

УДК 657

Всемирные бухгалтерские конгрессы и оценка Я.В. Соколовым бухгалтерского учета при социализме*

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Аннотация

Доктор экономических наук, профессор Ярослав Соколов известен как выдающийся специалист в области истории бухгалтерского учета, чьи выверенные, впечатляющие и поучительные труды оказали значительное влияние на формирование интереса новых поколений к истории бухгалтерского учета. У него было собственное мнение о том, как должен быть организован управленческий учет на основе теоретических и прикладных аспектов бухгалтерского учета. Данная статья содержит анализ высказанных Я. Соколовым мыслей о том, что западные страны ожидали от бухгалтерского учета, когда после Второй мировой войны они столкнулись с экономической глобализацией. В частности, в статье анализируется, как бухгалтерский учет при социализме рассматривался на всемирных конгрессах бухгалтеров и на всемирных конгрессах по истории бухгалтерского учета. На основе исследования можно считать установленным, что практические приложения бухгалтерского учета при социализме занимают важное место в истории метода двойной записи. Именно социалистическому строю мы обязаны формированию истории метода двойной записи.

Ключевые слова: бухгалтерские конгрессы; социалистический строй; Ярослав Соколов; история бухгалтерского учета.

Accounting World Congresses and Yaroslav V. Sokolov's Evaluations on the Socialist Accounting Order**

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Abstract

Dr. Yaroslav Sokolov was known as a distinguished accounting historian with smooth, powerful and instructive expression which had a great impact on new generations' interests in accounting history research. He had opinions on how management accounting should be done by approaching it via accounting's theoretical and applied aspects. This paper examines the expectations of western countries of accounting in the face of economic globalization after the Second World War in the light of his thoughts. Thus, the paper analyses how accounting in the socialist order was addressed in the World Accountants Congresses and World Accounting Historians Congresses. Findings indicate that the socialist order accounting applications are known to be placed with very important status in the history of the double-entry bookkeeping method. The socialist order has enabled the double-entry bookkeeping method's history to be formed.

Keywords: Accounting Congresses; Socialist Order; Yaroslav Sokolov; Accounting History.

* Частично материал этой статьи был представлен на Международной научной конференции «Соколовские чтения: взгляд из прошлого в будущее», которая состоялась в Санкт-Петербурге 10–11 февраля 2011 г.

** A part of this paper was presented at the International Scientific Conference Sokolov Reading "View From Past to Future" in St. Petersburg, February 10–11, 2011.

1. Introduction

Dr. Yaroslav Sokolov's (1938–2010) works on accounting history have been known in the Middle East and Turkey for a long time. However, establishing a contact with him and benefiting from his works was only made possible after the 1990s. The story behind having first contact with his books are as follows: After the 1990s, students and academicians began to come to Turkish universities from Central Asian Turkic Republics. They knew about the Cyrillic alphabet and they brought the books of Dr. Sokolov. Also, we established contact with him, and we wanted to receive his books. In the mid 1990s, we started to benefit from his main works. At first, we translated his book titled "Interviews on Accounting History" in 1991 [1]. Afterwards, we translated a supremely important work titled "Till date, the Roots of Accounting" in 1996 [2]. We examined that this work had a different kind of approach to accounting history. We reinforced our pre-gained knowledge by translating certain academicians [3, 4] books, which were about the accounting practices of the Soviet Union. We also examined the uniform chart of accounts in the Soviet Union. Therefore, we not only learned about the approaches of the Russian practitioners and thinkers on accounting history, but also we learned about the accounting practices of Socialism.

At first, the information we got from these sources created the last eighty pages of Prof. Güvemli's last volume of the four-volume set on accounting history [5]. The last eighty-paged chapter was titled "Accounting in Socialism".

Afterwards, two papers are prepared. The first of them was titled "The First Period of The Double-entry Accounting System in the Socialist Order", and it was submitted to an international conference in the USA, in 2005 [6]. By examining the accounting practices of the Socialist order, the paper aimed to determine how Socialism had benefited from the double-entry accounting system before 1952.

During the 1990s, it was observed that socialist accounting practices were the subject of accounting history courses of certain Turkish universities' PhD classes. Many theses were prepared on this research field. We see the first references from Sokolov's works in some Turkish universities' Masters Degree classes during those years. It is appropriate to mention that

Sokolov's smooth, powerful and instructive expression had a great impact on new generations' interest in accounting history research. We believe that the new generations of the Middle East and Turkey will show great interest in Sokolov's studies.

This paper examines the expectations of western countries of accounting in the face of economic globalization after the Second World War. Thus, the paper analyses how accounting in the socialist order was addressed in the World Accountants Congresses and World Accounting Historians Congresses. In the final section, we discuss Sokolov's studies that gained great interest in Turkey.

