April 2016

Accounting Historians notebook, 2016, Vol. 39, no. 1 (April) [whole issue]

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Much time has passed since the “Fourth International Congress of the History of Accountancy” was successfully organized in Pisa in 1984 by Tito Antoni. The University Gabriele d’Annunzio and its Department of Management and Business Administration are proud to host the 2016 World Congress of Accounting Historians, which will take place in Pescara, the trendy Italian seaside resort.

Supported by the Italian Society of Accounting History (SISR), the 14th WCAH will provide an international platform for scholars from around the world to present and discuss research across the full range of accounting history topics and methodological and theoretical perspectives.

Accounting History Symposium
As part of the WCAH, there will be a symposium where a panel of distinguished editors and delegates representing accounting history journals will be represented. The symposium will focus on the status of research in the field and trends in the worldwide research agenda.

Conference Keynote Speakers
Peter Miller (London School of Economics and Political Science)
Gary J. Previts* (Weatherhead School of Management - Case Western Reserve University)
Stephen P. Walker* (Business School – University of Edinburgh)

WCAH Administration
Massimo Sargiacomo* (University Gabriele d’Annunzio), Convener
Barbara Merino* (University of North Texas)
Joni Young (University of New Mexico - Anderson School of Management)

*Indicates that individual is a former president of the Academy.
THE ACADEMY OF ACCOUNTING HISTORIANS
http://aahhq.org

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Baruch College CUNY

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THE ACCOUNTING HISTORIANS NOTEBOOK
To submit items to the Accounting Historians Notebook, please contact the Academy Administrator, Tiffany Welch, at acchistory@case.edu, (216) 368-2058 or the address below.

ATTN: Tiffany Welch
Academy of Accounting Historians
Weatherhead School of Management
10900 Euclid Avenue
Cleveland, OH 44106-7235

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The Accounting Historians Notebook, April 2016

President’s Message

Robert Colson

Baruch College CUNY

History is currently being made in the context of our own Academy of Accounting Historians. After 42 years as an independent scholarly organization, the board and membership voted at our August 2015 meetings to authorize the officers to pursue a merger with the American Accounting Association, transforming the Academy into a section of the AAA. If this merger takes place this year, it would come during the celebration of the AAA’s one hundredth anniversary.

In August 1973 a group of scholars interested in accounting history gathered at the AAA annual meeting in Montreal to form an organization dedicated to accounting historians. At that time, the AAA had not yet developed an infrastructure to handle interest groups. The people gathering to form the Academy of Accounting Historians in 1973, members of the AAA, were among the first to recognize the benefits of focused research groups. In a sense, the Academy was the “pilot” experience with sections for the AAA.

Five years ago the Academy signed a memo of understanding with the AAA that provided the Academy with many of the same activities as a section during the annual meeting. That memo of understanding has played a key role in the two organizations coming to know and appreciate the potential benefits and synergies of a merger. The Academy complements the existing structure of the AAA while the AAA’s publication platform and marketing outreach provided substantial benefits to the Academy.

As instructed by the vote at the business meeting in August 2015, the officers have pursued active negotiations with the AAA. A joint team of AAA and Academy members have negotiated the major elements of the merger. The Academy’s board chair, Gary Previts, and I attended the AAA’s board and council meeting in April where we participated in discussions about the proposed merger. While we will know more definitively somewhat later, the prospects look highly positive for a final agreement and announcement in June at the World Congress in Pescara, Italy.

Please join me in thanking Massimo Sargiacomo, during whose presidency this effort took form, and members of the transition group, Gary Previts, Dale Flesher, Mary Stone, and Jennifer Reynolds-Moehrle, who have all worked long and diligently for this purpose.

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Academy Activities at the
American Accounting Association
Annual Meeting

New York 2016
Celebration of the Century
Celebrating the AAA’s Centennial Year
August 6-10, 2016

Saturday, August 6th, 8:00 PM: Trustees’ Dinner
Trustees and guests are invited to join us at the annual Academy of Accounting Historians trustees’ dinner at the Trattoria Trecolori restaurant located at 254 W. 47th Street in New York, located just a few blocks from the New York Hilton, where the annual American Accounting Association meeting takes place. Please plan on meeting us in the hotel lobby at 7:15pm if you would like to join us. The menu includes a family-style Italian dinner with salad, entrée, coffee, and dessert. For more information visit www.trattoriatrecolori.com.

