

*International Trade and Bookkeeping in Korea:
The case-study of Kaesŏng in comparison with the Italian Maritime Republics*

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Abstract

Nowadays the emergence of large port cities as crucibles for the creation of wealth and as focal points of trade had led economists to shift their focus from nation states to transnational regions and “global cities”. This phenomenon has a long history and is not unique to a certain region of the Earth. In facts, from the twelfth to the fourteenth century the Italian cities of Genoa and Venice, together with Barcelona, were global marketplaces commanding the flow of goods in the Western known world and trading with Asia by controlling that central maritime space which was the Mediterranean Sea. Such cities were able to strengthen their commercial power through common institutions such as the Double Entry Bookkeeping (DEB), which was theorized by the Italian monk Luca Pacioli in his script titled *Summa de arithmetica geometria proportioni et proportionalità* (1494). Recently, the rediscovery in the Democratic People's Republic of Korea of a Kaesŏng 1786's ledger strengthened the conviction that a native-Korean form of DEB in Kaesŏng did exist even before the nineteenth century. This idea is supported by the findings of the Pak Yŏng-jin family's account books in Seoul which reflect the rules coded in Hyŏn Pyŏng-chu's *Silyong chajo: Sagae Songdo Ch`ibubŏb* (1919), considered to be the first exhaustive book about a native Korean bookkeeping method.

This paper is an attempt to demonstrate that an integrated market in the Korean West Sea did exist far before the Western powers started to exercise their influence in that area. Going further, this market reflected some elements of modern capitalism which are evident in the relation between Korea and China at the time of Koryŏ and Song dynasties, respectively. As in the case of the Italian Maritime Republics, Kaesŏng represented for ancient Korea not only an important trading port but also a “hotspot” for spreading an important institution for trade, as bookkeeping, in East Asia.

In order to demonstrate that Kaesŏng's *Sagae Songdo Ch`ibubŏb* was a rational DEB method I will compare the traded commodities and the pagination of journals and ledgers, followed by a glossary aimed to stress out that Italian and Korean merchants developed similar concepts and standards in their respective accounting methods. In conclusions, in writing my paper there's no interest in pointing out who was the first to invent the DEB method. What is really astonishing is that the Italian merchants and the traders of Kaesŏng used a similar method with similar aims in keeping account books. The merchants of Kaesŏng developed a concrete instrument to monitor their cash flows decades before the Japanese colonisation which would eventually expose the Korean Peninsula to the Western influences. Through the analysis of the case of Kaesŏng's bookkeeping method I can assume that a pre-modern form of “capitalism” did exist in Korea and it was rational as well as the Italian one. This fact reinforce my conviction in the existence of a common East Asian integrated market for the simple reason that in the Kaesŏng merchants' journals and ledgers international relations among merchants are transcribed.

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Introduction

Nowadays the emergence of large port cities as crucibles for the creation of wealth and as focal points of trade has led economists to shift their focus from nation states to transnational regions and «global cities»¹. During the recent decades East Asia has been witnessing the birth of a new economic zone which is not delineated by national borders or groups of nation states such as China, Korea and Japan or the countries of South-east Asia. Rather we can observe the existence of a *maritime corridor*, running from Vladivostok to Singapore, which has its own dynamics and its rules that are profoundly different from the internal dynamics of each nation state.

This phenomenon has a long history and is not unique to East Asia. In facts, from the 12th to the 14th century the Italian cities of Genoa and Venice, together with Barcelona, were global marketplaces commanding the flow of goods in the known world and trading with Asia by controlling that central maritime space which was the Mediterranean Sea. For many years scholars from all over the world looked at the European case as unique and considered the Asian case from a *Eurocentric* point of view². This paper is an attempt to demonstrate that an integrated market in the Yellow Sea did exist far before the Western powers started to exercise their influence in that area. Going further, this market reflected some elements of modern capitalism which are evident in the relation between Korea and China.