2. Developments in Terms of Globalization in the World Accountants Congresses, the World Accounting Historians Congresses and Discussions of applications within the Union of Soviet Socialist Republics

2.1. *Developments in Terms of Globalization in the World Accountants Congresses and in the World Accounting Historians Congresses*

The places and the dates of World Accountant Congresses since its first establishment in St. Louis, USA, in 1904 are as follows [7]:

- The First World Congress of Accountants, St. Louis, USA, 1904;
- The Second World Congress of Accountants, Amsterdam, Holland, 1929;
- The Third World Congress of Accountants, New York, USA, 1929;
- The Fourth World Congress of Accountants, London, UK, 1933;
- The Fifth World Congress of Accountants, Berlin, Germany, 1938;
- The Sixth World Congress of Accountants, London, UK, 1952;
- The Seventh World Congress of Accountants, Amsterdam, Holland, 1957;
- The Eight World Congress of Accountants, New York, USA, 1962;
- The Ninth World Congress of Accountants, Paris, France, 1967;
- The Tenth World Congress of Accountants, Sydney, Australia, 1972;
- The Eleventh World Congress of Accountants, Berlin, Germany, 1977;
- The Twelfth World Congress of Accountants, Mexico City, Mexico, 1982;

- The Thirteenth World Congress of Accountants, Tokyo, Japan, 1987;
- The Fourteenth World Congress of Accountants, Washington, USA, 1992;
- The Fifteenth World Congress of Accountants, Paris, France, 1997;
- The Sixteenth World Congress of Accountants, Hong Kong, 2002;
- The Seventeenth World Congress of Accountants, Istanbul, Turkey, 2006;
- The Eighteenth World Congress of Accountants, Kuala Lumpur, Malaysia, 2010;
- The Nineteenth World Congress of Accountants, Rome, 2014.

The subjects of the first five Congresses were about the issues on accounting practices. It can be observed that early discussions started on the reinforcements of the foundations of the double-entry accounting system. Afterwards, the impact of the 1929 crisis and the managerial accounting topics gained momentum. Scientific subjects of accounting were hot topics in the 1938 Congress, which was established under the great tension of the upcoming Second World War.

Two international developments affected world accounting thought during the 1952 World Accountants Congress. One of them was about the USA-supported globalization process of the capitalist order after the Second World War. The globalization thinking of the accounting and auditing standards were starting to take place in parallel to the globalization efforts. World Accountants Congresses were a suitable environment for this thought to be addressed. The second international development was about the expectations of the Eastern European countries on the accounting integration issues within the socialist order. We couldn't find any evidence regarding the realization of these issues. We found information regarding these matters from the conference papers of the delegates of the Warsaw Pact countries, and later from the books of Prof. Sokolov [8].

It was much easier to follow such developments within the capitalist countries. Academicians such as Mary E. Murphy [9] and John L. Carey [10] evaluated the Congress of 1952 as *the first modern and liberal congress ever established*. The Congress of 1957, Amsterdam, had hot topics like *the principles of the accounting profession*, budgeting and *the modernization of accounting*, verification of the existence of assets, public accountancy and internal auditing. On the other

hand, the Congress of 1962 clearly demonstrated the expectations of economic globalization.

President John F. Kennedy sent the following message to the Eighth World Congress of Accountants, which was held in New York, 1962.

I'm extremely pleased to congratulate all the delegates of the Eighth World Congress of Accountants... This Congress provides an excellent opportunity to exchange information and ideas. Accounting will become the universal language of the international business world with our mutual confidence in the economies of other countries. As a result, capital will begin to flow more freely; the international exchange of goods and services will be quicker than ever...

The message of President Kennedy was the harbinger of international accounting standards. After this date, depending on the western countries economics and the globalization of international capital, studies regarding accounting and the auditing standards were always on the agenda of the congresses.

In his study dated 1961, Murphy had estimated that *auditing and financial reporting in the world economy* would be the main topic of the Eighth World Accountants Congress. After the congress, the published studies in the Journal of Accountancy [11] *emphasized the importance of establishing uniform accounting and auditing standards. Thus, the published studies had a proposal to establish a permanent forum for the development of international accounting principles.*

In the Congress of 1967 [12], issues like *international accounting principles, international auditing standards and harmonization of procedures* were taken into consideration.

The demand for international financial reporting standards in consequence with international capital movements was the main subject of a paper published in the CPA Journal. The title of this paper was *towards worldwide accounting principles* [13]. It was published prior to the Tenth World Accountants Congress of Australia, 1972. Similar subjects were discussed in the mentioned congress.

The 1972 Congress was a milestone for the establishment of international accounting principles. Immediately after the Congress, the International Accounting Standards Committee (IASC) and the Committee for the Accountancy Profession (ICCAP) were established in 1973. As is known, the ICCAP was transformed into the International Federation of Accountants (IFAC) at the 1977 Berlin Congress.

IFAC still organizes the World Accountant Congresses. The main subject of the 1977 Congress was entitled *accountancy and auditing in a sole world*.

