

Jacob Soll, USC
INAA 25th Anniversary, San Francisco, 2017

Basic
Books/Penguin

THE RECKONING

FINANCIAL ACCOUNTABILITY
and the RISE and FALL of NATIONS



JACOB SOLL

- What makes states succeed or fail?
- Are there elemental ingredients?

- What makes states succeed or fail?
- Are there elemental ingredients?
 - Accounting = Accountability
 - Also auditing

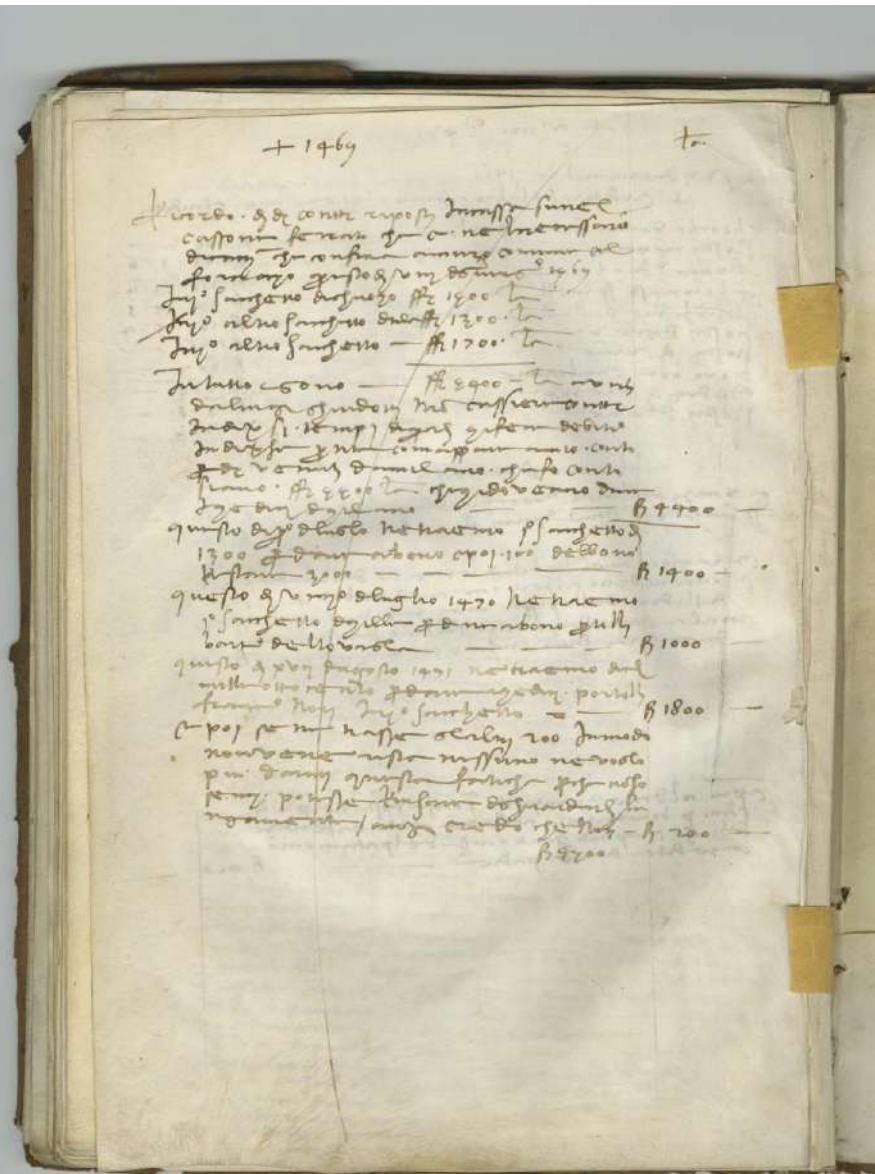
Cosimo de' Medici, 1389-1464



Medici Bank Secret Ledger early 1470s

Francesco
Sassetti,

Medici Bank
Chief
Accountant



Philip II of Spain, Ruled 1554-1598

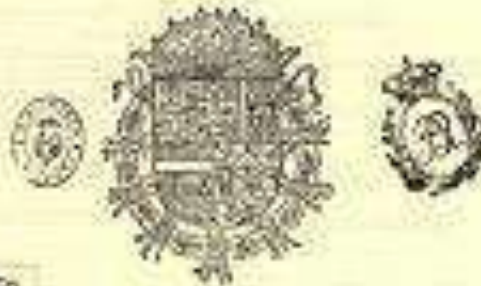


Bartolomé Salvador de Solórzano, *LIBRO DE CAXA y Manual de cuentas de Mercaderes, y otras personas, con la declaracion dellos* (1590)

LIBRO DE CAXA
y Manual de cuentas de Merca-
deres, y otras personas, con
la declaracion dellos.

*Compuesto por Bartolomeo Salvador de Solórzano,
natural de Medinaceli de España.*

DIRIGIDO AL REY DON
Felipe nuestro señor.



EN MADRID,

En casa de Pedro Madrigal.

