

Accounting Historians Notebook

Volume 11
Number 1 *Spring 1988*

Article 6

Spring 1988

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Recommended Citation

Daoyang, Guo (1988) "Confucius and Accounting," *Accounting Historians Notebook*: Vol. 11 : No. 1 , Article 6.

Available at: https://egrove.olemiss.edu/aah_notebook/vol11/iss1/6

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Daoyang: Confucius and Accounting
CONFUCIUS AND ACCOUNTING

by
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Editor's Note: *Professor Guo has written many vignettes in a special column for the Chinese journal Finance and Accounting. This is one of them translated by Du Jianjun, a graduate student in the People's University of China in Beijing. Lucey C. Lee of Rutgers and Richard Vangermeersch of The University of Rhode Island helped in the translation process.*

Confucius (551 B.C.-479 B.C.) was the honorific name given by posterity to the Chinese scholar named Qiu (Zhongni). This famous scholar has been known, not only in China but by the entire world, from ancient days to the present. It is said that "Confucius rose in the East just as Socrates emerged in the West."

The ancestors of this old master were aristocrats from the state of Song in the Zhou Dynasty, which extended from 1000 B.C.-221 B.C. During disturbances caused by civil strife, they wandered about and finally resettled in the state of Lu, which was in the Qunu County of Shandong province. When Confucius was born, his family was in stricken and humble condition and had declined from the status of nobility. His father, Shuling He (Con He) was a warrior of the state of Lu. This is evidence that the once honorable and aristocratic family had stepped down to an ordinary warrior rank. While Confucius was still a young boy, his father died. His widowed mother brought him up in hardship.

Confucius had to leave his family to seek a livelihood at a young age. As luck would have it, this great sage did account-

ing and became a forefather of the Chinese accounting profession almost as soon as he started his working career. At that time Jishi, a great aristocrat, was in charge of the state of Lu. Under Jishi, Confucius was a front-line official responsible for stores accounting—a relatively low ranking position. He directed a small staff and he, himself, had to keep the "accounts." The money and food that he earned were very little and only enough to support his household.

Accounting work at that time was much simpler than today but Confucius treated it seriously. He kept watch everyday in the storehouse, did calculations, made entries, and supervised goods coming in and out of the storeroom. He patiently distinguished transactions of receipts and payments, and recorded entries on bamboo slips. Every "account" was clear and accurate. Although Confucius was gentle and slow, his accounting work was much praised.

Confucius was adept at the planning function. As he said, although he was only fifteen years old, he was "so immersed in his work as to forget his meals and so happy about his achievements as to forget his worries." No matter how difficult the problems were, he made a firm determination to examine the details. His attitude toward stores accounting was one of constant reflection. Day in and day out, Confucius continually pondered upon the question, "What is the key point of accounting?" Long after this diligent contemplation, truth was finally found. He said once in sincerity and in earnest "Ac-

counts must be recorded correctly and accurately." These words are very simple; however, their meaning is deep and their influence has been great. These words were recorded later by his disciples and handed down from generation to generation. They are the most famous words about early accounting in China.

Confucius, all throughout his life, put "etiquette and rites" above all things. He advised people not to look at, not to listen to, and not to say anything which did not correspond to "etiquette and rites." Accounting, he thought, should also be kept within the bounds of "etiquette and rites." Every transaction must be in line with the rules. What would be received should be in the correct amounts; anything less or more than this standard must not be accepted. What would be used should neither be less, which might violate the rites, nor be more, which might go against financial regulations and cause waste. Confucius' view, in a few succinct words, was that all things should be moderate, appropriate, and not overdone. This is the chief meaning of "Accounts must be recorded correctly and accurately."

Confucius paid much attention to accurate calculations and correct accounting transactions. How much food that was in the balance of the "account book" must be validated by the quantity remaining in the storehouse; how many oxen and horses were taken away must be reflected as a decrease of oxen and horses in the "account book." This is another meaning of "Accounts must be recorded correctly and accurately."

