

## **Accounting and Accountability Strategies of Gajah Mada's Government: Analysis of Power – Knowledge**

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**Abstract:** *This study is aimed to more deeply analyze the history of accounting in Indonesia, particularly in the Majapahit empire in the reign of Gajah Mada as the mahapatih (Prime Minister). The role of Gajah Mada in the establishment of the unity of archipelago has a significant contribution to the development of the accounting ideas in Indonesia. In addition to the expansion of the territory expressed in the Palapa oath, Gajah Mada committed to his own mission to improve the economy of Majapahit Empire. Gajah Mada's accounting strategy is one of successful strategy that formed Indonesian archipelago. In the age of Gajah Mada, Majapahit was one of the biggest ports with biggest warehouse in Asia frequently transited by foreigners from various countries. Moreover, Gajah Mada used his power to formulate legislation governing Majapahit taxes and penalties. In the Gajah Mada reign, Majapahit Empire is levied kinds of taxes, namely: (a) trade tax, (b) tax for foreigner, (c) exit-premit tax, (d) land tax, and (e) arts tax.*

**Keywords:** *Gajah Mada, Accounting History of Indonesia, Foucault Power-Knowledge Framework*

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### **I. Introduction**

Historically, the development of accounting in Indonesia today is unseparated from past Indonesian accounting facts. Thamrin (2012) revealed that the golden age of Hayam Wuruk who hold the title as Rajasanagara was accompanied by Mahapatih (Prime Minister) Gajah Mada. In relatively short term period on 14 years Majapahit succeeded in making good relationship with other empires in the archipelago, so that it had also succeeded in expanding his territory and then improving political security as well as economics (trading).

As a superpower empire, Majapahit concerned with securing other empires' territories since it required market for selling its products and other empires' potential resources for trade. Gajah Mada's political concept had contributed much on Majapahit trade association that leads to a multicultural society in Majapahit (Thamrin, 2012). Majapahit developed into metropolitan empire where diverse cultures and religion formed their life.

Gajah Mada's accounting strategy is one of successful strategies that formed Indonesian archipelago. Unfortunately the people prefer to see the history of accounting from the period of Luca Pacioli from Italy rather than the existing of accounting history in this archipelago.

### **II. Understanding Historical Reality**

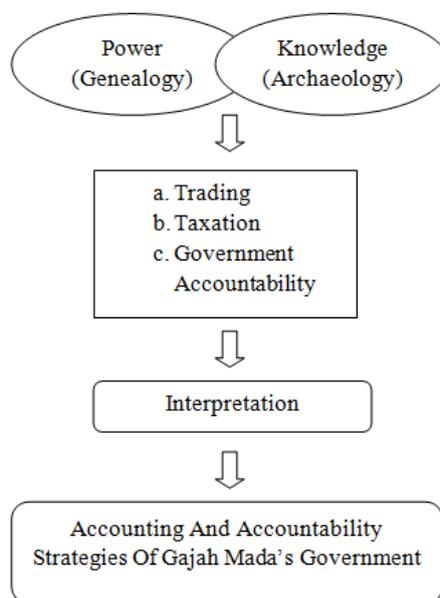
Researching the history of accounting requires exploration of original accounting records, or literature such as books and journals that shows how accounting was really performed in the past. Most studies in this area tend to focus on the technical things of accounting comprising the details of accounting practices evidenced accounting records, but they go beyond a simple description in build by understanding of the accounting history.

Accounting is not only a rational numerical computation technique, but also socially constructing and constructed one practices affect the socio-cultural environment, economy, politics and society. The term of accounting in this study to include not only the calculation of economic figure but also interconnectedness all aspects. Accounting practices provide suggest record and report needed by government in official decision making. The accounting practices were performed by two or more person in a dynamic human interaction contact. Thus, accounting practice environment here is fused in light of social content. This research focuses on implementation of accounting practices occurred in communities when Patih Gajah Mada was in his reign in the period of 1338 – 1364.