M. D. X C.

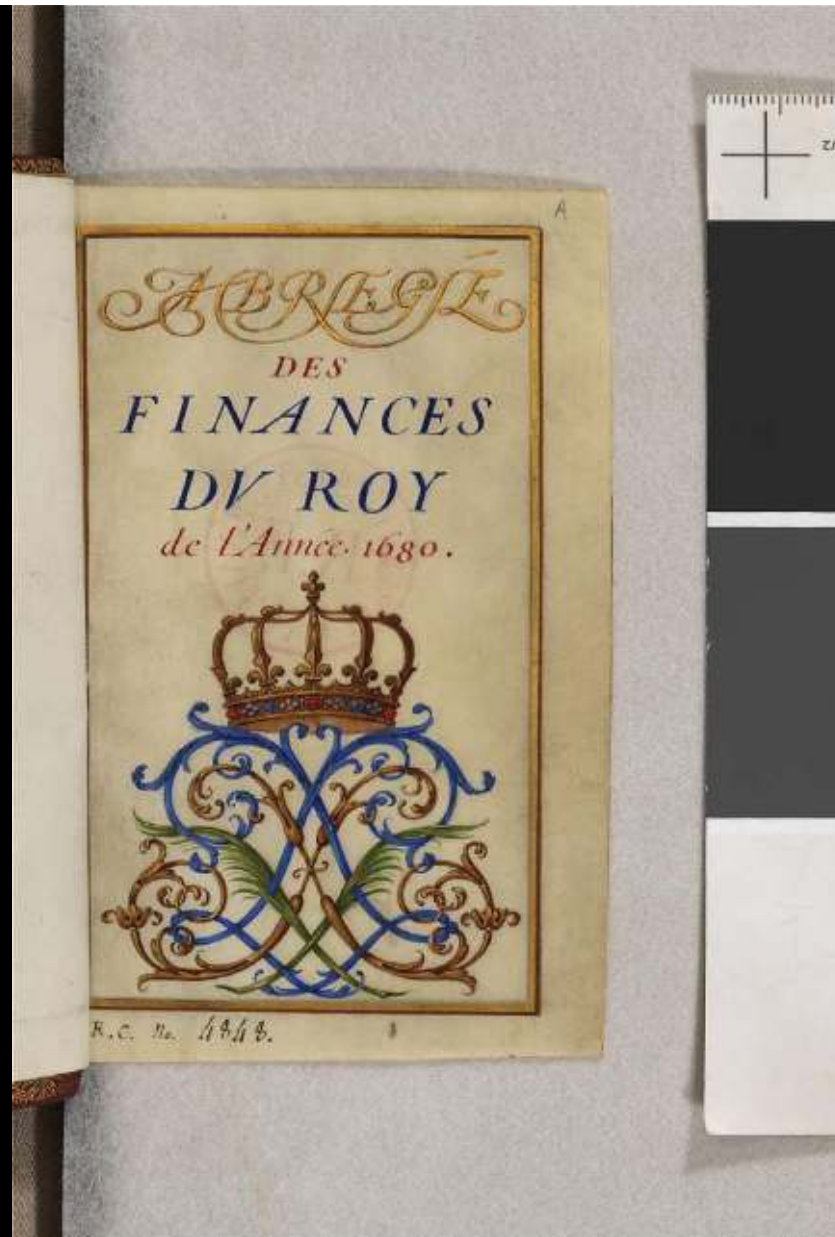
Louis XIV, 1638-1715



Jean-Baptiste Colbert, In power 1661-1683



Louis XIV's Golden Accountbooks 1661-83



PROJET
DES DEPENSES
DE L'ESTAT.

Pour l'Année 1680.

Maison du Roy.	9000000.
Comptant ez Mains du Roy.	20000000.
Bastimens,	7000000.
Extraordinaire des Guerres,	30500000.
Estappes,	10000000.
Lignes Suisses,	300000.
Garnisons,	2800000.
Gratifications aux Of- ficiers des Troupes.	6000000.

Europe, 1600



Hans Memling, *The Last Judgment*

Bruges, 1467-
1471
Pomorskie
Museum
Gdansk,
Poland



Portrait of the Merchant, 1530

Jan Gossaert,
Washington,
DC
National
Gallery



Quentin Metsys, The Moneylender and His Wife

Quentin
Metsys,,
Antwerp,
1514



Marinus van Remerswaele

The Moneychanger and His Wife

Antwerp,
1539



Quentin Matsys, *The Moneychangers*

Antwerp,
1549



Marinus van Remerswaele

Two Tax Gatherers

Antwerp,
Circa 1540



Early 16th Century Painting Depicting a Merchant, his Books and Death

Bruges,
Jan Provost



NOVISSIMA ET ACCURATISSIMA LEONIS BELGICI, SEU SEPTEMDECIM REGIONUM DESCRIPTIO.

Amstelredamum, Rotterdam, Dordrecht, Middelburg, Lissabon, Nieuwe Oude, Utrecht, Dordrecht, Zutphen, Groningen, 't Hof van Holland, 't Hof van Brabant, Brussel, Ghent, Mechelen, Luxemburg, Alost, Bergen, 't Hof van Brabant, 't Hof van Holland.

