted bribery in exchange for their silence). All these primary responsible (except Stavisky who committed suicide) must answer in court for the '*voluntary*' (Young, 2004, Young, 2006) acts they committed in the past *backward-looking model* (Young, 2004, Young, 2006); in order for Justice to 'isolate' (Young, 2004, Young, 2006) the responsible, to '*distinguish them from those who are not responsible*' (Young, 2004, Young, 2006) and impose a '*punishment*' (Young, 2004, Young, 2006). The purpose of this punishment is to allow French Society to return to normal, to its baseline condition (Young, 2004, Young, 2006).

The liability model of responsibility can easily be observed in Period 3 of the scandal which is devoted exclusively to the trial. In both newspapers, the coverage related to responsibility, specifically 'primary' responsibility, is significant.

> *"They want La Confiance to be deemed responsible"*[171]
>
> *"Garat, who is seen as the main guilty party"*[172]*,*
>
> *"The Seine prosecutors showed a lack of curiosity (…) this lack of curiosity makes them the second guiltiest party after Stavisky"*[173]*,*[174]*,*[175]
>
> *"Looking for the guilty parties"*[176]

Le Petit Parisien singles out specific individuals, the former mayor of Bayonne Deputy Garat and La Confiance's Director Guebin in order to isolate them as primary responsible and punish them.

Indeed, for the first time since the beginning of the scandal, legal damages are claimed by the prosecution in order to compensate the small investors who invested in the bonds issued by the insurance companies, but also the 'little people' from Bayonne and its suburbs who pawned their jewels.

[171] Le Petit Parisien, November 5th, 1935
[172] Le Petit Parisien, November 5th, 1935
[173] Paris Soir, November 14th, 1935
[174] Paris Soir, November 16th, 1935
[175] Paris Soir, November 14th, 1935
[176] Paris Soir, November 15th, 1935

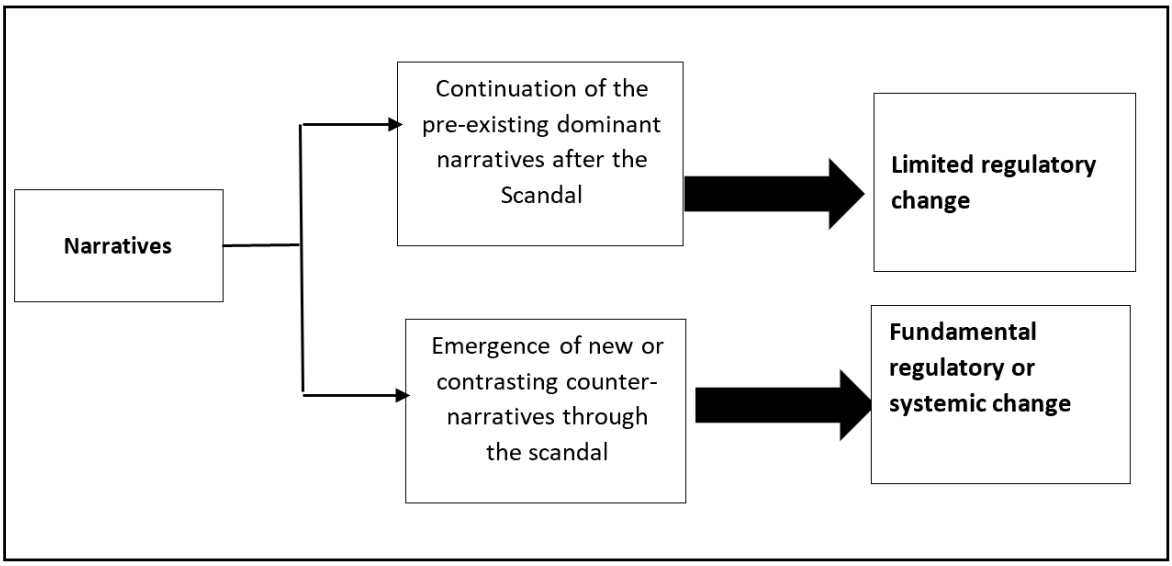
Based on Neuhaüser's (2014) model of responsibility, it is now possible to answer the following questions: "*Who is responsible to whom, for what, and on the basis of which moral standard?*" (Neuhäuser, 2014, p. 234). This work finds that: "**In France in the 1930s, by prioritizing and protecting a control by law rather than a control by profession, and by denying the professionalization of accounting and auditing, the French State and its institutions are morally responsible toward Society for creating structural injustice, represented by a favorable ground for fraud and bribery".**

V. Discussion: What the narratives reveal about the outcomes of the scandal

This last part of the discussion addresses the second research question: What is revealed by the media narratives about the outcomes of the Stavisky scandal. As seen in Part 5 Section V, Van Driel's (2019) study in an Anglo-Saxon context focuses on role of narratives surrounding financial scandals in shaping the regulations that emerge from financial scandals. He explains that the outcome of a scandal is a social construction based on the country context and the ensuing narratives. Hail et al.'s (2018) findings point to the fact that in the context of countries with a French commercial code the link between financial scandals and regulation is less marked. Building on these studies, this PhD thesis uses media narratives to investigate the outcomes of historical financial scandals in France, where regulation as an outcome is not a forgone conclusion.

As explained in Part 1, Hansen (2012) also addresses the influence of narratives in the outcomes from financial scandals. He points to the influence of the 'semantic struggle' around a scandal on the outcomes of the scandal.

Figure 1 recalls the 'semantic struggle' and the outcomes according to Hansen (2012).



Recalls of Fig 1: The semantic struggle and the outcomes of financial scandals (Hansen, 2012)

Hansen's (2012) argues that narratives surrounding a financial scandal are a key component in understanding whether they generate new regulation or not. While this study uses the narratives to examine the generation of new regulation as a result of the scandal, the findings are not limited to regulation, but consider the full range of outcomes that the narratives reveal. It is also worth noting that the narratives are interesting both in terms of the outcomes that the provoke and the issues on which they remain silent. These are considered in the following sections.

1. Punishment of guilty individuals

As seen in Part 6 Section IV-1, both of Young's models of responsibility coexist in the Stavisky scandal. Indeed, responsibility is both assigned to the dysfunctional institutions and to the main actors who perpetrated fraud. The narratives reveal a clamor for justice which results in the punishment of the guilty parties. After almost 11 weeks of the lawsuit, justice reaches its verdict. Nine of the main actors of the scandal are found guilty and sentenced to jail. Moreover, legal damages are claimed in order to compensate small investors who invested in the bonds issued by the insurance companies.

2. Regulatory response and institutional change

As already seen in a previous part of the discussion, early in the scandal, the narratives reveal that it is not Stavisky, the man who consciously implemented a sophisticated fraud who is mainly deemed guilty, it is the dysfunctional system of control and the dysfunctional institutions. The

way that the media processes the information displaces the readers' attention from Stavisky, the man, to the dysfunctional administrations, the system. It is the system failure that is now put into question, not only 'individual cases of greed'. A strong protest movement appears and raises its voice against these institutions until the launch of violent riots on the night of the 6-7 February 1934. By applying Hansen's (2012) analysis to this specific case, the fact that an 'erroneous system' is deemed as the guilty party implies some changes, even if they are limited. It is easier to understand what appears in the Stavisky case, which was not identifiable in the Panama scandal. First in order to redress the dysfunctional institutions, major reorganizations of the Justice department, the Police department, and the Investigation department were undertaken as an outcome of the Stavisky scandal. Second as the media criticism of the control procedures which fell within the responsibility of two ministries resulted in the enactment of a new law related to savings protection (the Law of 1935).