### **III. Research Method**

This study aims to understand the accounting and accountability strategies of Gajah Mada's government by employing Foucault power – knowledge framework. Sukoharsono (1998) revealed the flow of Foucault's text and historical analyses, the way he disturbed the domination of traditional historical analysis, attracted some accounting history researchers. Foucault's writing styles and methodological stance inspired

accounting history researchers in looking at the past of accounting discipline not only as technical apparatus, but also as 'architecture of power' in society. Based on the objective of the study, qualitative research method was employed. This research is a postmodernistic paradigm study that can be understood as the opposite of the modernistic one. Thus, Foucauldian framework is a tool and strategy to uncover the accounting and accountability in the Majapahit government in the Gajah Mada era. There are two principles of Foucault power-knowledge framework (Foucault, 1980), there are genealogy and archaeology that have different purpose (see figure 1). Genealogy explores the process of how history occurred by using power as its main foundation. Genealogy aims to further develop accounting history toward the emergence of the human sciences and directly aims at to complete historical analysis of system thinking. Archaeology aims to examine the conditions that allow the emergence of the modern human sciences to archaeological projects on the history of power/knowledge relationship. Archaeology focuses on the accounting history of the existing conditions by using knowledge as an analytical tool. Furthermore, following the process of understanding the theoretical analysis, research on trade, taxation, and accountability of Majapahit empire in the era of Patih Gajah Mada, was conducted and interpreted. Through the interpretation, we provide the conclusion about accounting strategy and government accountability of Gajah Mada era.



**Figure 1.** Analysis Method

#### **IV. Gajah Mada And Palapa Oath**

Munandar (2010) revealed that Gajah Mada is the son of Gajah Pagon who is Raden Wijaya's companion. Gajah Mada who grew up in the Pandakan village gained civics education from Gajah Pangkon. Pandakan village mentioned in Pararaton was possibly located in Pandaan, a district in northern Malang.

According to Hariawan (2010), the name "Gajah" means brave, mentally resistance, loyal to his master and behaves like elephant that will banish all obstructions. Elephant itself is a big animal respected by other animals (Munandar, 2010). In Hindu mythology, it is believed as vahana (animal mount) of Lord Indra, while the Lord Indra's elephant is called Airvata.

The early career of Gajah Mada in Majapahit Empire began with the rank of young bekel (coordinator) and served as the head of Bhayangkara who led fifteen troops. In his career as the head of Bhayangkara, Gajah Mada managed protection for the king Jayanegara, and then was appointed as Kahuripan governor for two years (1319 AD - 1321 AD). Following that, Gajah Mada was appointed as the governor of Daha (Kediri) to replace Arya Tilam who had cised. Furthermore, during the reign of Queen Tribhuwana Wijayatunggadewi, Gajah Mada was appointed as Mahapatih Amangkubhumi (Prime Minister) in 1332 AD.

At the time of his inauguration as Mahapatih Amangkubhumi in 1332 AD, Gajah Mada pledged Palapa oath (Yamin, 1962), that is:

"When I have made unify the archipelago, I will just take a rest, before I conquer Gurun, Seran, Tanjungpura, Haru, Pahang, Dompu, Bali, Sunda, Palembang, Tumasik, I will never take a rest at that time."

The idea of unifying the archipelago was occurred at the reign of Tribhuwana Wijayatunggadewi. It is proven by Gajah Mada who had been able to expand the power of Majapahit to Bali region (1434 AD).

## **V. Tracing Accounting In Trade Practices During Reign Of Gajah Mada's**

### **5.1 Money as a Medium of Exchange Supporting Economic Activity**

Sukoharsono (1993) reveal money is fundamental to accounting. Not only does it facilitate exchange it is invariably by the major, if not the only, unit of account: it constitutes the basic requisites of accounting recording and measurement. Qudsi (2007) reveal in the Singosari era (Empire before Majapahit), people used money as an exchange medium in trading. Majapahit also using money as medium of exchange, because barter system is considered inefficient. There are two currencies in majapahit: gold and silver currency. Budiasih (2012) reveal both types of transactions are done using gold and silver currency as the transaction has a high value. Transactions with a lower value for money such as transaction in the purchase of various household purposes that is not possible to use two currencies (gold or silver), it is used in barter and exchange of money from Chinese kepeng or perforated pis. Gold currency unit (Munandar., et al, 2010) called as kati, suwarna, masa, kupang, and saga and abbreviated ka, su, ma, ku, sa, and for silver currency called as kati, dharana, masa, kupang, and saga and abbreviated ka, dha, ma, ku, and sa. In addition, silver also called atak. The units of gold and silver currency in more detail is as follows:

