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tra età moderna e contemporanea**



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Direttore responsabile
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**La contabilità pubblica e privata
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a cura di: Amedeo Lepore
Francesco Fimmanò
Vittoria Ferrandino

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LUCA PACIOLI AND DISCUSSIONS AROUND SCIENTIFICITY OF ACCOUNTANCY IN RUSSIA IN THE 19TH CENTURY

Viatcheslav Sokolov, Svetlana Karelskaia ()*

Abstract: This paper considers the history of popularisation of Luca Pacioli's name as a founder of the double-entry accounting in Russia in view of the discussions about whether accountancy is a science. The paper describes in detail the first encounter of the broad Russian accounting community with Pacioli's paper until the First World War. This allows to define the persons who were concerned by accounting history. Among them were academics, practitioners in the field of accounting and community leaders. The methodological base of this research was the prosopographical method, consisting in determining a defined circle of persons, the formulation of a series of similar questions on dates of birth and death, place of living, education, type of activity, etc.

Keywords: Pacioli – Russia – Accounting

Sommario: 1. *Introduction.* – 2. *The first references to Luca Pacioli in Russia.* – 3. *The first Russian translation of the Treatise on Accounts and Records.* – 4. *Translations of Pacioli's and research on his life in the 19th century in Europe.* – 5. *Celebration of the 400th anniversary of the first publication of the Treatise on Accounts and Records in Russia.* – 6. *Conclusion.*

1. Introduction

The name of Luca Pacioli is very popular in Russia and especially with the accounting community which encompasses around five million people according to different estimates. Even those of them, who forgot the name of the Father of Accounting, definitely remember that someone said that he had been an Italian monk. Pacioli became popular relatively late. Publications (Sokolov 1994; Kovalev 1994; Kuter 2007), which consider Pacioli's writings, his biography and expansion of the double-entry accounting across Europe and Russia, have begun to appear since 1974 (2nd edition of the Treatise in Russian). Even the spelling of Luca's surname changes in line with the modern Russian language rules that require transcription in pronunciation and Cyrillic spelling of names. Previously Pacioli was transcribed as Paciouli ("Пачиоли") or even Paciolo ("Пачиоло") in Russian as was required by the transliteration rules common in Russia in the 19th century. By the beginning of the 21st century, Pacioli became an object of cult and was admired by accountants like Marx by communists. In Russia, research into Pacioli's work is often linked with the question as to whether accounting is a science. One can say that all Russian researchers studying Pacioli's heritage have had to deal with the history of accounting to prove that it should be treated as scientific knowledge. And, as such, they have continued the work of Pacioli himself who made accounting a part of the data science.

The history of studying Pacioli's life and work in different countries is widely covered by the modern literature: (Peragallo 1943; Roover 1955; Stevelinck 1986; Lee 1989; Thompson 1991; Hernández-Esteve 1994; Fischer 2000; Sangster, Stoner & McCarthy 2007; Yamey 2010; Stoner 2011; Lee, Bishop & Parker 2014; Ciocci 2015, 2015a; Pisano 2016; Dean, Clarke & Capalbo 2016; Bryer 2016; Baldasso & Logan 2017; Sangster 2007, 2018).

There are also many publications devoted to Pacioli and double-entry accounting in Russia (Babaeva 2014; Kuvaldina 2014; Kuter, Gurskaya 2013; Molchanova 2012; Tsygankov 2005; etc.). At the same time, lively discussions around accounting as a science and Pacioli as its founder were often held in Russia in the late 19th and early 20th centuries until interrupted by the revolution.

This paper considers only events of the 19th century – the initial phase of Luca Pacioli's introduction to the Russian accountants and the discussion of whether accounting is a science. The paper is based on the analysis of archival data, publications of the Russian historians of accounting and their biographies. It reviews the first references to Pacioli in the Russian accounting literature, their impact on recognition of accounting as a science, first studies of the Treatise and its appreciation by the accounting community.

This work relies on the use of different elements of the prosopographical method: determination of circles of persons interested in the relationship between accounting and science and mentioning the name of Pacioli in relation with this; the formulation of a series of similar questions, dates of birth and death, place of living, education, type of activity, etc. Such a method is used by applying to it a combination of historical and geographical aspects justified by the period under review, the 19th century, and the location, Russia.

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2. The first references to Luca Pacioli in Russia

The name of Luca Pacioli was first mentioned in the Russian literature by the authors of the first Russian books on accounting. These books are considered to be the writings titled *Accounting Self-Study Guide...* by K.I. Arnold (1809) and *Italian or experimental bookkeeping containing: simple and double-entry or Italian accounting...* by I. Akhmatov (1809). However, they could not be referred to as Russian books to the full extent because the first one was written by the German-born author in his native language and translated for publication by his followers Mr. Kozlov and M.r Nakhokin. The second one represented the Russian version of the book by Pierre Boucher *La Science des négocians et teneurs de livres, par feu Delaporte* (1800), which in its turn was an update of the book by Mathieu de La Porte *La Science des négocians et teneurs de livres, ou Instruction générale pour tout ce qui se pratique dans les comptoirs des négocians* (1704) and was not an original paper – as specified by the author himself on the title page of the book referring to the source: “Published with assistance of the celebrated authors Delaporte and Cruze”. In spite of the specifics of the above papers, the researchers (Sokolov 1996, 236) believe that these writings laid the foundation for the Russian school of accounting.