Looking at the concept of “capitalistic market” I will adopt a diachronic approach instead of a synchronic one. In facts, the latter approach can be dangerous if we want to evaluate carefully any kind of historical source: the greatest advantage of the diachronic approach is to allow us avoiding the “trap of presentism” which can lead us to a wrong evaluation of what happened in the past. Thus, I will focus on a particular case-study: I will compare the Hyōn Pyōng-chu's *Silyong chaju: Sagae Songdo Ch`ibubōb* (Practice of Self-Cultivation: The Four-sided Kaesōng Ledger Method – simplified as KDEB³) to the Italian Double-Entry Bookkeeping coded by Luca Pacioli in his script titled *Summa de arithmetica geometria proportioni et proportionalità* (1494). Precisely I will emphasise why Pacioli coded the method of Double-Entry Bookkeeping (DEB) in 1494 and what is the aim of this accounting method. Then, basing my discussion on what Benedetto Cutrugli wrote in *Il libro dell'arte di mercatura* (The Book on Mercantile Arts, 1458), published in Venice in 1573 with the title *Della mercatura et del mercante perfetto* (Of Trading and the Perfect Trader), I will enrich my analysis with the argument of ethics and spirit embedded in the DEB arguing that Christian values were strongly enshrined in the Italian accounting method. Going to the Korean case, I will base my discussions on the 1887's *ilgi*: as it is the first example of the KDEB since it is a journal issued by merchants based in Kaesōng. Recently, the rediscovery in the Democratic People's Republic of Korea (North Korea) of a Kaesōng 1786's ledger strengthened the conviction that a native-Korean form of DEB in Kaesōng did exist even before the 19th century. Similarly to the Italian case, I will analyse the ethics and spirit embedded in the KDEB method. Indeed, in transaction documents issued in Kaesōng, we can often find Buddhist and Confucian values in forms of invocation of the Buddha or Heaven as witness of a signed agreement. This fact can allow us to talk about a spiritual dimension of the trade's conduct probably aimed to seek a major accuracy in the method of accounting.

In order to demonstrate that KDEB was a rational DEB method I will compare the traded commodities and the pagination of journals and ledgers, followed by a glossary aimed to stress out that Italian and Korean merchants developed similar concepts and standards in their respective accounting methods. In conclusions, in writing my paper there's no interest in pointing out who was the first to invent the DEB method. What is really astonishing is that the Italian merchants and the traders of Kaesōng used a similar method with similar aims in keeping accounting books. The merchants of Kaesōng developed a concrete instrument to monitor their cash flows decades before the Japanese colonisation took place, eventually exposing the Korean Peninsula to the Western influences. Through the analysis of the case of KDEB I can assume that a pre-

¹ François Gipouloux, *The Asian Mediterranean: Port Cities and Trading Networks in China, Japan and Southeast Asia, 13th - 21st Century*, Edward Elgar, Cheltenham - Northampton, 2011, p. 1.

² Cfr.: W. Sombart, *Der moderne Kapitalismus* [...] (1916); J. Schumpeter, *Capitalism, Socialism and Democracy* (1942) and, the most significant on this topic M. Weber, *The Protestant Ethic and the Spirit of Capitalism* (1934).

³ Jun Seong Ho, *Kaesōng Double-Entry Book-keeping (KDEB) in a Global Perspective: Comparison with Europe (1786-1910)*, in «Kaesōng Double-Entry Bookkeeping (KDEB) in a Global Perspective: Comparisons with Europe, China and Japan (1786-1910)», The Academy of Korean Studies, 2012, pp. 3-7.

modern form of “capitalism” did exist in Korea and it was rational as well as the Italian one. This fact reinforces my conviction in the existence of a common East Asian integrated market for the simple reason that in the journals and ledgers of Kaesŏng merchants international relations among merchants are transcribed.

The Italian Double Entry Bookkeeping and Trade at the Time of the Maritime Republics

The definition of Maritime Republics (*Repubbliche Marinare*), appeared for the first time in 1800, refers to the Italian port cities that enjoyed political autonomy and economic prosperity since the Middle Ages, thanks to their maritime activities. The definition is usually referred in particular to the four Italian cities whose coat of arms can be found in the flags of the Navy and the Merchant Marine of nowadays Italy: Amalfi, Genoa, Pisa and Venice.

The Maritime Republics were characterized by some specific features: independence *de iure* or *de facto* from other cities or territorial states, together with their autonomy in economy and politics. Their culture was essentially based on navigation and maritime trade for which they owned a fleet of ships. Their *fondachi* (warehouses) and *consoli* (consuls) were present in all the Mediterranean ports and, *vice versa*, in their home ports were present others' maritime Mediterranean cities *fondachi* and *consoli*. They used their own currency accepted throughout the Mediterranean and by their maritime laws.

In order to gain prestige and influence they often participate in the Holy Crusades and in military operations which primary scope was the repression of piracy⁴. The Republic of Venice, known as *La Serenissima*, played for centuries a vital role in trade between Europe and the eastern Mediterranean. At the time of its greatest territorial expansion it had managed to conquer a large part of the North-eastern Italy, halting its conquests a few kilometers from Milan. Along the Mediterranean coast, Venice took possession of the Istrian peninsula in Dalmatia (but Ragusa, nowadays Dubrovnik, was under the Venetian dominion only for one hundred and fifty years) and large parts of Greece: Ionian Islands, the Morea (the present Peloponnese), Crete, Cyprus, Negroponte (current Euboea) and several other Aegean islands.