Aside from the 1982 Mexico Congress, we observe that similar issues were discussed in the 1987 Tokyo Congress and the 1992 Washington Congress. In parallel to these developments, we observe that studies regarding the globalization of accounting and auditing standards were ascending in the Fifteenth World Accountants Congress, Paris, 1997. There were no discussions on the demand for globalization. The matter in question was finding solutions to the rising problems of the globalization process. Which one is useful, the international accounting standards or the generally accepted accounting principles of the United States? Which standards are being used the European Union? Which standards have to be used in the developing countries as a part of globalization? These kinds of questions were discussed in The Congress of 1997, 2002 Hong Kong Congress and the 2006 Istanbul Congress.

As a summary, the globalization demand of accounting was discussed in accordance with the capitalist order within the first forty years of the second half of the 20th Century. We observe that the main issues of the relevant congresses were concerned with the implementation problems in the 1990s. We also observe that the geographical area of discussion on the globalization of accounting and auditing standards expanded with the demise of the Soviet Union.

As Middle Eastern academicians, with our Middle Eastern style accounting education and applications, we were attending the western countries congresses and we were watching the developments, which were summarized above. We had no knowledge of the developments of our historically linked neighbors in the Balkan countries and the Warsaw Pact countries. Our first contact with the Russian accounting thinkers was at the 1997 Paris Congress. We had only just begun to recognize Prof. Sokolov. We were gathering information about him from other Russian practitioners and academicians. When our interest in accounting history increased, we faced the need to observe the accounting practices of the Soviet Union.

2.2. Developments in the World Congresses of Accounting Historians and Debates Regarding the Accounting Practices of the Socialist Countries

The World Congresses of Accounting Historians have developed differently compared to the World

Accountant Congresses. The supremely important founder-academicians of the World Accounting Historians Congresses have kept these Congresses out of the world economy politics.

The submitted papers from the Warsaw Pact countries' delegates are another important feature of these congresses. They examined the accounting practices of the Soviet Union in their papers. It will be appropriate to mention the dates and the places of these Congresses before examining these developments.

These Congresses are as follows:

- The First World Congress of Accounting Historians, 1970, Brussels, Belgium;
- The Second World Congress of Accounting Historians, 1976, Atlanta, USA;
- The Third World Congress of Accounting Historians, 1980, London, UK;
- The Fourth World Congress of Accounting Historians, 1984, Pisa, Italy;
- The Fifth World Congress of Accounting Historians, 1988 Sydney, Australia;
- The Sixth World Congress of Accounting Historians, 1992, Kyoto, Japan;
- The Seventh World Congress of Accounting Historians, 1996, Kingston, Canada;
- The Eighth World Congress of Accounting Historians, 2000, Madrid, Spain;
- The Ninth World Congress of Accounting Historians, 2002, Melbourne, Australia;
- The Tenth World Congress of Accounting Historians, 2004, St. Louis, USA;
- The Eleventh World Congress of Accounting Historians, 2006, Nantes, France;
- The Twelfth World Congress of Accounting Historians, 2008, Istanbul, Turkey;
- The Thirteenth World Congress of Accounting Historians, 2012, Newcastle, UK;
- The Fourteenth World Congress of Accounting Historians, 2016, Pescara, Italy;

The first World Accounting Historians Congress was established with the efforts of distinguished accounting historian Ernest Stevelinck (1909–2001) in Belgium, 1970. The main issue of this congress was the need for a centralized organization in order to sustain the continuity of these congresses. General perspectives on accounting history were the subject of this congress as well [14]. This centralized organization was established in 1973 with the title *The Academy of Accounting Historians*.

The second congress was established through the efforts of the Academy in Atlanta, USA, 1976. The submitted papers were generally about the national accounting practices of countries like Japan, Germany, Italy, UK and Turkey.

The Third World Congress of Accounting Historians, which was held in 1980 in London, bore a significant role that needs to be emphasized in many aspects. First of all, in the congress, a very rich program was presented and many important papers were discussed. Among these discussed papers, it is crucial to recall the famous British accountant Yamey's words. Yamey, instead of transferring the historical findings of accounting historians in much the same way as everyone else, gives the 'bee' example in order to depict that they are expected to put forward more scientific works by evaluating them. According to him, *scientists do not store their findings like ants do; on the contrary, they pick up supplies from flowers like bees and turn them into honey, which is beneficial to everyone*. This saying of Yamey's has always shed light on the studies to be made on accounting history. In this regard, it is observed that in the congress, a lot of qualified papers were presented [15]. The second feature of this congress is that the first papers concerning accounting applications in the socialist order were discussed there, and therefore we had the first information about the accounting applications in the socialist order. Briton Derek Bailey gave one of the papers about this issue. The second paper was prepared by Brezin and Jaruga from Poland [16].