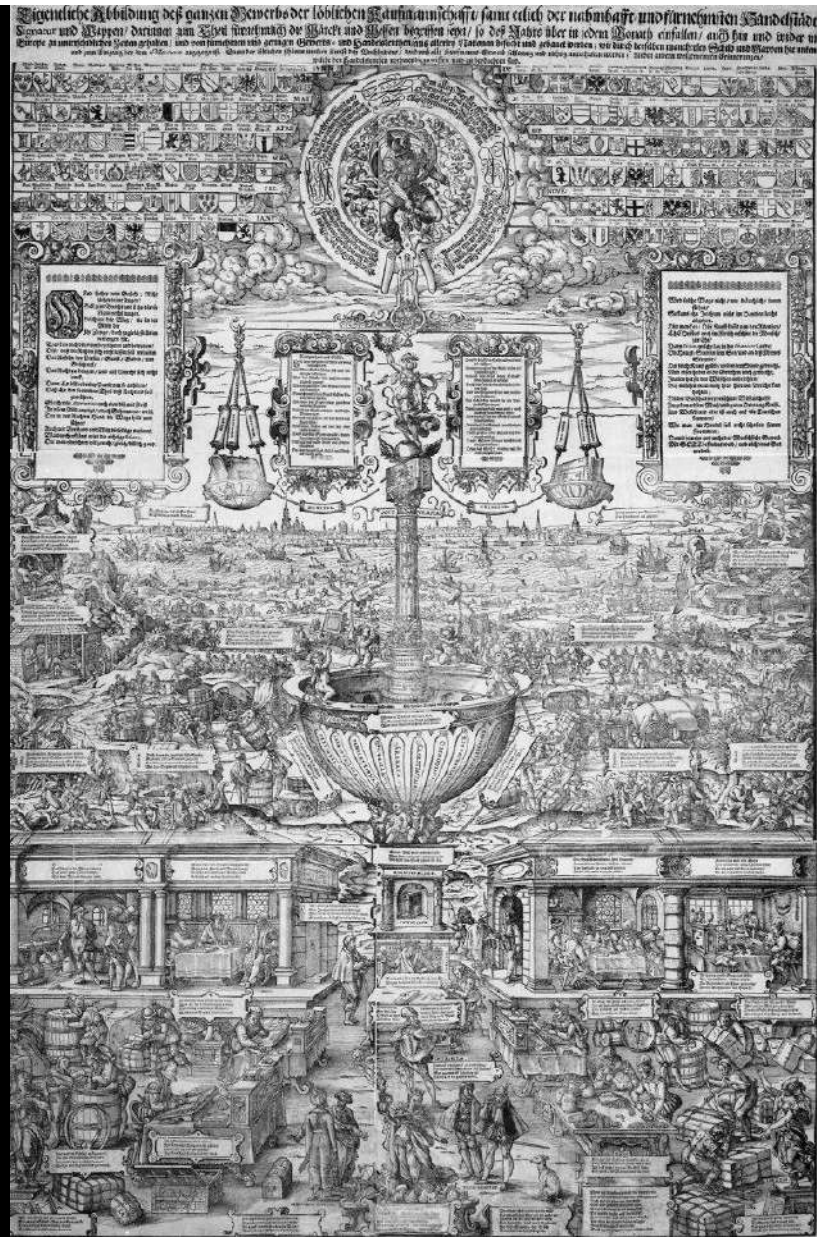
Amstelredamum, Rotterdam, Dordrecht, Middelburg, Lissabon, Nieuwe Oude, Utrecht, Dordrecht, Zutphen, Groningen, 't Hof van Holland, 't Hof van Brabant, Brussel, Ghent, Mechelen, Luxemburg, Alost, Bergen, 't Hof van Brabant, 't Hof van Holland.

1540-1700

- Leaders of the Dutch Republic
strive to create an
accountable society

Allegory to Commerce, 1585

Jost Amman



Simon Stevin, 1548-1620

Dutch
mathematician,
humanist and
pioneer of
accounting
education



Simon Stevin, *Accounting for Princes*

Amsterdam,
1604



Maurice of Nassau, Prince of Orange

1567-1625



Prince Maurice's Double Entry Ledgers, 1604

The Hague,
Netherlands,
National
Archives

[illegible]

Dutch East India Company (VOC)

Founded 1602



T OOST INDISCHE MAGAZYN. EN SCHEEPS-TIMMER-WERF.

J. Muller fecit.

Amsterdam Stock Exchange

Founded 1602



Cornelis van de Voort, *Regents of the Old People's Home*

Amsterdam,
1618





Nicolaes Eliasz Pickenoy

Regents of the Women's House of Correction

Amsterdam,
1628



Johannes Verspronck,
Lady Governors of St. Elizabeth's Hospital

Haarlem
1641



Pieter de la Court, 1618-1685



Pieter de la Court
*The True Interest and Political Maxims of the Republic of
Holland, 1662*

THE TRUE
INTEREST
AND
Political Maxims,
OF THE
Republic of HOLLAND.

VIZ.