The excellent antagonist of Venice was Genoa which, in 1298, defeated the Venetian fleet. The Republic of Genoa had several epithets according to their economic, commercial and naval power: The Proud, The Dominant, Ruler of the Seas and the Republic of the Magnificent. In addition to a significant presence in the East and the Black Sea, it had the monopoly of trade in the western Mediterranean. Remarkable was its great territorial expansion (which, in addition to Liguria and Oltregiogo, included Corsica, Sardinia, Crimea, Tabarca, Rhodes, Crete, large areas of Greece and Turkey, Gibraltar, some areas of the Iberian Peninsula, Sicily, some Aegean islands and Pera) arrived until the colony of Galata in Constantinople⁵.

From the East, the Maritime Republics imported a wide range of goods, which were not found anywhere else in the West, then they exported those goods towards the other cities in Italy and in many countries of central and northern Europe. Until the discovery of America they were crucial hubs for trade between Europe and the other continents.

Table. 1 Most Important Goods Traded Between the Maritime Republics and Asia	
Category of Goods	Goods
medicines	aloe, balsam, ginger, coconut camphor, laudanum, cardamom, rhubarb, astragalus
spices	pepper, cloves, nutmeg, cinnamon, sugar
perfumes and odorous substances to be burnt	musk, mastic, sandalwood, incense, amber
colours	indigo, alum, carmine, lacquer

⁴ Armando Lodini, *Le Repubbliche del mare*, Biblioteca di storia patria, Roma, 1967.

⁵ François Gipouloux, *The Asian Mediterranean: Port Cities and Trading Networks in China, Japan and Southeast Asia, 13th - 21st Century*, Edward Elgar, Cheltenham - Northampton, 2011, pp. 28-55.

textile	silk, Egyptian linen, hemp, brocade, velvet, damask, carpets
luxury goods	precious stones, coral, pearls, ivory, porcelain, gold thread and silver
Source: François Gipouloux, <i>The Asian Mediterranean: Port Cities and Trading Networks in China, Japan and Southeast Asia, 13th - 21st Century</i> , Edward Elgar, Cheltenham - Northampton, 2011.	

In order to monitor their cash flow, the merchants of the Maritime Republics utilized an instrument known as Double-Entry Accounting System, coded for the first time by the Tuscan mathematician monk Luca Bartolomeo De Pacioli (known as Luca Pacioli) in his book *Summa de arithmetica geometria proportioni et proportionalità*, (Sum of the Proportionality and proportions of Arithmetic and Geometry) published in Venice in 1494. This book was used as a textbook in the schools of Northern Italy and it was, basically, a synthesis of the mathematical knowledge of his time and contained the first printed work on algebra written in the *Italian vernacular* (i.e. the spoken language of that time in Italy). The accounting system he compiled included most of the accounting cycle as we know it today. He described the use of journals and ledgers, and warned that «a person should not go to sleep at night until the debits equalled the credits»⁶. His ledger had accounts for assets (including receivables and inventories), liabilities, capital, income, and expenses — the account categories that are reported on a company's balance sheet and income statement, respectively and, moreover, he recommended that every data entry should be categorized and sorted in a “pigeonhole”. In his work, Luca Pacioli did not only demonstrated year-end closing entries and proposed that a trial balance be used to prove a balanced ledger but went further touching a wide range of related topics from cost accounting to accounting ethics. Although on this aspect Pacioli gave a fundamental contribution, he was preceded by Benedetto Cotrugli: a merchant from Ragusa (nowadays Dubrovnik, Croatia) that lived and worked in Naples and who wrote all his scripts in Latin or in the Italian vernacular. In his most famous book, *Della mercatura et del mercante perfetto* (written in 1458 but published in Venice in 1573), Cotrugli recommended that the first folio of any compiled ledger should carry the name of God and the merchants should say a prayer whenever compiling or reading it⁷.

At the time of Cotrugli, trading was regarded as an art, and the «perfect merchant» was the man of great culture - driven by dutiful righteousness – who was so sensitive to be interested in the places where he worked, knowing how to assess the political situation, law and customs regulations, in order to successfully conduct his business. To these basic virtues the merchant must necessarily add a deep technical expertise, in particular, he must know the double entry accounting instrument and should keep the following accounting books:

- *Il memoriale* (now called *prima nota* - memorandum), which will list all the operations performed on a given day, each of these operation will result in a book's entry;
- *Il giornale* (journal), which reports the results of operations listed in the *memoriale* dividing them day by day
- *Il quaderno* (now *mastro* or *libro-mastro* - ledger) that contains all the accounts and shows an alphabetical index which allows a quick search by subject or date.

