Confession and Bookkeeping

(excerpts)*

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Introduction

[p. xiii]

The thesis informing this study is that analogous to the ancient potlatch (and the recent advent of social and environmental accounting), double-entry bookkeeping (DEB) arose from a sense of indebtedness

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on the part of late medieval merchants toward creator, church, and commune. Burdened with this debt, they felt compelled to certify in writing that for everything they earned something of equal value had been returned, and that for everything meted out something else was deserved. Many terms can be used to enframe this sense of indebtedness: "finitude," "limitedness," "creatureliness," "animality," "death consciousness," "lack," "existential evil," and "sin." Since this last is the word that the medieval mind itself typically employed to depict its state, I use it here. To rephrase the preceding proposition, then: DEB arose from a scrupulous preoccupation with sin on the part of the faithful medieval entrepreneur. This, not the least because of his dirty work: profiting from money-lending under questionable circumstances in direct contravention of Church law. This is to say, the medieval merchant found himself in a morally problematic situation that necessitated that he justify himself not only to ecclesiastical authorities, but to these authorities internalized, the voice of his own conscience. To this end he turned easily and naturally to the standard rhetorical models of the day, producing what we now know as DEB. My argument is not that DEB can be used to legitimize commercial activity: a proposition that is now well-established. It is that DEB was devised by modern Europe's first bookkeepers expressly to serve rhetorical ends.

As to the question, what instilled in the merchant's soul such an overweening awareness of personal sin, my answer is: the Roman Catholic sacrament of private penance, or as it is popularly known, confession. Far from being coincidental, the introduction of compulsory confession in 1215 and the appearance of DEB soon thereafter are meaningfully, if not strictly causally, related. The advent of communal chronicling, manorial accounting, the family scrapbook, the personal diary, and so forth, were all elements in a vast accounting enterprise that arose near the end of the Middle Ages. Each in their own way is an exhibit in a larger European project of moral improvement, a project both stimulated by confession and reflected in it.

I am hardly the first to observe a theological component in business record-keeping. It is widely acknowledged that history's first business documents, preserved on clay tablets from Mesopotamian city states (ca. 3000 BCE), concerned almost exclusively temple purchases and disbursements (Oppenheim, 1964: 231). In all of the major world religions, furthermore— Zoroastrianism (Pahlavi Texts, part I, 30.4–33), Judaism (Deut., 7.9–11), Islam (Qur'an, s. 17, v. 13), and Buddhism (Tibetan Book of the Dead, 75)—divine judges keep ledgers on their communicants. Following their deaths, the moral balances of each are said to be weighed in the scales of justice to determine their fates in the hereafter. The Book of Revelations in fact alludes to a kind of double-entry bookkeeping. Each person's credits and debits, we are told, are entered not just once, but twice: first in the Book of Accounts, a judicial record kept on earth by humanity, and again in the Book of Life, a register of citizenship in the heavenly Jerusalem (Rev., 20.11–15). All of this is to say nothing of medieval penitential literature that abounds with references to a divine "Auditor" who hears accounts. One can also find remarkably modern assertions like the following, attributed to Pope Cyprian (252 CE): “The blood of martyrs he [the penitent] can carry to his “credit” [*in acceptum referre alicui*], as the businessman can his gifts, interest earnings, and gambling winnings” (Watkins, 1920: I, 209). Nor did the conflation of business and moral/spiritual accounting disappear after the Reformation. Far from it. Methodist Church founder John Wesley, Daniel DeFoe, Samuel Pepys, Baptist evangelicals, the deist Benjamin Franklin, the Shakers, Harmony Society, and more recently, the Iona Community in Britain, all (have) insist(ed) that the keeping of meticulous financial accounts is part and parcel of a more general program of honesty, orderliness, and industriousness, which is to say, of Protestant rectitude. Late eighteenth-century bookkeeping instructors advised that

> if the necessary regularity in keeping accounts is observed;... a man call tell at one view whether his manner of living is suited to his fortune, [and] he will con-

> sequently be enabled to form a proper medium for adjusting his expenses to his income, by which means he may be guarded against… the evils of intemperance; from whence flow so many vices…. (Yamey, 1949: 104–5)

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Confession and Accounting

[p. 28]

As the personal account of their spiritual development was to the medieval poet and mystic, the financial account was to their more worldly counterparts, the urban merchant and the rural estate manager. In fact, a popular allegory used in period literature to depict the sacrament of confession was precisely that of a "wicked steward" giving an "account" of his misdeeds to the "bailiff" of the manor who serves as agent for the divine "Auditor."