- | | |
|--|---|
| I. Of the Nature, Prodiges, and Advantages of <i>Holland</i> . | lead in Relation to foreign Princes and States. |
| II. Of the Fishing-Trade, &c. of <i>Holland</i> . | IX. That a free Navigation ought to be kept. |
| III. Why heavy Taxes have not drove the Fishing-Trade, &c. out of <i>Holland</i> . | X. Of Alliances, particularly with <i>England</i> . |
| IV. Of the antient State of Manufactures, Fisheries, and Navigation in <i>Europe</i> . | XI. That <i>Holland</i> , under a Stadholder, was in continual Broils and Tumults. |
| V. That <i>Holland</i> is a richer merchandizing Country than ever was in the World. | XII. That <i>Holland</i> , during its free Government, is very well able to resist all foreign Power. |
| VI. That all Monopolies are prejudicial to <i>Holland</i> . | XIII. That <i>Holland</i> , united with <i>Utrecht</i> only, is able to defend herself against all the Potestates of the World, &c. &c. |
| VII. The great Advantages of Colonies to <i>Holland</i> . | |
| VIII. Of the Interest of <i>Holland</i> | |

Written by that great Statesman and Patriot.

JOHN De WITT,
GRAND-PENSIONER of HOLLAND.

Translated from the Original *Dutch*.

To which is prefixed, (never before printed)

HISTORICAL MEMOIRS of the illustrious Brothers
CORNELIUS and JOHN de WITT.

By JOHN CAMPBELL, Esq;

LONDON:

Printed for J. Nourse, at the Lamb, opposite
Katherine-Street, in the Strand. 1746.

