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A SPECULATION ON THE ORIGINS OF ACCOUNTING

Now is not the precisely tactful time to ask anthropologists as to the exact moment and place of man's emergence. The road to knowledge has been strewn with pitfalls in the form of practical jokes provided by man and nature. The Piltdown Man was an obstacle to progress for years and it was a little unkind that the first almost complete skeleton of Neanderthal Man was that of a poor fellow who suffered badly from arthritis. Lately, discoveries in Africa have added two million years to the previously conceived time scale.

But these are not of present concern; the chimera of the Missing Link is no longer pursued and it can be accepted that "homonids" were a separate development from the apes.

All that is necessary is to postulate individuals who stood and moved on two legs, had binocular vision and who could throw a stone on the run. This modest specification seems scarcely adequate and the American author J. B. Cabell gives a vivid description of the plight of these creatures.

For it was unpleasantly apparent that man did not excel in physical strength, as set against the other creatures of a planet whereon may be encountered tigers and elephants. His senses were of low development, as compared with the senses of insects; and, indeed, senses possessed by some of these small contemporaries man presently found he did not share, nor very clearly understand. The luxury of wings, and even the common comfort of a caudal appendage, was denied him. He walked painfully, without hoofs, and, created naked as a shelled almond, with difficulty outlived a season of inclement weather. Physically, he displayed in not a solitary trait a product of nature's more ambitious labour. . . . He, thus, surpassed the rest of

vital creation in nothing except, as was beginning to be rumoured, the power to reason; and even so, was apparently too magnanimous to avail himself of the privilege.

For the sake of effect the author here omits any reference to that quality which has gained for man such success as he may have achieved, that is his all embracing mediocrity.

The immediate problem of personal inadequacy was resolved, on the evidence, by forming a group. This appears to be a basic instinct and is demonstrated as being current by Anthony Jay's "Corporation Man."

Quite expansive anthropologists suggest that the first group was that of the family: this opinion being based on the study of apes which these experts have already shown as not being from the same line of descent.

The human infant is a hostage of fortune for far too long to allow a father, two or so mothers and their progeny to become a viable group. If groups were family based they would need to include uncles and aunts to provide about ten able-bodied adults. Such a group would be able to place its members strategically to corner game and present a united hostile front to predators. It would be about this time that man ceased to be on the menu of carnivores and he has remained off it ever since (the leopard being an honourable exception).

At the beginning use would be made of such stones and branches as recommended themselves by their size and weight. Soon there would be some improvement by fabrication such as breaking stones with the intention of creating sharp edges and hardening rubbed points on branches by controlled application of fire. This stage of development would not call for counting: the group would not think "there are only nine of us—who is missing?" but, more simply "Where's Fred?"

But as weapons improved (sharp stones lashed to a straightish piece of wood) their relative success on more than one occasion would be noticed and soon recording notches would be scraped on the shaft. Counting had begun, but was destined to make a long detour through astronomy and astrology before returning to the mundane use of accounting.

As Cabell says, man is the only animal who plays ape to his dreams: the others are content with a full belly for the time being but man has to improve his standard of living. This perpetual discontent urges him to seek betterment in any direction.

In a primitive society the possibilities were limited to hunting to provide hide, sinews and horn when there was meat in store. This in turn would draw attention to the relative inadequacy of the weapons being used. The clubs might not be too bad but the spears needed to be improved. The bashing together of two flints in the hope of producing fragments which would be suitable spearheads was not satisfactory. In the course of time the addition of a hammer and a piece of wood to the two flints made it possible to produce controlled shapes by knapping. Thus the creation of true artifacts began.

As successful groups survived generation after generation the experts began to emerge, first the better hunters and later the better flint knappers. The time came when the group decided that it would be advantageous to have the best flint knapper stay in camp and carry on his specialty rather than join the hunt. This was a momentous decision based, however instinctively, on comparative cost; additionally it involved a new concept, barter.

Once the idea of cost was acted upon in this way it is possible to measure it. The illustration shows a flint spearhead of comparatively recent time, possibly Cro-Magnon and about 30,000 years old. It is a sophisticated piece of work as is illustrated by the notches at the head of the tang to make easier the secure binding to the shaft. (It is not sufficient to drive a spear in; it must also be capable of being pulled out.) It is unlikely that flint could produce anything better and such spearheads may have been co-existent with the first weapons made from metal.

