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Accounting in Antiquity*

BY JOHN P. YOUNG

Editor San Francisco Chronicle

A high stage of commercial development could not be attained by any community unless it were accompanied by a more or less elaborate system of accurate accounting, and that presupposes the use of some convenient means of recording transactions in a permanent form.

This assumption will scarcely be questioned by anyone familiar with the requirements of trustworthy bookkeeping. But it appears that there are many scholarly persons who assume that ancient peoples managed to evade this necessity and were able to carry on great and varied operations with a system, or rather lack of system, as crude as that of the barkeeper who chalked up the drinks obtained by his customers on trust on a board kept back of the bar.

About ten years ago the editor of "The Outlook" in an article on abbreviations, in which considerable learning was displayed, endeavored to demonstrate that the Roman propensity to avoid spelling out long words and sentences was induced by the fact that their principal medium for writing was the tablet covered with wax on which the writer scratched what he had to say with a stylus.

This suggested to your lecturer the desirability of demonstrating that the use of paper was general in antiquity, and that the tablet, despite the fact that it is frequently alluded to in the classics in a manner calculated to confuse, was never employed in the time of Cicero except for temporary purposes, just as we now sometimes employ a slate or something else from which an erasure may easily be made.

The investigation proved very interesting and disclosed the fact that from the very earliest period of which we have knowledge, that can be considered historical, there must have been systems of accurate accounting, and that the ordinary medium for recording transactions was paper, and not, as is sometimes carelessly assumed, such durable materials as clay tablets or, as sug-

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gested by "The Outlook," the tablet covered with destructible wax.

It is hardly necessary to describe to an assemblage of the sort I am addressing the limitations upon accuracy which adherence to the use of clay or wax would entail, and I feel assured that all my hearers will agree with me that no perfect system of accounting could be attained unless a medium as flexible and handy in every particular as paper existed.

It therefore seemed to me that if the evidence pointed to extended commercial intercourse in antiquity that fact in itself furnished conclusive evidence that paper was used thousands of years before our time in all ordinary transactions, and that the tablets with the wedge-shaped inscriptions, discovered in recent times in that region which was once ancient Babylon, were intended to serve as permanent records.

Among these tablets is found a large proportion of contracts and accounts. Some of the latter are what might be termed primary entries, and this fact has led to the assumption that the bookkeeping of the Sumerians was done on soft clay which was afterwards baked. It is perhaps presumptuous to place against the opinion of an archeologist that of a practical man, but it is only by viewing the subject from every standpoint that the truth can be ascertained.

The learned in such matters assert that the Babylonians, or the people who spoke the Sumerian language, and inhabited the plains of Mesopotamia, named the twelve signs of the zodiac and divided the equatorial into 360 degrees at least 2200 years before our era, and that they also determined the length of the sidereal year and were accustomed to reckon the latitude of the stars from the zenith of Elam just as we reckon longitude from the meridian of Greenwich.

Being deficient in astronomical knowledge, and weak in mathematics, I made inquiry concerning the nature of the calculations necessary to arrive at the above results and learned that the necessary calculations would fill many sheets of paper. The conclusion drawn was that if the assumption that the Sumerian astronomers employed clay they would have had to start a brickyard every time they wished to work out a result; and that bookkeepers, on occasion, might find it necessary to run several of them in order to prepare a satisfactory balance sheet.

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Among the resurrected knowledge concerning this ancient people we have a codification of laws attributed to Khammurabi. A German Assyriologist ventures the opinion that the culture of the people for whom this code was made had attained its completed form some five or six thousand years before our era. It would be rash to challenge his assumption for from this code we are enabled to extract that the cities of that period maintained an octroi; that there were customs and ferry dues collected and highway tolls and water rates imposed, all of which implies the existence of a complexity which is the product of a slow and laborious evolution.

From the code we also learn that trade was practiced on an extended scale and that agents were far afield. The law strictly defined the relation of principal and agent and that of creditor and debtor. Claims could not be enforced unless they were properly entered, and a false entry on the part of an agent was penalized threefold, and if the principal was found guilty of a similar offense he paid a sixfold penalty. There were banks and the use of drafts or checks was common, and the resurrected tablets show that there were innumerable legal decisions concerning contracts, deeds of conveyance, bonds, receipts, inventories and accounts of all kinds.