In 1935, Decree-Laws related to the savings protection were enacted, they content (Dattin, 2014, Dattin, 2017):

- Provisions to promote qualification and independence of statutory auditors
- Introduces the principle of a permanent auditing assignment Introduces a priori and a posteriori incompatibility to carrying out auditor's duties.
- Obligation for listed companies to choose at least one of their auditors from a list of experts named by the Court of Appeal (better qualifications).
- These auditors had to pass a technical examination before being considered experts

Despite the limited impact of this decree-law on accounting regulation and auditing professionalization (see Part 2 Section V-1), this is the first French scandal to initiate a change in regulation. Moreover, the media narratives reveal that the violence of the riots shocked the whole nation, changing the viewpoint and actions of the heads of state. Consequently, the government decides to implement an institutional change by reorganizing the Justice, Police and General Security departments.

3. The political outcomes revealed by the narratives

The narratives also reveal the role the scandal plays in contributing to political instability of the time. Indeed, the Third Republic is a period of strong political instability. Between 1889 and 1936,

45 men have followed at the head of the government, and six between December 1933 and January 1936[177], (Stavisky scandal).

The data analysis highlights that the widespread criticisms in relation with the government representatives emerge from the two newspapers:

> "*Daladier (i.e. the Prime Minister) is gone. He did not want to be responsible for starting a civil war*"[178].
>
> "*successive governments did not take the appropriate decisions*"[179].
>
> *"Failures? We noticed them in five ministers"*[180]

The expression of this anger contributes both to political instability of the Third Republic and may fuel populist feelings.

4. The emotions of the narratives

It is important to understand that the Stavisky scandal occurs in the geopolitical context of rising populism in Europe. Through the media, French Society is informed of the invasion of Austria, Hitler's rearmament, and the territorial dispute over the Saarland. The headlines of the press (See Pic 7 in Part 6 Section III.1) and the corresponding articles prove that the public is aware of the rise of populism in Germany and the rest of Europe.

In the meantime, the French economic situation is fragile, leading to governmental instability:

> *"Let's speak about the French problems: interior disorders, no budget voted, no more cash reserves, and beyond the frontiers a maximum of difficulties which must be remedied as soon as possible"*[181].

This is the ideal environment for the development and growth of populism. Indeed, the data analysis documents that the number of words and expressions used in Paris Soir to describe the crowd's anger is significant in the first period of the scandal. Moreover, the choice of words used are closer to violence than to simple exasperation. These words mainly come from the political

[177] Government reshuffles identified through the narratives of both newspapers and supported by https://fr.wikipedia.org/wiki/Liste_des_chefs_du_gouvernement_français#Troisième_République_(1871-1940)
[178] Le Petit Parisien, February 8th, 1934
[179] Paris Soir, February 11th, 1934
[180] Le Petit Parisien, December 18th, 1935
[181] Le Petit Parisien, February 9 th 1934

parties' manifestos (See Table 46) that Paris Soir publishes on the eve of the riots of Paris. Additionally, Paris Soir points out that the majority of these manifestos are from extreme-right parties. These narratives demonstrate that France cannot escape from the general geopolitical context and the rise of populism. Based on these narratives, the extreme right demands "*a strong, free and 'clean' France*", "*the end of dictatorial acts*", "*the return of 'their bread' to public servants and retailers* (i.e. the little people)", "*the creation of a national front in order to cleanse the nation and save it from the enemies in its ranks*" (see Table 46). On the other side of the political divide, the extreme left calls for "*saving the public's liberties from fascist and Hitlerian regimes*", as well as a warning against "*the 'nationalist pest'*" (see Table 46). In conclusion the emotions linked to the rise of populism in France are present in the media narratives during the Stavisky scandal. They reveal the role the scandal may play in nourishing populist feelings and contribute to destabilize the public opinion without really weakening the financial system.

5. Do narratives reveal an outcome related to the accounting and auditing profession?

As seen in Part 6 Section IV-2, two new key themes emerge from the narratives: accounting and control. These two new key themes are present in the media discursive activity all along the Stavisky scandal. However, this study highlights in Part 2 Section V.1, that the regulatory change (the Law of 1935) which occurred during the Stavisky scandal is limited and that the control of financial statements by qualified and independent auditors remains illusory (Dattin , 2014). Moreover, the narratives related to these professions highlight that they are unknown, still unloved and their efficiency is contested.

First, the media narratives reveal that in France in the 1930s, there is a mix-up between police, auditors and members of the commission of inquiry appointed by the government since all of them are called "*commissaires*"[182]. This word contains the notion of inquiries, but the auditors' duties are still unclear.

Second, Paris Soir's discursive activity highlights the lack of independence of the auditors at this period: "*the statutory auditor could be chosen among the board members' friends (…) what independence*?"[183].

[182] Le Petit Parisien, May 18th, 1934
[183] Paris Soir, May 18th, 1934

Finally, Le Petit Parisien's narratives reveal that during the trial, the purpose of one of the lawyers will be to use the 'unloved' status of the accounting profession to discredit the expert's testimony: a "*certified accountant who practices psychology*"[184] or "*an expert shames his profession when he seeks information he knows to be incorrect*."[185]

Consequently, the narratives related to accounting and auditing and the Law of 1935 confirm the French preference to avoid interfering in the business process and the fact that these two professions are not fundamentally concerned by the outcomes of the scandal. Indeed, it is not yet the moment in France to enact a law to professionalize accounting and auditing. At this period in France, the objective of accounting and auditing representatives is not to defend themselves against charges related to financial scandals, but to legitimize their duties. This legitimation can only be effective with increased knowledge and skills, the creation of corporations, the strengthening of their independence and an interaction with representatives of authority (i.e. state institutions) (Giddens, 1984, Freidson, 1989).

[184] Le Petit Parisien, December 6th, 1935
[185] Le Petit Parisien, December 6th, 1935

6. Overview of the outcomes of the Stavisky scandal

The following figure (Fig 6) summarizes the outcomes of the Stavisky scandal which emerged from the narratives