★ Please contact Yvette Lazdowski at yjlazdowski@plymouth.edu if you plan on attending the dinner so that accurate reservations can be made.

Sunday, August 7th, 1:00 PM - 4:30 PM: Accounting History Perspectives (CPE Workshop)
Please see the following page for details on the CPE workshop.

Sunday, August 7th, 7:00 PM - 8:00 PM: Business Meeting
All active Academy members are welcome to join us for the annual business meeting to catch up on Academy business and/or to share information with the Academy. The meeting will take place at the New York Hilton, but we do not yet have a room confirmation. Additional information will be sent via email.

Sunday, August 7th, 8:00 PM - 10:00 PM: Ice Cream Social
Due to the high cost of catering at NYC hotels, this year’s annual ice cream social will be held off-site. Plans are underway, but are not confirmed at this time. We will share details as soon as possible.

Looking for something to do while in NYC? Visit the Morgan Library and Museum, see page 8 for more information.
JOIN ACADEMY MEMBERS & GUESTS
AT THE
AMERICAN ACCOUNTING ASSOCIATION
ANNUAL MEETING
NEW YORK, NY, SUNDAY, AUGUST 7, 2016
1:00 – 4:30 PM

CPE WORKSHOP:
ACCOUNTING HISTORY PERSPECTIVES

SCHEDULED TOPICS AND SPEAKERS:
Update on the AHJ and Notebook Gloria Vollmers
Reflections on upcoming biographical works Dale Flesher
Finding Accounting History Research Topics Gary Spraakman
A.C. Littleton’s Final Thoughts on Accounting Martin Persson
Role as Historical Participant in Contemporary Robert Colson
   Institutional History
Update on Historical Accounting Material at Royce Kurtz
   The University of Mississippi and the Website
Open Forum Q & A and Other Observations Gary Previts

Members, prospective members, workshop attendees and guests: Remember to
join us for the annual Business Meeting after the workshop.
Recent Books Published by Academy Members

**History of Management Accounting in Japan**

**Institutional & Cultural Significance of Accounting**

**Hiroshi Okano**

This book sheds light on the interpretation process between practice and theory of "Japanese management accounting" by using historical methods. Japanese management accounting can be characterized by the fact that it not only emphasizes the management of entities, such as JIT, and kaizen activities both in the company but also suppliers.

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**A Historical Critique Of Currently Accepted Accounting Theory**

**Izumi Watanabe**

Professor Emeritus of Osaka University of Economics

*Excerpt from Contents:*

**Chapter 1: Incorrect Interpretation of the Development of Profit and Loss Calculation System in Japan**

1. The Role of Bookkeeping at Its Origin
2. The Change of Role of Bookkeeping: From the Memorandum to Profit and Loss Calculation
3. The Deference between Venetian Bookkeeping and Florentine Bookkeeping

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When in Rome...

Massimo Sargiacomo & Pope Francis
If anyone doubted that Massimo had connections, here’s proof.

Izumi Watanabe
Watanabe received his doctor of accounting at a graduate school of Kwansei Gakuin University in Nishinomiya, Hyogo. He became a professor of accounting at Osaka University of Economics in 1984 and was nominated for the presidency of the Japan Accounting History Association in 1997. He was elected as president of Osaka University of Economics in 2001.
The Morgan Library & Museum in New York City

While celebrating the centennial events at the American Accounting Association annual meeting this August in New York City, you may want to consider a visit to the historic Morgan Library.

This magnificent museum houses several exhibits, including the Pierpont Morgan 1906 Library, a designated national historic landmark. The library, designed by Charles Follen McKim, includes the Rotunda, the West Room, the North Room, and the East Room. While works of art are on display in all the rooms, the West Room and the East Room are particularly worth noting.

The West Room served as Pierpont Morgan’s study, where he spent ample time during his later years. A massive fireplace dominates the room, along with low shelves filled with rare books. Morgan’s collection of rare manuscripts were kept in a secured vault within this elegant room.