K.I. Arnold

Karl Ivanovich Arnold (1775-1845) was born in the Prussian town of Landeck and finished the high school in Dantzig. Upon graduation from the Berlin University, Arnold joined the well-known trading firm of Klein and Co in Riga as an accountant. It was one of the famous commercial houses in Riga. He married Dorotea-Charlotta Broun, a granddaughter of one of Peter I's (1) generals. When working in Riga, Karl Ivanovich took out Russian citizenship.

In 1804, when Karl Ivanovich left Klein and moved with his young wife to Moscow, he became a trusted man of Alexey Alexeyevich Kumanin (1751-1818), the richest merchant and subsequently city mayor (head of the city government) (1811-1813) in the period of Moscow's occupation by Napoleon. In the same year (1804), Karl Ivanovich set up a boarding school for teaching commerce to the young men with assistance of Kumanin, who donated a large amount of money, and encouraged by patronage of the Moscow merchants. In 1806, Alexander I (2) gave Arnold's commercial boarding school the name of the “Moscow Practical Academy of Commercial Sciences”. Based on the Imperial Edict of 24 April 1807, Karl Ivanovich was nominated as the “director and founder of the Academy” and was assigned the rank of titular councillor (civil service position equivalent to an army captain), that gave him a right to personal nobility. In 1910, Arnold was offered by the Finance Minister, Earl D.A. Guryev (1751-1835) a position of Assignment (Bank Note) Bank Inspector in the Finance Ministry (Official Directory 1810, 312; Arnold 1897, 312). Subsequently Arnold held a number of accounting positions with the Finance Ministry: an accountant of the Salt Supply Commission (Official Directory 1811, 414), senior accountant with the Foreign Trade Department (Official Directory 1812, 485), Cabinet of His Majesty (Official Directory 1823, 55) and General Staff (Official Directory 1833, 172). It is possible that Arnold's career was facilitated by his Rose-cross membership in his youth and subsequent participation in the Masonic establishments (Arnold 1897, 325). In 1840 Karl Arnold resigned with the rank of Councillor of State (brigade general) due to his illness and settled down in Finland where he was buried.

K.I. Arnold wrote: “the first author to write about double-entry accounting must have been Luca Pacioli, an Italian, born in Borgo San Sepulchro, whose book was printed in Venice in 1494 (Arnold, 1809, p. XI). In this way Arnold called Pacioli the first author and not the creator of Accounting, which, according to Arnold, is the Science of doing business, related to merchants, by registering in books in such precision and order so as to, on an hour basis, one could observe operations” (Arnold 1809, 1). Arnold noted that Pacioli was not the inventor of double-entry Accounting. In his posterior work *On the system of state Accounting*, published in 1823, Arnold noted that Italy “was truly the inventor of double-entry Accounting” (Arnold 1823, 4). Arnold further mentioned the statement from Karl Piter Tunberg (1743-1828) the famous naturalist and son of an accountant, that double-entry accounting could have appeared in Italy from Japan through missionary activity. (Arnold 1823, 4).

(1) Peter I (Peter the Great or Peter Alexeyevich) (1672-1725) ruled the Tsardom of Russia and later the Russian Empire from 1682 until his death in 1725, jointly ruling before 1696 with his elder half-brother, Ivan V. Through a number of successful wars, he expanded the Tsardom into a much larger empire that became a major European power and also laid the groundwork for the Russian navy after capturing ports at Azov and the Baltic Sea. He led a cultural revolution that replaced some of the traditionalist and medieval social and political systems with ones that were modern, scientific, Westernised and based on the Enlightenment. Peter's reforms made a lasting impact on Russia, and many institutions of Russian government trace their origins to his reign. He is also known for founding and developing the city of St. Petersburg, which remained the capital of Russia until 1917.

(2) Alexander I (Aleksandr Pavlovich) (1777-1825) reigned as Emperor of Russia between 1801 and 1825. He was the son of Paul I and Sophie Dorothea of Württemberg. Alexander was the first Russian King of partitioned Poland, reigning from 1815 to 1825, as well as the first Russian Grand Duke of Finland, reigning from 1809 to 1825.

Declaring Accounting a science produced a lot of displeasure in society. N.I. Gretsch (3) published a critic of Arnold's book *On the system of public Accounting* in the journal *The son of the country* (*Syn otechesvo*). He was the redactor of this journal. He strongly criticized Arnold and declared that Accounting is not a science but an "art acquired through effort and experience" (Gretsch 1823a, 84).

Arnold wrote a rebuttal also strongly worded: "the author only discovered one undisputable truth, that is: empty words are a most peculiar art, which demands only superficial information" (Arnold 1823, 276). In this rebuttal he maintained that "Accounting belongs either to commercial science if it teaches how to maintain books and accounts in accordance to merchant trade, or it is a branch of the science of state management" (Arnold 1823, 273). Later Arnold expressed doubts again that double-entry accounting could have appeared in Italy. Gretsch answered in an article: "we agree that science can exist and actually exists, that is accounting theory, but not in Mr Arnold's books" (Gretsch 1823b, 279). Gretsch maintained the indisputability of the Italian origin of Accounting (Gretsch 1823b, 282).