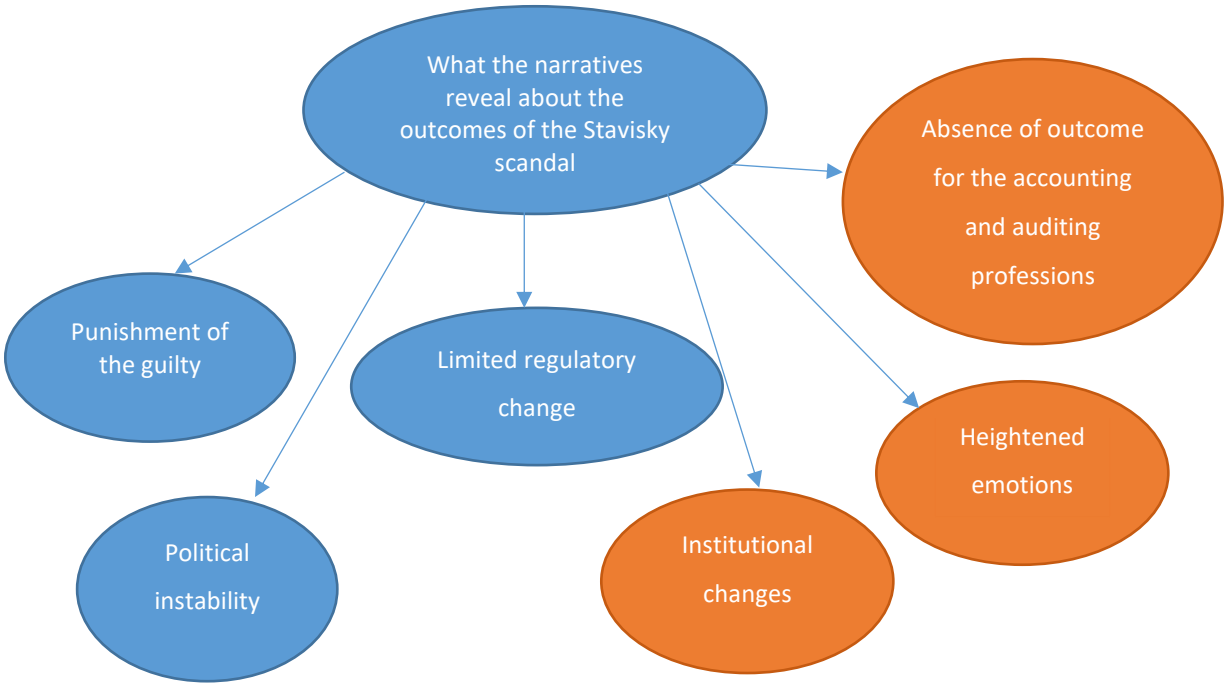


Figure 6: The outcomes of the Stavisky scandal

VI. Summary

This chapter has presented the analysis of the 872 newspaper articles related to the Stavisky scandal. By analyzing the media narratives and using Young's framework of responsibility presented in Part 2, the construction of responsibility is examined in the Stavisky scandal. The findings reveal that the social connection model of responsibility provides a good representation of the construction of responsibility, as the Stavisky scandal is perceived as a consequence of dysfunctional control, institutions, and laws, in other words from an 'erroneous system'. This is consistent with the French legal tradition at the time since, in the 1930s, the French financial world is still controlled by law rather than by professions. Moreover, the regulatory frame did not significantly change since 1867 and was developed in order to respect business secrecy and reinforce France as a liberal country where "laissez-faire" reigned. Nevertheless, it is important to underline that the discursive activity highlights again a clamor for justice, and that a legal process is implemented to punish fraud perpetrators and to calm public opinion. Therefore, both

of Young's models of responsibility coexist in the Stavisky scandal and the liability model of responsibility is also be identified.

The second research question addresses what the narratives reveal about the outcomes of the financial scandal. First, the narratives reveal a clamor for justice which results in the punishment of the guilty parties. Second, the fact that an 'erroneous system of control' is deemed as the guilty party implies some changes, even if they are limited. Consequently, the Stavisky scandal leads to a regulatory change (the Law of 1935) and an institutional change (the reorganization of the Justice, Police, and General Security departments). The regulatory change remains limited since it has no real impact on accounting regulation and auditing professionalization, but a change occurred. Third, the narratives also reveal the role the scandal plays in contributing to the political instability of the time and simultaneously in expressing emotions of anger that fuel populist sentiments. Indeed, France cannot escape from the general geopolitical context and the rise of populism. Finally, the narratives confirm the French preference to avoid interfering in the business process which implies that the scandal has no fundamental outcome for the accounting and auditing professions.

Part 7: Discussion, Contributions and Conclusion

I. Introduction

The overall objective of this thesis is to contribute to the understanding of the historical differences in the outcomes of financial scandals in France versus Anglo-Saxon countries. This objective addressing by studying media narratives surrounding two historical French financial scandals. The analysis of the media narratives, presented in Parts 5 and Part 6 in relation to each of the financial scandals provide evidence to address the two research questions of this study:

Historically, how was the responsibility for financial scandals constructed in France?

What do the media narratives reveal about the outcomes of historical French financial scandals?

This Part presents a discussion of the contribution of the two case studies taken together to address the two research questions of the study. Section II below considers the findings in relation to the construction of responsibility for financial scandals. Section III discusses the findings in relation to what the media narratives reveal about the outcomes of the financials scandals and explains the associated theoretical contributions of the study. Section VI concludes the thesis with the limitations of the study and the opportunities for future research.

II. Construction of Responsibility for financial scandals in France

1. Discussion of the construction of responsibility

This part considers the findings of the study in relation to the construction of responsibility for financial scandals. These findings are presented in two sections. The first section considers the findings of the two case studies in relation to Youngs' (2004 and 2006) work on responsibility. This allows the study to contribute by mapping the progression of the construction of responsibility over time in the French context.

Then, this study mobilizes Young's (2004; 2006) models of responsibility as a theoretical framework for examining the construction of responsibility in the two financial scandals. The second section describes the development of the two models of responsibility, the liability model

and the social connection model of responsibility. This provides the theoretical framework for analyzing the media narratives surrounding the cases.

The analysis of the Panama Canal scandal shows that late 19th century French Society is truly a product of its time. In fact, it perceives the issue of the scandal to be related to bad human behavior, rather than to an inherent lack of control or regulation, or a failure of the control process. Public opinion clamors for justice. Consequently, the liability model of responsibility is evident from the narratives.

Young (2004, 2006) argues that the liability model is incontestable, but that in some cases it is insufficient to explain the construction of responsibility. As the judicial investigation progresses, the narrative provides evidence that changes in construction of responsibility are emerging. A phenomenon of structural injustice is identified and implies that the liability model of responsibility is insufficient. Indeed, elements of the social connection model of responsibility emerge from the discursive analysis. The media narratives provide evidence that responsibility is not solely assigned to the isolated actors who were directly responsible for the harm caused. The narratives reflect a consciousness that the events that took place, the current situation and the final verdict, are not morally acceptable highlighting components of a shared responsibility, rather than a single guilty party.

Regarding the Stavisky scandal, the media narratives provide evidence that by the 1930's the construction of responsibility in France has developed further along a theoretical continuum from a liability model towards a social connection model (Figure 7). The analysis of the media narratives demonstrates that early in the scandal, the public's attention is displaced from a single guilty party to an entire system. The way that the media processes the information displaces the readers' attention from Stavisky to the dysfunctional administration. Following this construction, the voluntary actions for which Stavisky is responsible are part of the structural conditions that provided the incentives that led him to violate first social controls, and second the law. The French financial market is a social structure constructed by the actions and the willingness of the Deputies. By prioritizing and protecting a control by law rather than a control by profession, and denying professional status to accounting and auditing, France created a favorable ground for fraud and bribery, a 'structural injustice'. The scandal is attributed to a morally unacceptable structuration, which enables fraud. The narratives evidence the move to a social connection

model of responsibility where the State, and the institutions which are perceived to contribute to the social injustice, share responsibility.

Consistent with Young's (2004, 2006) theory, the liability model is still evidenced in the media narratives, and it is important to underline that French Society again clamors for justice. Consequently, a legal process is implemented to punish the those believed to be responsible and to calm public opinion. However, the narratives also evidence pressure for wider change. Thus, both of Young's (2004,2006) models of responsibility coexist in the Stavisky scandal.