Bailey's paper was titled *the Accounting Developments in the Union of Soviet Socialist Republics since The October Revolution* [17]. Bailey put an emphasis on the double-entry bookkeeping method, which was developed for capitalist countries, for the problems faced during the utilization of the socialist economy. Derek Bailey was a western academician who followed the publications of the soviet socialists and approached the issue from a perspective of west countries' applications. However, somebody from the socialist order had to explain these applications. The first person who met these needs in the congresses was Alicja A. Jaruga from Kodz University, Poland. Jaruga, together with her friend Brezin, prepared the paper titled *Development of Accounting in a Centralized Economy*. In their paper, they stressed that accounting, surely, had to be in harmony with an economy planned from the centre, and gave information about

the applications. Another subject in their papers was their introduction of the book of J.F. Walicy about macroeconomic assets in 1877. It is possible to come across Bailey and Jaruga once again in the fifth congress held in 1988, Sydney, Australia [18].

In the 1988 congress, Bailey's paper *Accounting in the Shadow of Stalinism* dealt with the reflection of the strict attitude of the Stalin period on accounting applications [19]. Alicja A. Jaruga from Poland, on the other hand, came to Australia to give information about the socialist order applications. The subject of her paper was called *The Evaluation of Accounting in East European Countries* [20]. Jaruga focused on comparing and contrasting the account plans applied in east European countries and explained the development of the economic accounting concept in these countries.

Those who were following Jaruga, observed that she also came to the 6th World Congress of Accounting Historians that was held in Japan in 1992. This academician, who had always presented interesting papers in Accounting Congresses of Historians, and her friend were presenting their papers called *Nicolaus Copernicus: Economy Theory and Accountants*. In their papers, they depicted that *Copernicus* (1473–1543) [21], who was an astronomer and interested in the economy at the beginnings of the 16th Century, worked on unary and binary currency systems and was effective in the currency reform in Russia and suggested that he was actually an accountant and kept books. Jaruga was the only researcher from the socialist bloc in these congresses. He attended the 7th World Congress of Accounting Historians held in Canada, Kingston in 1996. Jaruga and one of her friends were presenting their paper called *Accounting from Capitalism to Socialism: The Example of Poland* [22]. In those days, Jaruga was explaining the socialist bloc accounting practices within the scope of accounting history.

She was not seen in any other congresses any more. It is a duty to prepare the biography of this pioneer female who both explained the socialist bloc applications as a researcher and gained acceptance by preparing papers, which were proper to the international standards, to the world congresses in the international arena.

The fact that, up until 2006, in latter world congresses, there were no attendances from the old socialist countries attracts attention. Although the socialist order practices have now been relegated to

history, the analysis of the practices in these countries during the socialist order continued to attract attention within the scope of history, but the academicians and researchers who lived in those countries did not pay any attention to these congresses. However, this listlessness did not last long and the ones who ended it were the Sokolov family.

In the 11th World Congress of Accounting Historians held in France, Nantes in 2006, we came across a paper called *The Soviet Accounting Bulletin-1973–1983* [23]. The paper was prepared by Yaroslav Sokolov, Sevtlana Bychova, David Alexander and Marek Schroeder. Yaroslav Sokolov could not make it to the congress, and instead, his son Viatcheslav attended. The bulletin was published between the years of 1973–1983 in Russia concerning the Soviet accounting applications, and Derek Bailey's (1929–2002) papers in congresses about the Soviet accounting applications was the subject of the research.

After this congress, the number of papers from Russia increased. However, it is important to mention that the really important attendance at the world congresses of accounting historians from Russia happened at the 12th World Congress of Accounting Historians held in Istanbul in 2008. Yaroslav Sokolov also attended this congress. Unfortunately this was the last accounting historians congress that the great accounting historian Yaroslav Sokolov, who could have incorporated so much knowledge, attended.

The papers presented from Russia at the 12th World Congress of Accounting Historians, Istanbul, 2008 are as follows [24]:

— Mikhail Kuter and Ruslan A. Tkhangapso. *The Influence of Bankruptcy on the Bookkeeping Development in Russia*;

— Adolf J. Enthoven (University of Texas) and Yaroslav V. Sokolov, Svetlana M. Bychkova. *Historical Accounting Developments in Russia and its Current Transition towards International Accounting Standards*;

— Vladimir Ivanov. *The Bookkeeping of Russian Monasteries in the 16–17th Centuries*;

— Mikhail Kuter, Konstantin Kuter, Anton Kuznestov. *What is the Reason for Russia to be so Interested in the History of the Double Bookkeeping Appearance*;

— Yaroslav V. Sokolov, Viatcheslav Y. Sokolov. *Evolution of Pacioli's Ideas in Russian Accounting Studies*.

It is interesting to mention that none of these papers were about the socialist period. From then

on, Russian academicians and researchers were coming to the congresses and conferences and dwelling upon the issues, which integrated with the world. It seems Yaroslav Sokolov shared the same opinion as well, thus pioneered this movement.

