

# **An Important Work for the Enrichment of Accounting History Knowledge in Occident**

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The purpose of this paper is to contribute to the diffusion of the book by Oktay Güvemli, Cengiz Toraman and Batuhan Güvemli: *State Accounting in the Ottoman Empire* recently published in Istanbul. Though during the two last decades Professor Oktay Güvemli and his collaborators have been doing a praiseworthy effort to make known some features of Turkish accounting history to their western colleagues, until now a general treatment of the subject in an occidental language was missing. The significance of the knowledge provided by the book is easy to understand when one knows that nearly 45 million ledgers and documents kept by the *merdiban* method are conserved. The expression *merdiban* means “stair” making reference to the layout of the accounts, which began with the total amount at the top and the corresponding single entries staggered below it, taking the form of a stair. In this respect it has to be taken into account that the *merdiban* records, which was the accounting method used in Anatolia up to the middle of the 19th century, were kept in a sort of accrual accounting. The 45 million ledgers and documents are kept in the Prime Ministry Ottoman Archives in Istanbul as well in many other archives.

The book bases mainly on the first three volumes of the four-volume work by Oktay Güvemli: *Türk Devletleri Muhasebe Tarihi (Accounting History of Turkish States)*, Istanbul, 1994-2001. Professor Oktay Güvemli is a well known accounting historian who began to participate in congresses

on this subject in 2000, a year in which he attended the 8th World Congress of Accounting History that took place in Madrid and was organized by the Comisión de Historia de la Contabilidad (Commission of Accounting History) of AECA (Spanish Association for Accounting and Business Administration). There I met him and began what today is a great bond of friendship between us. From then onwards he has attended all World Congresses of Accounting History and organized the last one in 2012, as well as taken part in a good number of congresses, seminars and conferences of the same nature. Moreover he launched and convened the Balkans and Middle Eastern Countries Auditing and Accounting History Conferences held in Istanbul in 2007, 2010 and 2013. The last one was held in combination with the III International Conference on Luca Pacioli, a series of conferences promoted by the Commission of Accounting History of AECA. Just in the convening field Güvemli has always shown an extraordinary capacity achieving participations in the conferences of five or six hundred delegates, most of them from Balkan and from Near and Middle East countries. This can sound almost incredible to occidental ears, since by us the interest in accounting history can in no way mobilize such numbers of people.

As a result of his researches Oktay Güvemli has authored, besides the two mentioned works, other several books as well as numerous papers. The Academy of Accounting Historians has acknowledged the important accounting history research and the promotion activities carried out by Professor Güvemli and granted him the Hourglass Award in 2011.

Oktay Güvemli was professor of Accounting of Finance in the University of Marmara. Presently he is retired and is the editor of the Turkish Accounting and Financial History Research Journal as well as Chairman of the Oktay Güvemli Foundation for History of Accounting and Finance (MUFTAV).

The second co-author of the book, Cengiz Toraman, is Professor in the Accounting and Finance Branch of the Business Administration Department of the Faculty of Economics and Administrative Sciences of Gaziantep University. He has attended the World Congresses of Accounting History of 2004, 2006, 2008 and 2012, and plaid senior roles at the Balkans and Middle Eastern Countries Auditing and Accounting History Conferences held in Istanbul in 2007, 2010 and 2013. He has published numerous papers on the Middle East and Ottoman accounting history; he is a close collaborator of Professor Güvemli and has taken part in the writing of some of his books. He is a member of the editorial board of the Turkish Accounting and Financial History Research Journal.

The third co-author of the book is Batuhan Güvemli, son of Oktay Güvemli. He is Associated Professor in the Accounting and Finance Branch of the Business Administration Department of the Faculty of Economics and Administrative Sciences of the Trakya University, located in Edirne. From his student days he familiarized with accounting history and participated with his father in the 8th World Congress of Accounting History of 2000 held in Madrid. He has also attended all the following World Congresses. He collaborated in the organization of the Balkans and Middle Eastern Countries Auditing and Accounting History Conferences held in Istanbul in 2007, 2010 and 2013 and presented papers at all of them, the same that he made at the World Congresses of Accounting History of 2006, 2008 and 2012. He is one of the founders of the Oktay Güvemli Foundation for History of Accounting and Finance (MUFTAV) and sub-editor of the Turkish Accounting and Financial History Research Journal.