2. Contribution to the literature related to the construction of responsibility

This part of the study contributes to the literature in three important ways. First, the two cases provide empirical evidence of the value of Young's framework, which facilitates understanding of how responsibility is constructed through the media narratives around the scandal.

Second, the study contributes a map of the trajectory of the construction of responsibility for financial scandals in France over time, which goes from a single liability model of responsibility (in 1889 with the Panama Canal scandal) to the coexistence of Young's two models of responsibility (in 1936 with the Stavisky scandal). This is summarized in Figure 7.

Finally, the study contributes evidence that points to the value of Young's (2004, 2006) work as a theoretical framework to analyze the construction of responsibility in an empirical setting. The study also points to the value of the framework in mapping a trajectory of the construction of responsibility in a society over time.

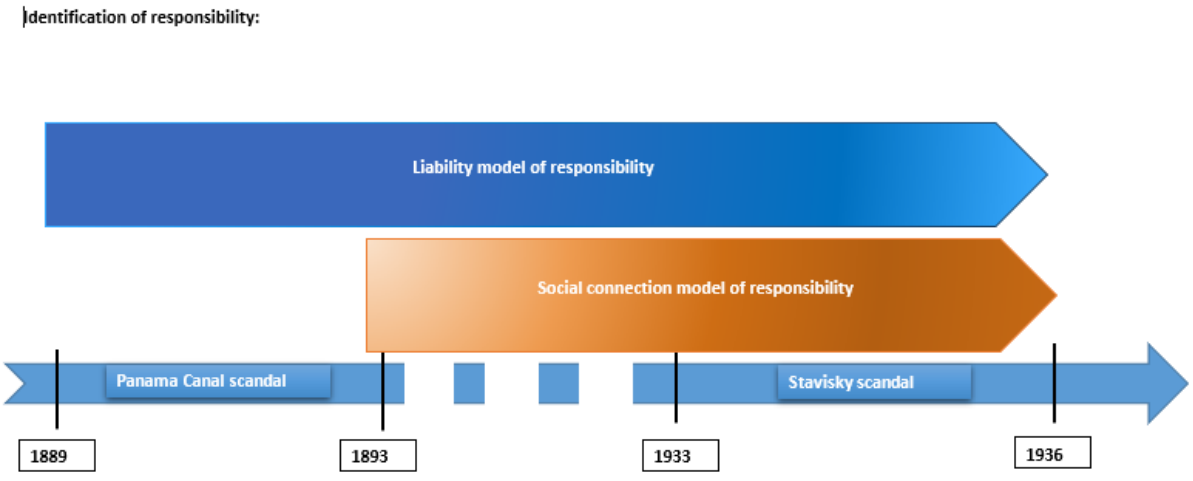


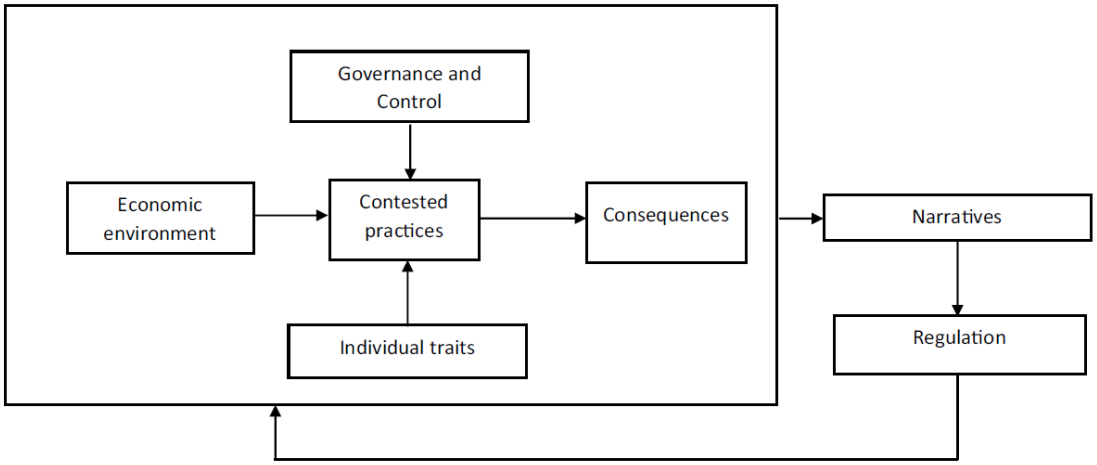
Figure 7: The historical construction of responsibility in France in cases of financial scandal

III. Discussion: What the media narratives reveal about the outcomes of historical financial scandals in France.

The second research question considers what the media narratives reveal about the outcomes of the financial scandals studied. Hansen (2012), pointed to the value of narratives in explaining "*what went wrong*", "*who is to blame*" and "*how to avoid a repetition*" (Hansen, 2012, p 676). He argues that "*the sense-making process are centered on the construction of narratives that explain the crisis and enable or constrain institutional response to the crisis*" (Hansen, 2012, p 673). Mordhorst and Schwarzkopf (2017) support this position, arguing for performativity of narratives and the role of this performativity in the sense-making. According to Hansen (2012) and as explained in Part 1 Hansen:

> *"(…)the outcome of this semantic struggle has the potential to influence active responses. Many other factors will influence this outcome, but it also matters which narrative comes to dominate and thereby explains the crisis. If the narrative that prevails differs little from the understanding of things before the crisis, fundamental regulatory change is not very likely to happen. On the other hand, if hitherto less influential counter-narratives gain momentum, or a new and contrasting narrative emerges to challenge the dominant narrative and assign new and different meanings to events, it may contribute to paving the road for institutional and perhaps even systemic change*" (Hansen, 2012, p 677).

Building on Hansen's work on narratives, Van Driel (2019) proposed a framework for analysing a financial scandal which was explained in Part 1, and is reproduced below for convenience. Van Driel (2019) argues that there is a feedback loop whereby the narratives ensuing from the scandal frame and construct the regulatory outcomes of financial scandals, which then influence the future incidence of scandals.



Recall of Figure 2: The conceptual framework for the study of fraud and scandals (Van Driel, 2019)

This study contributes to the literature by exploiting and building on the work of both of these authors. In relation to Van Driel's (2019) framework, the analysis of the two scandals in the French context, reveals that role of the media narratives are not limited to framing of the regulatory responses to scandals. As explained in Parts 5 and 6, the narratives deal with a range of outcomes, some which could be anticipated at the outset of the study, as certain outcomes of the scandals are well known. However, the analysis also sheds light on the way certain unanticipated narratives gain momentum in the course of the scandal.

1. Judicial, Political and Regulatory outcomes

In the context of both scandals the narratives reveal a clamor for justice which precedes the criminal trials and the prosecution of the guilty. Second, in the same way that some authors have argued that regulators use scandals to forward their existing agenda for regulatory change (Romano, 2005), the analysis of media narrative around both scandals highlights the use of scandals by the relevant newspapers to forward their pre-existing political agendas. As such the media narrative around both scandals contribute to the pre-existing political instability of the Third Republic[186]. In the case of the Panama Canal scandal, political criticism

[186] During the Third Republic between 1889 and 1936, 45 different men have taken on the role of head of the government.

leads to appoint a parliamentary inquiry [187]. In the case of the Stavisky scandal, political criticisms lead to multiple government reshuffles[188][189] and a parliamentary inquiry[190].