Ivan Fedorovich Akhmatov (1766-1829) graduated in 1792 in from the Moscow Commercial College founded by the well-known philanthropist P.A. Demidov (1710-1788). In 1805, he was offered to take a position of accountant and French (Official Directory 1805, I, 258) and German (Official Directory 1806, I, 429) teacher in the newly founded Kazan University. As a result of a conflict with the University's president I.F. Yakovkina (1764-1836), the godfather of his son, he left his service in Kazan, moved to St. Petersburg and took up an appointment as the senior accountant at the first division of the State Military Collegium's accounting agency (Official Directory 1808, 168). In a year, he was dismissed and only a year later took up an appointment with the customs accounting department. He explained his aspiration for government service and changing places by his wish "to test truth and falsity of an assertion that double-entry accounting could not be used in the public sector entities" (Akhmatov 1809, 344). In 1810, Akhmatov was transferred to the Debt Collection Commission (Russian State Historical Archives (RGIA) 737-87-155, 69). Subsequently the Commission's functions were transferred to the National Bank. Akhmatov stayed with this service for 10 years, rose to the rank of titular councillor (an equivalent of an army captain) and was dismissed (RGIA 633-2-2541, 303). Upon his resignation, Akhmatov began putting together the first Russian historical atlas at his own expense (RGIA 737-87-155, 10). He died in 1829 and was buried in St. Petersburg.

Akhmatov's accounting book was based on de La Porte's writings, however it did not represent its direct translation, as A.M. Galagan (1879-1938), the outstanding Russian accountant, researcher into the history of accounting and the follower of Fabio Besta (1845-1922) stated (Galagan 1927, 133). And Akhmatov himself clearly noted: "I've decided to translate into Russian what was already corrected and supplemented by Mr. Buche" (Akhmatov 1809, XI). A citation from Buche opens the book. Thus, Akhmatov translated, to be more correct, retold de La Porte's book closely to the original text with additions introduced by Buche.

Akhmatov's book had a significant effect on the Russian accountants, even Mr. Galagan, who criticised the book, noted that it "was definitely the best Russian literature on bookkeeping" for that time (Galagan 1927, 133). The book was the first in Russia to classify accounting as a science. Akhmatov wrote: "the subject matter of our science is to put together accounts for different affairs so that we could always be aware of their status" (Akhmatov 1809, I). It can be concluded from the Akhmatov's book that "for the first time we come across an assertion in that book which allows us to believe that accounting is a part of political economics" (Sokolov 1996, 250). This assertion will be repeated in the Russian literature by Vasilij Belov in 1893 and updated by Leon Gomberg: "political economics is based on accounting that constitutes a source from which it makes its conclusions" (Belov 1893; Gomberg 1897, 131).

Akhmatov named Luca Pacioli not only an author of the first paper on accounting but also the "founder of that science". And he intentionally deviated from the text of de La Porte and Buche by replacing the phrase "Brother Luc published his Treatise (La Porte 1782, XIII) with "monk Luc was the first founder of this science" (Akhmatov 1809, IX).

After Arnold and Akhmatov, Russian accountants only remembered Luca Pacioli and his role in creating modern accounting in the end of the century shortly before the 400th anniversary the Sum's publication. As soon as Pacioli's name reappeared in the Russian accounting literature, a question arose about the place of accounting in the system of sciences. This question became one of the key topics for the first Russian accounting journal *Schetovodstvo*, whose chief editor was the outstanding Russian accountant A.M. Wolf.

(3) Nikolay Ivanovich Gretsch (1787-1867) was a leading Russian grammarian of the 19th century. Although he was primarily interested in philology, it is as a journalist that he is primarily remembered. Author of a modern grammar of the Russian language, was a close acquaintance of James Buchanan, future president of the United States when he was an American envoy to Russia.



A.M. Wolf

Adolf Markovich Wolf (1854-1920) - an internationally known Russian accountant, a member of the Bologna Accounting Academy, fellow of the National Association of Italian Accountants, corresponding fellow of the Urbino Collegium of Accountants and corresponding fellow of the Institute of Dutch Accounts (Rotterdam) from 1894. He graduated from the Berlin Commercial Academy and was the editor and publisher of the first Russian scientific accounting journal *Schetovodstvo*, the founder of the first Russian Accounting Office – an accounting consultancy firm (RGIA 776-8-743). A friend and protégé of Vasily Belov who worked with him in the Urals metals industry.

In 1891, A.M. Wolf published a big article, *Luca Pacioli* (4), together with his portrait and facsimile in the *Schetovodstvo* journal (Pacioli 1891). In this article the author tried to explain the reason why Pacioli was often treated as the creator of the double-entry system. He wrote: “The masses who always like to attribute the efforts of a number of generations to one person, once again have had a feeling they need a legend. This time, they have assigned to monk Pacioli the honour of creating a concept that had actually existed already and was not a new invention” (Pacioli 1891, 98). Contradicting the fact that the double-entry system was developed by Luca Pacioli, Wolf recognised his merits as the first author of a paper describing the double-entry accounting and serving as the basis for its extensive use in practice. “He 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”, Wolf wrote (Pacioli 1891, 100). However, having admitted the practical value of Pacioli’s *Treatise*, Wolf had found no scientific context in the work. He wrote: “Luca Pacioli’s writings do not describe the genuine double-entry theory [...] Having no theory there may be explained by the fact that the double-entry system applied at that time was a result of its practical uses developed on the basis of purely empirical (experimental) approach” (Pacioli 1891, 100). The most famous Russian researcher E.G. Waldenberg who published the translation of the *Treatise* into Russian in 1893 agreed on this analysis of the *Treatise on Accounts and Records* and wrote in the introduction to its translation: “Pacioli’s paper does not represent the systematic description of the accounting framework which is called the Double-Entry Accounting Theory in the modern language, but Pacioli made the first step towards taking the lid off the bookkeeping knowledge that was hidden behind the mysterious veil of practice, and the first experience of double-entry recording fully belongs to him, and these merits are sufficient for him to take the first place in the history of accounting” (Waldenberg 2006, 63).