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The book forms a volume of considerable size and deals with the history of the Turkish accounting culture, methods and characteristics, a history that had its origin in the peninsula of Anatolia. Special attention is paid to the accounting of the Ottoman Empire. It begins with some pages

constituting an introduction to the work itself. It is composed by a Foreword of Seyit Ahmet Bař, Chairman of the Public Oversight, Accounting and Auditing Standards Authority, by a Preface written by Güvemli, and by the Contents of the book with the headings of the chapters and sections.

After these introductory pages, the book is structured in ten parts or chapters:

1. Development process of Turkish accounting recording culture
2. Financial management and State accounting in the Abbasid and Ilkhanate States
3. Financial management and State accounting in the Ottoman Empire during its establishment (1299-1453): emergence of the Anatolian accounting recording culture
4. Financial management and State accounting “ Development period of Anatolian accounting recording culture in the Growth period of the Ottoman Empire (1453-1579)
5. Financial management and State accounting “ Perfection of Anatolian accounting recording culture in the stagnation and decline period of the Ottoman Empire (1579 - 1839)
6. Major changes in the Ottoman Empire accounting thought, starting with the Tanzimat (1839) “Westernisation process in Turkish accounting recording culture in the stagnation and decline period of the Ottoman Empire (1579 - 1839)
7. Annexes
8. Glossary
9. Index
10. Brief resumes of authors

Before entering to comment the contents of the book, I think that it would be convenient to offer a brief outline of the historical context in which the main events in the book take place. This would be in benefit of the readers that are not acquainted with the history of Turkey, like I myself was, so that they can follow better the explanations the work offers. With this aim I begin to write these notes.

In 330 D.C. Constantine chose Byzantium as the site of a new capital of the Roman Empire, calling it Constantinople. This happened maintaining the unity of the empire. However, the arrangement did not function. This way, after the death of emperor Theodosius I in 395, the Roman Empire remained divided in two, the Western and the Eastern, as Theodosius had disposed in 392. In that time the Eastern Roman Empire comprised the Balkans and Greece, in Europe; Anatolia, Syria and Palestine in Asia; and Egypt and Cyrenaica in Africa. It took an end in 1453 as result of the conquest of Constantinople by the Ottoman Empire.

With respect to the Abbasids, it is known that Abbasid caliphs were descendant of an uncle of Muhammad and supplanted the Umayyads in 750. They moved the capital of the empire from Damascus to Baghdad. In 770 they marched and settled in West Anatolia and with their expansion began the Islam Golden Age. They fought several times with the Byzantine army and succeeded to remain there and to gain terrain and influence. Their power was destroyed in 1258 because of the Mongol conquest of Baghdad.

For their part, the Turks were a nomadic people of central Asia compounded of several tribes who began to establish themselves in several parts as the present Iran, Iraq, Aral Sea, etc. One of the tribes, the Seljuk Turks, founded in Iran in 1037 the Great Seljuk Empire, a Turko-Persian empire after the efforts made by the founder of the dynasty Seljuk Bey, who gave his name to the tribe. Some Seljuk Turks settled in Anatolia at the end of the 11th century, and especially on the north western rim, after his victory in Manzikert against the Byzantine armies (1071), which opened them the Anatolian gates. In the 12th century the Byzantines managed to recover the territories lost in the previous century in western and northern Anatolia. The peninsula was then practically split between the Byzantine Empire and the Seljuk Sultanate of Rum, which by 1240 held almost all central and west part of Anatolia.

On its part the Ilkhanate State was a breakaway of the Mongol Empire founded by a grandson of Genghis Kahn and was based in Persia moving further to West Anatolia. They absorbed in Baghdad the most advanced accounting system and fiscal administration system of its age, systems that they transferred to the Ilkhanate State. This State kept sovereignty for a century (1256-1353) and transmitted the knowledge of accounting and fiscal matters to the Seljuk Turks. At the end of its period Ilkhanate's dominion was located at the very western extreme of the peninsula.