In relation to the role of narratives in framing the anticipated regulatory change hypothesized by Van Driel's (2019) framework, the findings of the study are interesting. In the case of the Panama scandal there is no regulatory outcome. This is surprising in comparison to the findings of studies in other contexts, but as section II above explains, where the construction of responsibility does not point to institutional failings, the outcomes of the scandal will not encompass regulatory change directed at such institutions. In the Stavisky scandal, the narratives reveal significant criticism of a range of institutions and again, consistent with reasoning presented by Hansen (2012), the outcomes of the scandal reflect this narrative. Indeed, as an outcome of the Stavisky scandal major reorganizations of the Justice department, the Police department, and the Investigation department were undertaken. Likewise, the media criticism of the control procedures which fell within the responsibility of two government departments resulted in the enactment of a new law related to savings protection (the Law of 1935).

2. The outcomes for accounting and auditing profession

Academic studies from different research traditions (Humphrey et al., 1992, Hail et al., 2018, Toms, 2019, Van Driel, 2019) describe the historical repetitive cycles of financial scandals, underscoring the fact that each financial scandal is followed by significant changes in the regulatory environment. In regard to this analysis, the French case is an exception that is occasionally noted (Hail et al., 2018) but not explained. Part 2 of study presents a detailed examination of the historical development of the commercial law and practices in France and has contrasted this with the Anglo-Saxon history. Parts 5 and 6 document the status of the accounting and auditing professions at the time of each of the scandals.

The media narratives surrounding the Panama scandal in Part 5 provide evidence to support the *absence* of reference to the accounting and auditing professions. Despite the fact that the

[187] Le Figaro, November 23rd 1892 and Le Petit Journal November 24th 1892
[188] Paris Soir January 29th 1934, Le Petit Parisien February 4th 1934
[189] Paris Soir February 8th 1934, La Petit Parisien February 8th 1934
[190] Paris Soir February 17th 1934

accounting controls were introduced into the French law in 1867, an absence of control did not feature as an element of the construction of responsibility in the narratives.

The analysis of the Stavisky scandal provides evidence of the recognition of the role of accounting and control as an element of the scandal. Indeed, from the first days of the scandal, accounting and control appear in the narratives as elements of the scandal, and responsibility is constructed around them through French laws and institutions. In the 1930s, the French financial world is still controlled by law rather than by professions (contrary to the Anglo-Saxon world). The regulatory frame did not significantly change since 1867 and was developed in order to respect business secrecy, and reinforce France as a liberal country where "laissez-faire" reigned. Consequently, and despite the media's emphasis on the failure of state controls and the inefficiency of companies accounting, no moves are made to strengthen and legitimize its accounting and auditing professions. Unlike in the Anglo-Saxon world, these professions are not a target for the media narrative surrounding the scandal and they do not feature in the construction of responsibility. Their objective is not to defend themselves against charges related to financial scandal, but to legitimate their status and duties. This legitimation can only be achieved through the development of their own social system (Berger and Luckman, 1966, Giddens, 1984), by increasing their knowledge and skills, creating their corporations, strengthening their independence and interacting with representatives of authority (i.e. state institutions) (Freidson, 1989).

Indeed, things start to change for the accounting profession in 1942 with the creation of the "Ordre des Experts Comptables" by the Vichy government. Vichy's technocrats enact the 3 April 1942 Act in order to regulate the profession in France (Ramirez, 2009b). Its aim "*was to involve the accountancy profession in a social and economic rationalisation plan marked by corporatism, but more specifically focusing on production management and implementation of macro-economic tools to aid State intervention*" (Ramirez, 2009b, p 130). In 1945, thanks to an Ordinance, the post-war government reaffirms the 1942 Act, after having expurgated its most anti-democratic provisions. "*The creation of the Ordre was contemporary with the introduction of a General Accounting Plan designed to standardise registration of companies' accounting and financial transactions*" (Ramirez, 2009b). However, the *auditing* profession in France remains unaffected by the 1945 Ordinance. It is only in 1966 (30 years after the Stavisky scandal) that the Act amending French company law (and the 1969 decree on the auditing

profession) organises the auditing profession, specifies the auditors' duties (Ramirez, 2003) and officially associated accountants with auditors (Ramirez, 2003, Ramirez, 2009). With this enactment, the "Commissariat aux Comptes" is finally raised to the status of a profession, a profession which is capable of being competitive on the international scene.

It is important to understand here that the significant changes related to accounting and auditing professions – and the corresponding laws – are not the consequence of a particular financial scandal. The enactment of these laws does not represent a financial scandal outcome. The financial scandals studied certainly shocked the public and stirred up passions by making big headlines, but they did not lead to new regulations.

3. Scandals and Emotions

This study did not set out an objective to study the wider political and societal impacts of financial scandals. Instead, the research questions were intended to contribute to understanding why the cycle of scandal-regulation-scandal, which has been widely reported in Anglo-Saxon countries, is not in evidence in countries with a French commercial code. However, the analysis of the media narratives surrounding the two historical scandals using the Gioia methodology provides evidence of very strong public emotions provoked by the unfolding scandals. Sometimes, 'public' outcry is extremely strong, and the words found in the 'first order 'analysis are almost violent. This was the case in the Stavisky scandal when public anger led to violent riots. An analysis of the political manifestos, which were at the heart of these riots, highlights the fact that the entire French system is criticized.

Prior studies have drawn attention to capacity of accounting to reinforce pre-existing ideologies such as racism, in the dehumanizing effects of accounting for slavery (Fleischman and Tyson, 2004, Oldroyd et al., 2008). Similarly, studies have established clear links between financial scandals, economic distress and populism. For example, Doerr, Gissler, Peydró and Voth (2018) illustrate that a financial scandal resulting from the failure of bank with a Jewish chairman strongly predicts a rise in Nazi voting in the 1930s (Doerr et al., 2018). In another recent article, High & Mark (2019) links the deindustrialization of the Rust Belt with the victory for Donald Trump in Democratic strongholds of Ohio, Pennsylvania, Michigan and Wisconsin in 2016 (High, 2019). Similarly, rising unemployment has been linked to the loss of trust in European political institutions and the rise of anti-establishment parties (Algan et al., 2017,

Passari, 2020) and Fetzer (2019) questions the link between austerity and Brexit (Fetzer, 2019).

Interestingly, the two scandals that are subject of this study both took place against a background of rising populism[191]. The Panama Scandal of the 1890's, took place at the time of the Boulangist movement, which Rosanvallon (2020) classifies *a posteriori* as populist (Rosanvallon, 2020). The Stavisky scandal of the 1930's, also took place at another significant moment of rising populism (Dard, 2012, Baubeau and Riva, 2020).