The East Room, shown above, may be the most remarkable room for historians to ponder. Three stories of inlaid walnut shelves line this room’s walls, which is dominated by a gloriously-designed ceiling. The East Room’s collections include medieval manuscripts, rare books and bindings, and original manuscripts from writers and artists. A key artifact on display in this room is a Gutenberg Bible from 1455, as well as original music written by Wolfgang Amadeus Mozart and writings by Henry David Thoreau.

The museum is located at 225 Madison Avenue at 36th Street in New York, a short walk from Grand Central or Penn Station. Admission is $18 for adults ($12 for seniors) and visiting hours vary during the week. They also offer dining at the casual Morgan Café or the more upscale Morgan Dining Room (no admission required for dining).

Academy members and friends coming to New York for the AAA conference may consider visiting the museum as a group. If interested, please contact Yvette Lazdowski at yjlazdowski@plymouth.edu.

More information on exhibits and hours can be found at their website: www.themorgan.org, also the source for all information included here.
Call for Award Nominations

Nominations deadline for all awards:

June 1, 2016

Send nominations to:

Academy Executive Committee at acchistory@case.edu

Hourglass Award
The Hourglass Award of the Academy of Accounting Historians is presented annually to an individual who has made a demonstrable and significant contribution to knowledge through research and publication in accounting history. The judging panel will echo the tradition of openness and flexibility associated with the Award and will emphasize the importance of contribution as the fundamental criterion. To that end there is no restriction as to who may make a nomination, the country in which the nominee is resident, or the paradigms and methodologies employed in the nominee’s work. Nominators are asked to supply a 200-word (maximum) statement summarizing the reasons why the nominee should be considered, full contact details of the nominator and nominee and a list of relevant contributions and any other relevant documentation supplied by the nominee who has agreed to be nominated.

The Vangermeersch Manuscript Award
In 1988, The Academy of Accounting Historians established an annual manuscript award to encourage scholars new to the field to pursue historical research. An historical manuscript on any aspect of the field of accounting, broadly defined, is appropriate for submission.

Eligibility and Guidelines for Submissions
Any accounting faculty member, who holds a full-time appointment and who received his/her masters/doctorate within seven years previous to the date of submission, is eligible to be considered for this award. Coauthored manuscripts will be considered (if at least one coauthor received his/her master/doctorate within the last seven years). Manuscripts must conform to the style requirements of the Accounting Historians Journal. Previously published manuscripts or manuscripts under review are not eligible for consideration. A cover letter, indicating the author’s mailing address, the date of the award of the masters/doctoral degree, and a statement that the manuscript has not been published or is not currently being considered for publi-

(Continued on page 10)
cation should be included in the submission packet. Submissions should be sent as a Word attachment via email.

Review Process and Award
The committee will evaluate submitted manuscripts on a blind-review basis and select one recipient each year. The author will receive a $500 stipend and a plaque to recognize his/her outstanding achievement in historical research. In the case of coauthored manuscripts, only the junior faculty member(s) will receive prizes. The winning manuscript will be published in the Accounting Historians Journal after an appropriate review. The award will be given annually unless the committee determines that no submission warrants recognition as an outstanding manuscript.

Barbara D. Merino Award for Excellence in Accounting History Publication
This newly established annual award is to recognize the author of the best book on an accounting historical topic published in a given year. Beginning in 2013, an annual award in the amount of $1000 has been made to the author of the best book published in current or preceding two years, i.e. 2014 through 2016. The winning publication will be based upon the selection of an awards committee established by the leadership of the Academy.

The Alfred R. Roberts Memorial Research Award
This newly established award is named in honor of Dr. Alfred R. Roberts, second President and long serving Secretary of the Academy, and provides grants for research which seek to support the 35 goals identified by Professor Emeritus Richard Vangermeersch as to accounting history research, as identified in the April 2012 issue of the Accounting Historians Notebook. Grants will be awarded to Academy members for the actualization of ideas to increase the scope of the history of accounting. Written proposals including specification of scope, purpose, deliverables and timetable, should be presented to the committee for review and approval.