At the end of the year, the analysis of the journal and of the ledger would be sufficient for drawing a draft of a trial balance, which will then create the financial statement.

⁶ Luca Bartolomeo de Pacioli, *Summa de arithmetica geometria proportioni et proportionalità*, Venezia (1494), European Cultural Heritage Online (ECHO), <http://echo.mpiwg-berlin.mpg.de/home>.

⁷ Yasuhiko Kataoka, *The First Manuscript in the World on Double-Entry Bookkeeping Written by Benedetto Cotrugli*, cit. in Jun Seong Ho, *KDEB Ethics and Spirit for Accuracy*, in «Kaesong Double-Entry Bookkeeping (KDEB) in a Global Perspective: Comparisons with Europe, China and Japan (1786-1910)», The Academy of Korean Studies, 2012, p. 9.

The successful conclusion of a deal is ultimately a spiritual elevation of the «perfect merchant» which may conduct to the gain of a right profit. For the latter to be legitimate, everything in the conduct of trade must have a moral purpose⁸.

Table 2. Sample of a general Double-Entry Accounting Table			
Double-Entry Accounting			
Balance Sheet Accounts		Income Statement Accounts	
Asset		Revenue	
Debit Increase (+)	Credit Decrease (-)	Debit Decrease (-)	Credit Increase (+)
Liability		Expense	
Debit Decrease (-)	Credit Increase (+)	Debit Increase (+)	Credit Decrease (-)
Owner's Equity			
Debit Decrease (-)	Credit Increase (+)	<i>Copyright 2013 Money-Zine.com</i>	
Source: www.money-zine.com			

Double Entry Bookkeeping in Kaesŏng: Rationality in the East

For many years mainstream scholars around the world overlooked Asia from an *Eurocentric* perspective, judging the entire East Asian civilization from their concept of *rationality* arguing, many times, that Asia (and therefore also Africa and Indonesia) needed an enlighten guide in order to reach a full step on civilization. This belief gave to Europeans a justification to colonise territories and extract natural resources from the lands they “tamed”. After the Second World War the *Eurocentric* perspective was simply substituted with the *American-centric* one, in line with the growing power of the United States of America as a superpower. With the end of the Cold War and the de-polarisation of the world, nations started to lose their «centre of gravity» shifting towards a new era of Globalisation which allows us to reconsider many pasts' misjudgements. During the 19th and the beginning of 20th century distinguished scholars as Max Weber, Schumpeter and Sombart argued that, looking at the capitalistic order of the West, civilizations should be judged along the degree of rationality which their people had been able to achieve. Looking at the world from an economic point of view they argued that the Double-Entry Bookkeeping (DEB) system, as it was invented and developed in the Western Europe, was the highest example of rationality embedded in the unique mind of Europeans. Against this considerations, the rediscovery of journals and ledgers issued by the merchants of Kaesŏng city, and kept nowadays in both South and North Korea, testify that even before the massive introduction of Western values and ideas into the Yellow Sea, the nations and states of North-east Asia had their native rational methods for accounting, for monitoring their cash flow and for the conduct of trade.

In Korea, centuries before the Chosŏn dynasty, Wang Kŏn (mostly known by his posthumous title of King T’aejo) emerged from a gentry family in the Kaesŏng area, becoming King of the northern region in 918 and strengthening his connections with the maritime activities centred around the garrison on nearby

⁸ Michael Chatfield, “Cotrugli, Benedetto”, in *History of Accounting: An International Encyclopedia*, edited by Michael Chatfield and Richard Vangermeersch, Garland Publishing, New York, 1996, p. 183.

Kanghwa Island⁹. Right after the foundation of the Koryŏ Kingdom (918-1392), Kaesŏng started to trade with Sung China of which admired the advanced civilization. Thus, through the visit of official embassies and the travel of private merchants, Koryŏ exported such raw materials as gold, silver, copper, ginseng and pine nuts, and handcrafted items favoured by the Sung people such as paper, brushes, ink, and fans, in return of importing silk, books, porcelain, medicines, spices and musical instrument. The relationship between the two countries rested on a peaceful foundation of cultural and economic exchange¹⁰. Even though it is reasonable to suppose that the transactions enlisted here were recorded in private books, none of those documents reached our academies or museums but the rediscovery of a 1887's journal (日記 - *ilgi*) in Mr. Pak Yŏng-jin's private collection in South Korea (whose father was a merchant in Kaesŏng) and a 1786's liabilities ledger (*t'agŭp* 他給長冊) kept in the Academy of Social Sciences in Pyongyang (North Korea), provide us with an interesting evidence of a DEB entirely developed into the former Chosŏn Dynasty's Korea (1392-1910). What is particularly striking in this case is the fact that the merchants of Kaesŏng developed a system that is similar in forms and principles to the Italian bookkeeping system coded by Luca Pacioli which we analysed in the previous section.