1 kati = 20 suwarna / 20 dharana / 20 tahlil

1 suwarna / 1 dharana

1 masa = 4 kupang

1 tahlil = 16 masa

1 kupang = 6 saga

1 atak = 4 kupang / ½ masa

The historians reveal that gobog currency was created by Majapahit. The form of gobog money was influenced by Chinese kepeng (foreign currency) . One side of the coin was decorated with human reliefs, flora and fauna. At the other side was decorated with inscriptions written in Arabic, including the confession of faith (syahadat). The historian speculation about the influence Islamic culture in Majapahit evidenced by discovery of gobog currency. This is proved the existing of religious tolerance at that time. The units of gobog currency is:

1 gobog = 5 kupang

1 dirham perak = 400 gobog

1 dirham emas = 4000 gobog

The are foreign currencies in Majapahit site which is becomes the evident that there were economic activities in those days. Several types of money during the Majapahit Empire, namely:

#### **a. Ma Money (Masa)**

Ma (Masa) currency has spherical form with various sizes according to its value. One side of the coin has the picture of four petals with the pattern of sandalwood flower. At the other side of the coin there is ma or ku written in Dewanagari script. The form of kupang currency is more concave than masa.

2 kupang = 1 atak = ½ masa

#### **b. Chinese Kepeng Money**

The form of kepeng money made from bronze has round shape with square hole in the middle. Generally, on the one side, describe about the King ruling the kingdom at the time and the other side is left blank or inscribed with Chinese scripts. The circle in the middle of coins has function to tie the coins so that some coins can be tied into one. Pisis unit of money in more detail is presented as follows:

1 kupang = 100 pisis , 1 atak = 200 pisis

1 masa = 400 pisis , 2 masa = 800 pisis

1 tali = 1000 pisis , 1 laksa / 1 keti = 10.000 pisis

1 tahlil emas = 60 kepeng , 32 kepeng = ½ tahlil emas

There are several types of Chinese coins in circulation in Majapahit era (Amelia, 1986), namely:

1. Metal Currency of Tang Dynasty (618-907 AD)
2. Metal Currency of Song Dynasty (960 - 1279 AD)
3. Metal Currency of Yuan Dynasty (1279 - 1367 AD)
4. Metal Currency of Ming Dynasty (1368 - 1644 AD)
5. Metal Currency of Qing Dynasty (1644 - 1911 AD)

### **5.2 Market as a Supporting Place for Trade**

There was river and sea transportation in Majapahit to establish relationship with another areas. The transportation means was of lancing (boat), tambangan (ferry boat), benawa (big boat), jong (junks),

and bahitra (ark). The coastal ports in Majapahit era included Gresik, Tuban, Jaratan, Pasuruhan and Surabaya, while the names of the inland port were Bubab, Canggung and Terung. In addition, there were several places along the river crossing as Brantas and Bengawan Solo river, which served export and import activity in Majapahit. The water transportation also support economic activity by developing market within the areas of transportation.

Market based economic activities accommodate wide range of products. Market emerged and grow due to the increasing economic needs of the community, which encourages distribution of goods. Christie (1998) asserts that three types of traders, namely:

- a. Abakul (retail traders)
- b. Adagang (wholesalers)
- c. Banyaga (merchant wholesalers)

There were wanigrama (male merchant) and wanigrama (female merchant). Royal officers who set all of these merchants' interests were called as juru wanigrama and juru wanigrama. Based on *Negarakretagama* pupuh 12 (3), it is mentioned that the location of the market was in the north of Majapahit palace.