The Innovation in Accounting History Education Award
The intent of the Innovation in Accounting History Education Award is to encourage innovations in accounting history education. The award is presented to an individual(s) who has developed and implemented an innovative technique/method for incorporating accounting history topics into undergraduate or graduate accounting courses.

(Continued on page 11)
Examples of innovative techniques/methods include, but are not limited to:

- Developing a case, video, audio or course syllabus, etc, that can be used to integrate accounting history topics into accounting courses; or
- Presenting a seminar/condensed course on an accounting history topic.

To be eligible, the innovation must have been used in a course that the applicant has taught or is currently teaching. Electronic submissions should include the following items (as applicable):

- A description of the innovative technique/method;
- Submission of the case, video, audio or other innovation, as appropriate, and teaching notes;
- Identification and description of the course or seminar in which the innovation was used; and
- An explanation of how the innovation has enriched the accounting course being taught.

The Margit F. and Hanns Martin Schoenfeld Scholarship

The Academy of Accounting Historians annually awards an individual or individuals as the recipient or recipients of the Margit F. and Hanns Martin Schoenfeld Scholarship. The purpose of the scholarship is to encourage and support research on the history of accounting by doctoral students and recently appointed accounting faculty. The scholarship was initiated by the generous gift of Dr. Hanns Martin Schoenfeld and the late Dr. Margit Schoenfeld in recognition of their belief in the importance of historical scholarship to accounting education and research.

A monetary award is available to support research on a doctoral dissertation, or develop publications proceeding therefrom by a recent PhD graduate. Qualifying research topics should address the history of accounting. Projects of an international nature and those pursued by scholars whose first language is not English are particularly invited. Applicants must be currently enrolled for a PhD by research, or have completed a PhD by research within the last five years.

Applicants should submit a full curriculum vitae and a statement (containing a maximum of 1,000 words) which discusses the doctoral research undertaken on the history of accounting, the stage reached and how the award would prove beneficial to the applicant. A short statement from a supervisor should also be submitted in the case of applicants currently enrolled for a PhD.

(Continued on page 12)
Thomas J. Burns Biographical Research Award
The Academy of Accounting Historians annually honors an individual as the recipient of the Thomas J. Burns Biographical Research Award. The Award is given for outstanding biographical research in the discipline of accountancy. The award includes a plaque and a financial award. Dr. Thomas J. Burns, for whom the award is named, was a long-time professor at Ohio State University and a past president of the Academy of Accounting Historians. Self nominations are acceptable. Nominations should be accompanied by a paragraph or more detailing why the nominee should be a candidate for the award. The award can be for a single publication or for a lifetime of biographical work.

The Best Manuscript Award
At the beginning of each year, the editor of the AHJ chooses 1st, 2nd and 3rd place recipients of the Best Manuscript Award from the previous year’s journals. The 1st place recipient(s) receives a plaque and a check for $300, the 2nd place recipient(s) receives a check for $100 and the 3rd place recipient(s) receives a check for $100.

Nominations deadline for all awards: June 1, 2016
Send nominations to:
Academy Executive Committee at acchistory@case.edu

University of Mississippi to House Reproduction of Kenneth MacNeal's Scrapbook
Kenneth MacNeal is widely known for his 1939 book, *Truth in Accounting*, which was strongly critical of generally accepted accounting principles and advocated market value accounting. He kept a massive scrapbook in connection with that work and with a critical article he was commissioned to write for *Fortune* magazine, which was yanked just prior to publication. He believed that Price, Waterhouse and the AIA had pressured *Fortune* not to publish it. The article was critical of auditors in the wake of the famous McKesson & Robbins fraud. Stephen Zeff used the scrapbook as a basis for his article, "Truth in Accounting: The Ordeal of Kenneth MacNeal," in the July 1982 issue of *The Accounting Review*. In the 1960s, MacNeal had loaned Zeff the scrapbook, and before returning it to him made a microfilm record of the contents, now on CD. MacNeal’s scrapbook is a trove of his correspondence, reviews of his book, his speeches, and drafts of his articles. Recently, Royce Kurtz, AICPA Research & Instruction Librarian and Associate Professor, University of Mississippi, agreed to include the reproduction of the scrapbook in the J.D. Williams Library.
Oktay Güvemli was born in a town (Fatsa – the district of Ordu) on the coast of the Eastern Black Sea. He completed his undergraduate education at the Academy of Economics and Commercial Sciences, in Ankara, 1960. He finished his masters degree in Istanbul University, 1961. Between 1963 and 1973, he worked as an analyst financier at the Industrial Investment and Credit Bank (Sinai Yatırım ve Kredi Bankası). He began his academic life at Marmara University in 1973. He became Associate Professor in 1974 and Professor in 1980. Prof. Güvemli has been continuing his academic life along with CPA career in the private sector.

