

Double Entry: How the Merchants of Venice Created Modern Finance. By Jane Gleeson-White. (New York: W.W. Norton & Company, 2011. Pp. 293. \$26.95.)

This delightful book is based on a false premise: that the work of Luca Pacioli on double entry bookkeeping in the 15th century could, somehow, “make or break the planet” (226) today. With degrees in economics and accounting, the author Jane Gleeson-White is currently studying for a PhD in creative writing and literature at the University of New South Wales. This background allows Gleeson-White to provide a well researched and insightful account of the life and times of Luca Pacioli, credited with the revolutionary introduction of double entry bookkeeping. This account comprises the first six chapters of the book. The final four chapters, plus epilog, are concerned with the evolution of accounting and capitalism from the Industrial Revolution to the present: “the very concept of capitalism encapsulates the double-entry system and could not have come into being without it” (164). In chapter 8, the connection between accounting, Keynesian economics and national income accounting is traced to a “landmark 1940 pamphlet [where] Keynes first developed a system of national accounts for the United Kingdom based on double-entry bookkeeping” (183). The chronological narrative ends with the ominous forecast: “Through the way it values – or does not – the finite resources of our planet, double entry has the potential to make or break life on the earth” (249).

While Double Entry over reaches to elevate accounting history to global importance, the narrative is lively and captivating. Incongruent notions such as “accountants remodeled as eco-accountants” (249) appear seamlessly in a chronology that stretches pleasantly across centuries. The scholarly value of the discussion is strongest in the first half of the book dealing with Pacioli. In this, Gleeson-White draws on knowledge and contacts gained as an intern at the Peggy Guggenheim Collection in Venice to compile a helpful biography of Pacioli. However, in order to give value to this content, the importance of Pacioli in the development of double entry bookkeeping is exaggerated. The important work by the medieval and Renaissance business historian, Raymond de Roover (1904-1972), goes unnoticed. There is confusion in Double Entry between accounting as a tool of management and control and the actual form and procedure of double entry bookkeeping. Building on contributions to accounting history in the first half of the twentieth

century, de Roover (1954) and others demonstrate that Pacioli did not make seminal contributions in either of these aspects of accounting. Rather, Pacioli compiled the 27 page bookkeeping treatise contained in the much larger *Summa de arithmetica, geometria, propotione et proportionalita* (1494) from sources available at that time.

As accounting history, the second half of Double Entry is hyper-modern, emphasizing the importance of accounting as a tool of management and control. The leap from a famous 15th century treatise on double entry bookkeeping to the modern world sees the extension of ‘accounting’ to include economics and the environment. Having already established the link between Keynesian economics, national accounts and double entry bookkeeping, the concluding chapter of Double Entry seeks to extend the national accounts methodology to include environmental accounting. In order to overcome the problems with widely used national accounting measures such as Gross Domestic Product, “environmental accounting is urgently needed at a national level not only for the survival of the environment itself, but also for its potential impact on poverty” (237). Such reforms “may be the one last hope for life on earth” (249). This point is reinforced in the last sentence of the epilog: “unless we start accounting for our transactions with the earth, we will bankrupt it for all future human habitation” (254). A fitting ending for an ambitious book that seeks to answer the world’s problems in less than 300 pages.

Reference

Raymond de Roover, “The Development of Accounting prior to Luca Pacioli according the Account Books of Medieval Merchants”, chapter 3 in A. Littleton and B. Yamey (eds.), Studies in the History of Accounting (London: Sweet and Maxwell, 1956).