The number of papers from Russia increased in time and reached to six at the 13th World Congress of Accounting Historians, Newcastle, United Kingdom. Russian researchers' interest in history congresses grew, as the country became more open and overall knowledge of English increased. Another significant factor was the establishment of an Accounting History School by Yaroslav Sokolov. According to Viatcheslav Sokolov (2014), there are four centers of Russian accounting history studies. These centers are spread through St. Petersburg, Krasnodar, Novosibirsk and Moscow.

Today, the number of papers has reached nine at the 14th World Congress of Accounting Historians, Pescara, Italy, June 25–27, 2016. The papers presented in this Congress by those who came from Russia are as follows:

— Viatcheslav Sokolov. *Russian research in historiography of accounting*;

— Marina Gurskaya, Mikhail Kuter, Marco Angelo Marinoni. *A single algorithm for financial result calculation before application of double-entry bookkeeping (by the example of the companies of Alberti and Datini and in Jacques Savary's work (1675))*;

— Dina Lvova, Irina Lvova. *From theatrical to scientific reviewing: the case of the accounting Professor Nikolay Blatov (1875–1942)*;

— Mikhail Kuter, Marina Gurskaya. *The early practices financial statements formation in medieval Italy*;

— Iurii Guzov, Dina Lvova, Viatcheslav Sokolov. *A chronological history of auditing in post-Soviet Russia: periodization and challenges of development*;

— Ekaterina Zuga, Svetlana Karelskaia. *Triple-entry bookkeeping in the history of accounting*;

— Mariya Vakhrushina, Dmitry Nazarov, Marina Sidorova. *Double entry system in Catherine the Great's royal estate bookkeeping: the study of Moscow palace office documents from 1774 to 1786*;

— Artem Musaelyan, Mikhail Kuter, Marina Gurskaya. *The research into the system of bookkeeping on the threshold of double-entry accounting*;

— Svetlana Karelskaia, Viatcheslav Sokolov. *Russian accounting society for mutual assistance*.

However, at this point, it is necessary to mention one last international conference and that is the 2nd

Balkans and Middle East Countries Conference on Auditing and Accounting History held in Istanbul September 15–18, 2010. This conference has two features in terms of the Russian Federation. The first one is that Russian colleagues attended this conference with twelve papers, and the second one is that the great accounting thinker Yaroslav Sokolov sent papers to this conference, but passed away before getting the chance to attend it. The papers presented in this conference by those who came from Russia are as follows:

- Michail Pyatov. *A. P. Rudanovsky and his Understanding of Balance Sheet: From 1912 to 2010*;
- Dina Lvova. *The Admiralty Regulations: First Experience of Accounting Legislation in Russia*;
- Marina Guskaya. *What Place does the New Translation of Savary's Book 'A Perfect Merchant' Take in Russia?*
- Ekaterina Zuga. *Russian Triple Accounting System and F. Ezersky*;
- Dina Lvova. *Method of Public Sector Accounting: Historical Research*;
- Viatcheslav Y. Sokolov. *Great Contribution to Accounting History, Accounting Theorist: Yaroslav V. Sokolov (1938–2010)*;
- Yaroslav V. Sokolov, Viatcheslav Y. Sokolov. *Accounting Education in Russia History and Modernity (2nd version)*;
- Svetlana Karelskaya. *Concepts of Statistics and Dynamics in Accounting Works by Russian Scientists*;
- Tatiana Malkova. *Ancient Rus Birch-Bark Accounting*;
- Viatcheslav Y. Sokolov. *Particularities of Accounting for Property, Plant and Equipment in the USSR*;
- Mikhail I. Kuter, Marina M. Gurskaya, Konstantin M. Kuter. *New Vision of the Uncompleted Ending of Chapter 26 of Pacioli's Treatise*;
- Mikail I. Kuter, Marina M. Gurskaya, Konstantin M. Kuter, Alexander G. Shikhidi. *Savary's Historical Aspects in Development of the Accounting Reporting*.

In the 2nd *Balkans and Middle East Countries Conference on Auditing and Accounting History*, among the countries, which presented the most papers are the Russian representatives. Here, it is important to stress three issues concerning the twelve papers listed above.

The first four of the twelve papers above were presented in the Russian accounting culture special session. This was a spectacular session and enabled the Russian accounting culture to be discussed once again.

The second issue that needs to be mentioned concerning accounting application in the socialist order, among these papers presented by Russian academicians and researchers. It is possible to say that in terms of these applications in accounting history, which are history now, and multiplying the examples of the double-entry bookkeeping method to be applied in the socialist order, these papers are beneficial.

The third issue that needs to be mentioned is the fact of the great accounting thinker Yaroslav V. Sokolov's death and his lack of presence at the conference, and the presentation of the paper which was given in his name by his son Viatcheslav. Also, Viatcheslav, despite the fact that his father's death was very recent, was able to prepare his father's biography just in time and those who attended the conference got the chance of learning the great accounting thinker's life story.

As these explanations were put forward, Yaroslav V. Sokolov encouraged Russian accounting academicians to attend international congresses and conferences and he supported the great numbers of attendances after the occasion of 2006.