3. The first Russian translation of the *Treatise on Accounts and Records*



E.G. Waldenberg

Edward Grigorievich Waldenberg (1837-1895) was born in Warsaw. He graduated from a commercial school in Breslau and worked as an accountant at different trading companies. In 1874, he arranged the first commercial bookkeeping courses in St. Petersburg. Waldenberg was a lecturer at the St Anna College from 1875, at the Peter College in 1876-1876, at the Doctor Videman’s Secondary School for a few years, and at the Crown Prince Nikolai Industrial School for a year. He delivered lectures in Russian and German. In 1889, he was one of the founders of the Association for Dissemination of Commercial Knowledge, one of the first Russian associations of professional accountants. He was regularly published in the *Schetovodstvo* journal (Aa.Vv. 1895, 26-27; Tsygankov 2006, 196).

Eduard Waldenberg was the first translator of the *Treatise on Accounts and Records* into Russian. E.G. Waldenberg introduced his translation of the *Treatise* in a big article, *Luca Pacioli. Essay on his life and activities*, in which he gave the particulars of his biography. Waldenberg’s translation of the *Treatise* was often criticised. Ya.V. Sokolov assessed it as follows: «1) E.G. Waldenberg was a good accountant but not the best stylist; 2) being of German origin he was a convinced Russophile and it forced him to Russify the whole translation; it is enough to mention that he replaced the terms “debtor” and “creditor” mentioned in the original paper and widely known across this country with the Russian terms “obligor” (должник) and “obligee” (веритель); 3) and finally, the most important thing was that the translation was made from the German translation made by L. Jaeger, i.e. we have a translation of translation» (Sokolov 2009, 2009). The selection of the German version of the *Treatise* was likely to be explained not only by the fact that E.G. Waldenberg was German but also because he personally knew the author of the German translation of the *Treatise* Ernst Ludwig Jaeger (1828-1913).

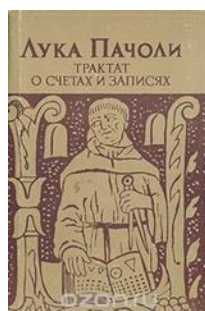
In spite of the above drawbacks, E.G. Waldenberg’s translation was used in Russia up to the recent time. It saw several reprints (1974, 1983, 1994 and 2001 – editions were prepared for publication by Ya.V. Sokolov). The new

(4) In the Russian literature of the 19th and early 20th centuries the last name of the scientist was spelled as “Пачиоло” (Paciolo). Pacioli himself used to write his name in various ways. He used to sign Latin texts as Paciolus, Italian – as Pacciolo –, and his request to Doge of 29 December 1508 was signed as Luca de Pacioli (Waldenberg 2006, 51).

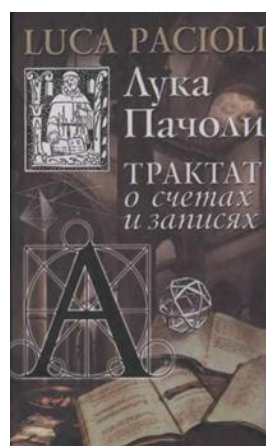
translation from the original Pacioli's paper was made in 2009 only. It was prepared and published by Professor M.I. Kuter in 2009.



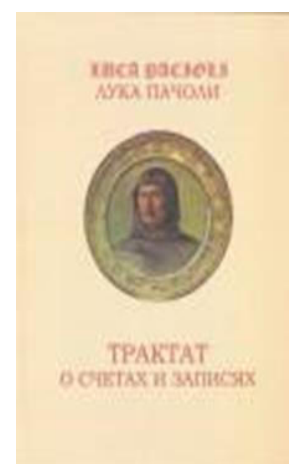
1893 edition of Pacioli's *Treatise* in Russian



1974 edition of *Treatise*



2001 edition of *Treatise*



2009 edition of *Treatise*

The translation of the *Treatise on Accounts and Records* into Russian was an event in the history of accounting science in Russia. "Since 1893 there has been no book that would not mention the name of Luca Pacioli as a minimum or analyse his ideas as a maximum" (Sokolov 2009, 229). Therefore, in 1894, the 400th anniversary of Pacioli's *Treatise* publication was marked by the Russian accounting community on a grand scale.

4. Translations of Pacioli's and research on his life in the 19th century in Europe

The translation of the Pacioli's *Treatise* in European languages started in 1876. The first translation was done by the German scientist E.L. Jäger in 1876 (Napier 2009, 33). After him V. Gitti (1856-1945) made a translation in modern Italian in 1878. Afterwards other countries started to translate Pacioli's works: K.P. Kheil (1843-1908) published it in Czech language in 1894 and J.-G.Ch.C. van Rijnberk Volmer (1865-1935) in Dutch. At the end of the 19th century, the *Treatise* were published in five languages including modern Italian and Russian.

The first researchers of Luca Pacioli's life and activity and the accounting part of his works were his translators (Jäger, Gitti, Kheil). In German were published the works of Jäger *Traktat des Lucas Paccioli von 1494 über den Wechsel* (1878) and Kheil *Ueber einige ältere bearbeitungen des buchhaltungs-tractates von Pacioli: Ein beitrag zur geschichte der buchhaltung* (1896). Kheil published his works in his mother Czech language. The most significant works on this question in the period under consideration according to historians are the researches by Italian authors. Based on data from S. Coronella, V. Antonelli and A Lombrano, who analysed publications on accounting history published in Italy during the second half of the 19th century, 31 works on Pacioli and his *Treatise* were published in Italian, 9 of which belong to his translator – V. Gitti, 5 – G. Brandaglia, 11 – V. Vianello, 5 – P. Bariola, 1 – E. Luchini (Coronella, Antonelli, Lombrano 2017, 224). The book of G. Brandaglia *Luca Paciolo considerato come ragioniere. Lezione tenuta nella R. Scuola Superiore di Commercio in Venezia il 30 maggio 1882*, published in 1882, was used as a source by Jäger's and Kheil's works. Gitti included a lengthy introduction on Luca Pacioli in his translation of the *Treatise*. This introduction was further used by Pacioli's Dutch translator Volmer in his own work (1896). The works of V. Vianello were widely cited in the 20th century (Coronella, Antonelli, Lombrano, 2017, 224).

