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Pacioli's ideas in Russian accounting history

It is difficult to say when the works of Pacioli first became known in Russia. A copy of “Summa” had been in the Kiev religious school since time immemorial. In the early ‘20s of the 20th century, it was transferred to Leningrad in the Library of the USSR Academy of Science. We have seen the pages, which were rather clean and gave the impression that the book had not been read much. So, for 500 years this book apparently did not draw much attention on the part of mathematicians, accountants or historians. Setting aside the interests of mathematicians and historians, We would like to highlight that from at least the beginning of the 19th century, Luca Pacioli was well known to the Russian accounting elite as the author of the first description of the double-entry accounting system.

One of the first and a very serious Russian author, Karl Ivanovich Arnold (1775–1845) paid much attention to the history of accounting and knew about the man who described accounting processes and procedures. “The first author who wrote about the double entry,” noted Arnold, “must have been Luca Pacioli, an Italian who was born in Borgo Santo Sepolcro and whose works, according to certain statements, were published in Venice in 1494; and Mr. Vagner says that he has a copy of ‘Accounting and Arithmetic’ written by this nice man” [Arnold, 1809, p. XI]. In his later work of 1823, Arnold no longer believes that Luca Pacioli invented double-entry accounting, adding gently: “However, one should think that even before that time, people could keep accounts and books” [Arnold, 1823, p. I].

Arnold wondered who those peoples who “could keep accounts and books” before the time of Luca Pacioli were. Being a man widely read in accounting (mostly German) literature, he wrote: “Tunberg states that the Japanese, already as far back as the most ancient times, knew

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the science of keeping books and accounts in accordance with the set rules. Let us suppose that from Japan this science was transferred by missionaries to Italy, or that the Italians invented this science themselves, as man's reason in different countries very often generated one and the same idea" [Arnold, 1823, p. 2]. He also had some other interesting ideas: "Nevertheless," Arnold wrote, "Italy has been taking credit for being the tutor of all educated European states in keeping accounts according to established rules" [Ibid, p. 2].

And further, "Italy, who as far back as antiquity had enough wealth to ensure its internal and external supplies, is likely to be the inventor of the double-entry accounting" [Arnold, 1823, p. 2]. But in his treatment of double entry itself, Arnold was inclined to see the influence of a mathematical mind. He also attributes explanation of accounting procedures related to equal recognition of the cost of each business event on two accounts to this influence. "It is probable," Arnold writes, "that algebraic equations triggered the idea, as just like how in algebra letters serve to solve a problem, profit and loss accounts serve to balance the books" [Ibid, n. 1]. It is interesting that simultaneously with Arnold (though, it seems, independently from him) in 1809 the representative of French, not German, trend in Russian accounting, Ivan Akhmatov, wrote that "around 1495, the monk Luc (the first founder of this science) printed it in the Italian dialect, and it was translated into different languages. He was followed by many Italians who wrote about the subject in many European commercial cities" [Akhmatov, p. IX]. And finally, even the president of the Academy of Arts, A.N. Olenin, also pointed to Luca Pacioli. "His works," Olenin wrote, "as a number of people say, were printed in Venice in 1494" [Olenin, p. 19–20].

This is especially interesting in connection with the fact that subsequently, a lot of prominent research stated (and some still states) that until the last third of the 19th century Luca Pacioli, especially as an accountant, had been forgotten. This is what we can read in one of the most reputable books: "In 1869 Professor E. Luchiani of the Milan Accounting Academy drew the attention of his students to a mathematical work issued in 1494 that included a section on accounting. The author of this work, a Luca Pacioli, was absolutely unknown to accountants in the 19th century. For the professor, for his audience and for all accountants at that time, the name of their

predecessor, who before 1500 published a book with the double-entry theory, was a revelation". [Stevelinck, ñ. XI].

This was written not so long ago, but the same had been thought in Europe before. Even the well known Russian translator and first researcher of the treatise Eduard Grigorievich Valdenberg (1836–1895), having forgotten about Arnold, Akhmatov and Olenin, wrote sincerely: "For a long time, though, this interesting and instructive book rested on library shelves unknown; only few knew about its existence, and even fewer knew about its contents. It was not until fairly recently that Dr. Ernst Ieger, after continued searches in various European archives, managed to find a quite forgotten copy of this rare book and published its close translation into German" [Valdenberg, p. XIII–XIV]. Valdenberg wrote about it at the end of the 19th century, sincerely believing that Luca Pacioli's treatise became known in Europe only because Ieger had found it at the beginning of the seventies. And Valdenberg himself got interested in the treatise only because he was familiar with Ieger and it was approaching a significant date — the eve of the 400th anniversary of this book on accounting's publication.

Public associations of accountants appeared in Russia late in the 19th century, the professional journals "Accounting (Schetovodstvo)" (1888–1904) and "Practical Life (Prakticheskaya zhizn)" (1889–1894) were published — the accounting elite were strengthening their position. This spurred the scientific interests of the accounting circles of those days. However, real science always has some history behind it, and history is impossible without a founder. A.M. Wolf, founder of the "Accounting" journal, wrote: "The masses always like to attribute the efforts of a number of generations to one person, and had a feeling they needed a legend again" [Accounting, 1891, p. 98]. The essence of the legend: Luca Pacioli is the founder, the creator and promoter of double-entry accounting. Wolf (1854–1920) and all the elite researchers understood that the great mathematician was not the inventor or creator of double-entry bookkeeping, but its first great advocate. According to Wolf, "Luca Pacioli was the first who described in a clear and complete way the practical rules of double-entry accounting that existed at that time, he described these rules in a well-known manner, and proceeding from this, Luca Pacioli could be described fairly as the father of accounting, its first chronicler" [Ibid, 1891, p. 100].

The desire to see Luca Pacioli as the father of accounting grew extremely sharp on the threshold of the 400th anniversary of the publication of *Summa*. The year of anniversary was 1894, and preparation started two years before that. In 1891, Adolf Markovich Wolf published a large article "Luca Pacioli" in the "Accounting" journal and started to translate into Russian his *Tractate on Accounts and Records*.

Issue of a translation of *Tractat De Computis et Scripturis* became the main event on the threshold of the anniversary. The texts by Jager and Gitti were translated by a brilliant Russian accountant E. G. Valdenberg. It turned to be an unpleasant surprise for A. M. Wolf. But he restrained himself. He demonstrated rare nobleness writing: "...we started this translation long time ago and almost accomplished it. But we in no way take amiss that we were outrun" ["Accounting", 1893. p. 4]. A. M. Wolf's translation was never found. Apparently, it disappeared without a trace and all Russian accountants still use the translation by E. G. Valdenberg. This is by no means the best translation: 1) E. G. Valdenberg was a competent accountant but not a master of style; 2) being a German by origin he was an earnest Russophil so he used old Russian terms in the translation; suffice it to say that instead of the terms debtor and creditor, which were mentioned in the original text and wide known in our country, he used the Russian terms *dolzchnik* (debtor) and *veritel'* (creditor); 3) finally, the translation was based on a German text translated by E. L. Jager, so this was, above all, a translation of a translation.

