

# **THE INFLUENCE OF RELIGIOUS CRUSADES ON BUSINESS ACTIVITIES AND ACCOUNTING**

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## **ABSTRACT**

This article discusses the influence of Crusades on business activities and accounting. Crusades are series of wars by Western European Christians to recapture the Holy Land of Jerusalem from the Muslims. The Crusades result the need of accumulation of capital for both sides. Therefore, a systematic method was developed to document all the transactions in order to prevail in their campaign. Accounting was created in response to the development of trade and commerce.

## **INTRODUCTION**

The Crusades began in 1095 and ended in the late 13th century. The term Crusade was originally applied solely to European efforts to recapture Jerusalem from Muslims, which was sacred to Christians as the site of the crucifixion of Jesus Christ. It was later used to designate any military effort by Europeans against non-Christians. The needs of the armies in the Crusades resulted in the mass production of processed foods, ready-made clothing, and shoes. The Crusades result the need of accumulation of capital for both sides. Therefore, a systematic method was developed to document all the transactions in order to prevail in their campaign.

## **THE BACKGROUND OF THE CRUSADES**

By the 8th century, the Muslims forces had conquered North Africa, the eastern shores of the Mediterranean, and most of Spain. The Muslims armies established bases in Italy, greatly reduced the size and power of the Byzantine Empire (the Eastern Roman Empire) and besieged its capital, Constantinople. However, in the 11th century the balance of power began to swing toward the West. The church became more centralized and stronger from a reform movement to end the practice whereby kings installed important clergy, such as bishops, in office. Thus, for the first time in many years, the popes were able to effectively unite European.

Furthermore, Europe's population was growing, its urban life was beginning to revive, and both long distance and local trade were gradually increasing. European human and economic resources could now support new enterprises on the scale of the Crusades. A growing population and more surplus wealth also meant greater demand for goods from elsewhere. European traders had always looked to the Mediterranean; now they sought greater control of the goods, routes, and profits. Thus, worldly interests coincided with religious feelings about the Holy Land and the pope's newfound ability to mobilize and focus a great enterprise.

It was against the above background that Pope Urban II, in a speech at Clermont in France in November 1095, called for a great Christian expedition to free Jerusalem from the Turks (Muslims). The Muslims was disunited. Its rulers failed to anticipate the effectiveness of the enemy. In addition, the Christians, as the attacking force, had at least a temporary advantage. They exploited their weaknesses, taking the key city of Antioch in June 1098, under the lead of Bohemond of Taranto. Then, they moved on to Jerusalem. The siege of Jerusalem culminated in a bloody and destructive Christian victory in July 1099, in which many people were massacred. The First Crusade was successful in its explicit aim of freeing Jerusalem. It also established a Western Christian military presence in the Near East that lasted for almost 200 years.

With victory, came new problems. Many Crusaders saw the taking of Jerusalem as the goal; they were ready to go home. Others, especially minor nobles and younger sons of powerful noble families, saw the next step as the creation of a permanent Christian presence in the Holy Land. They looked to build feudal states like those of the West. They hoped to transplant their military culture and to carve out fortunes on the new frontier. Though the Crusaders were more intolerant than understanding of Eastern life, they recognized its riches. They also saw such states as the way to protect the routes to the Holy Land and its Christian sites. The result was the establishment of the Latin Kingdom of Jerusalem.

In 1145, the second Crusade was launched. The Muslim regrouped again and began retaking more territory from the Crusaders. In 1187, inspired by the new leader, Sallahuddin Al-Ayubi, they took back Jerusalem, leaving Tyre in Lebanon as the only major city still occupied by the Crusaders. In response, the Church's call for a new, major Crusade, three Western rulers undertook to lead their forces in person. These were Richard I, the Lion-Hearted of England, Philip II of France, and Frederick I, called Frederick Barbarossa, the Holy Roman Emperor.

Known as the Third Crusade, it has become perhaps the most famous of all Crusades. Though the crusaders win some of the battles, the Crusaders were unable to recapture Jerusalem or much of the former territory of the Latin Kingdom. The main event of the Third Crusades was the siege of Acre, which was finally captured in 1191. Jerusalem could not be taken but Sallahuddin Al-Ayubi signed a treaty with Richard allowing Christians to visit the city freely.