As to the Ottomans, they, led by Estugrul, head of Kayi tribe of the Oguz Turks, left Metz in Turkmenistan to go to Anatolia in the mid 13th century to take service with the sultan of Rum. Osman, Estugrul's son, gave name to his people and during his reign from 1299 to 1326 put the foundations of the Ottoman Empire, which came to life plenty of vigour and energy. In that time there were many Turkish fiefdoms in Anatolia. It is not known how it happened but in shorter time the Ottomans managed to occupy the half of the peninsula. One hundred years after Osman's death the dominions of the empire included two thirds of Anatolia, and in the European continent territories belonging today to present states, i. e., the totality of the ones of Bulgaria, Greece, Albania, Montenegro, half Serbia and a part of Bosnia and Croatia. At the end of Suleiman I the Magnificent's reign, in 1566, the empire showed a great expansion with the incorporation of the rest of the territories of the presently extinct Yugoslavia, whole of Hungary and Romania, and the southeast part of Austria, whose capital Wien was besieged two times, in 1529 and 1532, by the Ottoman troops commanded by Suleiman, but without success in both cases. These defeats marked the stop of the advance of the empire in Europe. In Asia Suleiman troops conquered the rest of the Anatolian peninsula as well as the territories of Syria, Lebanon, Israel, Jordan and Iraq. The Ottoman held also the power in a stripe along the east shore of the Red Sea that arrived up to Mecca. In Africa the empire owned Egypt as well as another strip along the Mediterranean Sea up to beyond Algiers. During the following period, from 1566 to 1683 there was only a small territorial

expansion, i. e., a small stripe on the west shore of the Persian Gulf, a lengthening of the stripe on the east shore of the Red Sea, as well as the land completing the stripe along the Mediterranean Sea thanks to the conquest of Tunis. Through these incorporations the Ottoman achieved its maximum size. The empire came to an end in 1922, when it was replaced by a republic, the Turkish Republic.

In his excellent Preface Güvemli explains the general layout of the book with the pertinent summarized explanations on the subject studied. First of all he handles with the development of accounting culture in the field of research identifying three key features in the development of this culture. These features are:

1. The accounting culture was developed in the region within the framework of state accounting. This was so because there were no significant private enterprises that would have the need to keep an advanced accounting system. They had enough with the keeping of simple accounting notes since production activities in large scale were carried out by state agencies. The importance of private enterprises did not begin to increase until the beginning of the second third of the 19th century, as a result of the liberalization promoted by the Tanzimat Edict of 1839 (Edict of Reformation). This state of things highlights the great difference between the development of accounting in Anatolia and in central and west Europe. In this zone an important private accounting system was developed in parallel with the State's one. The State kept its accounting by a method called *Charge and Discharge*. It was a rather primitive method that consisted in individual accounts that were opened to every agent and tax collector. The amounts to be collected were charged at the beginning of the account and the amounts collected and transferred to the State were credited. It was simply an accounting to control the actuation of the agents and consequently it was a flow accounting without any consideration to wealth or capital, but only to payments and collections. All individual accounts written on separate leaves were put together, but they had nothing to do the one with the other. This was so because the method established

no relation at all among them. The relationship of every account holder was exclusively with the State. In its whole course, at least from the High Middle Ages to the 19th century, this way to keep the State accounts had experienced no progress. On their side the merchants, beginning at least at the same time, had been always searching for a better accounting way. Attempt after attempt, little by little, correcting the erroneous endeavours, they achieved finally a formulation of double-entry accounting towards the end of the 13th century or along the 14th one. Double-entry accounting is the most perfect accounting method known up to now. This is so because it is a global method, an omni comprehensive system in which cash as well as wealth accounts are considered and where each account is related to the others and has its *raison d'être* in function of the whole. Double-entry accounting is the true and reliable expression of the situation of the enterprise.

2. The Anatolian accounting culture used the *merdiban* method that appeared with the Abbasids (770-1258). During the Ilkhanate period (1256-1353) the *merdiban* method was developed, being perfected during the Ottoman era (1299-1922). It was definitively replaced by double-entry accounting in 1879.

We have to stress that it was through the influence of Ilkhanate and of Persian intellectuals and administrators who came to work at the various Turkish fiefdoms and states that the accounting culture was known and put into practice in Anatolia. With reference to the documents of this nature that have arrived to us, it is worth to mention that in the Abbasid period have only survived a few examples of the *merdiban* method. From the Ilkhanate times have survived four instructional texts to teach the method. On the contrary no text of this nature has been found from the Ottoman era, although nearly 45 million accounting ledgers and documents from these times exist, as already said.