However the translation by E. G. Valdenberg became a landmark in the history of Russian theory of accounting. After 1893 there hardly was a book where Luca Pacioli was not mentioned or his ideas were not analysed. The mass discovered its father.

Meanwhile the anniversary was coming closer and there were bold plans how to celebrate it but the only actual contribution was the Russian translation that Valdenberg did and published at his own expense. To him it brought nothing but ruined health and financial loss. However, the name of Valdenberg became famous. Now the Russian accounting society had good grounds to prepare for the anniversary with honour. The accountants got the desired book and now they could read it. The jubilee programme consisted of three parts:

11 (23) December 1894 in the auditorium of the Peter Commercial School, Fontanka 62, at 1 p.m. A. G. Valdenberg delivered a lecture "Luca Pacioli. Outline of his activity and his theory in comparison with contemporary achievements of accounting". The participants fee was

50 kopecks. All the money was then donated to a pedagogical mutual aid fund.

The lecture “attracted a mass of audience” and was described by a *Accounting* magazine reporter as a “most gratifying occurrence” [Accounting, 1894, p. 351]. It was even more gratifying because “by request of those with little command of Russian E. G. Valdenberg will deliver the lecture in German in the beginning of January” [Ibid, 1894, p. 351].

18 (30) December, Sunday, “in order to provide the clerks from private counting-houses with an opportunity to take part in the jubilee” a celebratory assembly was held at the Management Board of the Municipal Credit Society. Accountants were presented three reports: A. M. Wolf – “Historical sketch of accounting development and importance of Luca Paciolo”, V. D. Belov – “Practical knowledge of accounting and its contemporary status” and I. D. Gopfengausen – “Social position of accountants in Russia”. And in the evening a “friendly dinner” was held at restaurants “Medved” where “each attendee” was charged 3 roubles at least.

So, Vandenberg’s lecture was in the limelight of the anniversary audience. He presented an analysis of both accounting evolution and the role that Luca Pacioli’s tractat had played in it. The celebratory jubilee atmosphere and firm belief of the attendants that the great mathematician’s accomplishment was grand, no doubt, predetermined high appraisal of achievements of the Father of accounting. Looking at the explanation of the double-entry principles Valdenberg was using the “duality principle” expression, which became sacramental for Russian accountants for long years. As a matter of fact Valdenberg noted only one weakness in the tractat: the evaluation of inventory balances was not clear enough. The case is that the goods could be recognised at the purchase price plus procuring costs but they were written off at the realisable value. Accordingly, the valuation of inventory movement by debit and credit side of the “Goods” account was irreconcilable. The balance calculated for the “Goods” account had a mixed nature – it reflected both the calculated cost of outstanding goods and the profit (price difference) from the goods sold. As A. M. Wolf later emphasised, “The author of the Tractat indicates neither the method of calculation nor the method or recording this result” [Accounting, 1985, p. 91]. However, A. M. Wolf’s arguments were not reasonable enough. Pacioli

offered the method of uneliminated balance whereas Wolf, equipped with achievements of four-centuries' development of accounting, wanted to see a way to differentiate between profit from sale of goods and purchase cost of goods remaining at the end of the reporting period. This is not a deficiency in Pacioli's *Tractat* but rather a failing indicative of his time. Still, further reviews of the ideas developed in the *Tractat* were only enthusiastic. Some of them deserve special consideration.

1. At the end of the 19th century with the blessing of the then patriarch of Russian accounting P.I. Reinbot (1839 – 1916) there were two accounts in all General Ledgers of nearly all enterprises: opening balance sheet and closing balance sheet [Reinbot, p. 15], i.e. balance sheets were interpreted as accounts in the chart of accounts. For example, when a general ledger was started, they made an entry based on primary documents: debit of account "Goods", credit of account "Opening balance sheet", debit of account "Cash", credit of account "Opening balance sheet", debit of account "Opening balance sheet", credit of account "Capital" etc. When it was time to calculate the balance of General ledger's accounts, they made reverse entries in correspondence with the account "Closing balance sheet". That account was the reporting financial balance. The final balance of General ledger's accounts was written to the liabilities side, thus, allowing to balance all accounts. L. Pacioli interpreted the balance sheet as an independent accounting category and not as a component of some other system, not as "the account of accounts" (the latest terminology by E. Leotey). Valdenberg praised highly Pacioli for not treating the balance sheet as just accounts as was done later by other authors starting with A. Kazakov. "It is difficult to get over the idea that the balance sheet – the crown of the whole accounting system – may be absent in the general ledger? But the author further writes: "it not only may but must be absent". "It is high time for us to get rid of the balance sheet accounts, this superficial component" [Accounting, 1895, p.48]. Wolf fully agreed with Valdenberg: "Currently, after the 400 years of application, there is a necessity to destroy them completely in the general ledger as fully irrelevant". [Ibid, 1895, p. 91]. It should be noted that the verdict of the two most competent Russian accountants had implications. Our accounting ideas both in history and in practice had come back to two ideas of Pacioli: 1) the balance sheet is an independent category that did not enter the system of accounts; 2) the balance sheet accounts are

irrelevant and should not be part of the chart of accounts. Even if this were the only result of the jubilee we may say that it was worth it.

2. Valdenberg and all other prominent accountants will consider as the most important achievement done by Pacioli that huge influence that he made on the whole subsequent accounting ideas. This undeniable influence of the *Tractat* was to a certain extent exaggerated and the eulogy reached its peak in books by A.M. Galagan who in fact stated that till the 18th century all prominent authors just rewrote the *Tractat* [Galagan, 1927, p. 75]. However, much earlier prominent Russian accountant O.O. Bauer wrote: “Some researchers of accounting olden times say that the Pacioli’s *Tractat* had a huge influence on later authors, for example: Impin, Schweiker, Manzoni etc. and that some places in works by these authors is an exact translation of the Pacioli’s *Tractat*” [Bauer, p.111]. “When comparing the Pacioli’s *Tractat* with works by Impin, Schweiker and others, - wrote O.O. Bauer, – we must remember that what is meant is one homogeneous subject, i.e. the accounting from the end of the 15th century till the mid of the 17th century, and therefore, there should be much in common between these works, for example: wording, manner of presentation etc.” [Ibid, p. IV]. When deciding who is right, Galagan or Bauer, we should remember the great words of Horace: “Any business has its boundaries, on both sides of which there is a lie”. It is ridiculous to believe that for several centuries accountants were only copy-cats of Pacioli, but it would be senseless to reject his influence. E.G. Valdenberg intentionally stressed two rules introduced by L. Pacioli:

1) “It is impossible to make anyone, without his knowledge and agreement, a debtor in a ledger and should such an entry be made, it must be considered as false”;

2) “It is impossible to include any liabilities in the credit item without the permission given by the creditor, and when it happened in the item related to you, the entry is considered to be false” [Accounting, 1895, p. 30].