Rosenvallon (2020) points to the role of passions and emotions in fuelling populism. He identifies three types of emotion associated with populism the emotions of position, of intellect and of intervention, where *emotions of position:* "express the anger of not being recognized, of being abandoned, despised, of not counting for anything in the eyes of the powerful" (Rosanvallon, 2020, p 68); *Emotions of intellection:* refer to "the restoration of a comprehensibility of the world by, for example, the development of a conspiratorial vision and the use of fake news" (Rosanvallon, 2020, p 67) ; and *Emotions of intervention* refer to "rejection" (Rosanvallon, 2020, p 67) and a "morality of disgust" (Rosanvallon, 2020, p 73). They verbally or physically reflect an aversion to, and an intention to, reject the elite. Rosenvallon (2020) notes that the combination of these emotions acts to incite populist feeling.

This study provides evidence of these types of strong emotions in the analysis of the narratives and consistent with Hansen (2012) contribute to our understanding of how the framing of scandals by the popular press is a function of the pre-existing populist narratives. However, it also draws our attention to how these narratives are amplified, given oxygen, through the narrative of the scandal.

[191] Mudde (2004) defines populism as follows: "an ideology that considers society to be ultimately separated into two homogeneous and antagonistic groups, 'the pure people' versus 'the corrupt elite', and which argues that politics should be an expression of the will general (general will) of the people" MUDDE, C. 2004. The Populist Zeitgeist. *Government and Opposition,* 39**,** 541-563. (Mudde, 2004, p. 543).

4. Contributions of the study to understanding what media narratives reveal about the outcomes of the scandals.

This part of the study provides four important contributions. First, this work contributes an extensive and detailed empirical work that maps the media narratives to the outcomes in these particular scandals. In addressing the overall research objective our two cases confirm that the cycle of scandal-regulation-scandal is not prevalent in France in the 1890s and the 1930s. In contrast, regulation is not an automatic response to the scandal at all, and even in 1935 (Stavisky scandal) when a new law was enacted (the Law of 1935), its impact in terms of accounting and auditing was insignificant. Nevertheless, through the media narratives this study contributes a detailed empirical account of the narratives constructed around the two financial scandals.

The second contribution is that this study broadens and deepens our theoretical understanding of the role of media narratives by demonstrating the wider outcomes of financial scandals like potential social and political impacts. Hansen (2012) argues that the narrative that comes to dominate a financial scandal is important to define the extent of regulatory change that results from the scandal. He notes that where prevailing understandings persist after the scandal, fundamental regulatory change is unlikely. Whereas where other narratives gain momentum and challenge the dominant narrative, more fundamental regulation, institutional and systemic change can occur. Building on both Hansen's (2012) paper and Van Driel's (2019) model, this study posits that a more detailed theoretical framework for the analysis of financial scandals can be advanced.

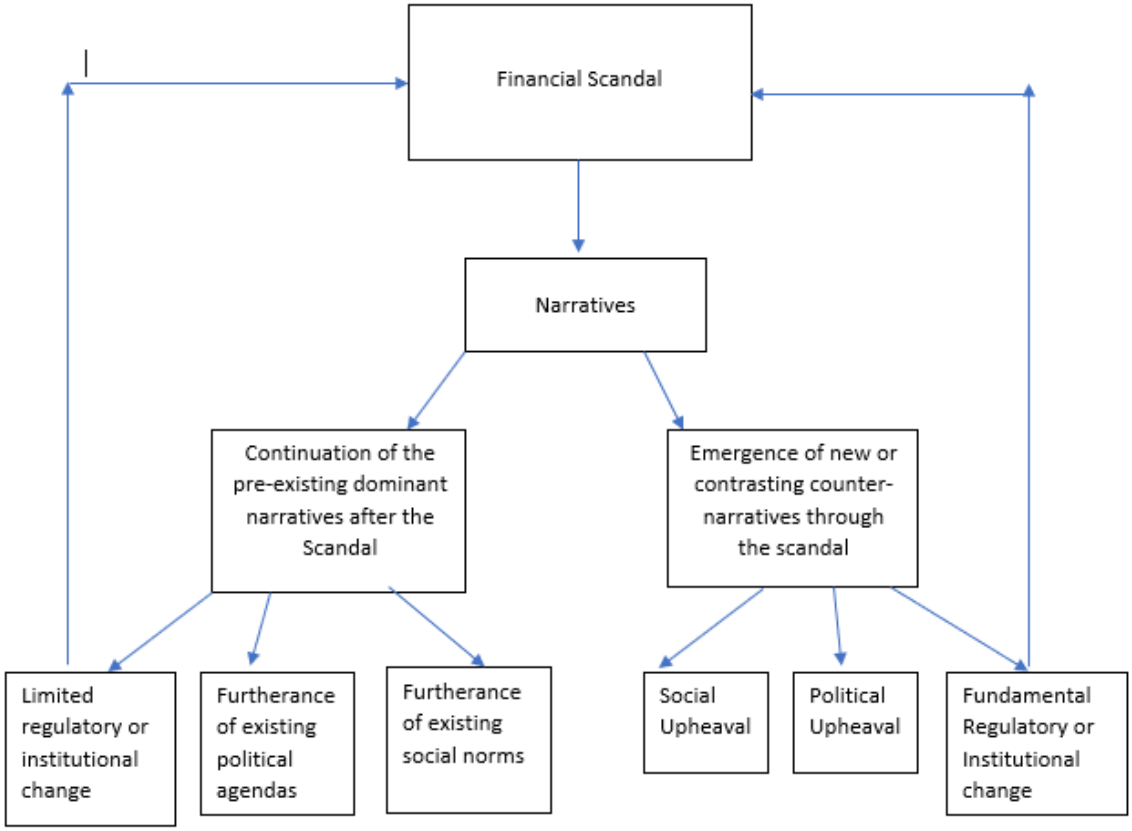


Figure 8: The role of the narratives in the construction of the outcomes of financial scandals

The diagram presented Figure 8 is inspired of Van Driel's (2019) representation of the financial scandal. Nevertheless, the research questions in this study are not addressed to these elements. Both van Driel (2019) and Hansen (2012) address the narratives as an outcome of the scandal. Hansen (2012) precises that where the scandal facilitates the emergence of new or contrasting narratives, the regulatory and/or institutional change is likely to be fundamental. In the case of both of the scandals that were the subject of this study, the findings suggest that the narratives reflected the pre-existing narratives and thus neither scandal resulted in fundamental regulatory or institutional change.

This study builds a further level on to the theoretical framework, by drawing attention the outcomes, other than regulatory outcomes, revealed by the analysis of the media narratives. The theoretical framework developed above would benefit significantly from further empirical work which could be the subject of future research.

A particular area where the expanded framework above holds potential for explanatory power is in the recognition of a range of possible outcomes. In doing so, it also draws attention both to the construction of the narrative of responsibility and to the potential object of regulatory action. In other words, the narratives contribute to constructing society's explanation for the causes of the scandal, and by extension, potential remedies available.

The absence of the accounting and auditing profession in France at the time of both scandals, effectively eliminates this profession as a possible target for regulation. In the aftermath of the Panama Scandal, the punishment of the guilty is the focus of the narrative. In the aftermath of the Stavisky scandal, the narrative directs criticism at the institutions of the state, and results in the reorganization of several government departments. By questioning the underlying political system, a populist narrative, already present in society, is given a voice.