3. The Things that Captured our Attention Concerning Sokolov's Socialist Accounting Theory and Practices

3.1. Sokolov's Explanations Concerning Socialist Accounting

First of all, it is important to mention this: Accounting history, firstly, examines accounting theory and applications which were formed in the past; later on it evaluates these findings in terms of the present period of time. Between 1917–1990, the applications from the socialist bloc need to be handled. And the issue to be stated at this point is that there have not been adequate examinations and discussions on the accounting applications of the socialist bloc. This determination increases the importance of the papers' latter parts.

During its rise, the socialist bloc paid great attention to accounting. This was a fact that we knew before we knew Sokolov. Lenin's "*Socialism is accounting*" saying attracted our attention in terms of depicting a leader's interest in accounting. Later we found out that the socialist order decided to utilize the double-entry bookkeeping method, which was advanced by the capitalist order, for its own needs. We evaluated this attitude like this: the 19th Century was the century

in which the double-entry bookkeeping method became perfect. Despite this, at the beginnings of the 20th Century, there were still people who supported the single-entry bookkeeping method. It is possible to see examples of this in the official reports of the 1st World Congress of Accounting Historians held in the USA, St. Louis [25]. That is, at the beginnings of the 20th Century, there was a development and proliferation period of the double-entry bookkeeping method. From this situation, we also understand that the expectations of the accounting world from the double-entry bookkeeping method were very high and intense and that Lenin's choice depended on it.

Therefore the question of how the double-entry bookkeeping method was utilized as a means of planning the central economy arises. We learn the answer to this question, and the difficulties that were faced, from the explanations of Yaroslav Sokolov.

It is possible to put forward and see Sokolov's accounting theory and applications in the socialist bloc from his two basic books; *Interview on Accounting History* (1991) and *Accounting from its Roots until Today* (1996).

Some of Sokolov's important explanations are mentioned below.

A. Accounting Theory and Applications in The Capitalist and Socialist Systems

Sokolov mentioned that immense discussions were held about accounting in the 1930s and he also mentioned that as a result of these discussions, the differences between capitalist and socialist order accounting were ascertained.

1. *In capitalism, accounting reflects the production process based on personal property. In socialism, however, this process is addressed within the framework of general socialist property conditions.*

2. *In capitalism, accounting is limited to enterprises. In socialism, accounting is a part of the national economy.*

3. *In capitalism, accounting is the private work of each employer. In socialism, accounting is rendered according to the chart of accounts of the national economy determined separately for each branch.*

4. *In capitalism, the main aim of accounting is to determine the profit. In socialism, the aim of accounting is to reflect the activities in the framework of economic planning, targets, and budget.*

5. *In capitalism, there is a dominance of commercial secrets in accounting and one might come across trickster*

attitudes from time to time. In socialism, accounting is needed for the truth to be correctly reflected.

I do not agree with some parts of these explanations' critical evaluations concerning capitalism because in capitalism along with profit-oriented establishments, the existence of establishments that have a social purpose and are grounded on the gained benefit instead of profit needs to be admitted, and also cheating is everywhere where people are. Efficient and important precautions have been taken against the cheating being performed in capitalism, like the government's tax-oriented control and independent audit. However, while doing these evaluations, we understood that determinations in the 1930s were necessary for the improvement of socialism.

Sokolov explained that the discussions made in the 1930s proffered three basic results:

1. *As an area of usage of accounting, the entire national economy is accepted and the notion of limiting accounting to a single business is not adopted.*

2. *The fact that accounting existed in two disciplines of accounting (accounting theory and the application of accounting principles) in a parallel way was seen to be not proper to the purpose; it was even decided that this was an unwanted situation. Forming accounting into a single scientific application discipline was accepted.*

3. *The double-entry bookkeeping method was adopted not as a law, but as an accounting method existing objectively.*

Sokolov not only mentions that these basic socialist bloc opinions are shared by writers such as Y.M. Galperin (1804–1952), N.A. Kiparisov (1873–1956), N.A. Leontyev (1893–1958) but also indicates that he sees the adoption of the double-entry bookkeeping method as a triumph of balance sheet theory.

Sokolov, with these explanations of his, answers the questions that emerged from the subject of utilization of the same accounting method of accounting historians' capitalist and socialist orders.

B. The Evaluation Of Accounting In Three Aspects In Centralization And Decentralization

In the socialist order in which centralization is performed, Sokolov states the three tests in order for accounting to be successful as follows:

Methodological Aspect: In commercial management, the principal of the management is responsible for the protection of the assets for the owner. The administrator distributes the assets to the people who are linked to

him, and these people are responsible for the protection of the assets and use them effectively in the financial process. However, in the centralization of accounting, the management is held by the total of the people linked. In this situation, that is centralization, each person is accountable to the ones who hold their accounts.