Johann de Witt, 1620-1672



South Sea Bubble 1720

Scheme to Finance Public Debt

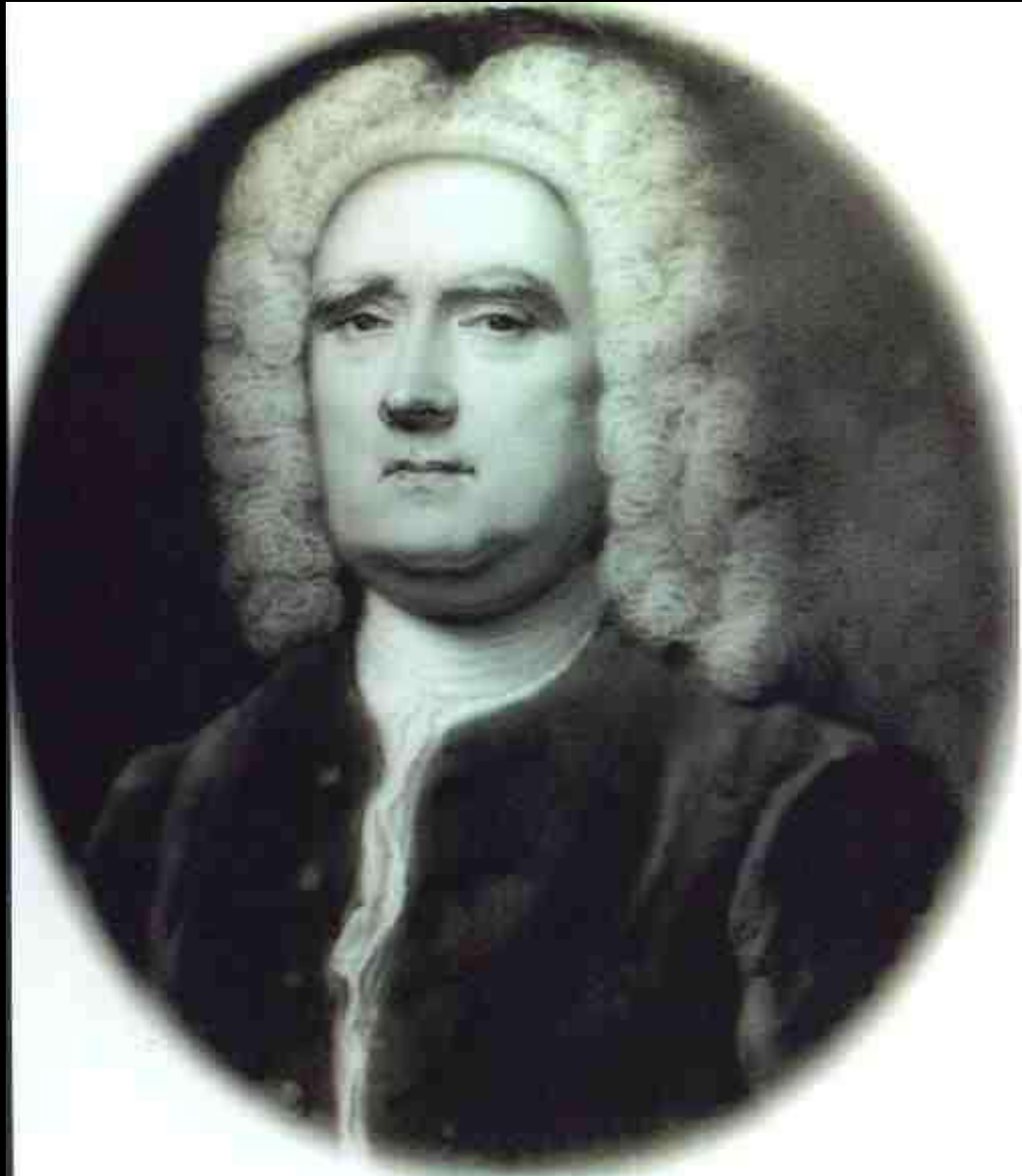


Prime Minister Robert Walpole from 1721-1742

Bails out South
Sea Company
in 1721



Archibald Hutcheson 1659-1740



COMPUTATIONS
Relating to the
PUBLICK DEBTS,
Taken from the
ABSTRACT
Delivered into
PARLIAMENT
The 14th of March, 1716.

With Some
CONSIDERATIONS in Relation to the same.



L O N D O N:
Reprinted in the Year MDCCLXX.

A society *literate* in accounting has
both the tools and the *language* to
reform itself