Despite the Korean case is the closest one to the Italian accounting system, other examples are worth to be mentioned here. Since the late Song period, the Chinese merchants used a system constituted by four columns in which they annotated the transactions (四柱法 *Sizhufa*), then the *Three legged Account book* (三脚帳 *Sanjiao Zhang*) and the most famous Dragon Gate (龍門帳 known as the *Longmen method*) which originated in the commercial world of north-west China at the end of the Ming and the beginning of the Qing dynasty¹¹. The Japanese merchants developed a kind of an accounting books called *Daifukucho* (大福) which evolved with their concept of capital into *Chōai* (balancing accounts) which is a Double Entry Bookkeeping system born during the Edo era¹².

Even though the bookkeeping methods I mentioned before cannot be discussed in this paper, they constitute a clear evidence of the existence of an East Asian integrated market with similar practices in trades. Now let me deeply discuss the Korean case and its system of DEB starting from the 1887's journal kept in Pak Yŏng-jin household. Figure 1 portrays the journal issued by a merchant of Kaesŏng and which, nowadays, belongs to Pak Yŏng-jin's family in South Korea. Reading this paper, from right to left, we can find immediately the characters 日記 (*ilgi*) indicating that we are reading a journal, then, at the top of the page the date of the transaction that is reported in the entire folio. Moreover, the vertical line at the left side of the date indicates that the following account had been transferred from a memorandum. Under the vertical line posted left-side of the date we can find (in order): the name of the creditor, the credit term 入 (*ip*) which indicates that the preceding person have to receive something from someone else, then the transaction details followed by 文 (*mun*) which means essentially *cash*, finally we can find the amount which was the object of the transaction closed by the character 上 (*sang*) that denotes a debit to the cash account. Going on, on the left side of the page we can find the debtor's identification, followed by the debit term 債給 (*ch'aegŭp*), again the details of the transaction followed by the cash and the amount characters closed by 下 (*ha*) which denotes a credit in terms of cash account.

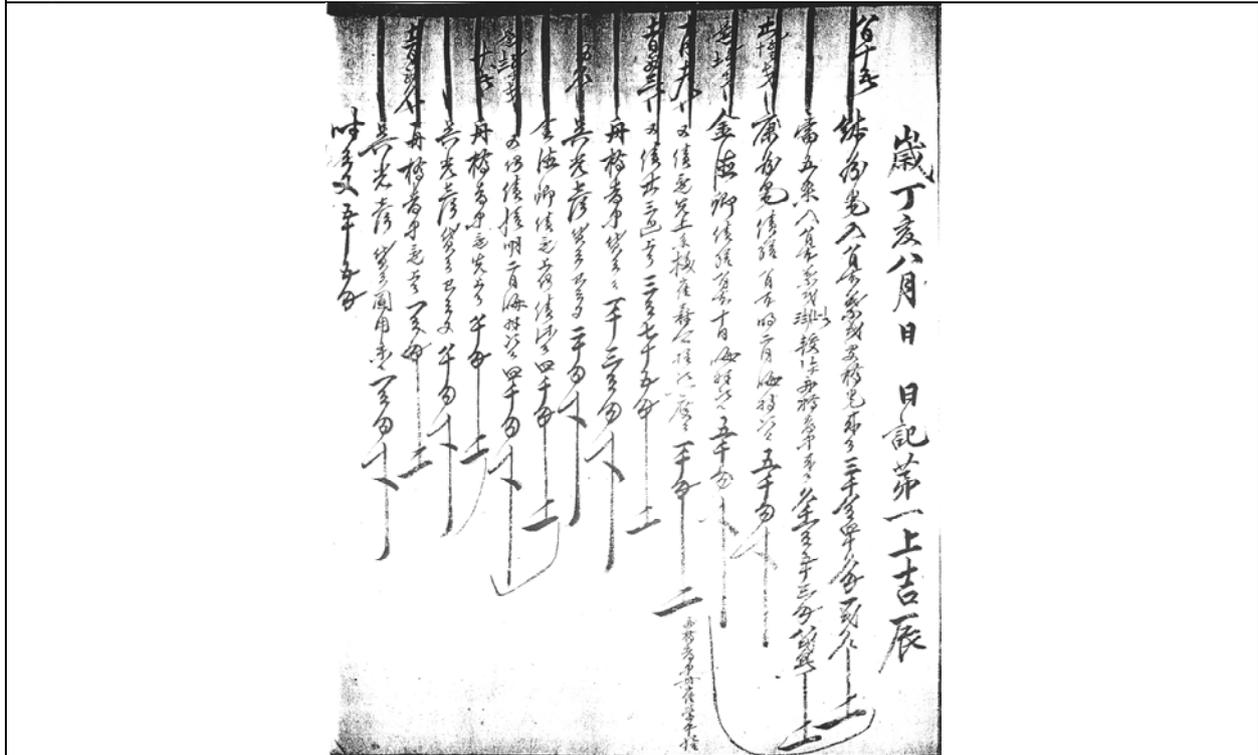
⁹ Carter J. Eckert, Ki-baik Lee, Young Ick Lew, Michael Robinson, Edward W. Wagner, *Korea Old and New: A History*, Ilchokak Publishers for the Korea Institute, Harvard University Press, Seoul, 1990, p. 61.