Although much is left to conjecture, and we have yet to learn of the methods of these ancient accountants, we may reasonably be sure that they were methodical for when courts of law are invoked to settle disputes between debtor and creditor care is taken to secure accuracy. And indeed that is indispensable to the conduct of affairs on a large scale. It is unthinkable that there should be a great commercial development without the accompanying feature of systematic accounting, and it is equally certain that the operations of a nation high in the scale of civilization, with revenues to collect and receipt for or disbursements to make, could be carried on without public accountants.

Coming down a little nearer to our time we find descriptions of the activities of a people whose name is almost a synonym for commercialism, and whose trading proclivities are frequently referred to in the Bible. The Phoenicians, whose bold navigators circumnavigated the continent of Africa, and whose merchants had dealings with all the peoples of antiquity must have developed some of the highest forms of accounting. They planted

factories wherever the opportunity for trading offered, and these, being in the nature of permanent agencies, and operating on an extended scale, were necessarily required to make showings that would prove satisfactory to the parent establishment which was often a joint stock concern.

Of Sidon and Tyre we are told that they traded in fine linens from Egypt; blue and purple dyes from the isles of Elisha; silver, iron, tin and lead from Tarshish, which they obtained from the Carthaginians; slaves and brazen vessels from Greece, Tubal and Mesech; emeralds, purple embroidery, fine linen, coral and agates from Syria; corn, balsam, honey and gums from the Israelites; fine wools from Damascus; polished ironware, precious oils and cinnamon from Dan, Javan (Greece) and Mezi; magnificent carpets from Dedan; sheep and goats for slaughter from the pastoral tribes of Arabia; costly spices from Arabia and India; precious stones and gold from Sheba and countries in the south of Arabia.

The operations of these great manufacturing cities of antiquity were by no means simple exchanges. They represented all the complicated forms peculiar to modern commerce and involved the use of the same machinery we now employ in the transaction of business. There is even ground for the assumption that they had brought their methods of accounting nearer to perfection than we have, and that they were enabled by a device resembling that of the clearing house to settle balances of all kinds with a minimum of metallic money.

The Greeks who borrowed much of their civilization from Asia, greatly improving upon it in many particulars, undoubtedly followed the business methods of the East. They admit their obligations in some particulars with a freedom which might impel the hasty reader of Grecian history to imagine that they were anxious to repudiate all claims to originality.

This is especially noticeable in the Economics of Aristotle, who seems to find it necessary to furnish precedents for many of the practices of his countrymen in the customs of other nations. It is through this propensity we have learned of many things happening to other peoples than the Greeks of which we should have remained wholly ignorant had his works not survived.

It is to Aristotle that we are indebted for knowledge of the

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fact that most of the varied forms of credit we are now familiar with were well known to the ancients, and that in some respects their practices indicated a far better insight into the basic principles governing commercial intercourse than modern business communities possess.

Aristotle's definition of the functions of money is unassailable, and his descriptions of the various devices resorted to by active trading peoples to dispense with its direct use give us an insight into the business methods of numerous peoples. He tells us that notes as evidence of debt were in common use and he makes it clear by inference that the practice of discounting was prevalent. He speaks of loans made on the security of coming crops in order to provide the money for the payment of troops, and he lets us know that the funding plan was frequently resorted to in his time, all of which points to a mistake in the assumption that "a national debt is a national blessing" is a modern discovery.

We also learn from Aristotle and other Greek writers that the democracy of Athens was rather insistent that a full accounting of all transactions should be made by those who served them. It is evident from this that the system of public accounting was pretty well developed. That there were experts who made it their business to overhaul these accounts is abundantly testified to by the frequent accusations of "graft" brought against officials, some of whom appear to have been as vulnerable to improper influences in Greece a couple of thousand years ago as they are to-day in American cities.

The Greeks did not content themselves with well-ordered public affairs; those of the private citizen were evidently also looked after carefully. Xenophon in his book on economics gives a picture of the management of a household which indicates that the wife had responsibilities imposed upon her far greater than is commonly inferred from those fugitive allusions to the part she played among her women. He says: "Resources come into the house for the most part by the exertions of the husband, but the larger portion of them is expended under the management of the wife, and, if affairs be well-ordered, the estate is improved; but if they are conducted badly they are diminished." In another place he describes duties imposed upon the lady of the house, the performance of which must have required exact accounting as

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they involve the necessity of stock-taking with the view to the determination of whether the estate has been illy or profitably administered.