3. The third key feature taken into account in the Preface with reference to the Accounting culture is the fact that the Ottoman State used accrual accounting to keep his records. Accrual accounting was the way that state accounting used to employ almost everywhere. This did also



the Spanish State in its *Charge and Discharge* accounting. It consisted in charging the agent account at the beginning of the accounting year the whole amount of the taxes of whose collection he was entrusted with. When every amount was effectively collected and paid to the State, the account of the agent was credited. This practice was a way to transfer to the agent the care and responsibility for the collection of the taxes, as well as the concern to demonstrate that the taxpayer had not fulfilled his duty and to find out why not.

As we have seen the development of accounting culture in Anatolia is treated of in detail in the two first chapters of the six text chapters that the book has. The book is constituted by ten numbered parts, the mentioned six text chapters, and four parts devoted respectively to Annexes, Glossary, Index and Brief Resume of Authors. Each text chapter has a different number of sections and subsections. The last section contains the resources or bibliography consulted to write the chapter.

Chapter 1 is entitled “Development process of Turkish Accounting Recording Culture” and begins with the separating the Turkish accounting culture into periods. At the beginning is included the English translation of the definition that the Turkish dictionary TDK gives to the expressions “writing” and “recording”. It reads: “Writing is putting thoughts on paper. However, recording means to write something into a book, placing it as a good”, that is, giving value to it. I think this is an interesting definition.

In this respect the historic flow that shaped the Turkish recording culture is sorted in the following manner:

1. Between 600 - 1071 — Central Asia recording culture.
2. Between 1071-1839 — Anatolia recording culture formed by the influence of Arabian and Persian cultures:
  - Between 1071 -1299 — Great Seljuk Empire (1040-1092) and Anatolian Seljuk Empire (1092-1308).
  - Between 1299 - 1839 — Ottoman Empire.

3. Post 1839 - period extending until today - the period of westernization:

- Between 1839 - 1922 — Ottoman Empire period.
- Post-1923 — Republic of Turkey period.

As all other bibliography sections of the chapters, the one belonging to Chapter 1 is rich and the works consulted are correctly quoted.

Chapter 2, entitled Financial Management and State Accounting in the Abbasid and Ilkhanate States is divided in two parts, one for each State. To the part studying the Abbasid State are devoted five sections while the Ilkhanate is exposed in six sections. As usual there is a last section including the sources consulted for the writing of the chapter.

Like in the other chapters, the items dealt with in the chapter were also anticipated in the Preface, but here are treated with much more extension, introducing new elements as well as reproductions of the records actually written.

There is no precise information about state's expenditure because the respective records have not survived to our time, as was the case of the revenues. In any case it is possible to state that wages were the largest share of state's expenditure.

A very interesting section of this part of the chapter is the one devoted to the accounting books and records. Eight books are mentioned with their names and short explanations. Unfortunately no copy of them has survived. As to the records, after some comparisons between present-day numerals and Roman and Arabic numerals some information is given on the special text used in the accounting records, a text called *siyakat* that had no dots. According to the book, the *siyakat* text was for centuries an inseparable part of the stair method and was used in Arab countries, as well as by the Ilkhanate and the Ottomans.

Afterwards a recording example that is related to the state revenues of early Abbasid period (775-786) is presented. It was studied by Alfred Freiherr von Kremer. First of all, a copy of the document is shown, then a transcription in English.

The second part of the chapter deals with the Ilkhanate State, from which we have also mentioned some details in the previous pages. In this part it is specially interesting the reference to the four teaching books related to the state accounting of the Ilkhanate, which were written between 1309 and 1363.

After these enunciation and short explanations of the books, comes the extensive section entitled Content of the Four Teaching Books of State Accounting of the Ilkhanate, with about one hundred pages, where the contents of the four books are explained at length, paying special attention to the last one. A lot a pages of the latter, many of them presenting examples of records, are reproduced. In every case they are followed by the respective translations into English. Because all of this, the section supposes an important contribution to the theoretical and practical knowledge of the *merdiban* accounting method.

In the next section Evaluation of Accounting Culture in the Ilkhanate State in the Middle of XIV Century it is remembered that the Ilkhanate State had Mongolian origin and that it kept sovereignty for a century (1256-1353). As it came from Baghdad its culture was Persian.

The last fifty years of the Ilkhanate (1256-1353) saw the beginning of the foundation period of the Ottoman Empire (1299-1453). Although Ottoman State accounting experienced a prolonged period of maturation during the period of the rise of the empire, examples of the Ilkhanate accounting culture level are not found up to the late 15th century and the early 16th century. This fact suggests that there was not a firm criterion to take decisions for the development of state accounting during the rise time of the Ottomans.

