

# INTERMEZZO

## ROUND TABLE

### *Accounting and history*

Esteban Hernández-Esteve (conductor)  
Antonio-Miguel Bernal, Massimo Ciambotti,  
Antonio Pieretti, Alan Sangster, Basil Yamey

### ESTEBAN HERNÁNDEZ-ESTEVE\*

#### *Accounting history, a privileged way to approach historical research*

The international expansion of accounting history in the last fifteen or twenty years has really been impressive. It has reached a level that has opened a new stage of development, a stage that calls for a new conception of the discipline that is in accordance with the degree of maturity that it has reached. The new concept of accounting history has to view it not only as a study of the evolution of accounting and related matters, but as a privileged way to approach historical research at all. And that by the following reasons:

All or almost all human activities have an economic aspect and, therefore, they need to keep accounts in one or other way.

However, the fact is that there are thousands, perhaps millions, of account books and bundles of accounting records all over the world gathering the dust of ages, because they have been never touched by a historian's hand.

This is because most historical events, even the most important, have been described and interpreted without taking into account the possible existence of accounting registers related to them.

This fact is high surprising. Already in 1950 the accounting and economic historian Federigo Melis entitled one of its books as *Storia della Ragioneria. Contributo alla conoscenza e interpretazione delle fonti più significative della storia economica*, that is, "Accounting history. A contribution to the knowledge and interpretation of one of the most significant sources of economic history". However,

\* President of the AECA Accounting History Commission

now as before only a handful of economic historians and historians overall have used books of accounts in their researches.

This may obey to three main reasons:

1<sup>st</sup> reason

The first one is that accounting and accountants have been up to the last decades a world separated of the intellectual circles. The intelligentsia had always considered that accountants carried out a practical routine work, proper of little employees, a work which could contribute very little, if anything, to the world of ideas. Accountants felt very hurt by this opinion, and instead to fight to demonstrate their intellectual capability, they opted for withdrawing into themselves and answering the disdain with a more disdainful silence.

I think that this situation has changed radically in the last 25 o 30 years. The education of accounting and business administration has been fully integrated into the university and academic life. Economic development has enhanced these subjects since they are the more needed and asked for. This way, subjects that began being something like the poor relative at the Faculties of Economics have become today the preferred ones by students. Accounting professors are exploring and taking up every day new void spaces in adjacent study fields. They meet in international congresses of good academic level and I do not think that they have now any cause of complaint due to a lack of social or professional acceptance. On the other side, the economic world fully recognizes that accounting is an indispensable tool of business management and that accounting experts are most suitable people to hold responsible positions at the firms.

2<sup>nd</sup> reason

However, I fear that accounting has not yet reached an enough degree of knowledge and recognition on the part of the cultural and intellectual spheres. In some way it has overcome the initial distrust caused by the idea that it was an activity to be fulfilled by little shop employees. However, the intellectuals continue to think that accounting constitutes a set of numerical practices of scant cultural contribution. Consequently, they consider that it is not worthwhile to make an effort to learn its rules and philosophy when one is not going to use them in one or other way.

I believe that they are wrong and continue to ignore the real nature of accounting. This could be the second reason for the little use made by historians of accounting records in their researches. Because accounting is not only the monotonous practice of orderly recording figures in *ad hoc* books. The essence of accounting is completely other, much more profound. Accounting is an interesting and sophisticated conceptual language, which is worth to get to know *per se*, for its

own sake. A language that serves to conceptually formulate, express, have memory and interpret numerical quantities. It places the quantities into a systematic, interrelated, complete and closed framework - and because of that verifiable -. In it every quantity finds its explanation and *raison d'être* in function of the others.

In this respect it is, perhaps, interesting to remember that as soon as the year 1937, Raymond de Roover published a famous article, in which he defined accounting as an intellectual technique. It is true that he referred specifically to double entry accounting, but one can extend the definition to all kind of accounting. Let us say by passing that this paper marked the beginning of a new stage in accounting history, because of the new horizons that he opened to the discipline.

### 3<sup>rd</sup> reason

When Federigo Melis stated that accounting history was a contribution to the knowledge and interpretation of one of the most significant sources of economic history, his statement was a rather advanced one. At that time accounting history was still considered in general as a discipline simply devoted to study the evolution of accounting practices, techniques and ideas. However, in reality his statement was short of ambition and imprecise. Nobody without some knowledge of accounting and above all of accounting history -that is, the knowledge of the accounting techniques and procedures in the relevant period- can rightly interpret accounting records. This is just one of the reasons why such a multitude of accounting records has been never touched by a historian's hand: historians do not dare nor wish to enter such an intricate and slippery field.

This is also the reason why the thesis maintains that accounting history is the privileged way and not the use of accounting records: the first is what makes possible the second.

All of this confirms the conclusion that accounting history is much more than the simple study of accounting treatises and records in order to find out accounting theories, techniques and practices of the past. In its primary aspect of archival research, accounting history is a systematic methodological way to approach historical research. This way begins with the tracing of accounting documents on the matters and events to study and continues with the description and interpretation of these matters and events.

According to that, we can thus distinguish between two perspectives of accounting history: one *stricto sensu* devoted to the study of accounting theories, techniques and practices of the past, that is, the old conception. The other one, the modern one, *lato sensu*, by which accounting history scope is to extract all possible knowledge from the analysis and interpretation of books of accounts and other

accounting documents of the past. Of course, both conceptions of accounting history include complementary studies, such as biographical studies of accounting personalities, studies on accounting regulation, studies on the state of the art, institutional studies on the formation of the accounting profession, of accountants' associations and accounting organisms, of accounting education and schools, etc.

In all these fields accounting historians research and publish today, since the conception *lato sensu* is well known and practiced nowadays among them. Thus most of them, when practising archival research, do not limit themselves to search for the evolution and changes of accounting theories, techniques or practices. They go far beyond and explore the events and operations recorded in the account books attempting to place them into the correct context in order to find out their historical significance.

That is quite clear in our accounting historians' world. What actually is missing in this context is a formal statement, a sort of manifesto of the authentic nature of accounting history, that is, a sub-discipline of economic history, as a very effective methodological way to research not only into economic subjects, but into every subject that has kept accounting documents if only these have survived. This methodological way does not claim, at all, to be exclusive. Quite on the contrary, it is conscious of its complementary character.

The formulation of this statement is the main purpose of the present paper. It wants to let know to historians of all kinds the benefits that they can obtain in their researches by using the methodological way offered by accounting history. For it, they only need to make a little effort to learn some rudiments of accounting an accounting history.