He received education in Belgium and France in 1967 during the development stage of the European Economic Community. He worked as an intern at the European Investment Bank. His first international accounting activity was the World Accountants Congress of Paris, 1967.

He established the Association of Accounting and Finance Academicians of Turkey (MUFAD) in 1990s and acted as its chairman for years. This association organized the 12th World Congress of Accounting Historians in Istanbul, 2008. This association also organized a conference series titled Balkans and Middle Eastern Countries Accounting and Accounting History Conferences in 2007, 2010 and 2013, in Edirne and Istanbul.

During his academic life between 1973 and 1990, he gave lectures and wrote books about Financial Statements Analysis, Preparation and Evaluation of Investment Projects and Corporate Planning.

Academy Member Spotlight:
Oktay Güvemli
He pursued interest towards accounting history around 1990s. In 1994, he translated and published the Pacioli’s Summa in Turkish. Afterwards, he completed his four series work titled Accounting History of Turkish States within six years. He participated at the 8th World Congress of Accounting Historians (WCAH) in Madrid, 2000. He organized a Turkish delegation to attend the 2004 (St. Louis and Oxford) and 2006 (Nantes) Congresses with papers. He was the convener of the 2008 Istanbul Congress where 55 different countries participated and 240 papers submitted. Once again, he organized a Turkish delegation to participate at the 13th WCAH in Newcastle, 2012 with 19 papers. Today, he is working to organize a delegation of Turkish academicians to participate at the 14th WCAH in Pescara, Italy (June, 2016).

Oktay Güvemli aimed to establish relations with the academicians of Balkans and Middle Eastern countries between the years 2000 and 2013 in order to increase accounting history activities. He visited Egypt, Iran, Greece, Macedonia, Romania, and Albania many times in order to exhibit the five thousand years of recording culture of Middle East. He wrote books about this subject along with fellow academicians and participated at international conferences. He also published the Conference Proceedings of the mentioned activities in 2007, 2008, 2010 and 2013.

He focused his researches towards the Islamic Era (622-1850) and westernization era (1850-2011) of Middle Eastern recording culture. Recently, he published a book regarding this subject along with Prof. Cengiz Toraman and Assoc. Prof. Batuhan Güvemli, titled State Accounting in the Ottoman Empire – Anatolian Accounting Culture in 2015.

Prof. Güvemli is the editor of Accounting and Financial History Research Journal, which is published semi-annually in Turkey. He assists in the preparation of a monthly program about accounting history in a local TV channel. He is also the chairman of the board of trustees at the Oktay Güvemli Waqf of Accounting and Financial History (MUFTAV). This waqf serves accounting history community with its one of the biggest accounting libraries in the Balkans and Middle East. The library is located in Istanbul with its ten thousand (ten languages) accounting, finance and accounting - financial history books.

Prof. Güvemli is a retired professor. He is married, and has three children and five grandchildren. One of his sons, Batuhan, is well known to accounting historians because of his attendance at several World Congresses.
Every year the University of Mississippi offers an accountancy study abroad class in London, England. The title of the graduate-level class is “The Development of Accounting Thought.” The class is intended to help the students think about how accounting started as a discipline and about accounting’s contributions to society. One of the highlights of that trip is the visit to the British Museum to examine the cuneiform documents. This visit to the British Museum and the cuneiform exhibit serves to focus the students’ attention on accountancy’s contributions to the ancient world and to modern society.