Transferring our attention from Greece to Rome we are not surprised to find that its citizens were appreciative of the value of exactitude which finds its expression in accounting, for has not Pliny the Elder told us that it was the custom of the Romans to imitate and make use of all the good things practiced by their neighbors or the people they conquered and assimilated?

If I had the same opinion of the Romans as that commonly entertained I should not quote them as an illustrious example; but I take the liberty of disagreeing with all those historians who have assumed that Rome was merely a conquering nation whose people were deficient in the manufacturing and commercial instinct, and assert broadly that no nation in antiquity surpassed it in all those practices which go to make up a great trading country.

The evidence is overwhelming that the conquests of Rome, like those achieved by its modern prototype, Great Britain, were the necessary outcome of a development which demanded expansion and that they were not inspired by a desire to despoil weaker peoples. It is not essential to the working out of my theme that I should furnish proof of this but in passing I may say that the wars with Carthage in their inception were trade conflicts pure and simple, an assertion borne out by the fact that they were terminated by commercial treaties, which secured for Rome the right to trade with Carthage and her colonies.

Now closet-historians may conceive the possibility of a nation going to war with another nation to compel it to sell goods to its subjects but I am sure you will not. The Carthaginians were manufacturers and traders and it is unthinkable that they would interpose obstacles to anyone buying from them, but if we are to believe the most eminent writers of history Rome made war upon them to secure that privilege. The assumption is rank nonsense. The treaty which concluded the first Punic war by its provisions gave the Romans the right to trade in Carthaginian territory and within Carthage's sphere of influence, and might serve as an excellent model for a modern reciprocity treaty which we all know has as its inspiration the desire of both signatories to sell—the buying matter always takes care of itself.

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The misunderstanding concerning the industrial condition and attitude of ancient Rome is as great as that which has produced the impression that the Roman provinces were administered solely for the purpose of plundering their inhabitants. Evidence which ought to conclusively demonstrate that misgovernment was the exception is easily accessible, and much of it has a direct bearing on the subject I am treating as it vividly portrays the fact that the people of Rome demanded a strict accounting from those who served them in an official capacity. But my time will not permit me to treat this phase in detail, and besides there is other testimony more to my point in the orations of Cicero.

That eminent legal luminary and politician in a speech in which he appeared for an actor named Roscius, gave an excellent sketch of private Roman bookkeeping which would permit any of my hearers to reconstruct the system. Roscius had engaged to teach a young slave who was articed to him his art, that of the comic actor. The slave was killed and the actor brought an action against the man who killed him and recovered damages to the amount of 100,000 sesterces. The man who had articed the slave had also recovered damages from the slayer, and suppressing the fact sought to make Roscius pay over one-half of the amount received by him. In his argument Cicero dwelt at length on the reputation of Fannius, the man who tried to overreach the actor, but his strongest point was that directed against the suspicious character of the bookkeeping of Fannius. Cicero said: "He says that I am indignant and sent the accounts too soon; he confesses that he has not this sum entered in his book of money received and expended; but he asserts that it does occur in his memoranda. Are you then so fond of yourself, have you such a magnificent opinion of yourself as to ask for money from us on the strength, not of your account books, but on your memoranda. To read one's account books instead of producing witnesses is a piece of arrogance; but is it not insanity to produce mere notes of writings on scraps of paper? If memoranda have the same force and authority and are arranged with the same care as accounts where is the need of making an account book? Of making out careful lists? Of keeping a regular order? Of making permanent record of old writings? But if we have adopted the custom of making account books, because we put no trust in flying memoranda, shall that which, by all individuals is con-

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sidered unimportant and not to be relied on to be considered important and holy before a judge? Why is it that we write down memoranda carelessly; that we make up account books carefully? For what reason? Because the one is to last a month, the other forever; these are immediately expunged, those are religiously preserved; these embrace the recollections of a short time, those pledge the honesty and good faith of a man forever; these are thrown away, those are arranged in order. Therefore, no one ever produced memoranda at a trial; men do produce accounts and read entries in books."

Few of my hearers would have any difficulty in reconstructing the main features of Roman bookkeeping from what I have quoted. The remarks of Cicero apparently show that the Romans kept a cash book and ledger, and that the latter was posted regularly every month. I ran across a criticism some years ago in a book on "Commerce in Antiquity," which was written towards the close of the eighteenth century by a Scotchman named MacPherson, in which the author ventured the opinion that no journal was used, but the absence of reference to such a book is untrustworthy evidence, for its use may have been so familiar that Cicero did not deem it necessary to mention it.