In the same way, the expanded framework raises an interesting question about the role of the auditing profession in the well-documented cycles of scandal and regulation in Anglo-Saxon countries. The existence of this dominant profession in Anglo-Saxon countries provides an object for criticism and blame that simply doesn't exist in France. Likewise, creating new regulations for accounting and auditing can be seen as a remedy for the responsibility constructed around the auditing profession. This raises the question as to whether the absence of the auditing profession in France results in political and social outcomes that could be avoided where the auditing profession exists and acts as a lightning-conductor or a scapegoat. Indeed, this lightning-conductor would attract the heat and energy from the scandal, while at the same time diverting attention from other parties or institutions around which responsibility, alternative regulatory action or other outcomes could (or should) be constructed. This question could be for example usefully addressed in future research.

The final more methodological, contribution of this thesis highlights the role played by narratives in the social construction of financial scandals, more specifically its role in the transition from scandal to regulation (Hansen, 2012, Van Driel, 2019). The use of narratives has recently been the subject of several important works in business history (Mordhorst and Schwarzkopf, 2017) and organization studies (Wadhwani et al., 2018). This literature emphasizes that signification is mediated by narratives that shape social structures and give meaning to justify a regulatory response (Giddens, 1984). This study's contribution demonstrates how the narratives shape social structures, create meaning, construct

responsibility and shape the outcomes. This contribution can be extended to the study of many other phenomena.

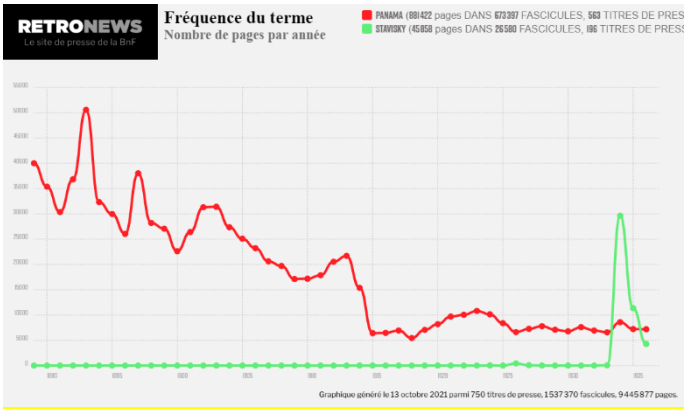
IV. Limitations and opportunities for future research

This study made some choices in terms of research approach which can be perceived as limitations.

The first limitation concerns the type of documents that this study mobilizes as evidence: newspapers articles. Some academic research (e.g Mollier, 1991 for the Panama Canal scandal) mobilized different sources of evidence, such as judicial evidence, for example. This is not the case in this study. The purpose of this study is not to analyze the reality of the facts in the scandal but rather to analyze the transcription of these facts through the media. The objective is not to work on the scandal itself but on the perception that the media has of these scandals and how they transform them. From this research approach, the press is used as a means of understanding the way that the public perceives a scandal. In ethnography, this approach of the perception of the scandal could correspond to work on personal diaries which mention the scandal.

The second limitation concerns the fact that only two newspapers were analyzed for each case study. Picture 8 (source Retronews[192]) details the frequency of the words 'Panama' and 'Stavisky' in the French media between 1890 and 1935. It was not possible to read all the articles: almost 900 000 pages quote the word 'Panama' (even if the 'hat' and the country increase artificially in the results). Moreover, all these articles are not scanned in the Retronews database. Consequently, a complete reading of two newspapers for each scandal appeared as the best choice. Nevertheless, the increasing digitization of the historical press, on one hand, and the use of text recognition software, on the other hand, should make other possibilities of statistical processing accessible in the years to come.

[192] Source: Retronews – BNF press website – www.retronews.fr



Picture 8: Frequency of the words 'Panama' and 'Stavisky' in the French media between 1890 and 1935

The increasing digitization of historical documents, mentioned in the previous paragraph, can also be perceived as a future research opportunity. Indeed, in addition to the qualitative data analysis that has been implemented in this study, other approaches could complete the findings and bring out new aspects that it is not yet possible to document.

V. Opportunities for future research

First, the findings and the discussion related to the presence of heightened emotions in the narratives surrounding the scandals and to the link between these emotions and the rise of populism might be deeply addressed in future research.

Second, this study proposes a more detailed theoretical framework for the analysis of financial scandals (Fig 8). This framework would benefit significantly from further empirical work. Consequently, future research could use this framework to analyze the specific outcomes through the narratives surrounding the scandal.

Third, certain findings related to the absence of fundamental outcomes for the accounting and auditing professions lead to the question of whether the absence of the auditing profession in France results in political and social outcomes that could be avoided where the auditing profession exists and acts as a lightning-conductor or a scapegoat. This question could be usefully addressed in future research.

Finally, as seen in the section related to the limitations, other approaches based on statistical processing could complete the findings and bring out new aspects of this study that are not yet possible to document.

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Appendixes

Appendix 1: Extract of *Le Petit Journal*'s worksheet indexing the articles collected for the Panama Canal Scandal

Affaire Canal de Panama


Le Petit Journal

Date de début des recherches : **1er février 1889**
Date de fin des recherches : **21 mars 1893**

Plus gros tirage national (Paris + Province) — Godechot, Guiral & Terrou (1972). *Histoire Générale de la presse française. Tome III: de 1871 à 1940* . Paris : Presse Universitaire de France.

Journal Républicain - Centre gauche

Auteur	Titre de l'article	Date		Nom	Idée/Thème	Verbatims	Remarques perso
1889							
Février 1889							
Correspondant à Londres	L'émission de Panama	01.02.1889			Echec de la précédente emission		
Journaliste	Le Panama	06.02.1889			Dissolution de la Compagnie Universelle interocéanique		
Journaliste	Le Panama	07.02.1889			Chute du cours en bourse		
Journaliste	L'œuvre de Panama	10.02.1889			Réserve sur la solidité et la renommé de l'établissement financier dans lequel la dernière souscription a été lancée	"contraire aux intérets de la Compagnie de Panama" "Mais notre devoir était aussi de faire quelques réserves sur l'établissement de crédit auquel on s'est adressé ; nous estimions que d'autres maisons plus autorisées auraient sans doute assuré le succés tandis que l'émission ainsi lancée nous paraissait compromise" "sa confiance (le public) n'était pas entière"	1er avis sorti des faits : la banque est la 1ère responsable de l'échec de la dernière souscription. Nouveauté dans l'émmission d'obligations et le système bancaire français.
Journaliste	Causerie Financière	12.02.1889			Les arrangements entre la Compagnie de Panama et La Banque Parisienne sont à l'origine du desengoument du public et de l'echec de la dernière souscription.?	"La réalisation des craintes" "le public confiant""Lorsqu'on avu la Compagnie de Panama s'entendre avec La Banque Parisienne pour faire l'emission des actions de la nouvelle société, on a pu redouter que, malgré tous ses efforts et toute sa bonne volonté, La Banque Parisienne ne jouissant que d'une modeste notoriété, étant outillée de façon trop rudimentaire et ne possédant que dans bune faible mesure l'oreille du grand public, ne menat pas à bonne fin une entreprise au-dessus de ses forces."	Partenariat entre la Compagnie de Panana et La Banque Parisienne questionné

Appendix 2: Extract of *Paris Soir*'s worksheet indexing the articles collected for the Stavisky scandal