The flint used originally was large in relation to the finished product so that controlled removal of the surplus material was the first process, followed by the more skilled work of the actual shaping. The scrap rate was appalling and the nearer completion the greater the risk of disaster. Offsetting these difficulties was the skill of the knapper who, in the postulated situation, was maintained by the group. It appears unlikely that the illustrated article could have been produced in less than a day's work. Assuming this, it is clear that the group paid at least one day's food for the knapper and those, if any, whom he considered to be his dependents: additionally he would need the occasional hide or fur. Any payment less than this would cause him to rejoin the hunting party. The group had thus to provide a living wage and would have to pay the same to any other expert (such as a potter) for the exclusive use of his craft.

As time drifted by, the groups coalesced into tribes and the tribes into small nations. This development had the effect of bringing the

craftsmen together so that they gradually learned to work on a co-operative basis. That this was so is illustrated by the numerous sites in Britain and Europe where the production of flint tools was on a scale that fully justifies the appellation of a business. It is axiomatic that these businesses assured at least their full keep to those taking part. A productive operation on this scale predicates a means of disposing of its products advantageously. Since there was no substitute for the barter transaction, the market was developed in order that people could bring their products to an agreed point and there to chaffer for their own particular needs. In their early phases, the users of these markets would not need records, however, the status of a nation necessarily implies some degree of control of the nationals. As always man was in pursuit of an improved standard of living and none more so than those in control of the nation at any one time. Such officials would find it necessary that their various markets should be conducted in an orderly manner and those journeying to or from them should not be subject to brigandage or taxation to an intolerable degree. Granted such stable circumstances the nations grew and those who ensured the most stability grew to be the largest.

We now reach the dawn of civilisation which, to avoid controversy, is here assumed to be the development of a written language. Writing ensures that knowledge and information can be stored for use in the future: without it a luxurious barbarism is all that can be achieved.

From the best information available the first civilised nations (within the above definition) developed, in the Western World, amongst the valleys and delta of the Tigris and Euphrates.

As these great nations grew it was imperative that there should be revenue for the court and the executive officials. This revenue, still taken in kind, consisted primarily of quotas of agricultural products and customs duties on imports. Thus, regrettably, the oldest records of accountability are those of the tax gatherers. Their age would seem to indicate that they were a very early feature of civilised life and also that official records had a better chance of survival than the more ephemeral records of the traders. By this time the markets were permanent and well established to the extent that the trade needed for the most part the services of merchants and middle-men. These sophisticated men would not find it sufficient merely to wait for the merchandise to arrive in a market but would send out trading caravans and ships. These would have to have something in the nature of a ship's manifest and there would be a

super-cargo to record the disposition of the goods going out and those brought back as the result of the barter.

It is quite evident that the absence of any common denominator of value was a positive hindrance to the flow of trade. This was realised in high places and King Hammurabi of Babylon passed certain laws, one of which was that silver should be the measure of wealth and the means of exchange. This is the classic definition of money and the enactment must have made life easier for all concerned including the tax gatherers. One further refinement was needed and this came about in the Kingdom of Lydia in the same geographical region where, in about 700 B.C. the first coins were struck. It may not be totally irrelevant that the most famous King of Lydia was Midas.

This invention was so universally convenient that the use of it spread through the then known world at a speed which was historically without precedent; because it was only a few hundred years before Christ overturned the tables of the money changers in the Temple at Jerusalem.

Coinage gave the first opportunity for the bookkeepers to work in common terms and archaeological finds indicate that full advantage was taken of this. Much of what we know about such bookkeeping has had to depend on the capacity of the record to survive; clay tablets can last, wax or papyrus do not. In fact the scarcity and expense of writing materials was for a thousand or more years detrimental to the survival of accounting records and indeed the material on which they were written was re-used wherever possible; this is confirmed by Dr. Lee's recent paper "The Oldest European Account Book: a Florentine Bank Ledger of 1211." Dr. Lee shows that the personal account was established in the 13th Century. It was about this time or a little later that bookkeeping slid quietly into the mainstream of Western philosophy when the bookkeepers held that for every debit there is a credit. This specialised concept was to be given universal meaning and application by Newton's third Law, that for every action there is an equal reaction.

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