What are cuneiform documents? Cuneiform tablets are the oldest known writings of mankind and they emerged from an ancient system of recordkeeping. That is, the first instances of known writing by mankind are, in fact, accounting records. The story of how cuneiform writing emerged is a powerful illustration of accounting’s contribution to the invention of writing, numbers, and arithmetic, and the development of capitalism and the division of labor.

Although describing these contributions of accounting is certainly exciting in the vast halls of the British Museum while the students are able to peer at and sometimes even handle these ancient documents, it is also a compelling story that can serve to enhance the students’ appreciation for accounting’s contributions to modern society, even in principles of accounting courses. Most accounting students, and even most people in society, have no inkling of how writing emerged, and it is fascinating to contemplate what brought about its existence. As an accountant, it is even more impressive to realize that the accounting profession had such a profound impact on the world as known today.

**Background**

Waymire and Basu (2007) propose that accounting is largely an evolved institution. However, they note that there is comparatively little accounting history

(Continued on page 16)
research. Many current accounting textbooks introduce accounting history beginning with the formation of the SEC in 1934 (Waymire and Basu 2007). Some students may be aware of Pacioli’s (1494) contributions to the accounting profession but most students are unaware that there is a rich history going back ten thousand years. Few, if any, current students know that some researchers hypothesize that accounting was responsible for the development of capitalism, or that accountants, as record-keepers, were responsible for the invention of writing and numbers.

Studying accounting history can be very valuable for accounting scholars. However, it can be equally beneficial to accounting students in that it will help them develop a professional identity. Accounting students may be under the mistaken impression that the accounting profession was a recent invention brought about by government mandate. However, accounting has been hypothesized to have enabled the development of capitalism, made for the success (or failure) of several medieval city-states (Soll, 2014), and that it was ancient accountants who were responsible for the emergence of reading, writing, and arithmetic (Waymire and Basu 2007). This knowledge can significantly enhance students’ pride in their careers and accomplishments.

Dr. Jonathan Taylor, British Museum Assistant Keeper, Cuneiform collections of Mesopotamia, shows an example of a cuneiform document to a group of students from the University of Mississippi.

(Continued on page 17)
The British Museum’s cuneiform collection is extensive in both breadth and depth. Dr. Irving Finkel, Assyrian Curator at the British Museum, describes the collection as follows.

The tablet collections in the British Museum defied and still defy belief. Cupboards full of shelves laden with Victorian glass-top boxes house about 130,000 tablets of clay. All inscribed with Cuneiform writing with three-thousand years of wonderful wedge shaped messages. Who could ask for more?” (Finkle 2014, p. 29).

Seeing the collections in person is impressive for the student that is lucky enough to find himself in the British Museum. However, this resource can still be used in any classroom as there are extensive file photos of representative tablets available.

**Accounting and the Development of Writing**

The lesson begins by emphasizing that accounting played a crucial role in the development of writing. This beginning of writing came about by necessity. Writing first appeared in ancient Mesopotamia in about 3200 BC. “The stimulus that set writing on its path was not the urge to create poetry or the desire to record history but the need to accommodate the demands of bookkeepers” (Finkel 2014, p17). Dr. Finkel humorously explains that the “unromantic fact that writing was bestowed on humanity by ancestors of the Inland Revenue Service” (Finkel 2014, p 17), which is the British equivalent of America’s Internal Revenue Service, is indeed a concept difficult to grasp for the nonaccountant. The first written documents that have been discovered deal with the practical documentation of individuals, goods and wages, and it is all carefully documented by Mesopotamian scribes in great detail with names and numbers (Finkel 2014)

Recordkeeping preceded writing by a few thousand years. Schmandt-Besserat (1992) documents that humans were using clay tokens for the purposes of recordkeeping as early as 8000 BC. Recordkeeping has been necessary since there has been owned property (Vollmers 2013). When humans began owning property it became necessary to have a means of documenting that ownership and also of recording transactions that resulted in a change in ownership. Credit transactions and agency relationships also led to a need for accounting documentation.
This documentation initially took the form of clay tokens. Clay tokens of different sizes and shapes were used to record amounts of commodities. The tokens were in many shapes such as cones, spheres, disks, and cylinders, which served as a means of bookkeeping in prehistoric times (Mattessich 1987).