Technological Aspect: All of the reports (financial reports), in the centralization of accounting, are given over to accounting. Therefore, accounting forms a large amount of data in total. This depends on the effective use of information techniques. In decentralization, each branch carries out its accounting according to the person for whom it is responsible and each branch has its own accounting and it would be difficult to reach the accounting in those branches from one centre.

Audit Aspect: People who are dependent on management, that is, people who work there are responsible to those in centralization due to their actions: a. People who are dependent on the administrator are responsible for their actions, which need to be proper to the purpose. Management law determined this. b. People who are in the management are responsible for the assets' being used properly. In centralization the accounting matters, not the accountant. However, in decentralization, relations between the management accountant and the manager, and are at the expense of the management, may develop.

When we read these explanations of Sokolov's, we started to think about something. The thing we had doubts about was that in the socialist order, more than necessary authorization was given to the accountant and that each and every person in the management was made accountable to the accountant. This is an issue, which is not easily accepted by management administration science.

C. Uniform Account Plan Studies and Applications

Polish academician Jaruga mentioned the centralized economic accounting concept in world congresses. This concept caused us to question how, in the socialist order, uniform account plans happened. Sokolov answered our question by listing the improvements in the socialist order below.

In Russia, a uniform account plan existed at the end of the 20th Century. In the socialist order, it is seen that a part of the main accounts have been abandoned. Although a single socialist order understanding was adopted in the 1930s, in the uniform account plan it is observed that accounts were constantly increased and

decreased. Discussions not only about the account plan but also about the reporting order gain attention.

From these briefly explained words, it was understood that in the socialist order there was not a uniform account plan to be benefited from constantly and steadily. However, we still do not understand the reasons for it, and we think this issue can be viewed as potential research, which is going to be emphasized by accounting historians in the future.

Sokolov, by saying "after 1990, the Minister of Finance prepared new account plans as a result of the effect of American and British notions on our accounting applications and opinions and approved it" signifies the transfer to today's order.

D. Accounting Integration in Warsaw Alliance Countries

This issue was the one we were most curious about because in world accountant congresses, which were held after 1950 and organized in the world, the fact that globalization makes the globalization in the accounting and auditing standards necessary was discussed and the things that need to be done for this globalization were put forward in these papers. In this situation, we also wanted to find out how the problems in the socialist bloc countries were solved since we knew that in the socialist countries, centralized economic planning developed by depending on accounting. These progresses strengthened the prospect of the integration opinion among the socialist bloc countries.

We learnt from Sokolov's books that, in the socialist bloc countries, the integration work in Warsaw alliance countries later reached an advanced point.

On this, Sokolov writes thusly: *Financial Cooperation Society countries' (Warsaw alliance countries) accounting integration was first put forward in the meeting held in 1955... Although Paransky was for the integration, he put forward these doubts: a. Huge and very intricate theoretical studies are needed. b. Forming and applying theoretical concepts will take a long time. c. In integrations, countries are always afraid of losing their success. d. Organization of accounting requires very big financial resources. In Czechoslovakia, Beneš thought that this was possible. In Bulgaria, Danilov even formed the general accounting plan. Again in Bulgaria, Spasov thought that in integration each country's best application could be taken as a basis. In East Germany,*

Golf and Gaysler suggested that it would be proper to combine accounting terminology with integration, form national accounting languages, and then later on present an account plan and usage instructions for this plan. However, when it came to the application of the integration, it was understood that these optimistic approaches were not sufficient and that these countries could not give up their traditional ways of accounting.

After listing Sokolov's integration experiences, his words below are impossible to forget and need to be in each and every accounting historian's general knowledge. Sokolov says this:

Everything mentioned here is about past periods. The values and successes formed back then should not be forgotten. Here, people are contented with that time, those times' people and the explanations of their thoughts indicate their achievements — real and imaginary.

On the other hand, when I read about the Warsaw alliance countries' failures in the integration studies, I was a little surprised, to be frank, because in these countries, there had already been a uniform accounting understanding dependent upon centralized planning. What was left was the removal of the differences among the account plans of the countries and establishment of a mutual reporting system. I thought the socialist bloc centralized understanding had the power to solve this.

However, western countries, by using world accounting congresses, first put forward the needs of global accounting and audit standards, then were in search of solutions and covered great distances in forming international standards. In capitalist countries, the fact that the independent audit spread under the control of certain audit companies and that stock exchange took the role of international identity made progress on this issue easy. These factors did not exist in the socialist bloc.

3.2. Sokolov's Evaluation of the Results of the Socialist Accounting Applications

Sokolov's evaluation of the socialist accounting applications in 1996 is interesting because he lists the mistakes made in the socialist accounting application. His words below about this issue grab our attention:

...most of the time, the anticipated and written things had no connection to the application... Not causing any loss for the accountants was the aim... accountants, when it comes to loss, by activating expenses, could realize a profit... Financial activity analysis broke loose

from accounting and was deprived of the financial status examination...

...despite all success, education was filled with many unnecessary subjects. This in return discouraged students from studying accounting instead of encouraging them...

