

# Want to track real history, follow the money...



I came across another interesting historical anomaly the other day. It was about a man known as the father of modern accounting.

Accounting was fairly simple in the beginning, measured by how much coin you had in your purse or good were in your possession at the end of the day of trading. By the early 1300s, commerce was getting much more complicated. Current accounting methods really took off when Luca Pacioli wrote the book on double entry accounting.

<http://www.bbc.com/news/business-41582244>

Pacioli was Leonardo da Vinci's math teacher at one point. Pretty heavy credentials. However, Pacioli didn't invent double entry accounting, which actually predates him by about 200 years, but he's considered the father of it because he wrote the first book explaining it in detail, and likely codifying it into one method from many possible variations in use during his time. So what was happening 200 years earlier that spurred its creation?

As the idea of double entry may have derived in Venice as numbering converted to Arabic numerals. Venice was becoming a major trading center and maritime empire in the early 1200s. Trades where you only had to sum up transactions made that day evolved into contracts months or years in length. Keeping track of a business became much more complex. The written language still generally in use

at the time was Latin, so any accounting made use of roman numerals which were not amenable to easy addition and subtraction. Arabic numerals were much more useful.

Arabic numerals were actually invented in India and passed westward into Muslim lands. The Muslims were quite the scholars in their early centuries while Europe scratched out a living during the Dark Ages. Pope Sylvester II had studied in Barcelona (in Muslim Spain) in the 900s before becoming pope and used his position to introduce the Arabic numerals to the west. But no one saw the true value of them until much later when business complexity outgrew the usefulness of Roman numerals.

It is possible the Templars were using double entry accounting much earlier than the Venetians? Their records don't exist anymore, but considering their connections with the Muslim world and the complexity and scale of their banking system, they could have adopted it from the Muslims, who may very well have been using the technique themselves even earlier. Considering the secrecy behind Templar operations, double entry accounting could have been used for decades without the outside world knowing about it.

The Venetians seemed to have picked it up right as the Templars were being suppressed. In fact, Templars were employed before their suppression by some of these commercial empires for services other than money lending and soldiering. Templar influence affected all areas of commerce at the time. It wouldn't be much of a stretch to believe that when Templar accountants had to leave the order to avoid the Inquisition, they could have easily slid into positions with the Venetians, continuing accounting work they were already doing for them. And not just the Venetians. The Pisans, Genoans, and any other commercial empire in Europe at the time would have had Templar accountants available to them after 1307. With the veil of secrecy lifted on their accounting methods, it could explain the quick spread of double entry accounting with Arabic numerals through Europe during the 1300s, culminating with their domination with the advent of the printing press by the mid 1400s.

The earliest documents still in existence using Arabic numerals in Europe date from the late 1300s and all documents from the early days of printing made use of Arabic numerals for counting.

Quite possibly one of the anomalies in history I like so much.