3. And finally, E.G. Valdenberg praised Pacioli highly as an educator citing his words to his readers – students: “It is difficult to tell you nearly all, if not impossible, but if you thoroughly learn and will remember all my instructions, be sure that your experience and sense will help you to carry out your business properly”. With good reasons Valdenberg unites this resume of the grand mathematician with the instructions given by the grand educator – Jan Amos Kamensky: “In

any science learn the most important and significant things, the rest will belong to the self-education and life” [Accounting, 1895, p.45]. This latest idea was taken up by I. D. Gopfengausen, a prominent Russian accountant, at the send stage of festivity at the Municipal Credit Society. He complained that “in our specialised educational institutions young people do not aspire to become an accountant, and the bookkeeping loses its attractiveness. Under such conditions even an institution of specialised accounting schools won’t be useful, and those graduated from them, as from commercial schools, will leave the office work at the first chance to start their own business” [Accounting, 1895, p. 43]. On the same day these ideas of Valdenberg and Gopfengausen got a practical meaning in the words of V.V. Sablin, Chairman of the Municipal Credit Society, who immediately offered “to develop a type of preparatory school of clerks for boys of 12–15 years old”. In his opinion, the success of such a school will be reached only if “the lectures will be read by the best minds from commercial sciences” [ib, 1895, p.14].

Apart from problems associated with staff training, this second meeting was also focused on the greatness of Pacioli’s work: Wolf – “We celebrate an event that opened a new epoch in the history of mankind”; Belov – “Now we have nothing to add to the fundamentals of the father of this science, Luca Pacioli” [Ibid, 1895, p. 31]. However, Gopfengausen considered it necessary to add something to “the fundamentals of the father” of our science. He decided to use the anniversary and the greatness of Pacioli for developing and approving by the Russian Government of a regulation on the institute of certified accountants, licensing their activity, differentiating the profession between three groups (chief accountants, accountants and assistants) and, finally, creating a humanitarian fund.

At the end of the speech, he suddenly said: “Today, celebrating the memory of the mendicant, Luca Pacioli, the father of accountants, let us remember our begging fratres and their widows and orphans. I suggest that we create a fund in commemoration of Luca Pacioli for supporting accountants, their widows and orphans. Bring here a half-kopeck, a kopeck, a rouble, and small bricks will give rise to a huge construction” [Accounting, 1895, p. 45].

His words elicited a hurricane of applause. In response to these words, an accountant, on the instruction of his employer, prince Tenishev,

contributed 100 roubles (Ibid, 1895, p. 160], but no one else was eager to bring ‘a penny or a kopeck’ and the draft charter of the fund remained on paper [Ibid, 1895, p. 181 – 182].

Instead, the feast in the restaurant Medved was successful. There were 150 guests. “The first toast to the health of His Majesty the Emperor proposed by mr. Sabanin was accepted with enthusiastically with a round of cheers and hoorays. There were toasts to the well-being of society, the development of commercial knowledge, the Ministry of Finance, the Director of the Department of Trade and Manufacture, deputies, vice- Chairman, speakers, guests, etc.” [Ibid, 1895, p. 352]. Two participants of this banquet (E.G.Valdenberg and V.F.Gauk) reminded to their colleagues of the distinguished merits of professors Ieger and Jitti as the first translators and interpreters of Paciolo’s Tractate, who initiated the distribution and popularisation of these oldest accounting guidelines. All participants showed their willingness to express their gratitude to the above persons for their useful work and unanimously decided to cable the following two messages: “To professor Ernst Ieger to Stuttgart. Russian accountants, convened to commemorate the memory of Pacioli, are reviewing with gratitude your merits in science, drink your health and cry a thunderous hurray! (donnemdes Hoch!)”.

“To professor Vincenzo Jitti in Turin. Having convened for commemorating the memory of Pacioli at a fellowship banquet and reviewing your merits in Accounting, we drink your health and cry a thunderous hooray in your honour”.

Both professors immediately sent reciprocal telegrams of thanks for “the toast”, and Ieger even wrote that “when I translated the Tractate 20 years ago, I did not even dreamed of such honour” [Accounting, 1895, p. 15].

The festivals were darkened by two events. On 16 (28) January 1895, at 5:00 p.m. E.G. unexpectedly died. He was buried at the Lutheran Volkov cemetery on 19 January. The burial was honourable. Three representatives of the Russian Accounting – Kenig, Gauk and Wolf - spoke at the grave. Gauk was the closest person to the deceased. It was him who organised the funeral and collected money for a memorial. He managed to collect 836 roubles, 02 kopecks, 7 roubles of which were contributed by the accounting community – readers of the journal Accounting, and the rest were contributed by commercial schools and

firms with which E.G.Valdenberg was connected by professional interests. A memorial with a lattice fence cost 565 roubles 92 kopecks, and the rest 270 roubles 10 kopecks were transferred by Gauk to the widow [Ibid, 1897, p. 116].

The second sad event was the publication of a book by M.K.Boiko "Luca Pacioli. The Tractate on Accounts and Records" (M., 1898). him the publication of the Tractate in the Russian language came like a bolt from the blue, and the immaturity of the economic life of many small businesses too much resembled what was described in the Tractate. Boiko was frightened by this and thought that there was no any Pacioli's tractate whatsoever – just a counterfeit, a mistification produced by a group of international adventurers: "The Tractate breathes with antiquity, he wrote. Reading it, you are in doubt – whether this is a reproduction of the remote past, as you come across obsolete reality or note the absence of distinctive features of that time, hear that the language is from that epoch, but the way of thinking is not" [Boiko, p. 23], i.e. the Tractate is a counterfeit produced by Valdenbergs, wolfs and hopfehouses. This is the idea the author wants to bring to his readers. "Until recently, - writes Boiko, - at least in the Russian accounting literature, nobody was aware of an accounting tractate by Luca Pacioli" [Ibid, p. 1], - a typical example of egoistic aberration, - if I don't know, nobody does. However, from the initial text of this publication it follows that "at least in the Russian accounting literature" the name of accountant Luca Pacioli was well known. Further, the author thinks that if "nobody never borrowed from the Tractate" [Ibid, p. 61], there could be no any Tractate whatsoever. However, we saw that something was borrowed from the Tractate – if not much, then quite enough. Being surprised by the contemporaneity of the content of the book, the author, nevertheless notes several, in his opinion, inconsistencies: 1) there is no detailed description of fair trade which was so popular in the Middles Ages, but fair trade stipulated item-by-item accounting and "zero" stock-taking, which is so well demonstrated by E. Schmalenbach;

2) there is no description of transactions with bills typical for that time. Firstly, transactions with bills are described in chapter 24, secondly, section IX, Summa, of Tractate IX is fully devoted to "bills and transactions with bills";

3) at that time, there was no “registers” in accounting. “The register did not exist not only at the time of Pacioli in XV century, - wrote Boiko, - but even at the time of Jones, at the end of the last century”, however, such register did exist, and was even called ‘Giornale (Summa)’ in the original;