5. Celebration of the 400th anniversary of the first publication of the *Treatise on Accounts and Records* in Russia

The 400th anniversary became the date from which Pacioli's name was finally written in the hearts of Russian accountants:

On 11 (23) December 1894, 13:00, E.G. Waldenberg delivered his lecture "Luca Paciolo. Essay on his activity and his theory as compared to the modern achievements in accounting" in the auditorium of the Petrovsky Commercial College (Fontanka 62, St. Petersburg). In spite of the paid entry (50 kopecks payable as a fee in favour of the teachers' beneficiary association), the lecture attracted a lot of audience and was described by a correspondent of *Schetovodstvo* journal as "rather welcome development". The lecture was such a success that those present asked him to repeat it several days later in the German language for accountants who did not know Russian well-quite a crowd in Russia at that time. This lecture was a result of many years of the author's work, research into the sources and cor-

respondence with his colleagues abroad (Aa.Vv. 1895, 27). Waldenberg did not call accountancy a science but when reviewing the description of double-entry principles, he used a phrase “duality law” which became sacramental for Russian accountants for many years. He also appreciated Pacioli as a teacher quoting his address to his followers with great piety: “It is difficult and even impossible to tell you everything but if you thoroughly study and firmly remember all my instructions given in this paper, you should be sure that your mind and experience will help you to do your business in a proper manner” (Waldenberg 1895, 49).

On 18 (30) December, Sunday, the Municipal Credit Society held a celebratory event in their head office “to give the private firm employees an opportunity to participate in the event” where accountants were offered three reports by: A.M. Wolf “Short historical essay on accountancy development and importance of Luca Paciolo”, V.D. Belov “Practical importance of accounting and its current status” and I.D. Hopfenhausen “Social position of accountants in Russia” (In the Association for Dissemination of Commercial Knowledge 1894, 299).

The event opened with a welcome speech on the occasion of the anniversary from the deputy chairman of the Association for Dissemination of Commercial Knowledge Vladimir Vasilievich Sabanin.



V.V. Sabanin

Vladimir Vasilievich Sabanin (1853-1907) graduated from the Imperial St. Petersburg University with the bachelor of laws degree. In 1876, he began his career in the Senate (Supreme Court). Then he served in the administrative department of the Interior Ministry, subsequently as a senior officer in the Foreign Ministry and from 1901 he headed the service for decoding inspected diplomatic mail. He was the founder of the Russian Telegraph Agency and held the rank of actual state councillor (an equivalent of an army major general). Thanks to his acquaintanceship among those in power, it became possible to publish the first Russian journal *Schetovodstvo*. He wrote a number of articles on the benefits of manual labour, technical education, artisan industry, archaeology and bibliography. V.V. Sabanin had a large library a part of which was transferred by his son to the St. Petersburg University in 1911 after his death.

An official opening of the event was delegated to V.V. Sabanin because he was the deputy chairman of the Association for Dissemination of Commercial Knowledge which was in charge of organising important events. This organisation had operated in St. Petersburg since 1889 and positioned itself as a professional association bringing together scholars and practitioners in economics. The major part of its members were accountants that is why the organisation undertook arrangements for these jubilee celebrations. In his welcome speech to the participants of the event, V.V. Sabanin was the first to articulate an idea of creating a centre for testing knowledge of those who look for positions in the commercial world and where commercial and industrial entities who need such skills could submit their requests. He noted: “We would like to create a core which the whole accounting family could cluster around and tap on our knowledge and energy for fruitful public activity”. (Lvova 2005, 55).

A.M. Wolf’s report “Short historical essay on accountancy development and importance of Luca Paciolo” contained the description of the accounting evolution and analysis of Luca Pacioli’s Treatise and its importance for the modern accounting theory and practice. A.M. Wolf built his description of the accounting evolution on the hypothesis that any human being has an inherent “psychic and innate need for calculation” (Wolf 1895, 75). This need had brought the humankind to invention of the double-entry accounting over time. This happened at the time when people “began taking interest not only in individual items, wealth, rights and obligations”, accounting for which, according to the speaker, was an objective function, but also in causal links between them, when relations between agents and their influence on these items, wealth and rights were established” (Wolf 1895, 77). Luca Pacioli described the accounting practices which existed in the XVth century in his Tractate. For this purpose, the author selected the best option as he thought – the Venetian model (Wolf 1895, 90).

A.M. Wolf, as opposed to E.G. Waldenberg, was rather restrained in his assessment of the Pacioli’s Tractate. He identified only two strengths of the work and gave the whole list of its weaknesses. The first strength noted by A.M. Wolf was the description of an account closing procedure where the accounts of the opening and closing balance sheets were absent. The idea was discussed by E.G. Waldenberg in his speech on 11 December 1894. According to Wolf, the accounts “were absolutely unknown in the times of Pacioli. They appeared later and turned to be unnecessary ballast. Currently, after 400 years of application, there is a necessity to destroy them completely in the general ledger as fully irrelevant” (Wolf 1895, 91). The verdict of the two scientists to stop using “the ballast”, which was announced at the 400th anniversary event, had implications. So, the accounts were no more used in practice in Russia.