Chapter 3 marks the beginning of the exposition on the Ottoman Empire.

The first part of the chapter lays stress once again on the importance of the Persians in the transmission of their accounting culture to Anatolia: the Abbasids came from Persia; the Ilkhanate people also did so, as well as the Seljuks, who arrived to Anatolia in the first quarter of the 11th century founding the Sultanate of Rum, and became dependent of the Ilkhanate. This dependence caused a takeover in some extent of its accounting concepts. Moreover during the founding of the Ottoman Empire in 1299, the Ilkhanate was still active and its knowledge of state management would surely have influence on the ideas of the Ottomans to this respect. Moreover, administrative and financial affairs were carried out by the Iranians with the contribution of Turks.

In the following pages the chapter explains and makes a detailed comparison of the Central Financial Organizations of the Great Seljuk Empire, the Ilkhanate and the Anatolian Seljuks.

The second part of chapter 3 deals with the beginning of Ottoman Empire. First of all the periods of the Establishment of the empire are briefly reported. Six periods are distinguished, each one corresponding to the monarch who led the rising empire.

After the explanations on the periods distinguished in the Establishment, it is dealt with the need felt by the Empire to implement an accounting system. In this context it is spoken of the revenues and expenses, which are explained with great detail. The following section explains the way in which the sums were collected or paid respectively. The financial institutions that existed to carry out the different tasks as well as the methods employed to do it are also explained.

In the section Evaluation of Accounting Culture at the End of the Establishment of the Ottoman Empire is presented an appraisal on the evolution of accounting in the establishment period of the Ottoman Empire.

The conclusion to which the section arrives is that during this phase of territorial expansion it could not be paid much attention to accounting. It is thought that probably the Ottoman would use the services of Turkish and Iranian experts to do these tasks. Anyway the accounting records of the period have not survived up to now. For this reason it is difficult to arrive to definitive conclusions.

Chapter 4 studies the development of Anatolian accounting recording culture in the growth period of the Ottoman Empire (1453-1579).

First of all, the legal regulations issued during the reign of Fatih Sultan Mehmed are studied. This period marked the beginning of the development of financial management of the state, and state accounting. It is said that enlightenment began in this period.

Three of the new laws are presented and discussed. In the first place the *Kanunname-i Ali Osman* (Great Ottoman Law), that was the first law revealing the principles of the Ottoman State administration. The articles related to financial management and state accounting are reproduced and commented.

Afterwards the legal regulations on the subject promulgated by other rulers are studied, reproducing the most relevant articles. English translations of them are reproduced, followed by the pertinent comments.

It is also important the wide and precise information given about the creation, development and functions of the institutions related to financial management and state accounting during the growth period of the Ottoman Empire. The institutions dealt with are: A. Defterdarlik (Revenue and Expenditure office); B. External and Internal Treasury; C. Departments Affiliated with the Revenues and Expenditure Offices. The most obvious document where the word *defterdar* (head of the finance and accounting department) in the Ottomans is to be found is a law published in the period of Sultan Mehmed the Conqueror's period (1451-1481), which is called *Kanunname-i Ali Osman*. In the section some articles of this law are

reproduced and commented. This initiates the treatment of the information about the elements of the organization of financial management and state accounting during the period studied.

As conclusion of the study it is stated that the titles of the employees in Ottoman state accounting, training schemes, resources and forms of wage payments have remained unchanged for centuries. Only the numbers changed during the growth, stagnation and decline periods.

The study of the Accounting Recording Needs and Fulfilment of Needs follows and is completed with the selected examples given with regard to the fulfilment of these recording needs.

With regard to the functioning of Ottoman state accounting it is said that it had four basic elements.

- a. Journal book.
- b. Supplementary books with attributes of a ledger account.
- c. Submitting the annual final account.
- d. Other supplementary books of the system.

From all the books several examples are offered, always in the same way: original leaves, translations and comments.

Afterwards the chapter 4 examines the Environment Providing for the Development of the Recording Culture in the Ottoman Empire in the Growth Period. First of all, significant economic and financial developments are examined, and then are analysed the institutionalization factors and how was the scheme they used to impose themselves.