4) there was no tea in the Middle Ages, while they do pay “for tea” in the Tractate” [Boiko, p. 23], but in this case what is meant is not tea which they drink, but tip, i.e. “appreciation” to servants. Pacioli writes “mance”, i.e. “into the hand”. E.Stevelink translates – “pourbour” – “for drink”, however, here in Russia “to give into the hand” was called “for tea” (meaning “tips”) at the start of XIX century, which was so opposed by A.S.Pushkin, who insisted, not without reason, that we should write “for vodka”;

5) “...at that time, monkery was at the height of its religious and ethical mission”;

the author of the Tractate referred to remuneration “for the time spent” [Ibid, p. 29], i.e. described collection of interest, prohibited by Catholic church, or wrote that if “a thing costs 20, say 24 to receive higher gains” [Ibid, p. 40], “which is incompatible with a monk’s morality and dignity” (Ibid, p. 29), - however, it is precisely in the time of Renaissance that “monks’ morality” was at the lowest level it had ever been in the past or would ever be in future; remuneration “for the time spent” is by no means associated with interest on capital, it is associated with the time lost; and finally, the difference between the buying and selling price is a natural phenomenon in any trade;

6) “A Franciscan Luca Pacioli, who never maintained trade books and devoted himself to quite a different area of human knowledge” [Boiko, p. 5a), could not write a book on accounting, as “the author of the Tractate knows the accounting practice perfectly well. At every step it is felt that the author is an experienced practitioner who knows the details and loopholes of accounting” [Ibid, p. 70]. This remark, although in the spirit of F.Besta , is groundless: Adam Smith was not a practitioner, but a moralist, who became famous as the greatest economist “of all times and peoples”;

7) the greatest authorities P.I.Reinbot and I.N.Podryabinnikov referred not to the year 1494, but the year 1504 of publication of L.Pacioli’s book, which disputes the book itself, and the anniversary [Ibid, P. 56 and 63], but a mere confusion of dates does not affect the

originality of the book itself, and the author should know that according to the assumed concept, in 1504 the Tractate was published in Venice as a separate edition, and in 1494 it was an integral part of “Summa;

8) there is no original text of the Tractate. “It is strange, - wrote Boiko, - that given the attention to accounting issues on the part of the commercial community, its deep interest to every event in this sphere, Luca Paciloli’s tractate until recently remained absolutely unknown: where it is stored and with whom, when it was found? – the questions remain unanswered” [Ibid, p. 54]. A copy of “Summa resided in Vienna, however, there was another copy edited in 1494 which resided in Kiev – it was received by the Jesuit Collegium as early as XV century

We could ignore this completely, and treat Boiko’s book as a curiosity, an attempt by an illiterate person, that would be “funny if it weren’t so sad.” The sad thing about it is that Boiko expressed the views of the accounting community. They did not read anything, did not know the era, its environment and characteristics, accountants did not know and did not even care to know their own history. They therefore sincerely believed any additional knowledge was unwise and unnecessary, and even more often - false, “professors are pompous windbags” that do not know practical issues: i.e. what items should be posted to certain lines in accounting books. What can a Professor of mathematics understand in our area? No, this was written by some contemporaries either as a joke, or to make money. This is how some members of the accounting community reacted to Pacioli’s name. The accounting community was split into three groups: 1) the Elite - studied the works by Pacioli, developed his ideas further; 2) the Intellectuals - celebrated the scientist’s name – as the father of accounting. Early in the XIX century the Elite already knew that Pacioli only described and did not invent double-entry accounting. Early in the XX c. the accounting community strongly believed it was not as straightforward as it seemed – someone was behind this. F.V. Ezersky (1836-1916) and his assistant A.A. Shovsky presented the history of the origination of double-entry accounting in the following way when referring to the Middle Ages: “In those days - they wrote - when the need for a verifying accounting methodology was obvious, there was a monk named Luca Pacioli who lived in Italy, he translated algebra from Arabic to Latin and was known as a learned mathematician. Italian merchants asked him to resolve their

problems – create a way to verify the accounting ledgers” [Ezersky, p. 198]. This is why double-entry accounting was understood only as a checklist for posting amounts to accounts, and the role of its creator – as of a specialist in the field of algebraic equations; 3) the Practicing Accountants – who despised history, theory and Luca Pacioli. I.R. Nikolayev wrote: “Accountants en masse have a predominantly “practical” way of thinking relying on “common sense” and etc., and sometimes disregard theory or even treat it with contempt, believing that theory is the product of bored idleness (“things are made up from idleness”)” [Nikolayev, p. VI]. Quite a few people sincerely believe Luca Pacioli made things up “as he had nothing else to do”, or, even if it were true, nobody needed his method, as everyone was busy and didn’t care to ransack history as old as the XV century. This was how the celebration of the anniversary of the publication of the work written by Luca Pacioli, a great mathematician and founder of the science of accounting, ended a century ago.

Before Russian revolution two remarkable Russian accountants – O.O. Bauer, and S.M. Baraz - continued to study Pacioli’s legacy in an original manner.

O.O. Bauer’s work was, probably, the most important - he studied texts written by Pacioli, and by those authors who were published afterwards. O.O. Bauer wrote a book on accounting history in Russian which is still the best [Bauer]. He gives parallel texts from ancient accounting books - “monuments of sacred antiquity” in the original language and in the copyright translation into Russian. O.O. Bauer wrote: “When publishing this book my main purpose was to familiarize teachers that specialise in accounting, accountants, merchants, industrialists, and everyone interested in accounting literature with the studies of our great tutors from the past” [Bauer, p. 111]. However, Bauer couldn’t find anyone in Russia interested in publishing this remarkable book, and he printed it in Moscow at his own expense. Bauer didn’t earn anything and suffered big losses, because teachers or accountants, merchants or industrialists were not concerned about “monuments of sacred antiquity”, as they were too busy with their own numerous and urgent daily matters. Bauer was bankrupt with the main book, and did not have money to publish his principal work – the translation of the Tractat. We also know that the book by E.G.Valdenberg has serious faults in it. (Translation by A.M. Wolf was

hardly better). Apparently, O.O. Bauer was the only person in Russia who could translate the *Tractat* from its original language with quality, at least, with less Russification of the text. As the *Tractat* was published for the second time in 1900 (translated by E.G.Valdenberg) and its anniversary had long passed, O.O.Bauer could not issue a new translation despite all of its merits. Bauer's translation was published only in 1913 in the provincial (Volga region) editions of the "Accounting Journal". The translation included a parallel text and remarkable comments. But the journal went bankrupt and only three first chapters of the *Tractat* were published. These chapters and Luca Pacioli's biography printed in the "Memoirs", his testament, Russian names of all chapters from the book and a brief dictionary "of certain expressions used in the *Tractat*" – is all that came down to us from Bauer's work about the great Franciscan monk.