These clay tokens, representing quantities of commodities in a particular transaction or record, were stored in a clay envelope. The clay envelopes were simply a hollow sphere formed in clay that held the tokens. According to Schmandt-Besserat (1992), a drawback of the clay envelopes was that they hid their contents. One could not easily determine the specific details of a transaction or record without breaking the envelope open. To eliminate the need of bashing open the clay envelopes every time one needed to remember the contents, accountants imprinted the shape of the tokens on the exterior of the envelopes before sealing them. The quantity of each commodity was still expressed by making a separate impression for each object included in the transaction.

The impressions made on the exteriors of the envelopes was a first step toward writing. In the fourth millennium BC the scribes realized that the tokens within the envelopes were unnecessary by the presence of the marking on the outer surface. As a result, tablets bearing records of transactions replaced the hollow envelopes (Schmandt-Besserat 1992). These first known writings of mankind from about 3200 BC are in fact accounting records. The need to record transactions resulted directly in the invention of writing.

The markings on these early tablets became a system of their own that developed additional signs and details. The resulting writings are referred to as cuneiform documents and the first one dates to approximately 3200 BC. Cuneiform is a kind of writing, not a language. The word comes from the Latin word “cuneus,” which means wedge shape. It refers to the shape made when the writer imprinted the clay. The early cuneiform documents originated in Mesopotamia, which is modern Iraq.

Cuneiform comes from the Latin word cuneus, which means wedge. The scribes used a stylus that had a wedged shape to impress the clay as shown here.
Cuneiform tablets come in two main languages, Sumerian and Akkadian although there are many others (Finkel and Taylor 2015). Cuneiform documents are not written using an alphabet. Instead there are between 600 and 1,000 characters used to write words or parts of words (Finkel and Taylor 2015).

**Accounting Causes the Development of Numbers and Counting**

The next step in the lecture is to ask students if they believe that numbers or counting is innate. Some authorities explain that many cultures had a vocabulary limited to three “number words” equivalent to “one,” “two,” and “many.” The research in this area shows that humans innately have only a vague sense of numbers (Schmandt-Besserat 1992). The need for counting and abstract numbers, and arithmetic, arose to help ancient scribes record transactions more efficiently.

The need for recordkeeping brought about the development of numbers and counting. The token system preceded the invention of abstract numbers. Initially, according to Schmandt-Besserat (1992) tokens served as a “concrete” counting system to facilitate recordkeeping. There were no tokens discovered that represented abstract numbers (Schmandt-Besserat 1992). Instead a particular shape was needed to account for each particular commodity being accounted for in a one-to-one correspondence. Eventually, different sizes of tokens represented different quantities of a particular commodity. For example, a large triangular token may represent five goats, whereas a smaller triangular token might represent one goat (Vollmers 2013).

As transactions grew in complexity it became impractical to use signs that did not contain a numbering system. As previously mentioned, the token system was a one-to-one representation scheme. That is, one jar of oil was represented by one token, two jars of oil by two tokens, and so on (Schmandt-Besserat 1992). This one-to-one system was replaced by numbers or signs used to express abstract numbers. Once the concept of numbers was developed the one-to-one system was abandoned. Instead the pictographs were preceded by a number. The numbering system, brought about by a need to keep a record of various transactions, created an economy of notation.