But thou must abide in the house of thy heart pondering well and examining all thy faults of which thou shall yield account and answer to God and to his bailiff (that is, thy father-confessor). And thou shall think also on thyself, as does he that is required to yield account of his receipts and of his dispenses to his lord. Wherefore every man and woman shall ponder his sins straight-forwardly and look well to the stirrup of his conscience, so that it does not fail in the count. For even if thou fails at thy account, God will not fail at His when he cometh. (Francis, 1968 [1942]: 173–74, my translation) Today, of course, business records are comprised largely of figures and dates. This is a far cry from the spiritual autobiographies of a Francesco Petrarch or a Margery Kempe. It is therefore difficult to appreciate that originally there might have been something more than just a figurative parallel between business chronicling and moral confession. As an aid in this effort, I offer the following points. First of all, like biographical accounts generally, medieval business ledgers originally were not transcribed in tabular form, but as complex sentences. Indeed, guild statutes of the day expressly forbade bookkeepers from using Arabic notation and columnar displays in posting accounts for fear that they could too easily be falsified (Raymond de Roover, 1943: 150). According to Armando Sapori, "not a few of the surviving [medieval account] books... are so remarkable for beauty and aptness of expression, for acuteness of observation, and for their wealth of information that they have been published for their value as philological texts" (Sapori, 1953: 56). In sum, then, the use or the non-use of numbers and columns by themselves bear little on the purposes served by an account. Business records can be preserved in convoluted longhand; moral ledgers (as the cases of Cotton Mather and Benjamin Franklin, to name just two, demonstrate) can be tabulated and quantified.

Second, it also helps to keep in mind that like any action—sex, politicking, or war-making—commerce is an inherently moral enterprise, even if it is not always strictly ethical. In other words, buying and selling are not just mindless movements or "operants" (as Skinnerian psychologists might say); they are conscious acts, behaviors made "meaningful" by the reasons, stories, or accounts given for and about them (Arrington and Francis, 1993). This being so, commerce naturally and easily fell under the jurisdiction of the medieval Church's confessional regime. And as this occurred, business narratives began assuming an apologetic, justificatory voice; to the point that the information reported in them eventually came to comport exactly to that routinely solicited by priests in the course of their confessional inquiries: Who took part in the transaction? What goods or services were involved? Where did it take place? When? Why? And how much money was involved? I will return to the significance of this fact later.

Third and finally. Perhaps not unexpectedly, then, after 1300 a species of moral obsession regarding private business dealings began to make an appearance within the merchant class. This is reflected in the increasingly shrill insistence on the part of period commentators that merchants and bankers keep tidy and comprehensive daybooks and ledgers, in which they "note day by day and hour by hour even the minutiae of transactions... never spar[ing] pen and ink" (Raymond and Lopez, 1955: 376–77). It is in this context that the moral—psychological significance of double-entry bookkeeping is best understood.

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[p. 67]

Without exception, Renaissance ledgers open with the following exordium: *a nome di dio Guadagnio* (in the name of God and Profit); or, with a more elaborate version such as this from the books of the Florentine company of Corbizzi, Birolami, and Corbizzi (1332–57):

> In the name of God and of the blessed Virgin Mother Madonna St. Mary, and of St. John the Baptist and the Evangelist and of all the Saints, male and female, of Paradise, that by their holy pity

> and mercy they will grant us grace for a holy, long, and good life, with growing honor and profit, and the salvation of our spirit and body.

Additionally, it is common to find atop each ledger page either an exclamation like *Laude Deo*! (Praise God!), "Christ be with you all," or more typically, a holy cross ("+Jesus, Florence 23 May, 1380"). These literary devices, together with the practice of crediting *Dio* or *messere Domendeddio* with some of the profits—God's so-called credit entry—unequivocally demonstrate that medieval merchants sought to create the impression that profit was not being pursued in an ethical or spiritual vacuum. God himself, Christ's own mother, Mary, and the saints and angels witness not only to the truth of the ledger entries, but more importantly, to the justice of the earnings accrued. Ill gotten (usurious) gains, as noted in chapter 4, typically are restituted back to victims or to charitable Church trusts set up for them.

Pacioli explains these practices thusly: The object of business may be profit (although as seen earlier, he is never this direct). But the capital required for running a successful firm will not be loaned a merchant unless he has good credit. Among his most precious assets are his trust and fidelity, "[for] truly everyone is saved by faith, without which it is impossible to please [even] God," much less mortal man. "Therefore, [they] should commence their affairs with the Name of God at the beginning of every book, always bearing His holy name in mind," or with "that glorious sign from which all enemies of the spiritual flee".