### **5.3 Agriculture as a Supporting Sector for Trade**

Majapahit Empire was also known as an agricultural country, because its civilization lived from farming. Agricultural products, especially rice, became an important commodity in the domestic and inter-insular trade. Gajah Mada as the Prime Minister then formulated rules related to agricultural land with the consent of Hayam Wuruk. The regulation was made to set the course of community activities in terms of agriculture and land, as a form of The King's attention and protection. Capital of Majapahit empire located in Trowulan had an area of 10 x 10 km square (Mundardjito, 1986) and most of Trowulan areas were utilized as agricultural land.

### **5.4 Industry as a Supporting Sector for Trade**

Majapahit had small industry of handicrafts that run made by the people of Majapahit. Groups of paramacra (craftsmen) during the Majapahit were differentiated by type, namely the makers of pots of dyun (copper), baskets of magwai kisi (palm leaves), magawai payung wiu (umbrella), mangapus (rope), mangharen (charcoal), makala manuk (bird snare).

### **5.5 Foreign Relations**

Due to Majapahit natural conditions consisting of large and small islands connected by strait and sea, cruise factor was very important for building economic relations among Indonesian people. In addition, Majapahit is also located in a trade route between the two ancient trade centers, namely India and China. Gajah Mada brought not only trade but also politics missions to other nations. In the age of Majapahit, international trade was already well developed. The strategic location of the Majapahit made it as an enterpot of trade. The trade items included iron ore from Sulawesi, sandalwood from Timor, pepper from Lampung and Banten, camphor of Sumatra, silk fabrics from China, patola fabrics from India. The large quantities of goods were imported from China. The discovery of goods made of porcelain indicates that Majapahit society also used porcelain furniture which was a luxury item for daily use. Porcelain found during Majapahit era came from China, Thailand (Sawankhalok and Sukhothai), Cambodian (Khmer) and Vietnam. Chinese traders also brought salt to Indonesia, because salt at that time was a very salable and expensive good. Such other goods covered musk, rhubarb (a type of vegetable), pearls, gold and silver, silk, iron, tooling equipment, and others. The discovery of statues of faceless strangers signifies that there were many foreign traders who stopped by, and even settled in Majapahit, like Cola, Khmer and Chinese people.

## **VI. Tracing Accounting In Taxation During Reign Of Gajah Mada's**

### **6.1 Tax as a Source of Country's Revenue**

Tax was also the largest revenue of Majapahit empire. Taxation was obtained from goods and services and collected from the people. Tax is a consequence of living in society and state. It can be said that the emergence of a contribution or tax is due to the question of who will pay for all the interests and shared needs (Judisseno, 2005).

People have an obligation to pay tax on the activities undertaken on land owned by the king, that amount of payment is determined. Because tax is the largest source of income for the empire, it requires regulations governing tax mechanism that serves the purpose tax levy to finance all the empire's activities as well as to optimally improve and achieve people's welfare. Majapahit Empire under the leadership of Gajah Mada, had set up legislation to regulate all disputes and sanctions provided in the form of fines, which would be used to fund the activities of the empire. It can be concluded that state tax obligation was a form of dedication, and the active role of citizens and other community members, to fund the implementation of various development that is set up in regulation for people's welfare. Sukoharsono(1998) indicated that there were

various rates and different types of levies in respect of different commodities, occupations and other matters. The same occupations or commodities could result in different tax rates.

### **6.2 Types of Taxes in Majapahit Era**

In addition, tax collection covered variety sectors in the society. Several types of taxes set at Majapahit Era (Dwiyanto, 1995) were:

#### **a. Trade Tax**

Trade was called *sambyawahara*, while the activity was called *masambyawahara*. Information on trade tax can be known from the existence of business restrictions in a *sima*.

#### **b. Tax for Foreigners**

Foreigners were called *kilalang* citizens (that can be enjoyed). Tax must be paid by foreigners (other than natives) who settled in the region of Majapahit.

#### **c. Exit-Permit Tax**

Exit- permit tax or entry and exit tax in the region was known as *pinta palaku*.