The fourth Crusade, which lasted from 1202 to 1204, was plagued by financial difficulties. However, the Crusaders succeeded in taking Constantinople. The Fifth Crusade (1217-1221) began with the taking of the Egyptian seaport of Damietta in 1219. The attack was abortive, and promised reinforcements failed to arrive. In August 1221 the Crusaders were forced to surrender Damietta to the Egyptians, and the expedition broke up.

### **THE IMPACT TO THE BUSINESS ACTIVITIES**

The most obvious result of the crusades for the West was a growth in trade with the east. Trade route extended from England to the Black Sea, going through the ports of Beirut, Acre and Alexandria. After the loss of Acre in 1291, Cyprus, Rhodes and

Crete were the three Mediterranean islands that composed some of the main crusader trading centers.

The Crusade also contributed to the economic growth of the Italian port cities of Genoa (the city where Luca Pacioli was born), Pisa and Venice. Merchants bought spices, sugar, cloth and cotton. Other merchants from Sicily and Aragon traded for Tunisian gold, and Algerian wool and animal skins. Popular goods traded from the Middle East were sugar, melons, cotton, ultramarine dye and damask cloth. This trade between East and West caused prosperity among the people of Europe.

The Crusades had increased commercial activities of the Italian cities because these cities were stopping points for the crusaders before attacking cities in the Middle East. It also had generated interest in exploration of the region, and had established trade markets. The experiments of the papacy and European monarchs in raising money to finance the Crusades led to the development of systems of direct general taxation that had long-term consequences for the fiscal structure of European governments.

### **IMPACT TO THE ACCOUNTING**

Accounting was created in response to the development of trade and commerce. Economically, the war encouraged the mechanization of production and the accumulation of capital for both sides. The needs of the armies in the field resulted in the mass production of processed foods, ready-made clothing, and shoes, and after the war, industry converted such production to civilian use.

The Crusades resulted the need of accumulation of capital for both sides. Therefore, a systematic method was developed to document all the transactions in order to prevail in their campaign. There were no record on methods and how the Crusaders keep their records, but it was evident in the Fourth crusade that they faced a financial problem and this raised the issue of how the funds were managed and at that point, financial information was needed at the most.

Genoa (the city where Luca Pacioli lived) was the stopping point for the Crusaders. The only thing that we could assume here was the city had been established at least 4 decades to 1494 during the crusade. Apart from that, this city was in the Roman Empires before the Empire collapsed in the early Millennium. This city was an ideal place for commerce and trade. The Crusade period, opened up the market to the east and brought prosperity to this city. Due to that the transactions were no longer small and simple. Apart from that, the paper was invented and money as medium of exchange has become stable.

The traders in Genoa elevated trade and commerce to new levels, and actively sought better methods of determining their profits. The traders kept extensive business records, as the use of capital and credit on a large scale was developed. They wanted to know about their business financial position and their companies' performance. As a result, the single entry which was practiced by the traders during that time was unable to cope with these demands. Frater Luca Bartolomes Pacioli (a good friend of Leonardo da Vinci) was the first man who introduced double entry accounts in his book, *Summa de Arithmetica, Geometria, Proportioni et Proportionalita* or Review

of Arithmetic, geometry and proportion in 1494. He included two chapters called *de Computis et Scripturis* describing the double entry bookkeeping. Although he acknowledged as father of modern accounting for this effort, he was not the inventor of double entry Accounting but he compiled all the accounting knowledge which was later known as 'method of Venice'. In fact, there was evidence that as early as in 1299, Farolfi Company of Florence had produced Profit and Loss Statement and prepaid rent (deferred expense). In addition, in 1324, Medici Bank had developed Depreciation on Equipment and Bad debt reserves.

## CONCLUSION

The Crusades made Western Europe more civilized. After the Crusades ended, the European was able to prosper from trade between Europe and the Middle East. The Crusades had brought Western Europe higher standards of living and promote development of eastern medicine and learning. Greek and Muslim culture, such as silks, spices, and oranges has changed the Western European culture. Extreme statements of this view held that the Crusades brought Europe out of the provincialism of the Dark Age.

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