WRITTEN ROOTS OF ACCOUNTING IN THE ANCIENT WORLD

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Abstract
Modern societies are tributary to ancient civilizations for giving them the most important asset in accounting, namely writing. Without this groundbreaking invention, accounting could not have been practiced as it is mandatory to ensure a consistency between facts and recordings. Numerous archeological discoveries support the idea that accounting practices were invaluable in ancient times for several reasons, ranging from registering state and private wealth to obtaining high positions in the state hierarchy. This paper draws on such motives. Starting from the Mesopotamian civilization, the paper presents a brief historical synthesis of the Egyptian and Hindu accounting principles so as to highlight the importance of accounting for the societies’ economic development.

Keywords: accounting, ancient world, scribes, hieroglyphic writing.

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1. Introduction
It is widely acknowledged that writing was antiquity’s gift to mankind, more precisely of the Mesopotamian inhabitants [1]-[2]-[3]-[4]. In this vein, Friedrich Nietzsche stated that “a great value of antiquity lies in the fact that its writings are the only ones that modern men still read with exactness” [5]. The invention of writing was a major turning point for the development of human societies and several social domains like accounting. Without this form of communication, the practicing of accounting could not have been achieved, because accounting is founded on the principle of providing a consistency between facts (e.g., purchases, sales, taxes levied, inventory) and graphical records. Accounting practices were invaluable in those ages. Numerous archeological discoveries support the idea that rulers of ancient territories understood the need and the utility of registering state and private wealth. Moreover, individuals possessing accounting knowledge could hold high positions in the state hierarchy. The accounting knowledge is thus deeply rooted in the ancient world.

According to historical sources, other civilizations put their mark on the evolution of accounting besides the Mesopotamians. The current paper briefly draws on such contributions. The structure of the paper is as follows. Section two presents the reality of the ancient Egyptian civilization and accounting precepts of those times. Section three tackles the accounting practices of the Hindu society. Section four brings concluding remarks.

2. The reality of the Egyptian society and accounting precepts
Thousands of kilometers away from Mesopotamia, to the west of the ancient territory, the waters of the Nile have protected one of the grandest civilizations known worldwide for its architectural megalithic constructions, i.e., Egypt. In the following, few details of the Egyptian society that are very important for the understanding of the accounting evolution will be presented.

As the Tiger and the Euphrates in Mesopotamia, the Nile had a special role because it provided the water necessary for crops. Unlike the Mesopotamian rivers though, the Nile had the extraordinary attribute of caring for everything on its own: it overflowed periodically and irrigated the fields; inhabitants’ only concern was to decide where and what to plant and ultimately to harvest the crops. Having no need of complex irrigation systems and workforce to manage them, the first Egyptian settlements did not match the size of the first Mesopotamian cities Uruk and Ur. In this vein, the renowned Canadian historian William Hardy McNeil explained in his book [6] the motive for which the first Egyptian cities were not as developed as the Mesopotamian ones: the early political unification of the country. Hence, in the opinion of the author, “early Egyptian civilization was the product of the royal household, which proliferated so widely as to become, in the specialization of its parts, a city in itself. Being able to command the labor of vast numbers of peasants throughout the country, the administrators and engineers of the royal household found it possible to carry
through such extraordinary operations as the construction of the great pyramids” [7]. If in Mesopotamia cities were states were considered the basis of the society, in Egypt this role was carried out by rural villages.

With respect to politics, Mesopotamia was divided between the city farmers and the royal court. Beside the village dwellers, Egypt had a supreme leader of the state called pharaoh. The only two differences between Egypt and Mesopotamia were that: 1) in Egypt the pharaoh was considered the deity itself; in Mesopotamia, the god was considered superhuman; 2) during the Old Kingdom, Egypt was united and ruled by a single pharaoh; Mesopotamia was divided in a number of city-states ruled by a different king.

The question which arises is how the Egyptian pharaohs were able to rule over one united territory. The first explanation is that the surrounding area of Egypt comprised vast deserted lands that had protected the country from foreign invaders for a very long time. Secondly, the country afforded a mainly autarchic way of life due to the facilities offered by the Nile. Last but not least, the pharaoh could control navigation easier and eventually the transportation of people and goods. This way, the ruler kept the entire country under his control regarding all the aspects: economic, geographical, social. Because they did not have a geographic upper hand, the Mesopotamians had to create a bureaucratic legal apparatus (like the Hammurabi code) in order to impose authority at central level. This polarity pharaoh-rural community would be maintained until the Middle Kingdom. From this point forward, the class of the great land owners, nobles and temple priests was formed and connected to a certain point the two social extremes.