The significance of Pacioli's directives is best understood within the context of medieval trade, wherein contract-making was eminently personal. Being, as it was said, of good honor and unblemished reputation (*bonae famae et illesae reputationis*) was, if one hoped to prosper, absolutely essential. Being acknowledged as upright and reliable in turn rested upon successfully conveying an impression of devoutness. A century and a half before Pacioli took up his pen, Paolo da Certaldo in his Libro di Bouoini Costume (1350), identified the relationship between business acumen, honesty, and piety in this way: “Persons who fear the Lord can easily save more money than those impious ones who purchase vanities. Disregard of religion leads to economic laxity in oneself and others. Beware of dealings with the… man who disregards his soul; such a person will fail to observe good faith in his dealings with you”. Benjamin Franklin could not have said it better.

Paolo, of course, was a renown cynic (as, by the way, was Franklin). He could advocate a show of piety in one setting, then with no qualm recommend bribery and chicanery in another, if it suited his purpose. The same cannot be said of Pacioli. His insistence that business always be conducted in “the sweet name of Jesus,” has all the hallmarks of sincerity. For profit-seeking to avoid being mere avarice (theft), he believed that it must always be integrated into the Christian cosmos. “Seek ye first the kingdom of God and His righteousness, and all these things [namely, profit] shall be added unto you” (Pacioli, 1963: 34). He even asks the reader to “remember to pray to God for me that I may proceed always doing well to His praise and glory" (98).

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Moral Accountability and Business Accounts

[p. 88]

I appreciate how, even after all these pages, it still must be difficult for contemporary readers to see how such a prosaic practice like bookkeeping could be religiously rooted and how it could have had such momentous historical consequences. For those yet to be convinced, I offer two final illustrations and an historical musing.

Item one: A series of papal edicts issued during the thirteenth century directing monasteries to centralize their control of obedientiaries (household officials) by, among other things, keeping written accounts of the community's revenues and expenses, and having these read annually by Church auditors.

The first of the Vatican's directives was issued at the very start of the Papal Revolution by Lucius II in 1144 to the monks of St. Pancras. These were later reiterated by Alexander III to the bishop of Worcester. The most notable and the largest volume, however, are associated with none other than the great Church reformer himself, Innocent III (Smith, 1951: 92–120). In Innocent's correspondence on the subject, monastic financial problems are treated as symptoms of general moral laxity. The immediate occasion for his directives were reports of simony, concubinage, violence, drunkenness, and embezzlement. As these moral plagues spring from the same source and feed on each other, Innocent reasons, then their cure is to be sought in the same place, specifically, by more rigorous accountability: requiring financial audits and personal moral confessions. Both would be conducted at least once yearly at Easter, hopefully more often.

The obedientiaries railed against Innocent's directives as "innovations" contrary to divine custom. As a result, they had to be repeated, first at the Fourth Lateran Council in 1215; then at the Council of Oxford in 1222; at the reformation of the status of the Black Order by Gregory IX in 1238, and finally in Pope Benedict XII's reforms of the Cistercian Order in 1355. Their breach was labeled "proprietarism." It was a crime punishable by loss of the Church's charter, ecclesiastical receivership, and confiscation of monastic land-holdings (Snape, 1926: 66–67). On those estates where the monks surrendered the ancient feudal prerogative to govern their own affairs without external oversight, financial accounting techniques rapidly reached higher levels of sophistication than those on private manors (Stone, 1962). We can also believe that the monk's behavior became, if not less scandalous, at least more canny and discrete.

Item two: Iona community, an ecumenical lay order founded in 1938, is located on an island off Scotland near what was originally a famous monastery (Jacobs and Walker, 2000). It is dedicated to enacting biblically based notions of peace, justice, and individual spiritual growth. Like Pope Innocent III's own reflections on the subject, the Iona communards understand that control over one's receipts and expenses is part and parcel of moral discipline, and that both require the periodic giving of accounts. To this end each member is required to provide written "report cards" on how they dispose of their time and resources, as well as oral confessions. Both are audited by assembled "family groups." Obedience to the Rule is a prerequisite for retaining membership in the community, a status acknowledged by the issuance of a "with us" certificate.

Like the medieval obedientiaries, some Ionians have protested against the intrusiveness of these inquiries that remind them of socialist welfare state policies and red tape. A few have even mounted campaigns of civil noncompliance against the presumed outrage; with what effect is still unknown. Finally, the musing. Today, of course, whatever religious resonances bookkeeping might once have had are entirely gone. Ledger postings have evolved from assertions of a merchant's humility and devoutness into ethically neutered tabulations entirely devoid of religious symbolism. The Cross of the Crucifixion is nowhere to be seen; the praise to God the Father, once found atop each folio, has disappeared; the dedication of books to Our Mother Mary and to the saints has been forgotten; God's Account has been closed permanently. In short, since the medieval era, accounting has evolved from bookkeeping "fictions," to quote A. C. Littleton, into bookkeeping "facts."

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