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Zwischen Notiz und Bilanz.

**Zur Eigendynamik des Schriftgebrauchs in der kaufmännischen Buchführung
am Beispiel der Datini/di Berto-Handelsgesellschaft in Avignon (1367-1373)**

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English abstract

(Translation by Marita Kewe)

(Numbers in **[red]** = page numbers in the book)

[463] In the 14th century, methods of accounting were developed in Italy which today still form the basis of modern accountancy. This being itself reason enough for the mediaevalist to deal with that topic, the view of Sociologist Werner Sombart that the method of double-entry bookkeeping and the capitalist economic system are to be considered inseparable has led to intense research work about the account books of the late Middle Ages. It was above all Federigo Melis who - like Sombart - believed that double-entry bookkeeping can already be found in early 'capitalist' enterprises in the Tuscany in the last decades of the 13th century. Basil Selig Yamey has however shown that for the big Italian trading companies of the 14th and 15th century it was of minor importance which method of keeping account books was applied. The way in which double-entry bookkeeping was used in the Middle Ages hardly appears to be superior to single-entry bookkeeping with regard to its function of providing information for business decisions.

It has to be considered that, though very complex techniques of bookkeeping have been developed in late medieval Italy which today are still of fundamental importance, 'modern' functions of bookkeeping - for instance getting quick and reliable information about profits and losses - can only to a very limited extent be referred to as the incentives to develop these techniques. In what way were these elaborate forms of accounting established and what were the motives for producing them?

In view of this state of research, the present study deliberately disregards more complex presuppositions concerning the probable or actual incentives to develop refined techniques of bookkeeping. In a first approach the account books are only considered as a memo for business transactions without further assumptions about the intended purpose of these data. If the problem is approached in this way, the analysis must focus on the method of storing and processing information - i.e. the way in which business information is recorded and further treated. The state of research and the approach chosen in this work lead to the following methodological premises: 1st) The process of writing down business transactions is to be examined in a broader cultural context. 2nd) Because the focus is on the aspect of the treatment of information by means of writing, it is suggested that this process be examined synchronously on the basis, if possible, of all books of one trading company.

1st) In order to understand the structure of the account books, it is necessary to illuminate the cultural context in which the writing of these texts took place. Generally, it is possible to assume that already in the 14th century, on account of their education, most of the Italian merchants and their employees were able to read, write and do written calculations. However, the use of account books was not yet part of the school curricula; it was taught in the *botteghe* of the various *compagnies*. Compared with the 15th century, the institutional consolidation of what is understood by keeping account books was very small. Consequently, there was the necessary scope for the

evolutionary process in which the merchants could find new solutions for specific problems and reject procedures that were less suitable.

[464] If on the one hand latitude was thus given, which favoured this specific stage characterized by 'trial and error' in the development of accounting, it is nevertheless on the other hand to be noticed that, in the late Middle Ages, the method by which the merchants wrote down their business transactions was strongly influenced by a specific 'mediaeval' use of writing generally and in the Italian communes in particular. Both in the context of a very early use of writing - for instance in the Babylonian Empire - as well as in its modern use, the tabular form is chosen where it appears useful. In the high and late Middle Ages, however, a general use of tables, the sense of which actually becomes clear only if the numbers and terms on one page are spatially related, was limited to a few fields only, as in calendar calculation. On close examination, the bookings of the merchants, too, turned out to be complete sentences, which were skilfully made up in a page split into three columns. and the accounts can be regarded as texts, the sentences / bookings of which are in fact combined with each other by conjunctions. That does not mean to say that the businessmen were not able to draw up tables; these can indeed be found in the written material of the merchants. That rather means that writing down business transactions was strongly influenced by the way in which information was usually put down in writing in the Middle Ages.

2nd) From the beginning of the 13th century, the Italian trading companies used a more or less large number of business books at the same time, which were interlocked with each other. If accounting is considered to be a system in which data of business transactions are put down in writing, each of the books set up is basically of equal importance for the analysis. With regard to the approach chosen here, it is almost possible to go as far as to postulate in reverse that the waste books, i.e. the *Ricordanze*, and the *Memoriali* which are based upon them, are of more interest than the ledgers. At the same time, the relationship between one book and another is to examine, i.e. how and why entries of one account book have been copied in another one. Apart from the discussion of the motives which made the merchants set up the individual account book, the focus of attention is given the function of a particular book in relation to the other business books - with the former approach not excluding the latter one. In this way only, accounting in late medieval Italy can be understood and analysed as a form of treatment of information based on the use of writing. Most works on accounting are diachronic studies of the development of accounting based on fragments or individual account books from the 13th and 14th century which were part of a complex system of accounting. Considering what has been explained in this work so far, it is however necessary to take a different approach. Instead of diachronically examining books of different trading companies taken out of context, the function of accounting is to be studied in a synchronic analysis of all business writings if possible which a *compagnia* used during a relatively short period of time.