The great descendants of the great masters managed to lose two out of three translations of this unique book. Bauer's translation was the best judging by what came down to us, and we should mention his following ideas related to Pacioli's work and the history of accounting:

1) The *Tractat* — is the first known and published work on double-entry accounting, but this does not imply that there were no textual descriptions of double-entry accounting before 1494;

2) The *Tractat* is only the first well-known work, perhaps, other books or studies in the field of double-entry bookkeeping will be discovered eventually. Bauer quotes a talented mathematician and accountant C. Van Stevin (1548-1620): "When others will devote special attention to this subject (the history of accounting. - Y.S.), they might find more evidence that accounting was used not only by the Romans, but much earlier – by the ancient Greeks, "[Bauer, p. V]2; 3) referring to Pacioli's influence on the next generations of accountants, we must avoid two extremes:

à) all subsequent authors just cited the *Tractat* without any quotation marks, and b) accountants did not notice this work by a scholar monk and mathematician. In fact, Pacioli's book had a great influence on accounting ideas, but at the same time, these ideas were evolving quite independently, and not always successfully. O.O. Bauer wrote: "Luca Pacioli's study on double-entry bookkeeping was more complicated in the following century than developed and improved, as some authors

used unclear theories from the Middle Ages when writing about accounting” [Bauer, p. 36];

4) Luca Pacioli did not invent “double-entry accounting”, and he cannot be considered its learned interpreter. The idea to systematise this process in a rational manner was also not his. Bauer stressed: “Accounting became a strictly scientific subject only early in the 19th century. Bookkeeping became more rationalised in the 18th century, but in general it was presented in an outdated manner until late in the 18th century.” [Ibidid, pp. 36];

5) The legal nature of the accounting registers that were maintained by medieval merchants and the practice Luca Pacioli described. Bauer refers to the seventh chapter of the treatise, according to which accounting books should be registered and have evidentiary force [Journal of Accounting, p. 3]. Bauer does not assert that Pacioli was a supporter of the legal theory on double-entry bookkeeping, as often stated by Soviet authors [Ibid, p. 3];

The main feature of Bauer’s work was its high culture and professional requirement for absolute accuracy. Both of these — perhaps purely personal traits — had a great influence on the results of his work. The first feature is involuntary connected with the analysis of the conditions of accounting’s origin. After analysing the factors that contributed to ‘accounting’s appearance, he wrote: “Uncivilised people who tried to improve their existence not in alliance with others, but by looting and violence, for a long time could not get accustomed to the division of labour and the peaceful exchange of reciprocal services. But as time went by, people’s wild habits gradually mellowed, and people became more civilised. Farming villages appeared, as did the first trading, which was based exclusively on barter” [Bauer, p. 2]. According to Bauer, this is how accounting was created. Of the second feature, love of precision and pure human decency, he says: “I am far from the idea of claiming my humble work to be exhaustive, and will be well rewarded if it inspires at least one of my colleagues to discover new sources in the history of accounting requiring further research” [Ibid, p. V].

Inefficient research in the area of accounting has not yet been overcome, and it is unlikely that our wonderful colleague, to our greatest regret, received any “rewards and merits”, although we are still inspired by his works and ideas. Bauer left us his heritage in the field of accounting. We urge anyone who reads the works of the founders of our science and is interested in

tracing the evolution of accounting theory, especially in the early stages of its development, to pay special attention to the works by Bauer.

If Bauer mainly read Pacioli's text and Rudanovsky was inspired by its fire, then, starting from S.M. Baratz, there appears a desire to interpret Pacioli's accounting study as it relates to social and economic issues rather than in the linguistic or accounting sense. This will subsequently influence the history of Russian accounting in a most deplorable way. S.M. Baratz (1850–1913) was under the considerable influence of well-known economists and historians of national economy, Max Weber (1864–1920) and Werner Sombart (1863–1941).

Baratz was fully influenced by their ideas, retold them, simplified them and, sometimes, vulgarised them. It seemed that none other than Pacioli was the one to express the capitalist spirit as he "thus provided the new business system with the tools to practically apply business systematisation consistent with its essence" [Bookkeeping, 1904, p. 146]. And if before Luca Pacioli's time, crews of bookkeepers (similar to modern Russian auditors) could be engaged by an entity to "restore an accounting system" or "prepare a report", then starting from Luca's time (the beginning of capitalist thinking and mentality) the "spirit of capitalism", as Weber and Sombart put it, gave rise to professional accounting activity, and from then on there was no capitalist entity without an accountant. Accountants were needed to help make management decisions rather than to calculate taxes, though this could be important too. It was then, and not in the beginning of the 20th century, that what would later be called management accounting was born. Baratz wrote, "But all the same, Luca Pacioli was the first who, by way of scientific development, made double-entry accounting a generally accessible accounting tool, thus breaking again with the old, highly personal empiricism of the profession" [Bookkeeping, 1904, p. 147]. But "this spirit of reporting and schematics," Baratz continued, "was gradually becoming popular with all layers of the population, thus opening new power sources for capitalism" [Ibid, p. 148]. And then we have what Karl Marx called commodity fetishism: "First property turned into personality, and now gradually personality has become a thing [Ibid, p. 148]. And this is all directly related to accounting. Baratz cites Zaidler: "Accounting is aimed at bringing into the open the capital used in business in such a way that, in accordance with the structure and breakdown of the enterprise, one starts to see how the property is

operating in each of the business's segments, and, in parallel to the enterprise's progress, all business facts. I.e., events causing any change in property are presented in such a systematic manner that the enterprise's own system represents the bookkeeping system as well" [Ibid, p. 148]. And of course, the worldview of the people that form one or another community is the most important thing. Capitalism is possible when the "words 'debit' and 'credit' flare in golden letters over the whole business community" [Ibid, p. 148]. This passage echoes the title of the famous novel by Gustav Freytag (1816–1895): "Soll und Haben Debit and Credit" (1855), which praises the real joys of petit bourgeois welfare.

Thus, Baratz associated L. Pacioli's name and works with the emerging spirit of capitalism, but he could not decide for sure whether the Franciscan monk should be considered this spirit's creation (like Weber) or vice versa, its creator (like Sombart). However, the very attraction of socio-economic considerations to accounting literature, no matter how successful, became an unlucky omen.

After the Great October Socialist Revolution, the name Luca Pacioli was still well known within the academic accounting community, but it was somewhat like an icon for most of them — and nothing more. This does not refer to those who specially studied the treatise on accounts and records. Those who were engaged in this study, however, treated Luca Pacioli differently in different decades of Soviet history. Therefore, let us consider the evolution of opinions of Luca Pacioli's work during the years of Soviet rule.

