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Accounting History

This is a wonderful community of which it is a privilege to be a member. It is a privilege to do accounting history research, to suddenly find a new source completely unexpectedly, to read something, understand it, and say to yourself, “yes, that does make sense!” And to be able to ask anyone anywhere for their opinions and get immediate responses. How email has emancipated us in the past 20 years but, no more so in my experience than in the multi-discipline-related area of accounting history.

However, there are things we do not do well. Fifteen years ago I told researchers in a plenary address to a major conference in accounting systems that they needed to look at literature in languages other than English. The American researchers were too entrenched, too parochial. However, the extent of the problem I detected as a journal editor at that time was nothing compared to what I see in accounting history research today: we desperately need to make our research more accessible to speakers of other languages and to disseminate what we discover better.

Some would argue that this is not a problem, but our numbers are dropping worldwide and the number of courses in universities that offer accounting history or even include some classes in accounting history as part of financial accounting is so low in the UK, where I work, that it is virtually invisible. I know of more courses on forensic accounting, the newest and as yet barely noticed subject area of accounting in my country. We are an ageing specialism. Only in Italy do we seem to be vibrant. Perhaps it is time for Italian accounting historians to become even more prominent within our community than you are already. But, how do we overcome the language barrier? North Americans and people from the UK and Australasia simply do not speak foreign languages. What does this say for the future of accounting history? We face a return to the dark ages of the 19th century when Anglo Saxons had forgotten Luca Pacioli; and did not know how to spell his name when we were reminded that he was ‘quite’ important in the development of our discipline.

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As accounting historians, we strive to identify accounting practice at points in time, the changes in those practices, to explain why they came about, and to assess their merits. We look at the manner in which financial information was used in firms and at how accounting practice can be seen as a control mechanism to safeguard the intentions, not just the investment, of the owners or major beneficiaries of the activities of those firms. Accounting history is far more than the history of accounting. It is time we made an effort to bring it more to the attention of business historians and economic historians, but we have some issues to address before we do.

We can investigate the past using the most effective means available, but we can never be certain that we fully understand what we find, nor that we have found all there is to find. What appears probable to the researcher of today may appear misguided to the researcher of tomorrow. Not only do we look at history as something that has past, our own writings are the artefacts examined by the accounting historians of the future who know not how we came to many of our conclusions, nor of the tools and devices we had to hand. They can guess, but they cannot know. They may place emphasis where we placed none and ignore key points we sought to highlight. And we can do so with anything we seek to consult ourselves.

And, so it is with the artefacts we explore: they come to us out of context, we do not know why they survive, nor how, nor if they were ever intended to. Are they typical or atypical of their time and place – is the Datini archive representative of Tuscan accounting practice during the first half of the Italian Renaissance? Are the account books of Andrea Barbarigo indicative of accounting practice in 15th century Venice?

We look, we investigate, we broaden our inquiry into business practice, seeking clues that help explain what we find. We enlist the assistance of specialists in other fields in order to understand and explain what we find. We read learned texts on religious practice, wars, and successions. We learn to absorb a feeling for how life was during the period we examine and endeavour to see what is in front of us with the eyes of those of that place and time. Do we succeed? Not often enough. We get confused, overlook the less obvious, forgetting that something has only existed in recent times. What we consider commonplace is hard to envisage as being rare or costly when it costs us nothing and is in plentiful supply.

We do the same within our discipline. Looking at historical artefacts that concern accounting, we too easily forget their provenance and fail to consider the wider picture of what purpose they served in their original context. There can be no doubt, for example, that outside Italy Pacioli's *De Scripturis* has been studied out of its context far more than within it.

Instead, we seek to look at these artefacts through our disciplinary lens and fail to consider how those from other disciplines might assess and evaluate them and their relevance: we cannot see the wood because we spend all our time looking at our tree yet, we are content to think we have found the 'correct' context in which to examine our artefact, because it is the obvious one from our perspective. Analysis is performed in a vacuum of parochialism and we miss the obvious, such as the fact that Pacioli spent six years working for a merchant, so did know about business and accounting from his own practical experience before he wrote *De Scripturis*.

