

## **Basil Yamey: Historian of Accounting**

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Trainee Chartered Accountants are not encouraged to think deeply about accounting. When I was training in the 1970s, I was expected to cram into my short-term memory the material provided by tutors, who had considerable experience about what the professional examiners were looking for. But I became aware that there was a considerable body of knowledge in accounting, much of it critical of the practices of the day. In 1977, I came across a newly published book, *Studies in Accounting*, edited by Will Baxter of the London School of Economics (LSE) and Sidney Davidson of the University of Chicago. This was the third edition (published by the Institute of Chartered Accountants in England and Wales – ICAEW) of a book that Baxter had edited as long ago as 1950. I was later to discover that Baxter had put the first edition (published by Sweet & Maxwell) together because he thought that there was a dearth of good quality material that he could use on his LSE accounting courses (Will Baxter had been appointed as the first full-time professor of accounting at LSE in 1947).

One of the chapters in *Studies in Accounting* was “Some Topics in the History of Financial Accounting in England, 1500-1900”, by B. S. Yamey. This was the first time I had come across Basil Yamey’s name, and I found the chapter to be a fascinating and highly scholarly read (the 19 pages of text are supported by five pages of notes), which provided a strong contrast to the ahistorical way in which we studied the accounting of the present for the professional examinations. I saw from one of the notes that Basil had edited, with the American accounting professor A. C. Littleton, a similar collection to *Studies in Accounting*. This collection was *Studies in the History of Accounting* (Sweet & Maxwell, 1956), and I determined to track down a copy and gain a deeper understanding of where accounting had come from and how it had developed.

When I finally ordered the book from the Bodleian Library during a short holiday in Oxford, I was astonished by the range of chapters, in terms not only of time periods but also of geographical reach: as well as studies of ancient, medieval and more modern Europe, the book included “Accounting in Colonial America” by Will Baxter, Louis Goldberg’s examination of “Some Early Australian Accounting Records” and “The Early History of Double-entry Bookkeeping in Japan” by Kojiro Nishikawa. I was particularly excited by the comprehensive survey “Greek and Roman Accounting” by Geoffrey de Ste. Croix, Raymond de Roover’s “The Development of Accounting Prior to Luca Pacioli According to the Account-books of Medieval Merchants”, and “British Company Accounting and the Law, 1844-1900”, by Harold Edey and Prot Panitpakdi. The last of these was

particularly informative as it provided answers to some of the things that had been puzzling me about where current British practices and regulations for financial reporting and auditing had come from.

I qualified as a Chartered Accountant in 1978, and my appetite for more formal study of the foundations of accounting had been whetted by my extra-curricular reading. My employer, the accounting firm Peat, Marwick, Mitchell & Co., consented to my taking, on a part-time basis, the MSc degree in Accounting and Finance at the LSE. Most of the teaching for this degree was given in the early evening, so I could continue to work full-time while studying. In the first year (1978-79), I had the choice of several options, one of which was “Business and Accounting History”. This attracted me because the accounting history part of the course was to be taught by Basil Yamey, so I would finally meet the person who had contributed so much to the study of accounting history. The first part of the course was presented by business and economic historians, including Leslie Hannah (then Director of the Business History Research Unit at LSE), Theo Barker (well known for his authoritative history of the glassmakers Pilkingtons) and Bill Reader (author of several business histories, including a study of the Metal Box Company). The group taking the course was small. Christopher Noke, who had recently been appointed as a Lecturer in Accounting at LSE, was sitting in on the course (Christopher was later to make an important contribution to accounting history through his “Accounting for Bailiffship in Thirteenth Century England”, published in *Accounting & Business Research* in 1981 – we were to collaborate in the early 1990s on two historical studies at the interface of accounting and law). Another student was Chris Swinson, a Chartered Accountant who was later to become President of the ICAEW and, after retiring, to gain a PhD from Durham University for a study of the history of financial regulation in the UK and USA.

When Basil began his coverage of accounting history in Lent Term 1979, we were immediately made aware of his extensive research contributions to the field (these had been conveniently collected together in *Essays on the History of Accounting*, published by Arno Press in 1978). Basil was particularly interested in the early printed texts on double-entry bookkeeping (DEB), in particular Luca Pacioli’s *Summa de Arithmetica*, the first printed book to include material on DEB. This book was first published in Venice in 1494. Basil considered that what he referred to as “Pacioli’s Pioneering Exposition” was deficient as a teaching book because it did not include an integrated model set of accounting entries and records, it did not provide a rule for identifying which accounts to debit and credit, and the procedure for closing and balancing the ledger was set out in a confusing manner.