The Egyptian civilization invented a particular type of writing. 5000 years ago, at the end of the fourth millennium B.C., Egyptians were using an early version of the hieroglyphic writing, which was deciphered with the discovery of the famous Rosetta stone [8]. On the basis that hieroglyphs were only used by scribes or certain priests, writing remained conservative and did not simplify in 3000 years. Its rigidity led to the decline of hieroglyphs, which have not been completely elucidated.

The hieroglyphic writing was invented in the same manner as the Sumerian writing: out of the need to keep the accounts or, like some historians state, out of a religious need. It was eventually used for all types of necessities: economic, social, spiritual. In the beginning, the signs used in the hieroglyphic writing represented human beings, manmade objects or objects from the nature. Therefore, the writing was considered strictly pictographic for a long time. Eventually, further research revealed the mixed character of hieroglyphs. They were both ideographical and phonetical (i.e., some of the pictograms represented sounds, being phonograms). Predominantly used until the end of the third millennium B.C., hieroglyphic writing was extremely laborious, especially when it came to represent practical daily activities.

The hieratic writing was born out of the need to simplify the hieroglyphic writing and in the same time with the transformation of papyrus in a common writing material. Besides being easier to be written, it also had a higher number of signs with phonetical value. A higher fluency is brought by the Demotic writing, which appeared around the year 1000 B.C. or in the VIIth – VIth century B.C. during the XXVIth dynasty [9]. Compared to the first two types of writing used for religious and administrative purposes, the demotic one was used any time individual needs of economic, social or religious occasions requested it. Moreover, it was predominantly phonetic and much more simplified, employing many abbreviations. Last but not least, the Coptic writing was formed on the Egyptian territory during the Greek occupation.

Accounting had been kept in Egypt since the Old Kingdom and it was more of a macro level activity than a micro level one. Public accounting was organized for agricultural and commercial activities which were basically under a state monopoly. The civil servant responsible for such accounting was the scribe. He was the “main pawn” of the state, not only for administrative activities, but also for the bureaucratic and cultural ones. Only the wealthy persons could practice this trade (like in Mesopotamia) after attending a multilateral educational training (i.e., writing, drawing, arithmetic, geometry, geography, technical constructions, history) that started in the childhood years and could last for years and even dozens of years. A scribe possessing such an intellectual dowry had the chance to access the highest leadership positions (i.e., vizier) depending of their flair, capacity and personal relations. Before the invention of the profession of scribe (i.e., since the period preceding the unification of the country), Egypt was organized in rural restricted communities governed entirely by the councils of elders.

Starting with the first dynasty, the scribe (as an employee of the state administration) was responsible with the embankment works, the draining, construction and supervision of farming activities. Moreover, after reading the Nilometer, he also forecasted the quantities of crops that would be obtained and, depending on this, the scribe established the taxes that would have been collected. For this purpose, he kept a thorough evidence based on accounts. The same system was used for tributes levied with respect to the commercial expeditions abroad and for the taxes levied from the farmers who rented lands belonging to the state. The scribe also possessed other multiple responsibilities: keeping the evidence of the treasury, cadaster, public works, other taxes levied for temples, royal court, estimating the army needs. Moreover, based on his cultural training, the scribe elaborated literary, religious, mythological or ethical-educational writings.

The activities of foreign trade were linked to the export of cereals, fabrics, fish, gold, rock (from the rich rock quarries along the Valley of the Nile), papyrus, and the import of ceramics, metals, weapons, purple, wood, oils, etc. Being under the strict supervision of the state, trading activities were therefore registered as inputs or outputs of the
royal treasury, were inventoried by establishing intermediary and final monthly balances and ultimately “audited” through periodical checks.

In the chain of commands, above the scribes there was the vizier, who had responsibilities similar to nowadays prime ministers. He was usually appointed from the members of the royal family. That had “effectively the duties of a supreme military commander; supreme leader […] of the administration, […] head of all the scribes in the country; supreme judge, and even supreme administrative controller of the temples domains. Only the religious cult and the duties of the Palace did not enter in his area of expertise. The vizier reported regularly to the king and received orders from him” [10].

In ancient Egypt, the businesses of small merchants were rarely encountered, yet they were not strangers to paperwork (i.e., buying-selling contracts, receipts, keeping registrars for own management). Having surpassed the barter period, exchanges generally used legally authorized metal pieces as currency.