In researching history, we are faced with many unknowns. Most of the time our understanding may be correct, but something may appear unexpectedly that ought to change the way we think forever – but, do we notice? It has taken 32 years since we found evidence that Luca Pacioli died in 1517, but people still write that he died in c.1514, even c.1510; we continue to assert that the second person in Pacioli's portrait that hangs in Naples is Guidobaldi, Duke of Urbino, purely on the strength of something written on the frame of the painting, not on what he looked like – 18 years after Neil Mackinnon demonstrated visually and convincingly that it was Albrecht Dürer; and, look how long it took the transcription and publication of Pacioli's Perugian manuscript by Professor Calzoni and Professor Cavazzoni to come to the notice of mathematical historians outside Italy – 13 years after it was published in Italy in 1996, by which time one of the leaders in the field of the history of algebra, frustrated that no-one had ever looked closely at the mathematics in the manuscript, had already transcribed part of the book himself.

We undertake historical research to understand, explain, or interpret events and practices. We do so, not so as to become idiot savants interested only in making the angels dance more neatly upon our historical lens, but so as to inform others and to inform those focusing on the present and future of the lessons of the past, so that they may avoid reinventing crooked wheels and making decisions in ignorance of the experience of those who came before. Yet, we are extremely bad at telling people what we know or what we think we have discovered. We do not disseminate effectively. We publish in specialist discipline-focused journals and conference proceedings read only by those fluent in the language in which they are published, and we do not cross disciplines or languages often enough to discover what others think or know. As a result, we spend months doing work that has already been done. Much more international collaboration is needed.

Taking a subject in which I have some interest, Pacioli described the double entry system he explains in *De Scripturis* as the 'Venetian method'. Yet, he leans heavily on the principles of bookkeeping as we know them that were used in 15th century Tuscany and includes reference to a record that does not appear to have

been used in Venice: the *Ricordanze*. The assumption has been made that Pacioli used a Tuscan manual or manuals on bookkeeping and rewrote them to mirror current Venetian practice. Yet, what he describes was not the standard form of accounting in Venice: it did not exist. Why did we not consider that Pacioli may have been presenting a system of bookkeeping modelled on the principles in use in Tuscany that suited the type of business conducted in Renaissance Venice because he believed it would be better if it were adapted for and adopted as the ‘Venetian method’? He effectively says this in his Introduction but we have been fixated with the meaning of ‘Venetian method’ and may have missed the point completely. Yet, if we knew more about Pacioli, perhaps this would have been avoided.

Professor Esteban Hernández-Esteve, repeatedly tells me: “read what the Italians have written – you cannot understand this subject unless you do.” Had we done so, we would surely realise that this was what a humanist educator like Pacioli would have sought to do in *De Scripturis*. He wanted to improve society not tell it to repeat itself. Yet, who has considered this possibility? When Edward Peragallo pointed out in 1956 that Pacioli did not include a ‘balance account’ in *De Scripturis* despite it being in current use in Venice at the time, it ought to have set off some alarm bells. It didn’t. By looking beyond accounting and considering society at that time and Pacioli’s life of humanist-inspired teaching and writing, it surely is not difficult to see there are alternative perspectives that may be more enlightening than those we have accepted at face value.

Professor Yamey wrote in 1947 that: “the probings into the origins of double-entry bookkeeping lead from one speculation to another” but, this will only happen if we keep our minds open to alternative interpretations based on ‘new’ evidence or ‘new’ interpretations of old evidence.

We need to let our understanding of accounting history evolve better. The rate of discovery over the next 20 years is going to make our discoveries in the past half century look tame indeed and, with the digital emancipation we are experiencing, a revision of previous notions and beliefs is inevitable. We must be prepared to be more flexible. If we cannot chronicle everything, we can never be sure that we are describing or interpreting something correctly: our minds must always be open to alternative explanations or interpretations, no matter how embedded current thinking has become. Otherwise we risk making assumptions that reduce our ability to understand what we find.

The Internet revolutionised research during the past decade: we now all have the libraries of the world on our desktops. Digitisation is set to do the same to historical research. We no longer need to travel long distances to search for needles

in haystacks. We can do so from anywhere, be that the office, the home, the café, the train, the airport, the beach, anywhere with access to the Internet.

The opportunities of this digital age mean that accounting history can now be conducted using tools and devices our predecessors could only have dreamt of. It is time for accounting historians to grasp the opportunity on offer and focus upon archival records, to get our hands dirty, to learn how to read the script and how to interpret the language.

We have never had a better opportunity to understand and interpret the history of accounting and establish accounting history as a key aspect of business history, demonstrating the relevance and role of accounting history in the history of business, of firms, and of industries. I sincerely hope we can change sufficiently to do so.