All the discussions about these items are interesting, but the offered table on The Ottoman Empire's Balance of Income and Expenditure in XVI Century presents the most interesting data.

Thereafter the Factors Formed in State Accounting During the Growth Period of the Ottoman Empire are studied.

After the explanation of these items linked to the state accounting comes the habitual section quoting the sources used in the writing of chapter 4.

Chapter 5 deals with the Perfection of Anatolian Accounting Recording Culture in the Stagnation and Decline Period of the Ottoman Empire (1579 - 1839).

The chapter is much contextualized and takes into account the developments in some European countries as influence factors in the Ottoman Section evolvments. First of all, the facts that affected state accounting in the stagnation and decline period of the Ottoman Empire are dealt in general. Thereafter political and economic developments are concerned. To this object it divides the period into several phases.

The last phase that comprises from the reign of Abdülhamid I (1774-1789) to that of Mahmud II (1808 - 1839) was extremely important, because it was the period in which Ottoman bureaucracy started to get acquainted with Western European culture. The first signs of great change in financial management and state accounting thought, which began with the Tanzimat (1839), emerged in this period.

Anyway it was not until 1879-1885 that a liberal wind began to blow. This wind began to get behind the change to roll out the double-entry method. That this move ended in failure constitutes a typical example of the focus on statism. This wind of change had to wait for the Republican period (1923). The Republic of Turkey was founded in poverty and destitution, so that the mixed economy was tried with a 1930s approach.

Thereafter it is dealt with developments concerning trade and industry during the 17th and 18th centuries. In the middle of 18th century production technologies had begun to develop in Western Europe, but the Ottoman Empire entered a period of decline. In this respect, the incorporation of the developments in trade and industry made in Western Europe during the 17th and 18th centuries were slow and incomplete.

Afterwards, the chapter approaches the study of institutions related to financial management and state accounting during the period. The subject is divided in two parts: Accounting and Finance Departments in the Central Administration, and Financial Management in Provinces. In the first part the prominence corresponded to the Revenue Office or *defterdarlik*. In the provinces the financial management could adopt the styles of *Has* (letting of agricultures revenue generating places of the State); *zeamet* (land given to senior administrators for services or fees); or *timar* (the land given to the elders of the state in exchange for services or for a fee). Anyway, *timar* style was the most prominent and at the beginning of the 17th century almost 94% of the circa 85.000 territories were administered by the *timar* system.

The study of this subject is completed with the consideration of the sections connected to the revenue offices and the mention of the number of employees in Central Administration.

Another interesting matter studied in this chapter is the one referred to the revenues and expenditures in the Ottoman Empire during the 17th and 18th centuries. Revenues and expenses are described in detail. A table of the expenditures in year 1761 is offered with the result that the military expenditures made up more than the two thirds of the total.

The explanations of the crisis that began the 17th century are also very interesting. The crisis was due, on the one hand, to the fact that in Anatolia the silk road was no longer in use and, on the other hand, because several wars took place and continued for some time. They provoked both land loses and large expenditures. Practically in all the years of the 17th century the balance between revenues and expenditures was negative. The situation was somewhat better in the first half of the 18th century, but got worse again at the last third. Moreover a process of inflation and depreciation happened. From the beginning of 16th century until the end of 18th century, about 260 years, the value of money in the Ottoman Empire decreased by 77%.

As to the accounting, as final point of the chapter, it is dealt with the reorganization of accounting and with the needs it had to satisfy at the end



of the period studied. Two measures constituted the core of the first item: the *defterdar*'s offices came to mirror not the regions, as before, but the incomes and expenditures from them; the second measure affected the separation in the organizational structure for accounting-finance decisions. The qualifications of accounting officers gave them always more weight in the decision taking, through the financial reports that they prepared.

The needs contemplated at the end of the period had substantially to do with the simplification of the processes, the promptness of the information provided and a better control of the operations.

The final text chapter of the book, entitled Major changes in the Ottoman Empire Accounting Thought, starting with the Tanzimat (1839) – Westernization Process in Turkish Accounting Recording Culture is very short, but also high interesting, since it explains the process of the Turkish change of mind with respect to accounting and finance in order to adopt the Western practices. This change began with the Tanzimat Edict in 1839, which the chapter considers as commence of the westernization process in Turkish accounting recording culture and, beyond that, of the adoption, in general, of the occidental *Weltanschauung*, that is, view of the world. The process culminated with the proclamation of the Republic on 29th October, 1923, with Mustafa Kemal (Atatürk) as its first president.