#### **d. Land Tax**

The entire land in the region belonged to the Majapahit king, and therefore all activities carried out on land belonging to the king to pay tax.

#### **e. Arts Tax**

Each art group activities held on land owned by the king had to pay tax.

## **VII. Tracing Accounting In Government Accountability During Reign Of Gajah Mada's**

*Negarakretagama* pupuh 10 describe that the mayor visited the *Kepatihan Amangkubhumi* (Prime Minister building) led by Gajah Mada in order to report the administrative activities in the area. Majapahit government administration had five authoritative leaders called *Sang Panca Ri* is capability they were (Kawuryan, 2006):

- a. Patih Amangkubhumi (Prime Minister) / the Prime Minister who supervised *Rakryan Tumenggung* (commander), *Rakryan Ranga* (commander assistant), *Rakryan Kanuruhan* (communicator) and *Rakryan Demung* (regulator the royal household). He ruled as the regulator of the government implementation in all regions of Majapahit, and therefore *Sang Panca Ri Wilwatikta* was visited by the State authorities and local subordinates for government affairs.
- b. From the Prime Minister, commands down to *wedana* (the district officer), the district head.
- c. From *wedana* down to *akuwu*, the head of a group of village.
- d. From *akuwu* down to *buyut*, village elders.
- e. From *buyut* down to the villagers.

The empire revenues derived from the tax would be returned to the people to develop infrastructure such as building roads, bridges, places of worship, etc., or used to pay the salaries of empire officials. Not every village or villagers had to pay tax. In certain cases, there were villages which were fully exempted from any levy or tax as shown in the *Selomandi II* Inscription (Yamin, 1962). Therefore, the king issued a decree on tax exemption called *rajamudra*. The types of tax exempted were: *putajenan*, *rimbangan*, *pabata*, *titisara*, *rarawuhan*, *titiban*, *jajalukan*, *susuguhan*, *pangisi kendi*, *sosorokan*, *garem*, *hurughurugan dalam*. *Pujatenan* means community service, *rimbangan* is tax on the brick manufacture/ brick selling, *rarawuhan* is defined as dues for roadwork.

## **VIII. Conclusion**

Majapahit people had known and applied accounting in broad sense in their economic activities. This evident is proven by the discovery of currency used as a medium of exchange in economy activity. Another evident of Majapahit accounting is the discovery of inscriptions which contain of tax collection system and claims (note receivable), which were made to record all economic activities. *Negarakretagama* mentioned that tribute must be given to the king as a form of community loyalty.

Foucault power-knowledge concept was also seen in the development of the Majapahit accounting. The power of Hayam Wuruk and Gajah Mada was a force in society that shaped the behavior of Majapahit people in their social life. Legislation of Majapahit Empire proved that the power of Hayam Wuruk and Gajah Mada became the power which had a significant role in shaping the pattern of empire accounting, Gajah Mada used knowledge that he had in all societal areas, including accounting. The power of Gajah Mada's knowledge generated concept of power. For example, through knowledge on politics, Gajah Mada made it as a reference to establish broader power. *Palapa* oath pledged by Gajah Mada is one form of the power-knowledge concept. In broader sense, the *palapa* oath was pledged with any basis, Gajah Mada had carefully thought about the areas that should be under the rule of Majapahit. Majapahit economic conditions which were limited to agriculture and small industries, made Gajah Mada rack his brain to formulate a strategy for developing the economy of the

empire. The areas mentioned in the Palapa oath have great resources. Some of the areas were royal heritage of great empire existing in the past. It proved that the knowledge ability of Gajah Mada became a reference in the formation of Majapahit power.

### **IX. Limitations**

Due to the time constraints for conducting the study, there was difficulty in obtaining more accurate relics of Majapahit. The findings concerning with the forms of accounting in Gajah Mada's government era have not yet been able to be proven empirically because the researcher dealt more with events which not entirely occurred in Majapahit era.

### **X. Suggestion**

To make the more complete foundation of Indonesian accounting history, for future research, it is suggested to investigate that accounting history of other kingdoms in Indonesia.

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