

REPORTING FINANCIAL INFORMATION BEFORE GAAP: IN *THE WALL STREET JOURNAL* DURING JANUARY 1900

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“A prosperity panic—such at the close of the year has been Wall Street’s spectacle. . . Extraordinary in every way is the financial record of 1899.” (The New York Times, Supplement, Allaway)

These were the opening words of an article in the Annual Financial Review, a supplement to the New York Times, January 1, 1900. Other articles in the same Supplement support the same positive observation. With the high level of prosperity, there was much interest in financial information as the new century got underway. Financial reporting had begun approximately three decades prior to 1900. The *Journal* began publication on July 8, 1889 and soon became a national business newspaper. Accounting standards, however, were in the initial stages of development in the United States.

The Focus of this Review

The question that motivated the exploratory review of reporting of financial information was: “What was the nature and extent of financial information reporting before there was an organized, clearly specified body of accounting principles – before GAAP?”

Scanning of *The Wall Street Journal* from its beginning until 1905 revealed an interesting series, *Studies in Value*, which was initiated on January 4, 1900. It was this series for its first month of publication that is studied in this exploratory review. All issues for the month of January were devoted to the railroads, which underscored the significance of this industry in financial circles. The railroads studied and the nature of the topics are discussed in a general manner.

Tentative Conclusions

Economic reality of the activities and achievement of the railroads seemed to be the driver of what information was provided. With no generally accepted accounting standards available, those providing the information and those seeking the information – such as the business newspaper, the *Journal* -- focused on what was actually happening. This basic strategy – of beginning with reality – may have encouraged the considerable use of nonfinancial information which was relevant in viewing dollar values for items in balance sheets or income accounts. Reporters, who were not identified, were candid in their assessment of the quality of information provided and noted omissions.

This is a very limited review. Further reviews are warranted to understand more clearly the role of the business press in supporting more comprehensive disclosure of financial information by business entities.