

The First Railroad Directories and Manuals in the United States of America

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To better understand the development of early investment practices and the related use of financial accounting information, this study examines the earliest railroad directories and manuals published in the United States of America. Railroads are of particular interest since they were the first modern business in America. The early directories and manuals examined, coupled with a predecessor manual-like book on railroads and canals, show the rapid development of financial sophistication on the part of their authors when considered as a group. Financial information went from being of secondary consideration in 1840 to being provided in great detail by 1860. This included comparative balance sheet and income account information (when available) along with percentage/ratio analyses in some instances. In these latter cases, the ratios involved profit margin and various return on investment calculations. This study shows that financial accounting played a role in early investment practices involving the first modern industry in the United States.