In the first months after the October takeover, accountants did not even realise what had happened. Being true scholars, they did not concern themselves with policy and continued to write and publish what they had written and published throughout their lives. However, sweeping changes started in the spring of 1918, and here new accountants emerged from the lower levels of the profession who were sure that capitalism, together with the capitalist double-entry accounting system, had reached their end. The spokesmen for these views were P. Amosov and A. Savich, founders of the extraordinary accounting system. "It is characteristic," they wrote, "that accounting, as a more or less arranged system, emerged in Italy, a country of strict classic capitalism in the said epoch. The need for accounting is felt most strongly there. The author of the first comprehensive accounting

manual, which appeared in 1494, was a monk named Luca Pacioli. His theory in general resembles today's double-entry accounting" [Amosov, p. 8]. However, under socialism "we sentence double-entry accounting to death and claim that double-entry accounting principles as a bookkeeping science have become outdated in the socialist economic environment" [Ibid, p. 26], and the authors believe that it is high time to put the capitalist material bookkeeping system "on the shelf of history together with the spinning wheel and bronze axe" [Ibid, p. 4]. So, Luca Pacioli, the founder of double-entry accounting, and his treatise became outdated. The proletariat did not need him or his work — double-entry accounting was liquidated.

The best who survived the revolution continued to work. They could not overlook the genius of Pacioli. And they continued to study his writings. Among them were A.M. Galagan and N.S. Pomazkov.

A.M. Galagan (1879–1938) received his education in Italy, studying under F. Besta, but, strange as it may seem, was not affected by anything that the great Italian scholar wrote about Pacioli's writings (and his possible plagiarism thereof). In writing his numerous books, however, Galagan could not overlook the work of the famous mathematician. We should mention two interpretations of the treatise on accounts and records made by Galagan. In 1927, he includes a special paragraph, "Luca Pacioli and his impact", in his work "Accounting in its Historical Development". As follows from the heading, the work is focused on the impact of Pacioli's treatise, which was so great "that the writings of Italian, Flemish, French, German, English and even Russian authors of the period up until the middle of 17th century represented either a word-for-word translation or revision of L. Pacioli's work" [Galagan, 1927, p. 72]. This statement, the fallaciousness of which was shown above, had a telling impact on the subsequent development of accounting theory, and a diagram of this alleged impact was even reproduced in the writings of the famous Polish investigator I. Scheffs. Considering the same ideas that, in his opinion, had a huge impact on the development of accounting theory, Galagan first and foremost stresses that Pacioli supported personification, i.e., he sort of personified accounts and, according to Galagan, reduced double entry to the formula "such-and-such account should correspond to such-and-such account" [Galagan, p. 71]. In his later work, Galagan interprets Pacioli's explanation of double-entry principles in a slightly different way. "Explaining the rules

of making accounting entries,” wrote Galagan, “Pacioli suggests treating each account as a debtor or creditor with regard to the owner. Therefore, Pacioli personified all accounts, believing that each of them could be treated as a live debtor or creditor, receiving or transferring various items” [Galagan, 1928, p. 200-201]. And further, Galagan qualifies his interpretation of Pacioli’s description of double entry as “the foundations of legal theory” [Galagan, 1928, p. 200]. In reality, Pacioli did not have any “foundation of legal theory”, if it assumes personification (rather than personalisation) accounting of cashier (rather than cash), of storekeeper (rather than goods), etc. While Pacioli, at best, assimilates (analogises) material accounts with personal accounts, and there are, of course, no grounds for designating Pacioli one of the founders of legal accounting theory, the more so because Galagan himself states that “However, Pacioli does not give any theoretical elaborations” [Galagan, 1927, p. 70]. In Galagan’s opinion, there are two weaknesses in the treatise: 1) accounting is not divided into synthetic and analytical; and 2) the method of checking the allocation of entries to general ledger accounts is primitive [Galagan, 1927, p. 71].

N.S. Pomazkov (1889–1969) expounded on Pacioli’s ideas twice [Pomazkov, 1929, 1940], but his main intention was not to refuse Galagan’s to say the least disputable interpretation of Pacioli’s personalistic ideas, but, on the contrary, to actively support them by all means possible. In “Accounting Theories” he provides rather long citations from Chapters 12, 22, 23 and 26, which should, in the analyst’s opinion, confirm Galagan’s interpretation. It is interesting that Pomazkov, a true scholar, hated Galagan, but in his criticism of him [Pomazkov, 1929, p. 28–31], he actually identified with him [Ibid, p. 34 – 35] in interpreting the treatise. I think that this is explained by the fact that Pomazkov himself was not an original thinker and preferred to criticise rather than generate new ideas. In “Accounting Theories” Pomazkov, as though developing the traditional Russian thought on the treatise’s impact on the subsequent development of accounting, stated that the treatise gave the strongest impetus to personalistic theory development. We may say that up to the middle of 19th century, personalistic theories dominated [Pomazkov, 1929, p. 35]. And although Pomazkov, in the spirit of ancient investigators and Galagan, writes about “the strongest impetus”, we, nevertheless, see how

Pomazkov tries to covertly correct his predecessors: 1) He does not say (as Galagan does) that all subsequent authors only rewrote the treatise, but underlines its importance – “gave the strongest impetus”; and 2) not to the development of accounting in general, but to the theory of personalisation of accounts. After that, Pomazkov, as if in support of Galagan, associated the theory of personalisation with legal theory, and discrepancy between the scholars is removed. Later, analysing the treatise in a doctoral thesis, Pomazkov will stress that Pacioli’s representation “corresponds to the scheme of merchant capital’s normal turnover” [Pomazkov, 1940, p. 933]. However, it is not quite so. Pacioli’s work concerns only a reflection of the economic facts that accountants are faced with in their work.

The enormous changes in the economic and intellectual life of our country that were caused by the “Time of Great Change” did not extinguish interest in Pacioli’s work, but, on the contrary, stimulated it. This was connected with the fact that it was now necessary to give a class label to everything and everyone. The situation with Luca Pacioli was difficult: on the one hand, he was a great mathematician, a man of the Renaissance, a friend of Leonardo da Vinci, and, therefore, could be praised, but on the other hand, he was a monk, a geologist, a representative of the reactionary clergy who propagated capitalism, and, therefore, should be abused. It was impossible not to write about him, but it was unclear what to write in order to escape the fire of party and criticism on principle.

This gives rise to duality in evaluations. “Pacioli,” wrote the future and deserving man of science of the USSR P.V. Mezentsev (1896–1981), “actually was the first to systematise and generalise merchants’ then accounting practice based on a dual accounting system. Pacioli laid the foundation for the literary development of capitalistic dual accounting methods. He systematised and generalised the existing accounting practice that was used in the period of merchant capital’s development, which was further developed and improved in the epoch of capitalist production” [Mezentsev, p.8]. A.I. Lozinsky (1894–1948) saw Pacioli’s achievement in the fact that he “created an accounting instrument necessary for emerging capitalism” [Lozinsky, p.7]. And, pushing this idea further, A.K. Faradjev wrote: “From the 13th to the 15th centuries, Venice played a critical role in international commerce and demonstrated prosperity of trade and lending. The bookkeeping that was maintained

here by large merchants and bankers must have been advanced” [Faradjev, p. 231]. The same ideas were supported by a former priest, and later an active communist, Professor N.A. Kiparisov (1873–1956). “L. Pacioli,” wrote the patriarch of Soviet accounting, “in his treatise, by giving a closed system of accounts with the capital account in the centre, highlighted new production relations that appeared as a result of the starting decay of feudalism. The class nature of L. Pacioli’s work is vividly seen in the fact that he fights against decaying capitalism and raises the role of merchant’s capital” [Kiparisov, p.285]. Then, Kiparisov emphasised the role of the merchant in early capitalist society. The former priest, who accepted Marx and Lenin instead of Jesus Christ and the Holy Virgin, cited Pacioli, not without covert envy: “Merchants should play a leading role among other Italians” [Kiparisov, p. 285], and this is not by accident, as “more is needed to become a good merchant than a doctor of law.” Here it is unclear whether Luca Pacioli justifies the higher income of merchants as compared with intellectuals’ salary, or is deeply hurt by the society that does not appreciate its intellectual elite and flirts with sellers.