The second strength of the Treatise noted by A.M. Wolf was the balance carryforward method described by Pacioli. When closing books and opening new ones, all account balancing amounts were recorded in the General Ledger only, without making any records in the journal. Due to this, “the journal was kept as indeed a chronological

record of transactions performed” (Wolf 1895, 91). Thus, the journal was used as a register for chronological record purposes and was free of reference accounting entries necessary to complete accounting procedures.

A.M. Wolf noted the following deficiencies of the Pacioli’s Tractate:

1) Inability to identify profit and loss for certain sale transactions. The reason was that the Treatise described how to identify the total financial results for the year. A.M. Wolf believed that the weakness was more aggravated by the fact that the Treatise gave no description of how to calculate and record that result (Wolf 1895, 91).

2) Non-systematic presentation of accounts in the General Ledger. Accounts were opened in the systematic accounting register “one by one, as they were entered into the journal; when a double-entry sheet of an account was completed and more space was needed, the account records were started after the last recorded account” (Wolf 1895, 91). However, the critic himself made a comment saying that in that case Pacioli was out of any reproach as he described the practice widely used at those times.

3) Lack of compliance control over amounts in the journal and the General Ledger necessary to identify errors resulting from omitting an item when entering data into the General Ledger. The deficiency was caused by a rule of carrying accounting entries over. The rule required that only their balances (interim balance), not debit and credit total, would be carried over (Wolf 1895, 91-92).

4) Lack of description of the double-entry theory in the Tractate. “The Treatise sets rules for opening accounts and recording transactions; it gives a detailed description of how books are opened and closed. However, not always you may find how accounts should be titled and why they should be debited and credited. The document does not always explain why every amount should be recorded on the debit side of one account and on the credit side of another” (Wolf 1895, 90-91).

However, with these deficiencies noted, A.M. Wolf did not deny the value of the Pacioli’s work. First of all, he treated it as a historical monument that could have been subject to research by those studying the history of accounting (Wolf 1895, 90). The speaker believed, for the purposes of the accounting development, it played the role of a point where theory of accounting started its journey, while the book did not describe the theoretical aspects of accounting (Wolf 1895, 93).

At the end of his speech, A.M. Wolf proved the importance of accounting for business and specified the role of bookkeeping as a science. “Bookkeeping”, he said, “is as important to operations of a business as the light and air are to ourselves. If it is true that the supreme and ultimate goal of human activities is prosperity of government and private enterprises, while there is no doubt in it, then no other science may be valued as much as accounting. It is so because the major objective of accounting is to improve the business order, ensure reasonable and comprehensive business operations and achieve the supreme cultural goals in the area of business. Safeguarding the interests of certain parties, the science of accounting serves as the best tool to secure economic interests of the society. It identifies risks and shows how to mitigate them; it reveals frauds and prescribes how to prevent and stop them. Due to these qualities, it serves as a powerful educational force developing the sense of order and honesty” (Wolf 1895, 107-108).



V.D. Belov

Vasily Dmitrievich Belov (1829(30)-1910) continued the event with his report “Practical importance of accounting and its modern status”. V.D. Belov was born in the family of the Demidovs’ factory manager in the Urals. Upon graduation from the law department of the St. Petersburg University, he worked in the zemstvo institutions (local government bodies in Russia after Alexander II’s reforms). Then he moved to the St. Petersburg office of P.P. Demidov, who had the title of San Donato Prince, and dealt with the sale of their villa in Italy. Mr. Belov did not lose his relations with the Russian metal manufacturers till the end of his life and was a member of the Management Board and the Director of Donetsk Southern Metals Association at the end of his life. In the 80ies V.D. Belov was deeply involved in the public activities, delivered reports, published scientific and journalistic papers. He was the author of the classic paper on the history of the Urals industry (Belov 1896). This and his other papers were often quoted by the Russian economists and even V.I. Lenin. V.D. Belov was an influential member of different societies and associations of entrepreneurs and economists: Congresses of the Ural Miners (since 1880), Permanent Con-

sultancy Office of Iron Producers (since 1887), Association for Promoting Russian Manufacturing Industries and Trade and Association for Dissemination of Commercial Knowledge (since 1889). These associations represented sort of lobbying organisations whose main goal was to defend proprietary interests of large manufacturers and liaison with the government bodies. Specifically, Mr. Belov lobbied construction of Nizhny Tagil-Irbit railway.

Mr. Belov was the chairman of the founders meetings in the Association for Dissemination of Commercial Knowledge. On 18 October 1889, he received the majority vote at the foundation meeting for electing the Board of 24 members (In memory of V.D. Belov 1910, 6). Such outstanding accountants as I.D. Hopfenhausen (1832-1910) – Chief Accountant of the Mining Department and E. G. Waldenberg (1837-1895) – Accounting Course Teacher joined the Board together with him. He also was actively involved in the political lobbying activity. A.V. Bolotov, Perm Governor, noted that it was Mr. Belov who promoted his appointment (Bolotov 1924, 132-133). Mr. Belov belonged

to the coterie of the Grand Prince Alexander Mikhailovich married to the sister of Nikolai II, founder of the Russian aviation. Mr. Belov was also a trusted person of S.Yu. Vitte (1849-1915), the Finance Minister and subsequently Chairman of the Council of Ministers and St. Petersburg Governor-General D.F. Trepov (1855-1906). Belov's political lobbying was noted by Leon Trotsky (Trotsky 1925, 240). V.D. Belov died in his Rubezhi estate near St. Petersburg in 2010 (The Russian National Library (RNL) fund-120, 116).