...accounting managers were forced to denounce management administrators although they were working with them everyday...

The last one of these three opinions put forward by Sokolov has always been the one that attracts attention and is criticized.

While Sokolov suggested these opinions as a criticism, he also suggested that there were successful aspects of the socialist accounting — with these words: *...detailed accounting concepts have been formed. Account plans and financial tables were made uniform...*

3.3. Sokolov's Views on the Future of Accounting

It is really rare for an accounting historian to suggest his opinions on how management accounting should be done by approaching the subject via accounting's theoretical and applied aspects. For this, one needs to have a huge theoretical and applied knowledge and do a lot of research. On this issue, Sokolov in 1996 indicates his own views as follows:

1. *Accounting is divided up as scientific (theoretical) and applied (practical). We cannot count accounting theory as only the double-entry bookkeeping method.*

2. *Accounting application holds a dynamic aspect and this enables accounting methodology to be applied by management.*

3. *The purpose of accounting is to protect the assets (security control), take management decisions, enable producing a structure for optimization, and gather around useful information to be of benefit to the national economy.*

4. *Accounting (financial incidents) and purposes concerning taking administration decisions are assigned. (Administrative activities assign accounting subjects.)*

5. *Modernization of accounting should be towards the transformation of the financial process into the information process.*

6. *The expenses of an accounting order should not be in excess of the financial benefit (effect) which is going to be formed after the use of accounting information.*

7. *The efficacy (speed) of accounting is linked to the gain of information, which will be used in taking administrative decisions.*

8. *Elaborateness of accounting should provide the necessary conditions for effective financial analysis special to accounting. (Accounting data should allow financial analysis patterns.)*

9. *The accuracy of accounting data is not absolute but relative.*

10. *The accuracy of accounting data shows itself in the purposes of administrating financial processes.*

11. *All financial operations should be reflected at the time of emerging.*

12. *The meaning of the financial activity displays, which are shown by accounting information, should not be distributed.*

13. *The expenses, positively, should be differentiated as unchangeable and variable. The expense should not be perceived as something different from differentiating expenditures. The expense should only be done according to accounting data (historical data) and the budget (plan) should be regarded.*

14. *In production accounting, all the attention should be on spending (distributing) according to the expenses' responsibility centers.*

15. *Depreciation should not be seen as a financial process; depreciation costs should be divided according to the variation of fixed assets and administrative variations in which they are used.*

16. *Stock and calculation should not be done on a certain date of a month, but it should be done on dates, which are proper to the requirements of all of the managements of the country.*

17. *In the basis of accounting application, gaining primary information and organization of tables are understood. That is, accounting order is all of the process between documents and financial tables.*

18. *Accounting's micro financial data cannot be contrasted with macro financial statistical data.*

19. *The methodology of accounting depends on the interests of the persons who attended to the financial process. This causes accounting theory and application to become a multi-leveled (various) system.*

20. *An accountant is the master of the financial process. He has the right to select accounting styles and accounting's organizational structures independently.*

These issues have the importance of being evaluated as the basis of contemporary accounting teaching

and its application, and show that Sokolov is very great theoretician.

4. Conclusion

In the second half of the 20th Century in world accountants' congresses that were organized under the leadership of western countries, international accounting – which is required by the globalization process of the capitalist order – and the need to form auditing standards were constantly mentioned. This need was accepted towards the 1990s and then, how the international standards should be formed was started to be discussed. Later on, international standards' application problems started to be discussed.

In these years, western academicians knew about neither the socialist bloc countries' accounting applications nor integrations.

World congresses of accounting historians started around 1970s and a Polish academician who attended these congresses took on the task of illuminating us about the socialist bloc applications by presenting papers. Jaruga continued this task until 1996.

However, scientific information flow started with Sokolov's books in 1990s. Accounting historians got the chance to learn how the socialist order benefited from the double-entry bookkeeping method developed within the capitalist order and what kind of difficulties they faced. Under the leadership of Sokolov, beginning from 2006, more academicians and researchers from Russia attended the world congresses of accounting historians. Without a doubt, in the future, this number will increase and in the 21st Century, a lot of unknown subjects on the socialist accounting applications, which were done for 70 years, will be in the spotlight and examined. However, there is no doubt that Sokolov's studies will play a very effective role in all these efforts.

The socialist order accounting practices has a very important status in the history of the double-entry bookkeeping method. The socialist order is now history, but while it was becoming history, it enabled the double-entry bookkeeping method's history to be formed. Sokolov's works will always be remembered as a part of this history.

Last but not least, in the second half of the 20th Century, in western countries, the things, which

were experienced in the socialist bloc and impartial countries are filled with incidents which will attract the attention of future generations. Future generations, while examining this time period, will see the greatness of Sokolov in the scientific field.

If he had been alive, without a doubt, Sokolov would have made more scientific studies and these studies would have been very beneficial. For this reason, Sokolov's death has not only been a very great loss for Russia, but for the world of accounting history as well.

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