¹⁰ *Ibidem*, p. 79.

¹¹ Jack Goody, *The East in the West*, cit. in *ibidem*, p. 5.

¹² Masahide Miyokawa, *Japanese Bookkeeping's manner in Edo era*, cit. in *ibidem*, p. 5.

Figure 1. The 1887 Journal (日記)

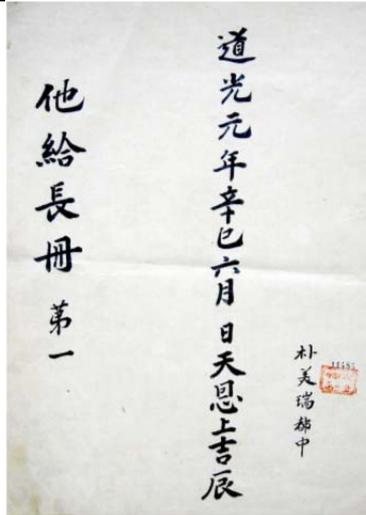


Source: Jun Seong Ho, James B. Lewis, Huh Seong Gwan, *Korean double-entry merchant accounts from Kaesŏng city (1786-1892): Heaven's blessing on capitalism?*, in in «Kaesŏng Double-Entry Bookkeeping (KDEB) in a Global Perspective: Comparisons with Europe, China and Japan (1786-1910), The Academy of Korean Studies, 2012, p.20.

It's interesting to note that, at the very beginning of the folio on the right side, under the characters that identify a journal - 日記 (*ilgi*) - we can find the date of the book (08/1887) and an invocation of Heaven. Indeed, it is common to find in this kind of documents an invocation of Heaven together with the presence of an auspicious sign (上吉辰). It's opinion of some scholars (among them Jun Seong Ho and James B. Lewis) that this sing was not only a talisman to wish good fortune in trade, but it was done in order to «create the impression of trust between present's behavior and future's fortune»¹³. As in Figure 2 we can observe on the lower right side of the first page of this ledger dated 1821, the inscription 天恩上吉辰 literally means «by the God Bless, may this day bring the good fortune for profit». In facts, in Confucian Korea Heaven was not personified, it was instead the origin of all ethics and values, the arbiter of virtues and it gave order to the society preventing it to fall into chaos. Korea under the Chosŏn dynasty was regulated by the Confucian order which prescribed that the Emperor of China was the son of Heaven and the center of the known world, personifying the highest point of culture and civilization; his power was legitimate directly from Heaven.

¹³ Jun Seong Ho, *KDEB Ethics and their Spirit for the Accuracy*, in «Kaesŏng Double-Entry Bookkeeping (KDEB) in a Global Perspective: Comparisons with Europe, China and Japan (1786-1910), The Academy of Korean Studies, 2012, p. 8.

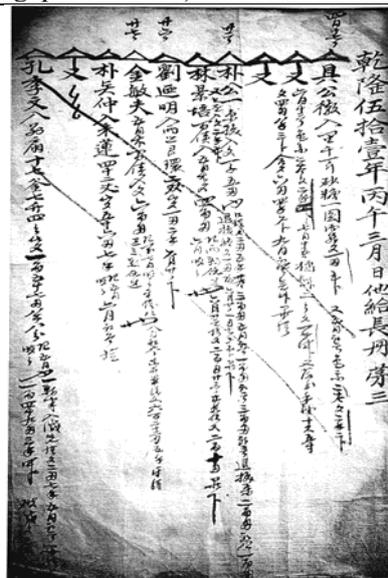
Figure 2. Cover of a liabilities ledger from 1821



Source: Academy of Social Sciences of the Democratic People's Republic of Korea, P'yŏngyang in Jun Seong Ho *KDEB Ethics and their Spirit for the Accuracy*, in «Kaesŏng Double-Entry Bookkeeping (KDEB) in a Global Perspective: Comparisons with Europe, China and Japan (1786-1910)», The Academy of Korean Studies, 2012, p.12.