It is hardly probable that great care would have been exercised in writing up cash transactions, and that loose memoranda of credit transactions would have been deemed sufficient. Although there is no direct statement to that effect we may reasonably be certain that there was a day book, and that the complexities of Roman commercial intercourse pointed the way to the use of devices which would check the work of accountants.

The critic I have spoken of assumes that the hastily written memoranda, "with alterations or blottings," were posted from directly, and that they were thrown away every month, but this hardly seems probable. If that was really the practice, and there was nothing intervening between the destroyed memoranda and the ledger, the expenting of books would have been a difficult procedure, although Cicero's reference to the evidence of witnesses to a transaction being of more consequence than the accounts suggests something of the sort.

The Romans long before Cicero's time had recourse to the joint stock system; and they had developed the business of banking to such a high degree that the moneyed men of the capital

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practically financed the world of the period. Some of the names of men most familiar to us were engaged in money operations on a scale that justly entitled them to be regarded as the Morgans and Rockefellers of their time. Private individuals are on record as making loans to countries to prosecute wars and industrial enterprises. Mining operations were carried on in the provinces on a vast scale for men who lived in Rome and furnished the capital. Pliny tells us that in Spain hydraulicking was engaged in to such an extent that mountains were literally washed away. In all the large provincial cities agencies of various kinds existed whose headquarters were in Rome.

It is inconceivable that these great and varied occupations could have been pursued without carefully devised and elaborated methods of accounting suited to each class of business. It is not probable that the petty shopkeeper kept his books in the same manner that those of Croesus were kept. Croesus, as you know, was the richest man in Rome in the period when Cæsar and Cicero were flourishing, and if we are to believe Ferrero, the most recent of Roman historians, he was the most extraordinary product of the times, for actually, if we are to accept the verdict of the historians, although the greatest money-lender in Rome, he was also the active friend and backer of Catiline who, they say, was advocating the abolition of all debt, and to accomplish his purpose was quite ready to burn down the city.

But it is not to point out the inconsistencies or dwell on the absurd conclusions of historical writers that I refer to Croesus, but to call attention to the fact that his method of keeping track of affairs must have been highly elaborated to permit him to do what Plutarch tells us he did, and what no historian has seen fit to challenge despite its inherent impossibility. Croesus, he says, had an organized corps which, when a fire occurred in the city, hastened to the scene and at once made overtures for the purchase of the burning property, and that in the neighborhood which happened to be menaced by the flames. As the habit of mortgaging property was quite common in Rome these operators must have been walking halls of records to be able to carry on a business of the kind suggested.

They probably did nothing of the sort. The evidence is not clear, but the story points to the existence of some method of insurance against fire. Marine underwriting we know was quite

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common, for we have recorded instances, and nothing is more likely than that precautions to insure against disaster on the sea would be imitated by those interested in property on terra firma. Croesus was probably largely interested in fire insurance and the corps spoken of by Plutarch was a body of men similar to our fire patrols, and their business was to extinguish fires before they gained headway. The misconception may have arisen through this corps refusing to exert itself when they knew Croesus had no interest in preserving a particular property from destruction.

It is to emphasize the belief that a people as advanced in commercial practices as the existence of marine and fire insurance imply that the operations of Croesus are cited, and to suggest that primitive methods of bookkeeping would have been out of place in such a stage of development; and also that it is in the highest degree improbable that accounts were kept on paper that was rolled on a stick as most commentators of ancient affairs assume was the case with manuscripts. MacPherson declares that "the books of the ancients which were not like ours, which are bound together by the inner sides of the leaves, but were long rolls containing divisions called 'poginae' which we call columns," and takes issue with Scoliger, who in touching upon the subject of accounts in antiquity assumed that what was paid out was written on the face of the paper and what was received on the back of it. MacPherson observes that this would be a very inconvenient arrangement, and I think you would all agree with him if you ever tried to keep the accounts of a big business on rolls of paper.

As a matter of fact there is no good reason for believing that manuscripts in rolls were the only form of books known to the people of the time of Cicero. Pliny, who edited an encyclopædia which embraced a good deal, if not all, of the knowledge of his times, makes statements that contradict such an assumption. He tells us that the manufacturers of Rome made several kinds of paper, many varieties of which he expressly names, and he describes one kind which he says had the defect that "upon a single leaf being torn in the press more pages were apt to be spoiled than before."