Because the teaching group was small, Basil asked each of the students to present a specific topic, and I chose to cover the development of the exposition of DEB. I drew heavily on two chapters in *Studies in the History of Accounting*, “The History of Methods of Exposition of Double-entry Book-keeping in England”, by J. G. C. Jackson, and Basil’s own contribution “Edward Jones and the Reform of Book-keeping”. An important topic was the so-called “Sombart Thesis”, named after the German economic historian Werner Sombart, who claimed that DEB was necessary for the emergence of modern capitalism, by allowing business owners to manage their businesses “rationally”. As early as 1949, Basil had criticised this thesis (in “Scientific Bookkeeping and the Rise of Capitalism”, published in *The Economic History Review* – according to Google Scholar, this is Basil’s most cited academic journal article), and he was to reiterate his critique in several subsequent papers. Here Basil was applying his knowledge as an economist to question claims that DEB provided information that would help business owners to make better decisions. DEB could yield benefits through allowing for more orderly record-keeping, which became increasingly important as businesses grew in complexity. But DEB was backward rather than forward looking: it was not designed to provide information that would guide entrepreneurs in making decisions about what business activities would be likely to lead to the greatest returns. Basil pointed out that DEB was neither a necessary condition for commercial success (important businesses such as the Dutch East India Company apparently managed without DEB), nor a sufficient condition (plenty of businesses that used DEB failed).

The accounting history course was intellectually very stimulating, possibly because of how it operated as an interactive seminar rather than a one-way lecture. It certainly cemented my own interest in the history of accounting. In early 1979, Harold Edey, who was then the Convenor of the Department of Accounting, invited me to apply for a Lectureship in Accounting at LSE, and I began my appointment in September of that year. A highlight of my first year on the staff at LSE was the Third World Congress of Accounting History, which took place at the London Business School. Basil was one of the keynote speakers, warning us about the dangers of trying to write general histories of accounting when there was so much more to discover. I doubt that Basil could have predicted the explosion in historical accounting research in recent years, let alone the so-called “New Accounting History”, which was beginning to emerge in the 1980s. The New Accounting History was rather dismissive of traditional studies into the history of accounting practices, of which Basil was a master. It focused more on how accounting, and related methods of measurement and control, affected individuals, organisations and society, and many of the new accounting historians were from diverse interdisciplinary backgrounds such as sociology, human resources and education. Although Basil was arguably interdisciplinary in the sense that he came to the history of accounting from an economics

background, the new accounting historians dismissed the sort of economics that Basil championed as “neo-liberal late capitalism”.

I took over the accounting history teaching on the MSc in Accounting and Finance from Basil in the early 1980s, and continued to offer this course until 1993-94. Each year, only a few students selected the course, but this meant that I could teach it in the same way as Basil did, as a graduate seminar where all students participated. I was able to offer a full year course on accounting history rather than just half of a course, and I could therefore cover a wider range of topics, but looking back at my last reading list, I see that Basil has a dominating presence, with nearly 30 items that he wrote or that appeared in books that he edited. Basil continued to write for academic journals on accounting history even after his retirement, and his most recent paper appeared in 2012 (“Personal Accounts, Account Books and Their Probative Value: Historical Notes, c.1200 to c.1800”, published in *Accounting Historians Journal*). His important book *Art and Accounting* (originally published in Italian as *Arte e Contabilità*) was published by Yale University Press in 1989, and has been a key source for art historians as well as accounting historians.

I last saw Basil in 2006, when he addressed the celebrations at LSE to mark the 100<sup>th</sup> anniversary of the birth of Will Baxter. Basil had known Will back in the 1930s and early 1940s when they were both at the University of Cape Town, and Will, Basil, Harold Edey, David Solomons and other colleagues established LSE as one of the major centres for historical accounting research in Britain from the 1940s to the 1970s. The New Accounting Historians came along later, when Anthony Hopwood (Professor of Accounting at LSE from 1985 to 1995) was an important catalyst for this research trend, and I was fortunate to be able to work in both the “traditional” and the “new” accounting histories.

Basil’s lasting contribution to accounting history is the breadth and rigour of his scholarship, his willingness to challenge pre-conceived views, and his emphasis on studying not only what other people write about accounting but also how those who actually keep accounting records behave. Basil is held in the highest regard by fellow accounting historians – he is one of the very few people to receive the Hourglass Award of the Academy of Accounting Historians on two separate occasions for making “a demonstrable and significant contribution to knowledge through research and publication in accounting history”. Without Basil’s research, it is unlikely that accounting history would have emerged in English-speaking countries as an important branch of the discipline. Our knowledge of how accounting thought and practice have developed, and our awareness that accounting’s present makes sense only in the context of accounting’s past, would be greatly diminished.

If you need a brief biographical note, then you can use the following:

Christopher J. Napier is Professor of Accounting at Royal Holloway University of London. After qualifying as a Chartered Accountant in 1978, he became a Lecturer in Accounting at the London School of Economics in 1979. He was appointed Professor of Accounting at the University of Southampton in 1996, and moved to Royal Holloway in 2006. He was a member of the Council of the Institute of Chartered Accountants in England and Wales from 1997 to 2000. His main research interests are accounting history, financial reporting theory and practice, corporate governance and Islamic accounting. He received the Lifetime Achievement Award for 2016 from the British Accounting and Finance Association.