3. Accounting practices of the Hindu society

The impressive achievements of the Egyptian civilization also influenced other civilizations like the Greek or even the one developed for thousands of years in the Indus Valley. In today’s India and Pakistan, agriculture did not develop in the same time with the one from Mesopotamia or Egypt, yet the process seemed to follow a similar pattern. Initially (between 4000-3500 B.C.) there were villages of farmers with fields that were not irrigated, later the Indus Valley was intensively cultivated and the water began to be used for irrigations.

Besides agriculture, which was their main occupation (like other antic civilizations), the Hindu were savvy merchants. In the beginning, agriculture was practiced only within the country. Ultimately, the Hindu began trading also outside the country ivory, gold, cotton, fabrics, jewelry, animals. In exchange, they obtained oils from Mesopotamia, dried fish, cereals and stones from Egypt [10].

Entering in contact with other people and civilizations, the Hindu became influenced by them. The influence occurred in such a manner that the inhabitants of the Indus Valley implemented foreign elements of urban components, which they later perfected. They developed their political-hierarchical structure following other examples from Antiquity and, most importantly, they implemented writing. During the third millennium B.C., they had developed their own writing system, which was extremely original and based on hieroglyphs not completely deciphered. The evidence for the existence of such a writing system were numerous inscriptions on stone seals, pottery objects, pieces of ceramics and bronze tablets discovered in the Indus Valley. Moreover, proofs that the appearance of this system could have been inspired by other civilizations were seals, trading documents, stamps, lists of Hindu merchandise found in former Mesopotamian settlements.

The aforementioned discoveries constituted also accounting documents and, in the same time, revealed that accounting was practiced by Indian traders to determine gains coming from transactions and to establish taxes. If the idea of registering economic activities was inspired from other civilizations, the use of numbers for accounting purposes was the invention of the Hindu (dating back to the 7th century A.D.). In the Middle Ages, the Arabs borrowed from the Hindu the system of mathematical denotation (i.e., decimal and the zero symbol), they introduced it in Europe, reason for which numbers were later called “Arab numbers”. And still are nowadays.

Regarding the central administrative apparatus, the king was at the top of the chain and he was assisted by a council, whose members dealt with enacting and repelling various laws, managing public finance and the external policy of the state. For a proper organization, the central administration was divided in departments supervised by civil servants who had the following attributions: collecting direct and indirect taxes from local councils, managing public accounting, coordinating farming activities, trade, mining, transportation, communications, managing state treasury, supervising workshops and manufacturing facilities, charitable actions, etc.

Cities in the Indus Valley were organized in a manner similar to royal court. Therefore, at the top was a council of about 30 people, who dealt with organizing the activity of craftsmen, supervising foreigners, protecting and helping foreigners, supervising manufactured merchandise, levying special taxes on sales volume, controlling whole sale, verifying measures and weights, stamping merchandise to guarantee quality and authenticity [10]. For the accuracy of such tasks, city leaders were assisted by accountants, controllers.

Before the formation of the cities, farmer villages were self-administered, having a local leader assisted by the elders’ council. Communes were born from reuniting several villages and were led by an administrator. Other superior administrative structures were districts and provinces. With respect to the financial-accounting precepts, farmers had to pay – as in the case of other civilizations – wealth taxes, income taxes based on the number of family dependents and the total amount of expenditures, contributions for using and maintaining irrigations, custom duties, taxes for professions, trade, gambling locations and passports. All taxes levied went to the central treasury in order for the state to deal with expenses (e.g., royal court, army, civil servants, public goods, charity and assistance institutions, etc.)[10].
4. Conclusions

Modern societies are tributary to ancient civilizations for giving them one of the most important assets in human communication, i.e., writing. In fact, as the French philosopher Voltaire used to say, “writing is the painting of the voice” [11]. The invention of writing, be it hieroglyphic, hieratic, Demotic or Coptic, shaped various aspects of society including the registration of economic transactions via accounting. In those times, writing was the prerogative of wealthy people and, consequently, accounting could only be practiced by individuals with access to education. Moreover, accounting principles were enacted at macro level (cities, provinces, districts, royal court) and rarely on individual level. Ancient accounts (i.e., scribes) had very important roles in supervising state resources and ranked highly among state officials [12]-[13].

All three major civilizations, i.e., Mesopotamian, Egyptian or Hindu, shared many things with respect to writing and accounting. These common attributes facilitated commercial and cultural exchanges between them and contributed to the spreading of accounting techniques to other parts of the world and throughout millennia. On the whole, writing and accounting practices were invaluable in those ages and turned out to be of paramount importance for the cultural and economic development of modern societies.

5. References