With Figure 3 we are in front of the oldest discovered document issued by merchants in Kaesong and now kept and preserved in the Academy of Social Sciences in P'yŏngyang, North Korea. In this case, in addition to the same characters indicating debts, credits, cash etc. we can see the presence of a triangle-shaped symbol (Δ) which had the same function of the “pigeonholes” that Luca Pacioli described in his masterpiece: it was written in order to categorize the elements that followed. Here, above the pigeonholes we can find also the date of a determinate event with the accounts related to that particular category. Also in this case, the first sentence on the extreme lower right side of the folio, indicates what kind of document we are reading, precisely a *t'agŭp* (他給長冊), in other words: a liabilities ledger.

Figure 3. The Liabilities Ledger (*t'agŭp* 他給長冊) for the 3rd month of 1786



Source: Social Sciences Institute of The Democratic People's Republic of Korea, in Jun Seong Ho, *Korean Account Chubi or Jip* (矣) and *Italian Pigeonholes for making Ledger: The relationship between Idu* (吏讀) *Chubi* (矣) and *Italian Pigeonholes*, in «Kaesŏng Double-Entry Bookkeeping (KDEB) in a Global Perspective: Comparisons with Europe, China and Japan (1786-1910)», The Academy of Korean Studies, 2012, p.28

A Comparison Between the Italian and the Korean Methods Through Words: A Glossary

Inserting and comparing some key Chinese characters used by the merchants of Kaesong (pronounced according to the Korean native language) with the vernacular and modern Italian, we are able to estimate that both bookkeeping systems were organised on the same concepts and for the same purposes (Table 3).

Table 3. Glossary in comparison				
English	Characters used by the Kaesong merchants	Latin	Vernacular Italian	Italian
cash	文 (<i>mun</i>)	1. <i>capsa, -ae</i>	cascia, cassa (Tusc. Bolo. Ven. 13 th c.)	cassa, contante
credit	入 (<i>ip</i>)	1. <i>crēdo, -is, -dīdi, -dītum, -ēre</i>	crédere (13 th c.)	credere
	下 (<i>ha</i>)	2. <i>creditum, -i</i>	crédito (13 th c.)	credito
debit	債給 (<i>ch'aegŭp</i>)	1. <i>dēbĕo, -es, -ŭi, -ītum, -ēre</i>	debére (Tusc. Bolo. 13 th c.)	dovere
	上 (<i>sang</i>)	2. <i>debitum, -i</i>	débito (Tusc. Bolo. 13 th c.)	debito
journal	日記 (<i>ilgi</i>)	1. <i>dīurnus, -a, -um</i>	giornaliero, cotidiano (13 th c.)	giornaliero, quotidiano
ledger	長冊 (<i>changch'aek</i>)	1. <i>cōdex, -īcis</i>	cuaterno, quaderno (Tusc. 13 th c.)	libro mastro, statmografia
Legend: Bolo. = terms that appeared for the first times in documents and manuscripts from Bologna Tusc. = terms that appeared for the first times in documents and manuscripts from Tuscany Ven. = terms that appeared for the first times in documents and manuscripts from Venice				

Now let's go through a one-by-one analysis of those terms. Analysing those terms one by one we can easily find out that they carry the same meaning in English, in the Korean-Chinese, in the vernacular and modern Italian.

Cash, characters used by the Kaesong merchants: 文 (*mun*), Latin root 1. *capsa, -ae*, vernacular Italian *cascia / cassa* (Tusc., Bolo., Ven. 13th c.), Italian *cassa*; noun. Generally, used to indicate boxes or crates for storing clothes, perfumes, precious objects, etc., and in particular the cylindrical case for storing cards and papyrus rolls. Container of various sizes mostly made of wood and of a parallelepiped shape, with a hinged lid that could be opened or closed with nails. In economy, the physical object assumed a figurative meaning indicating the money object of the transaction.

Credit, characters used by the Kaesong merchants: 下 (*ha*), Latin root *creditum, -i*, vernacular Italian: *crédito* (13th c.), Italian *credito*; noun. 1. loan, something that has been borrowed from someone else: *creditum obviuraverat*: (he/she) denied, with perjury, the money he had borrowed. It comes from the participle of the Latin verb *crēdo, -is, -dīdi, -dītum, -ēre*; 1. intr. verb. to believe, to trust: *credere alicui*, to trust someone 2. tr. verb. to entrust, to lend, to loan: *credere alicui pecuniam*: lend money to someone; characters used by the Kaesong merchants: 入 (*ip*).