**Accounting Brings About Incremental Development of Capitalism**

Next, the students are asked to think about a recent transaction that they have entered into such as a purchase at a local store using their credit card. In modern society we don’t think much about this type of event because it is so common. However, there is a lot going on in this basic type of transaction. The
student is asked what they bought and what had to be established before that simple transaction could take place. Using an example from Basu and Waymire (2006, pp. 211-212), “suppose someone goes to the grocer and buys several pounds of meat for a weekend barbeque. The cost is $9 per pound and he pays with the credit card, which represents a promise to reimburse a third party within 30 days. The third party will directly pay the grocer and collect from the customer without involving the grocer further. Someone else likely produces and processes the meat...and an intermediary (e.g., American Express) assumes the risk that the customer will not pay. Credit providers, in turn, rely on credit history suppliers like Equifax when they issue credit cards. A transaction record such as a receipt will likely be helpful in ex post disputes – e.g., what happens if the meat is spoiled, one of the customer’s guests dies, and the customer files a lawsuit against the grocer? And finally the transaction also requires definitions of terms like ‘dollar,’ ‘pound,’ ‘day,’ and ‘nine.’” Even the simplest exchanges require us to work out matters like money, timekeeping, numbers, weights and measures, and a means to settle disputes when promises are not kept (Menger 1892, as cited in Basu and Waymire, 2006). Basu and Waymire (2006) show that developments in “exchange-enabling institutions” probably results from expanded trade, urban development, specialized production, and improved information technologies.

Basu and Waymire (2006) show that transaction records that evolved in ancient Mesopotamia were a means to counteract the limitations of humans in storing information about past events that are too numerous and repetitive. The permanent records created in the token system and later on cuneiform documents allowed information to be stored and later referenced, which vastly increased the scope and scale of economic activity. For example, owners of livestock could verify stewardship of their flock by breaking open the clay envelope and comparing the returned sheep with the token records. According to Schmandt-Besserat:

Seven types of tokens were used, including spheres, discs, cones, biconoids, ovoids, cylinders and triangles. She noted that cones, spheres, and triangles were units to measure capacity of grains, barley in particular. She stated that the units were not fully standardized and volume varied from place to place. Various systems were used to measure animals, barley, land and so forth. Repetition of the sign signified quantity (“Did Accounting..., 1980, p. 12).
The emergence of the token system coincides with the appearance of agriculture and the significant increase in the size of human settlements with communal storage of grains (Schmandt-Besserat 1992).

According to Waymire and Basu (2007), accounting had a large part to play in the development of our modern society and economic institutions. Accounting was pivotal in allowing humans to cooperate far more broadly and intensively (Waymire and Basu 2007). Accounting has provided the foundation of trust that allowed sophisticated economic organizations and markets to develop. They provide that “[w]e expect that the transactional memory and improved decision-making facilitated by evolved accounting will ultimately be seen as a key causal mechanism through which Adam Smith’s ‘Invisible Hand’ is manifested in economic organizations, markets, and related economic institutions” (Waymire and Basu 2007, p. 3). All of this is seen in the artifacts from the British Museum (and many other smaller museums around the world, including some university museums).

Accounting evolved to document ownership and exchanges of property. This development of recordkeeping was necessary because it rendered the information “hard” in that ex post it “will be difficult for people to disagree” (Ijiri 1975, p36). Transactional records have been used ever since as the basis for resolving disputes. Without this development there would be a limit on transactions based on an individual’s ability to remember details. The development of the token system allowed prehistoric men to enter into larger and more complex arrangements for the transfer of commodities and other property. As the mechanisms for recordkeeping evolved, it allowed for a more complex division of labor (Basu and Waymire 2006).

**Accounting Used as a Memory Aid Increases Complexity and Frequency of Transactions**

Since this is a teaching case, at this point a classroom activity can be used (particularly in a principles class) to show how many more transactions can be remembered if writing (or some other device like tokens) is used to enhance human memory. For example, a student volunteer would receive some small number of items with different prices. Then other volunteers each buy one of these items on credit and ask the volunteer to remember who and how much each buyer owed. Next, a different volunteer will replicate the task, but that person will be allowed to write down a record of who owed how much.
Conclusion
Once the meanings of the ancient accounting records from the British Museum have been absorbed by the students, more modern records from the 1700s and 1800s can be introduced where accounting records show barter transactions, three-way transactions, multiple currencies (such as existed in American during colonial times), and even non-monetary currencies such as muskrats.

The end result is that students view accounting from a different perspective and they have a greater appreciation for the role accounting has played in the history of the world. Accounting becomes viewed as an exciting and much needed activity.

References


Corrections and Clarifications

Below please find the correct Membership Report to amend what was published in the October 2015 Academy of Accounting Historians Notebook (page 32).

### Academy of Accounting Historians

**Membership Report**

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