The trading company founded by Francesco Datini together with Toro di Berto in Avignon in 1367 and wound up in 1373 can be considered as the first enterprise of the Middle Ages of which (almost) all account books - from the waste book up to the secret book - have survived. The company's 35 account books in total, not kept on the double-entry system, can be divided

[465] into eight different types. After a succinct analysis of the form of the books and of the introductory comments, one representative of each type of the different account books was to be examined in detail. If there were within a group of account books variations of relevance compared to the 'usual structure' (as for instance was the case with the *Memoriale*), these were taken into account. In total, 10 of these 35 books were analysed in detail. The study was made with the aim of establishing the specific function of each account book by examining the structure of the account type(s) found in an account book as well as the structure of this book in general, and, in particular, the relationship of the individual account book to all the other books of the *compagnia*. For example, the *libro di entrata e uscita* (book of income and expenditures) was primarily designed not to know the cash in till, but to supervise the employees who dealt with cash. Besides the assignation of specific functions to the various types or groups of account books, the differences in continuity and efficiency, as far the keeping of books was concerned, indicate that the various functions which the merchants assigned to account books were of different significance. The huge amount of 100,000 entries in total which were recorded in the books belong to the accounts of the creditors and especially of the debtors. The large number of liabilities to pay which the customers owed the *compagnia* - and which were mostly caused by product sales on credit (credit purchases) - had to be noted down so that no losses of income resulted from forgetting a debt. The notes of the credit purchases were first recorded in chronological order in the waste book. During the few years of existence of the trading company, the businessmen completed five of such waste books, each book containing about 600 pages. Because of the fact that the merchant could not anticipate the customer who would enter his shop/business next and buy a product on credit, the books could not be structured in advance. In contrast to all the possibilities of electronic data processing today, in those days the notes in an account book could not be simply reorganized. Without reorganization, however, a 'loss of data' - i.e. in this context loss of earnings - was very likely because a) due to the large number, outstanding accounts somewhere between debt notes already cancelled could be easily overlooked and b) it was hardly possible to collect the entries belonging to one client in one attempt.

The businessmen solved this problem caused by the inflexibility of the medium mainly by going through their waste book at regular intervals, copying the outstanding debts and liabilities - and only those - in a second book, the *Memoriale*, and putting together all notes regarding one person. Only by copying the information still relevant in the *Memoriale*, data could be arranged in such a way that, basically, a loss of information was no more to be feared. Nevertheless, it was not sufficient to copy the debit entries just once. At long-term intervals, the accounts of the *Memoriale*, too, had to be checked and in a concise manner be recopied on a third level, in the ledger. It has to be emphasized that the *Memoriale* and the ledger were not designed for the purpose of providing a database that enabled the merchants to determine business success of their enterprise. It has been shown that even the books at the second and third level - like the waste book - primarily performed the function of being a memory aid for outstanding debts and liabilities. If bookkeeping was to fulfil this function, though, it was, in view of the structure of [466] the data to be recorded and the relative inflexibility of the medium, not enough to make a note of a business transaction only once.

It was necessary to compare the results of the synchronic study with the surviving account books from the period before 1360 in a second stage in order that something about the diachronic development of bookkeeping can be said on the basis of a synchronic analysis of the business writings of the Datini/di Berto trading company. Even from a diachronic perspective, the mnemonic function proved to be the chief purpose of early accounting so that it has to be assumed that already in the 13th century the merchants were forced to revise their notes.

It is the main thesis of this study that, without a change in the motives, numerous elementary methods of bookkeeping developed in a process characterized by its inherent dynamics; the 'bookkeeper' himself hardly contributed his share by providing comprehensive concepts. Instead he was forced to react to conditions to a great extent, as they resulted from the specifics of the data which were to be recorded and the high demands of the medium itself. The 'invention' of double-entry bookkeeping cannot be explained completely by this model, but the gap which remains between bookkeeping, which develops further by processes characterized by their inherent dynamics and that cohesive double-entry system proves to be relatively small and to be easily bridged.

In the course of this process, mainly characterized by its inherent dynamics, not only elaborate methods of bookkeeping were adopted. Since the data which were to be revised were presented not in tabular form, but as complete syntactic units, copying and regrouping the various sentences can be taken as a rudimentary form of interpretation of the text, which, however, was permanently to be made. Therefore, in the last chapter the question is raised what effects this - almost forced - 'text-processing' had on the merchants' mentality. By a comparison between the structural arrangement of information as found in the books at level two as well as three and the way in which the Italian merchants describe the events in the literary genre of the *libri di famiglia*, it was possible to discern striking parallels, which to a certain extent have already been established by researchers. Since the form of the 'texts' of the *Memoriale* and of the ledger are due to a process which the merchants went along with rather than initiated, it does not appear appropriate any more to interpret both textual genres as equal indications of the mental disposition of the merchants. Instead, some elements of the mercantile mentality were shaped by dealing with the account books and left their mark on the *libri di famiglia*.

In conclusion it might be said that the development of fundamental methods of bookkeeping did not result from a search for the best solution for the calculation of the profits the enterprise made; it was a consequence of the conditions which writing as a medium of memory imposed on the merchant. This interaction had the effect that the mentality of the merchants was apparently more influenced by their dealing with the account books than that, conversely, the comprehensive conceptual ideas of the businessmen had an impact on the structure of the books.

[467] Here, writing manifests itself not as a tool used by the *homo faber* according to his ideas, but as part of the cultural assets, which guides the action of its user by providing norms and determining procedures. The fact that a medium was produced by humans does not say anything about its availability in a certain situation. Medieval accounting developed further especially because it was inevitable that the merchants adjusted to the conditions of the medium and thus contributed to that dynamics which in the end led to elaborate methods of bookkeeping. It can be assumed that, in dealing with modern media, such processes with their inherent dynamics can

be discerned as well, their rules being established by the medium and not by the user. It remains to be seen if these inherent dynamics will lead to results comparable to those observed in the case of medieval accounting.