Confucius later became a "conductor of field," who was a front-line official in charge of grazing and raising oxen and sheep. He performed the work carefully and seriously and completed it satisfactorily.

In the state of Lu, Confucius was ap-

pointed "Shikong" — an official responsible for field and civilian affairs. This position was related to the financial and economics affairs of the state and a much higher ranking position than his previous jobs. Being "Shikong," he derived some principles to control the national economy, which laid the foundation for his later travels, in which he told his ideas to many other states.

Confucius spent thirty years in journeys about China and met with 72 feudal lords. Although he did not accomplish very much, many lords did ask him for advice. For instance, one day Lord Jing (?-490 B.C.) of the state of Qi asked Confucius how to administer a nation. "Government must be economical," was Confucius' answer. Even though Lord Jing was not completely clear about what that meant, he knew these words were significant and nodded yes.

On the aspect of economy and thrift, Confucius was for moderation. On the one hand, he scolded Master Guan — one of his students — for his actions not in keeping with Confucius' words, for superficial cleverness, and for living in luxury; on the other hand, he reprimanded Master Yan — another one of his students — for Yan's innate stinginess and lack of respect in his offering of small pigs in a memorial ceremony for his ancestors and of his wearing of a thirty-year-old piece of oily leather cloth, which Confucius thought was a stain on an official's reputation. It is clear that Confucius' thriftiness was different from that of Masters Guan and Yan and took the middle road. In summation, Confucius' ideal of handling receipts and payments was to receive properly, use properly, and calculate properly in order to observe "etiquette and rites" — to honor the Lords, to control finance, and to have, thusly, political power forever.

Confucius was the founder of the Con-

fucian School. Since he had Daoyang, Confucius' accountant and had personal experiences of accounting work, he never looked down upon accounting or accountants. He rather made this appropriate comment, "Accounts must be recorded correctly and accurately." Nevertheless, after his death, many of his followers and some successors of his thought had conflicting viewpoints with their Old Master. They drove accounting into oblivion, rebuked it as a "Nothing," and made a lot of strange and querulous arguments about it. This obviously reflected their ignorance of accounting. More detrimentally, these thoughts and arguments, like a contagious disease, have infected generations even until now.

Confucius' contribution to accounting needs to be affirmed. In his times of more than 2,500 years ago, it is miraculous to have such profound an understanding of accounting as Confucius had.

In September 1949, Shu Yongzha, a senior statesman of Chinese accountants, attended the first meeting of the Chinese People's Political Consultation Conference. During that meeting, Premier Chou Enlai introduced him to Chairman Mao Zhedong by saying "This is Mr. Shu Yongzha, a famous certified accountant." Immediately, Chairman Mao warmly shook hands with Mr. Shu and, with a smile and in good humor, said, "You are a fellow worker of Confucius. Confucius was once an official of accounting who said 'Accounts must be recorded correctly and accurately.' Confucius was an accountant. However," continued Chairman Mao, "accounting work of our day is much more important than in the times of Confucius." The fact that Confucius was a worker and a forefather of Chinese accounting is an honor to all accountants. It also shows that accounting has a long history in China.

1988 MEMBERSHIP COMMITTEE NAMED

Academy president, Dale Flesher, has named 15 individuals to the 1988 Membership Committee. Dr. Rita Hull of Virginia Commonwealth University will chair the committee. The committee basically has only one charge—to increase the quantity of the Academy's membership. In addition to Dr. Hull, the membership of this year's committee includes:

- Robert Morgan, East Tennessee State University
- Dahli Gray, Notre Dame University
- Glenn Vent, Nevada—Las Vegas, Richard Fleischman, John Carroll University,
- George Murphy, University of Saskatchewan,
- Giuseppe Galassi, Parma, Italy, Edward W. Younkings, Wheeling College,
- Edward Becker, Nova University, Walker Fesmire, University of Michigan—Flint,
- Sandra Byrd, Southwest Missouri State University
- John W. Coker, Tennessee State University,
- John C. Gardner, Wisconsin—La Cross,
- Richard Macve, University College of Wales,
- G. A. Swanson, Tennessee Tech University.