In this case I think that Pacioli fully supports the first interpretation — it is based on the fact that a merchant, contrary to a professor receiving a salary, does not have fixed earnings and always runs risk, his purpose is profit, and in the Middle Ages, people had not yet learned to proudly say that their purpose was generating profit — not salary, wages or alms, but profit, and the more, the better for everyone. This detail of the treatise was noted by a magnificent Soviet accountant, a former white officer and one of the founders of socialist accounting, I.A. Koshkin (1895–1980). “The main and critical goal of capitalist accounting,” he wrote, “is the determination of net profit.” And in confirmation of these words, Koshkin cites Pacioli: “The purpose of every merchant is to receive a lawful and appropriate benefit for self-support. Therefore, merchants should set to work in the name of the Lord and make every record with His Holy Name in mind,” [Koshkin, p. 310].

From there, Soviet authors will in every possible way stress that Pacioli protected an ultra-immoral thing — the principle of commercial confidentiality. Koshkin and Kiparisov pointed out how Pacioli interpreted a chronological record book (journal). Since this book includes the entire inventory, “many people use to include their own

inventory in this book” [Kiparisov, p. 323] and therefore, wrote Pacioli, this is “a secret book” [Kiparisov, p. 286]. “And indeed,” continues Kiparisov, “L. Pacioli recommends that a merchant make entries to the book himself and keep it in a box, or a bag tied with a cord, depending on the prevalent custom” [Kiparisov, p. 288]. By the way, this secrecy confused Soviet accountants, as they sincerely believed that no one, especially not commercial labourers, should keep any secrets from the party and the government.

All the above approaches had a socialist and political tinge harmonious, perhaps, with Russia of the ‘30s or ‘40s rather than Italy at the end of 15th century. And from this position, the evaluation of double-entry accounting given by Lozinsky is very important: “Pacioli creates an accounting instrument necessary for emerging capitalism” [Lozinsky, p. 7]. An instrument is a very good name for the double-entry accounting system in general. And the same authors who performed socio-political analysis of Pacioli’s work to a certain extent contributed to the interpretation of ideas contained in his treatise.

Substantially, these authors do not open anything new. All of them echo Galagan and Pomazkov in repeating the commonplace statement that Pacioli, although not being the founder of double-entry accounting, was at least the author of its personification. Koshkin, like Pomazkov, identified Pacioli’s questionable personification with the legal interpretation of a double entry. “Since each transaction,” wrote Koshkin, “is conducted between two subjects and contains two elements — the right of one and the liability of the other — it is obvious that each transaction should be recorded twice, with the recipient’s account debited and the transferor’s account credited” [Koshkin, p. 289]. All of this had nothing to do with Pacioli, as Koshkin actually refers to a personification rule of E. Degrange rather than Pacioli’s. However, this approach to the ideas of the father of modern accounting remained unchanged until recently. And later, V.A. Mazdorov will call Pacioli “the founder of legal theory” [Mazdorov, p. 22], although Pacioli did not give or assume any legal interpretation of double entry. As if understanding this by insight, Koshkin interprets Pacioli’s understanding of a double entry as a purely technical method that allows one to simply review the accuracy of posting to accounts. In confirmation of this idea, Koshkin — and not without reason — refers to the following in the treatise: “If both of these amounts are

equal, i.e., if one coincides with the other, you may conclude that your book is maintained accurately and the balances are shown correctly” [Kiparisov, p. 356].

Kiparisov considered double entry's origination not from the point of view of its interpretation, but rather, from the side of the nature of accounting records. If Koshkin tried to see personification behind allocation rules, Kiparisov managed to derive an almost up-to-date classification of accounts from Luca Pacioli's text. Kiparisov found three groups of accounts with Pacioli: 1) main, or inventory, 2) resulting and 3) operating accounts.

According to Kiparisov, main accounts include a) cash; b) property; c) goods; d) settlements; e) capital; resulting accounts a) expenses relating to goods — distribution costs; b) merchant's household expenses; c) profits and losses; and operating accounts — the travel account [Kiparisov, p. 287]. It should be noted that this approach is a certain modernisation of the chart of accounts provided by Pacioli. Of course, he does not provide a classification of accounts, although he gives a classification of economic barter transactions. And this is natural, as the level of abstract concepts had not yet spread by the end of the 15th century. Faradjev went further in modernising Pacioli's ideas, interpreting medieval accounts in the most up-to-date manner [Faradjev, p. 246-247]. It should be noted that the modernisation approaches developed both by Kiparisov and Faradjev should not be criticised, but, on the contrary, considered an extremely positive instruments bringing Pacioli's underlying ideas nearer to our time and allowing better understanding of them. The question is whether a particular method of modernisation helps to achieve this goal, for example, Kiparisov wants to somehow interpret the treatise's economic content in a modern way. Thus, he quotes Pacioli: “A merchant records his deals, large and small, in the order they occurred” and not without naiveté concludes, “Therefore, the accounting item at that time was capital and its circulation in the economy” [Kiparisov, p. 286]. Pomazkov links capital circulation to the structure of the book and this was a mistake, but associating capital circulation with the sequence of records is more than a mistake, as cash movements are accounted for depending on the goals the owner sets for the accountant, rather than as if reflected in a mirror. Since Kiparisov states otherwise, he might have seen something more in the treatise than was written in it.

Similarly, Kiparisov stressed control functions: “Already in the days of Pacioli (and actually, even earlier), accounting required mandatory stock-taking” [Ibid, p. 286]. This statement fully conformed to the spirit of the period of Great Terror, which limited accounting in our country to permanent stock-takings, and the accountant himself was made an official snitch, if not a secret informant.

In finishing the overview of the analyses of the treatise made in the hard days of

Stalinism, it is necessary to note two more issues: a devoted statement by Kiparisov that “starting the ‘60s and until the end of the previous century, the most popular book on accounting was the manual by A.V. Prokofiev. This manual describes an old Italian form of double-entry accounting from Pacioli’s days” [Ibid, p. 287] and a rather long list of what is missing. “The bookkeeping system,” wrote Faradjev, “described by Luca Pacioli does not know a single element of today’s accounting (regular control, documenting economic transactions, synthetic accounting and reporting)” [Faradjev, p. 235]. The first statement reminded Kiparisov of his youth and his manual; the second, in the opinion of Faradjev, should have protected the treatise from possible criticism in light of the forthcoming dark events preceding Stalin’s death.