&

Good liberal arts educations teach
how to use language

Thomas Hickey, John Mowbray with His Money Agent, Banian

Circa 1740



William Hogarth, *Marriage à la Mode*

London, 1743



Fred Barnard, *Marley's Ghost*

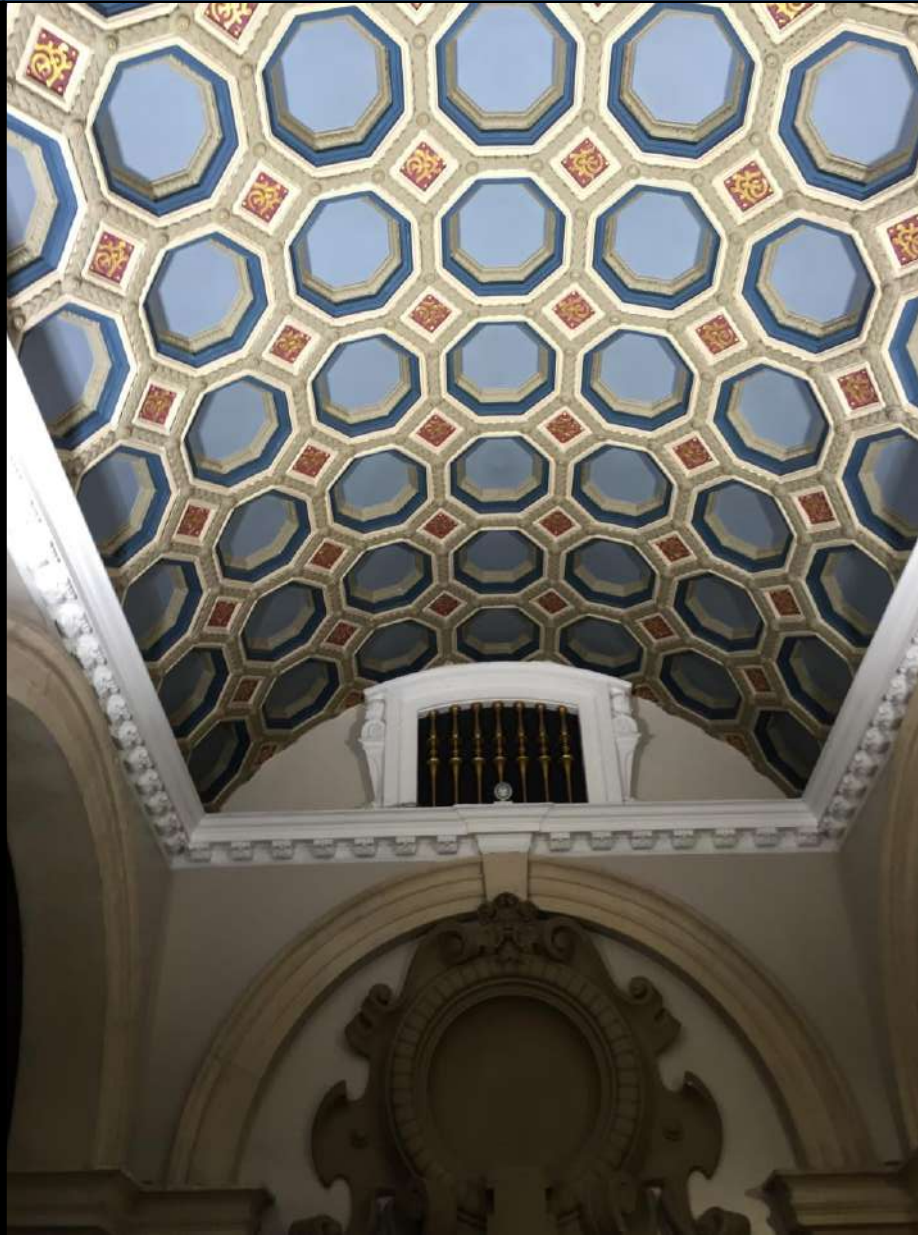
Charles Dickens
*A Christmas
Carol*
1878



Chartered Accountants' Hall London, 1890



Entrance Hall, Based on Genoese Palace



Science bringing order and rule to commerce with scales

Frescoes by
George Mur



Justice seated upon Time with
sword and scales slaying Disorder



History matters

Tuscan ledger 1400s, ICAEW library



Stock Photo: “Accountant”



Portrait of the Merchant, 1530

Jan Gossaert,
Washington,
DC
National
Gallery



- Modern budgets, financial press, audits, the accounting profession, ratings agencies, regulations...
- Public debate?
- What is the modern public accountability and what role does accounting play?

- The context? The profession under governmental pressure

ACCOUNTANTS WHO LEAD



The European Crisis

- What is the role of accounting leadership in the European economic crisis?

The Current Debate NO ACCOUNTING



- Where are the accountants?
- Where is the public debate?
- Where are the accounts?
- What role does accounting play?

Accounting as an industry answering purely to profit
and not to accounting standards

- In whatever order

Working on Accounting Reform with Prime Minister Tsipras and the Greek GAO



- We've made progress
- But there is SO MUCH MORE TO DO

- Where are the audible world leaders
in accounting???



Working with EU leaders to raise public accounting standards across Europe



- But the industry has to lead

Debt and financial fraud crises often take place when there is a breakdown in accounting, the auditing industry, and the ***culture of accountability***

A complex thing

- So what?
- We need a new form of accountant leader
- A new culture of accounting and accountability
- TBC

Portrait of the Merchant, 1530

Jan Gossaert,
Washington,
DC
National
Gallery



Jacob Soll, USC
GGI, Boston, 2015

Basic Books,
April, 2014

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