The chapter has five sections. The first one begins summarizing the contents of the edict:

- Safety should be given to life and chastity.
- The very start of the development of reconstruction works should be opened with giving importance to the safety of goods.
- The tax scheme should be renewed and tax should be taken from everybody according to property and income.
- İltizâm* method of tax collection (handover of tax collection with agreement) should be removed; tax should be collected by state officers.

-Recruiting procedures should be revised; time should be spent in military service.

-Clarity of justice must be provided, the cases should be clearly visible.

-Measures should be taken to remove corruption.

These brief descriptions show that the Tanzimat Edict was a regulation with an administrative and social content.

Thereafter the main consequences had in the high levels of the Administration are explained.

The next section deals with the effects that the Tanzimat Edict had on state accounting. The previous governmental organization was replaced by a system of ministries in occidental style. The Head Treasurer was appointed as Minister of Finance and while the Ministry was established the accounting office in charge of state accounting functioned within a central organization. After the first Constitutional period (1876) several radical reforms were made in 1879, year in which several high level institutions devoted to financial affairs were established.

The Tanzimat also brought changes in revenues and expenditures. This subject is handled in section three. Some new taxes were created, like the Property tax and the Dividend tax. Other already existent taxes were maintained or modified.

With regard to the expenditures it is to be said that more or less their categories were maintained. The novelty was the intention to bind the state expenditures to a specific basis. This intention made way to a developed budget scheme that had to be brought from the Western European countries.

The following section treats the accounting profession and asserts that in the Ottoman Empire the accountants constituted a profession. This was a real profession, with rules and principles. It was organized forming a

hierarchical system, which enjoyed great prestige in the State mechanism. The profession had an accountant training scheme. The strength of the accountant training scheme —recruitment at a young age— guaranteed the possibility to spend the whole life working as accountant. However, as it is commented in the book, this scheme got corrupted when state accounting was turned into a general directorate under the Ministry of Finance at the time of the Tanzimat. Since the Ministry had more urgent aims to attend. This situation continued for a very long time but the accountancy profession was destined to become an organization again, and therefore a profession that had rules and principles, in 1989.

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The book that I have just commented is an excellent piece of work based in a significant part on the own research of the authors, and specially on the carried out by Professor Oktay Güvemli, who is a well-known specialist in the world of accounting historians, as mentioned above.

The work describes the state accounting of the Ottoman Empire and its background with great care and attention to detail, but without any detriment, for this cause, of the overview of the subject. The locating of the subjects in their right context is other of the main features of the book. In the Ottoman Empire the state fulfilled by itself all important economic activities. Therefore it was little space for developing a private economic order with entrepreneurs of enough dimensions to need an elaborate accounting system. Hence, the only accounting worth mentioning was the state one.

The Ottoman Empire state accounting named *merdiban* showed similarities to the method used at the same time by Western European countries, i. e., the *Charge and Discharge* accounting. Both of them used accrual accounting and consisted of accounts kept by a principal with their agents, accounts that were not integrated into a system: so to speak, they were isolated accounts. Anyway, studied as a whole they could provide a very important information on the activities of the state.

This can be highly interesting, because the Ottoman Empire was one of the most powerful and lasting empires in world history. The contents of the state accounting records could explain a lot of things regarding the development of the Empires's activities in a wide range of subjects: wars and conquests, economic affairs, political domination, pacts and alliances, court intrigues, and so on.

The commented book has not as its object the analysis of the contents of the accounting records in this sense, since its aim is to study the development of the Ottoman accounting culture and its background. However, it could be understood as a first step on this direction, apart from its great contribution to the knowledge of the history of Turkish accounting. Then, through the publication of the book in two languages, Turkish and English, the accounting history researchers knowing Turkish will see open the door to the investigation in the suggested direction, since the book by Professor Güvemli and his collaborators has traced the map of lines and sources. And one must say that the research in this direction is one of the most suggestive that an accounting historian can choose today, because accounting history is not only the study of the development of accounting theories and practices, as *stricto sensu* it was believed only forty or fifty years ago. Today is much more extended the idea that accounting history, *lato sensu*, is all the knowledge that can be gained by studying and interpreting accounting records. This notion makes accounting history a privileged way to approach historical research.

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