The fact is that the year when Faradjev’s book was published in remote Baku opened one of the most grim pages in the history of our country. It is called “the fight against rootless cosmopolites”. The essence of the fight was multifaceted, but the ideological background was such that almost all discoveries and inventions were attributed to Russian people, while references to foreign scientists were considered “bowing and scraping before foreigners”. Xenophobia triumphed in all areas of intellectual life. In 1949, when one of the authors was eleven, he hears a conversation between Pomazkov and his father. Pomazkov told that one must no longer refer to the Catholic monk or mention his name in lectures and books. You should just say that double-entry accounting appeared between the 13th and 15th centuries and became widely used, without specifying the place. The birthplace of double entry was covered by a veil of secrecy.

Xenophobia ended together with the era of “the Leader and Teacher of all Times and Peoples”. Accounting history was in the focus of interest again. The translation of a work by Raymond de Rouver by

A.F. Mukhin and edited by N.R. Weizman was the first sign of this interest. However, “one swallow does not mean spring”. Letters by Professor N.V. Dembinski from Minsk triggered these events. In the early seventies, the professor was reminiscing on his youth, and being a fan of accounting, he could not help but remember Luca Pacioli, the Father of Accounting. It was a shame that young people and others did not know the first and fundamental work on accounting. And in the Soviet manner, Professor Dembinski began to write long letters to all the government bodies, up to the Party Central Committee. The soviet system had its own rigorous procedures: if a worker (professors also fell into this category) wrote to a public office, the head of the office or responsible employee acting on his instructions must reply within a set amount of time. Professor Dembinski wrote through the official channels but the authorised people did not understand what he was writing about, as no one knew who Luca Pacioli was. Nevertheless, they did not want to reject his request. These responsible Soviet workers forwarded all letters from the honoured man of science of the Belorussia to publishing agency «Statistica». The publishing agency didn't have a clue who Luca Pacioli was, but they had Fedor Davidovich Livshits, a consultant, remarkable statistician and a connoisseur of the Russian language. As Livshits knew everything about Luca Pacioli, even his mathematical works, and appreciated the Franciscan monk as a great specialist in stylistics, he recommended publishing his treatise on accounts and records. Following Livshits' advice, I was assigned to prepare the treatise manuscript for a modern edition. The publishing house had never heard my name, and they were uneasy about my young age. Nevertheless, the public office was notified that the treatise on accounts and records by Luca Pacioli was included into the Statistica publishing plan. The treatise was published in 1974 with good typography and a circulation of 8,000, and a new and improved edition came out in 1983 with a circulation of 10,000. Both editions (1974 and 1983) quickly sold out, but the accounting community was not impressed, and there were no masses of workers studying the first book on accounting. It is true that the accounting community came to know the name of Luca Pacioli better, but for most intelligent representatives of our profession it became, and had already been for some time, similar to what icons were to our ancestors: you entered the house, crossed

yourself, got down to your chores and forgot about God and the evangelic morals.

This is, perhaps, not unique to Russian or any other accountants. The following are two excerpts from generally accepted American textbooks (both translated into Russian): “Double-entry accounting emerged in the Renaissance era. Its first systematic description appeared in 1494, two years after Columbus discovered America. This was done by Luca Pacioli, a Franciscan monk and a friend of Leonardo da Vinci [Needles, p. 37], and “In the 15th century Luca Pacioli, a Franciscan monk, documented the procedure for double-entry accounting, according to which the duality of each accounting transaction was expressed in the debit amount equalling the credit amount or balancing it” [Anthony p. 63]. While Bauer, not without proud naiveté, wrote in 1913 that “we can clearly see the great interest inspired by Pacioli’s treatises” [Accounting Journal, No. 5-6, p. 3], we do not share the optimism of our predecessor, but do not want to fall into pessimism.

In any case, interest in Pacioli’s manuscripts was maintained in one way or another. Indeed, the treatise could not interest the Russian people for the first four hundred years of its existence, as the economic environment of our Motherland was very different from that prevailing in the West. The paradox was that in the 15th century, Italy had overcome any prejudice against trading. Curiously, Poggio Brachholini (1380–1459), a remarkable humanist, wrote the following about one of his contemporaries: “He was considered to be a merchant and was covered with shame, and he was barely able to marry off his daughter, even with a large dowry, as the unproductive people claimed the trading business was shameful and obscene” [Brachholini, p. 154].

By the end of the 15th century, there were fewer unproductive people in Europe, and Luca Pacioli was perhaps most revered by the tradesmen. Russian society did not feel this way until the reforms of Peter the Great. The century, which was marked by change in most Western European minds, was very different in Russia. According to G.P. Fedotov: “The 15th century is the golden age of Russian holiness, when many reverends appeared in the churches and monasteries that covered the entire Northern, then truly holy, Rus” [Fedorov, V. 1, p. 309].

Monks in the West were developing trade and the market economy, and Russian monks were busying themselves with something else —

increasing their holiness instead of accumulating capital. Righteousness was their salvation, not money. After Peter the Great's reforms, another idea was professed: "Capital should be gained and innocence sustained." While the first could be attracted from the West, the second should be dearly cherished. The double-entry accounting system came into our lives during the 18th century reforms, and the name of Luca Pacioli became well-known to the accounting community early in the 19th century. Ironically, more, if not sufficient, attention was devoted to Pacioli's works during the years of Soviet power than ever before.

At the end of the 20th century Russia went through great changes and started to feel an increased interest to its past. In 2001, the 6th edition of the *Tractate on Accounts and Records* was published. This deluxe publication was more magnificent than all previous ones. M. I. Koutter, a professor from Krasnodar, prepared a new and the most accurate Russian translation of the *Tractate*. Alongside with other young analysts he continued to study the methodology that Pacioli used in his work. L.A. Kosoreva, who works for the St. Petersburg State University wrote a thesis where she attempted to formulate accounting postulates that are implicitly present in the *Tractate*. K.Y. Tsygankov, a researcher from Novosibirsk, suggested an analysis of the text of the *Tractate*, which is also of great interest. He attempted to identify the connection between the accounting ideas of the Renaissance with those of the earlier period when the Roman law enjoyed its renaissance in Bologna. And we are happy to acknowledge that the ideas of this great mathematician continue their life in Russia, and this country displays increased interest to these ideas.

In any case, regardless of what is said, the treatise on accounts and records will always remain a classic book in the history of accounting and, according to the great Jorge Luis Borges, "a book becomes a classic not when it has the merited attributes; it's a book that generations of people are driven to read for various reasons with the same zeal and incomprehensible dedication" [Borges, p. 224].

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