V.D. Belov had a different view on the content of the *Treatise on Accounts and Records* and its role in the scientific development as compared to Mr. Wolf. He called accountancy a science a year earlier in his article "Accountancy as a Science" in the *Schetovodstvo* journal (Belov 1893). Mr. Belov insisted that the science of bookkeeping had been developing its own way which was absolutely different from that of other sciences. The evolution of research knowledge in other spheres had passed "the dark times" when "the light of the science was just twinkling a little", V.D. Belov wrote: "at that time astronomy was busy with predicting a person's destiny according to the stars, and chemistry sought to discover the elixir-stone". He believed the history of accounting had no such times. The double-entry accounting "was initially born in an aligned and complete form, that now we have nothing to add to the fundamentals of the father of this science, Luca Pacioli" (Belov 1895, 30-31). The system was "the greatest discovery of the human mind" and only formal additions have been made over the past centuries. It was the perfection of the accounting system that made the bookkeeping develop in a special way, which was differed from that of other sciences. There was no need to reject false knowledge and replace it by the true one. While considering the future of the science, V.D. Belov said: "hundreds of years will pass, many of those that we treat as the laws of nature will be replaced by more general, more advanced rules. But the double-entry law will always remain the same, it will always remain an eternal and immutable law" (Belov 1895, 31). Admitting the double-entry law described in the Pacioli's *Treatise* as a perfect creation, V.D. Belov insisted that its basics should have been preserved and their essence should have been identified, and relations between accounting and other sciences should have been discovered.

According to Belov, the absolute priority of the academic community in the year of the 400th anniversary of the *Treatise on Accounts and Records* was to safeguard the basics of the double-entry system from those who were ready to "work on something more than a classical form and graphics". The accounting basics should have been protected from those who denied them and hence disaccorded "a coordinated work being done to encourage creative activity of the accounting profession". The split caused damage to joint efforts (Belov 1895, 32). The speaker aimed his criticism at the creator of the Russian triple-entry accounting system F.V. Yezersky (1836-1915), who was planning to celebrate the 25th anniversary of his own system the year following the 400th anniversary of the *Treatise on Accounts and Records*. V.D. Belov and his colleagues with the *Schetovodstvo* journal and the Association for the Dissemination of Commercial Knowledge had had discussions with the author of the triple-entry system over these twenty-five years. The speaker lamented the failed efforts which could have been applied to the development of "informative and new materials" contained in "the basics described by Luca Pacioli". These basics could be compared with "a seed which had all elements of a plant that could grow from it" (Belov 1895, 33). The second objective of the accounting development V.D. Belov believed was the expansion of its relations with other sciences. He appealed to overcoming the isolation of knowledge in accounting and statistics (called by the author as "the science of average numbers") which used accounting as the data source. The author saw the mutual improvement of the bookkeeping and law in their joint drafting of new property related regulations (Belov 1895, 32). The integration of the goals of accounting and political economics would allow considering the expansion of the subject of accounting, i.e. from private to government and public entities in general. To prove the latter, V.D. Belov reported on the results achieved in Italy where public accounting had already been introduced by that time.

The celebratory event was closed with I.D. Hopfenhausen's report "Social position of accountants in Russia".



I.D. Hopfenhausen

Ivan Dmitrievich (Johann Gennrich) Hopfenhausen (1832-1910) was born in a German family in Riga. He studied in the German high school in Riga. In 1855 he passed an exam to become a home teacher with the Imperial St. Petersburg University. In 1863 he was offered to take a position of chief accountant at the Obukhovskiy steel plant under construction, and in 1868 he took the same position in the management board of the Putilovskiy plants. In 1877, he became the chief accountant of the Mining Department. He was the actual state councillor (an equivalent of an army major general). (RGIA 40-2-111, 77-78). Hopfenhausen was one of the founders of the Association for Dissemination of Commercial Knowledge and Russian Firefighting Association. He died and was buried in St. Petersburg in 1910.

I.D. Hopfenhausen found the *Treatise* of Luca Pacioli to be the one that "still was full of significance and importance". He drew to the audience's attention that the author insisted that accounting books should always start with the Holy Cross and the words "in the name of God" thereby instructing to maintain accounts based on "the verity and truth" (Hopfenhausen 1895, 42). The same should be done today. Business and accounting environment has changed since the times of Pacioli. At those days, merchants kept their accounting records themselves. As trade and industry developed and economic and social systems changed, the trading turnover increased and the accounting process became more complex. All of the above laid the ground for appearance of the accountancy profession. An accountant is a specialist hired to maintain accounting records. However, the changes did not influ-