Debit, characters used by the Kaesong merchants: 上 (*sang*), Latin root *debitum, -i*, vernacular Italian: *débito* (Tusc., Bolo. 13th c.), Italian *debito*; noun. 1. debit, due, obligation; fig. *morbo naturae debitum reddere*, to die of disease; *debitum exigere*, ask to someone to pay a debt. It comes from the participle of the Latin verb *dēbĕo, -es, -ŭi, -ītum, -ēre*; 1. tr. verb. characters used by the Kaesong merchants: 債給

(*ch'aegŭp*). To owe: *pecuniam alicui debere*, to owe money to someone else; fig. *gratiam alicui debere*, to owe gratitude to someone; 2. to be assigned, to be destined: *debitus morti*, to be destined to death; 3. to be forced (to do something); 4. to be debtor, to be obliged: *debere alicui beneficium*, to be indebted to somebody for a benefit.

Journal, characters used by the Kaesong merchants: 日記 (*ilgi*), Latin root *diurnus*, -a, -um, vernacular Italian: *giornaliero*, *quotidiano* (13th c.), Italian *giornaliero*, *quotidiano*; adj. 1. in the day, during the day: *labores diurnos nocturnosque suscipere*, undergo fatigue in the day and in the night; 2. of every day, daily: *diurnus cibus*, every day's meal; *acta diurna*, journal, newspaper.

Ledger, characters used by the Kaesong merchants: 長冊 (*changch'aek*); Latin 1. *cōdex*, -īcis; vernacular Italian: *cuaderno*, *quaderno* (Tusc. 13th c.); Italian *libro mastro*, *statmografia*; simply “book of giving and receiving”. In accounting it indicates a double-entry book which gathers all the accounts that make up a given accounting system. In its pages the columns of give and take are reported and possibly an alphabetical directory for debtors and creditors is posted. In the Kaesong case, these accounts had been kept in two different books: one ledger for liabilities *t'agŭp changch'aek* (他給長冊) and another for assets *oesang changch'aek* (外上長冊).

Conclusion

Through these pages I addressed the issue of the modern capitalist expansion of East Asia looking at its past. Particularly I took in consideration the case of bookkeeping and accounting methods of the Chosŏn dynasty's Korea in order to demonstrate the rationality of its economic practices, index of a clear presence of a concept of proto-capitalism. The similarity with the Italian DEB system is strikingly clear in intentions and in methods. In spite of what some Korean scholars argued¹⁴, in these pages I had no interest in pointing out who was the first to invent the DEB method. What is really astonishing is that the Italian merchants and the traders of Kaesong used a similar method with similar aims in keeping accounting books.

Secondly, it's evident that the merchants of Kaesŏng developed a concrete instrument to monitor their cash flows decades before the Japanese colonisation which, by forcing the “doors” of the Korean Peninsula exposed it to the Western influences. This is evident not only in the characters they used to report their account but also in the spiritual dimension embedded in their books: also here we can testify an astonishing similarity with the Italian bookkeeping methods. In facts, the correct and honest conduction of trade and the gain of a future's profit are strictly knit together, conferring ethics and spirit of accuracy to both the Italian and Kaesŏng account books.

Finally, the case of KDEB allows us to assume that a common East Asian integrated market did exist as China and Japan shared the notion of bookkeeping and developed their own methods. Even before the Chosŏn dynasty set its power, the Koryŏ Kingdom led the trade mainly between the Korean Peninsula, the reign of Song in China (960 – 1279 AD) and Ryūkyū reign of Japan (including the island of Okinawa) trading the same commodities and institutionalising some trading practices. Unfortunately, the absence of any DEB document from the same period makes the comparison with the Italian case impossible, until now. Nevertheless we are able to speculate that, in a similar way to the coded KDEB, there were rational instruments capable to monitor the cash flow and the trades of those merchants.

¹⁴ Hyŏn Pyŏng Chu, in his *Sagae Songdo Ch'ibubŏb* (1916) argued that the KDEB is actually older than the Italian one, but there's no evidence to sustain such a claim. Cit. in Jun Seong Ho, *Kaesŏng Double-Entry Book-keeping (KDEB) in a Global Perspective: Comparison with Europe (1786-1910)*, in «Kaesŏng Double-Entry Bookkeeping (KDEB) in a Global Perspective: Comparisons with Europe, China and Japan (1786-1910)», The Academy of Korean Studies, 2012.

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