Auteur	Titre de l'article	#	Date	Idée/Thème	Verbatims
	La protection de l'épargne	467	01.11.1935		"un certain nombre de décrets tendent à renforcer la protection de l'épargne. Un décret a pour objet de rendre plus facile et plus effectif le contrôle des commissaires et de permettre aux actionnaires de se rendre compte plus aisément de la marche de l'affaire. chaque société devra établir un type de bilan arrêté par l'assemblée générale pour tous les exercices successifs.
stéphane Manier	Un procès monstre : l'affaire Stavisky	468	02.11.1935	Tableau récap de l'affaire Stavisky sauvegardé dans documents	
stéphane Manier	Lundi se jouera l'épilogue de l'affaire Stavisky	469	03.11.1935	la justice juge une escroquerie et non pas un scandale.	"le sursaut d'indignation qui agita l'opinion publique n'était pas due à l'importance des chiffres de l'escroquerie, car d'autres chutes financières firent supporter à l'épargne des pertes dépassant le milliard. Qu'un escroc en liberté provisoire, connu à Paris, ait pu ainsi manoeuvrer librement pendant 7 ans déconcerta, puis revolta les honnêtes gens. Ils cherchaient des responsables."
A.L. Jeune	L'affaire Stavisky et la Bourse	470	06.11.1935	Pourquoi Stavisky avait-il choisi de monter sonescroquerie à partir d'un crédit municipal plutôt qu'en plaçant en Bourse.	"un crédit municipal est contrôlé par plusieurs ministères. C'est ce qui donne du prestige aux bons de caisse qu'il émet. Stavisky ne pouvait pas désirer que ce contrôle soit trop sévère. Il se trouva dès lors dans l'obligation de trouver certaines complicités pour que les écritures de Bayonne ne soient pas trop méticuleusement vérifiées. Voilà pourquoi des députés sont aujourd'hui en cours d'assise au banc des accusés. Chaque fois que le gouvernement entend protéger l'épargne en multipliant les contrôles adminustatifs, il multiplie aussi les points de contact entre hommes politiques et hommes d'affaires. Pour que cela puisse aller sans inconvenient, il faudrait supposer que les affaires financières sont toujours honnêtes et les hommes politiques toujours vertueux. Les débats qui se poursuivent à la cours d'assise de Paris prouvent que ce n'est pas le cas. Les scandales politico-financiers sont de tout temps. Mais on les multipliera si on s'obstine à multiplier entre les affaires et la politique les terrains d'entente et d'actions."
stéphane Manier	L'ancien état major du crédit municipal de Bayonne va-t-il livrer le secret de ses opérations	471	08.11.1935	Défense des accusés	"nous avons été la victime d'un escroc que la loi ne poursuivait pas ou pas assez. Aujourd'hui, nous sommes des boucs émissaires choisis 'au petit bonheur' pour sauver les vrais coupables"
stéphane Manier	Après Garat, voilà Guébin	472	14.11.1935	l'audition de l'ancien Maire Garat continue.	"le parquet de la Seine, à cette époque, a manqué de curiosité. Ce manque de curiosité on le retrouve partout. C'est le grand coupable; le grand coupable après Stavisky."
stéphane Manier	Guébin dira aujourd'hui comment il fut amené à placer des stocks de bons	473	15.11.1935	Audition du directeur de la compagnie d'assurance La Confiance qui a mis à l'escompte les bons de bayonne	"aussi revenons-nous toujours aux négligences quand le président Barnaud (juge) cherche des coupables" "les placements de fonds des compagnies d'assurance (...) sont sous la tutelle de l'Etat, les ministères et leurs services de contrôle... Vous y êtes. Le contrôle pointe : l'Etat, le Parquet etc... Impossible jusqu'à présent de séparer les fautes des délits et les fonctionnaires négligents du choeurs des inculpés qui chantent le refrain de la confiance."
stéphane Manier	Dubarry doit s'expliquer sur les subsides reçus de Stavisky	474	16.11.1935	la defense des inculpés est de mettre en lumière le fait que la police et la justice était totalement au courant de l'escroquerie et ne faisaient rien. Ils ne sont que des boucs émissaires	"sa crédulité fut énorme (...) mais pas plus que celle du contrôle au ministère du commerce à qui il communiquait la liste des placements.""l'incuriosité plus étrange de la justice mieux renseignée""la section financière (...) ne réagit, ne s'inquiète, ne se renseigne bien qu'elle connaisse STavisky derrière Alexandre. Son inertie persiste."
stéphane Manier	l'affaire stavisky aux assises de la seine	475	19.11.1935		"c'est le bonheur de ce procès qui éclaire étape par étape la vie d'un aventurier mégalomaneet fournit à l'Histoire des éléments dont elle aura besoin pour connaître l'après-guerre des incertitudes et ses secrets."

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RÉSUMÉ

La littérature anglo-saxonne a documenté qu'au cours du siècle dernier, les cycles récurrents de scandales financiers génèrent une dynamique, attribuant la responsabilité aux auditeurs et générant des réponses réglementaires diversement basées sur le marché, la comptabilité et l'audit. Van Driel (2019) analyse dans un contexte anglo-saxon le rôle des récits entourant les scandales financiers dans le façonnement des réglementations qui en découlent. Il explique que l'issue d'un scandale est une construction sociale basée sur le contexte du pays et les récits qui en découlent. Cependant, dans le contexte des pays disposant d'un code de commerce français, le lien entre les scandales financiers et la réglementation est moins marqué (Hail et al., 2018). Par ailleurs, même si tout au long de l'histoire, les scandales financiers, leurs causes et leurs résultats ont intéressé les historiens de la comptabilité, la question de la responsabilité en cas de scandales financiers n'est pas prégnante dans la recherche académique. Pourtant, cette question est essentielle car "quelqu'un ou quelque chose est responsable des scandales financiers", "quelqu'un ou quelque chose doit être blâmé" et les résultats d'un scandale financier sont susceptibles de varier considérablement en fonction de la façon dont la responsabilité est attribuée. Par conséquent, l'objectif de cette étude est d'examiner d'abord comment la responsabilité est construite dans les cas de scandales financiers en France et ensuite de comprendre ce que les récits historiques révèlent sur les résultats de ces scandales.

MOTS CLÉS

Scandales financiers, règlementation, responsabilité, résultats des scandales, France

ABSTRACT

Anglo-Saxon literature has documented that over the last century, recurrent cycles of financial scandals generate a dynamic, assigning the responsibility to the auditing profession and producing variously market-based, accounting and auditing regulatory responses. Van Driel (2019) analyses in an Anglo-Saxon context the role of narratives surrounding financial scandals in shaping the regulations that emerge from these financial scandals. He explains that the outcome of a scandal is a social construction based on the country context and the ensuing narratives. However, in the context of countries with a French commercial code, the link between financial scandals and regulation is less marked (Hail et al., 2018). Furthermore, even if throughout history financial scandals, their causes and their outcomes have been of interest to accounting historians, the question of responsibility in cases of financial scandals is not prominent in academic research. However, this question is essential because ‘someone or something is responsible for financial scandals’, ‘someone or something must be blamed ’and the outcomes of a financial scandal are likely to vary significantly depending on how responsibility is assigned. Therefore, the purpose of this study is to investigate first how the responsibility is constructed in cases of financial scandals in France and second to understand what historical narratives reveal about the outcomes of these scandals.

KEYWORDS

Financial scandals, regulation, responsibility, outcomes, France