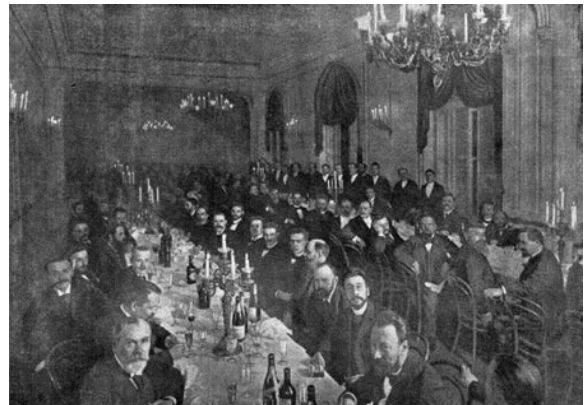
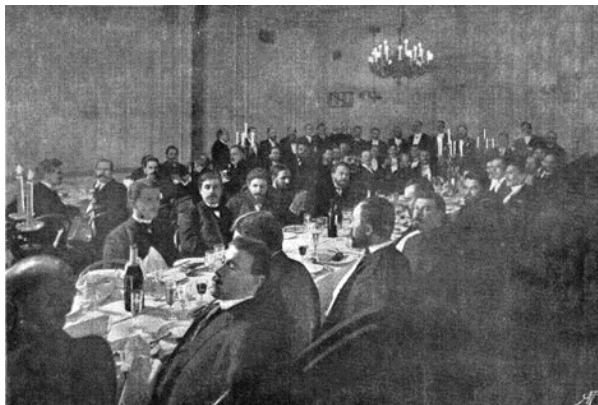
ence the main thing, i.e. a requirement for fair presentation of accounts and reflecting true facts. But it started to be more difficult to meet the requirement. “None of our extensive laws”, I.D. Hopfenhausen wrote, “codifies the rights and responsibilities of accountants” (Hopfenhausen 1895, 43). The absence of any regulation of relations between the entity’s administration and accounting function “reduced the role of an accountant to the level of a merely work performer thereby depriving the accounting of actual legal competency” (Hopfenhausen 1895, 43). All that led to the loss by the accountancy profession of its status value and attractiveness to the young. He complained that “in our specialised educational institutions young people do not aspire to become an accountant, and the bookkeeping loses its attractiveness” (Hopfenhausen 1895, 43). He observed that, even those who graduated from special accounting schools would change their profession at the first chance. As there was no “mental, moral and material census” in the profession of accountant, a bookkeeper who would have decided to maintain the truth when preparing the statements could lose his job and be replaced by those who were not afraid to depart from the truth. “Everyone is entitled to trade with debit and credit, account for and monitor banks, offices, plants, railways, property and life insurance, protect the interests of shareholders, owners and clients”. Randomly selected people were “authorised to prepare the statements, control multi-thousand or million worth of property, and safeguard the reputation of a business and the future of its owner” (Hopfenhausen 1895, 43-44).

To improve the situation, I.D. Hopfenhausen suggested introducing a special ranking by knowledge and responsibility. According to the speaker, there had to be a special organisation or a special institute, who would define whether specialists complied with the rank requirements. The institute had to monitor the way accounting professionals (a special class) met their responsibilities, protect their legal rights, perform administrative jurisdiction, have the right to admit new joiners to the class and expel them.

Thus, “Hopfenhausen 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 (the prototype for the Institute of Professional Accountants of today), licensing their activity, differentiating the profession between three groups (chief accountants, accountants and assistants)” (Sokolov 2009, 232). At the end of his speech, I.D. Hopfenhausen suggested setting up a humanitarian fund to help bookkeepers, their widows and orphans in the memory of Luca Pacioli (Essay... 1899, 51).

Both proposals were welcomed by the audience. The charter of the humanitarian fund was approved by the general meeting of the Association for Dissemination of Commercial Knowledge on 18 May 1895. After that, Prince Tatischev donated RUB 100 to the fund (Essay 1895, 159-160). The same month, a request and the draft charter of the Institute of Certified Public Accountants were submitted to the Ministry of Finance. However, the initiative was less successful. Even through long-term efforts, the professional institute was not established (Lvova 2005).

The celebrations ended with a dinner in the Medved restaurant which gathered over 150 accountants and bookkeepers of St. Petersburg.



Festive celebration of the Pacioli’s Treatise anniversary in the Medved restaurant

“The first toast to the health of His Majesty the Emperor made by Mr. Sabanin was received with enthusiasm and a round of cheers and hoorays. There were toasts to the well-being of society, the development of commercial knowledge, the Minister of Finance, the Director of the Department of Trade and Manufacture, deputies, Chairman, speakers, guests, etc.” (Sokolov 2009, 232). The two participants of the banquet (E.G. Waldenberg and V.F. Gauk) reminded to their colleagues of the outstanding achievements of professors E.L. Jeger and V. Jitti as the first translators and interpreters of Paciolo’s Treatise who initiated the distribution and popularisation of these oldest accounting guidelines. All those present showed willingness to express their gratitude to the above persons for their contribution and unanimously decided to send the following two messages by telegraph: “To Professor Ernst Jaeger in Stuttgart. Russian accountants have convened to commemorate the memory of Paciolo, recognise with gratitude your contribution to the development of science, drink to your health and send you a thunderous hurra! (*donnemdes Hoch!*)”. “To

Professor Vincenzo Jitti in Turin. We have gathered to commemorate the memory of Paciolo during a fellowship dinner. We are reviewing your contribution to the development of Bookkeeping, are raising a glass to your health and announcing a thunderous hooray in your honour". Both professors immediately responded by telegrams thanking for "the toast", and Jaeger even mentioned, "When I translated the Treatise 20 years ago, I could not even dream of being given such honour" (Sokolov 2009, 232).

6. Conclusion

The study of references to Luka Pacioli's name in Russia in the 19th century revealed both that Pacioli's name became the symbol of double-entry accounting while Luka himself was called the Father of Accounting, and that there is a close connection between Pacioli's research and the statement that Accounting is a part of scientific knowledge. In the course of discussions, the last statement took roots in Russia where Accounting is still considered a part of economic science. This research showed that in the 19th century, such views were promoted by the authors who advocated the French accounting tradition, whereas the German school tended to treat Accounting as practical activities. This hypothesis should be tested in subsequent studies.

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