Differing again from the Scottish Critic who expresses wonder that the Romans never hit upon any device for multiplying copies of a manuscript, I feel reasonably certain that they did

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have such a device, and that it accounts for the extraordinary cheapness of books in the first century of our era. I was led to investigate this branch of the subject by the perception of the fact that a fac-simile process of some kind seems an absolute essential when governmental operations are carried on at a distance from the central authority as they were during many centuries by the Romans.

In another case in which Cicero was the prosecutor, that-against-Verres, we find him saying, "For I knew it was the custom of the collectors who kept the records, when they gave them up to the new collector to retain copies of the documents themselves." Of course, it is possible that these copies may have been laboriously produced by scribes, but when we consider the fact, which has often been overlooked, that the Romans were familiar with the process of transferring elaborate designs chased on silver vessels, and that they also were accustomed to reproducing patterns on walls, it seems in the highest degree improbable that they never hit upon a method of multiplying copies of documents.

These are interesting speculations, but the obscurities in such accounts as we have, while they challenge investigation, are not near so important as the many perfectly clear statements testifying to the prevalence of careful accounting, and to the fact that accountants were held in high esteem in antiquity. In the oration just referred to, that-against-Verres, who by the way was a wonderfully accomplished grafter, Cicero refers to the scribes as an honorable body of men, "because to their integrity are entrusted the public accounts and the safety of the magistrates."

It is true that he also had something to say about those who betrayed the trust reposed in them, but he characterized them as men unworthy their calling and intimated pretty broadly that they effected their entrance into the honorable guild to which they belonged by improper methods. From his remarks it has been inferred by commentators that although there were rules which made it necessary for any one to obtain a position as public accountant to be a member of the order of scribes, that political boosting at times succeeded in putting men into place who lacked the necessary qualifications. These Cicero roundly denounced, while he declared his perfect willingness to accept as arbitrators in the case he was trying the men who were indignant

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that their order should be disgraced by the presence of black sheep who had gained their positions by the improper use of influence and money.

The speeches against Verres by Cicero completely establish that there was no looseness in governing the Roman provinces. Curiously enough they have been drawn upon to support the contention that the provincial system of Rome was hopelessly corrupt, and that the people of the provinces were regularly stripped by their Governors. It is true that Verres was a great scamp and answered perfectly to the description of the man who would steal everything but a red-hot stove, but over and over Cicero declares directly and by implication that his methods were exceptional. Speaking of the unsatisfactory condition of Verres' accounts, and alluding particularly to the meagreness of detail concerning an expenditure of 2,235,417 sesterces, he asked: "Is this giving in accounts? Did either I, or you, O Hortensius, or any man ever give in his accounts in this manner? What precedent is there of any such in all the number of accounts that have ever been received by public officers?"

It is certainly extraordinary to infer general malversation from a speech in which the declaration is made that the accused had violated all precedents, and whose withering scorn of the offenses charged was applauded by the jurors and the people, and which resulted in the voluntary retirement into banishment of the man who had used his office to enrich himself. It would be absurd to assume that Roman provincial officials never abused their powers, but it is still more absurd to assume, as is commonly done, that the people of Rome were steeped in corruption to such an extent that they approved the rascalities of their officials.

If it were not for the fact that the zeal of the middle ages for the complete extirpation of all traces of paganism resulted in the destruction of a vast quantity of ancient literature, we should be able to get a clearer and more comprehensive view of accounting in antiquity. Unfortunately the monks have left us little of the purely technical of the past. They were ruthless editors and relentlessly cut out what they imagined would interfere with the attainment of eternal happiness hereafter, and as a result they interfered greatly with their present, definitely arresting the world's progress for many centuries.

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But what we have left suffices to make plain that during hundreds of years the systems of public and private accounting had been brought to a high degree of perfection in antiquity, especially among the Romans. And even though we have but meagre details of what was accomplished under the empire, we are well assured that its vast governmental operations were made easier of accomplishment by the skill of trained accountants whose business it was to keep track of the enormous receipts from all sources and the disbursement of the revenues. And even if there was a foundation for the assumption that the decadence of Rome was due to the extinction of patriotism, and the degenerization of the people, we may be sure that good accounting never contributed to that result. We should rather seek for it in another direction. When men began to center all their thoughts on a hereafter, and despised the things of Earth, accounting must have had its usefulness curtailed until by degrees it was shorn of all its virtues, the knowledge of which almost wholly disappeared in the gloom of the dark ages, and it was not restored until the aspiration for material things, after the arrestment of nearly a millennium, again started the world on the road to prosperity.