

Records Management in the Bureau of Corporations

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THE management problems of vast accumulations of many types of records were first encountered to an alarming extent during World War I. The avenues of communication within the Federal Government might easily have become congested to a degree that would have hampered the war effort had not administrators, during the previous two decades, considered some of the problems concerning the classification, storage, and disposition of records. Inventions such as the typewriter, carbon paper, and the comptometer had been in existence long enough for farsighted managers to recognize the consequence of technological change in the creation of records. They were not wholly unaware, it should be recalled, of the possibility of rapid expansion in the rising new bureaucracy. Many of these administrators had, in fact, contributed to the growth of the bureaucracy, and were prepared for the concurrent administrative problems.

Most of the years that witnessed the development of the bureaucracy before World War I were, not entirely by chance, the years in which the Bureau of Corporations conducted its investigations of the American economy. For this reason a case study of the records management techniques of the Bureau may be of value for understanding the development of contemporary techniques in the management of records. As consideration of the Bureau in isolation would be of only limited value, additional comments are included on record practices in other agencies and, to a lesser degree, in business establishments.

The establishment of the Bureau of Corporations may be viewed either as the culmination of certain legal, economic, and political trends or as an incident in the life of its promoter, Theodore Roosevelt. Anglo-Saxon common and parliamentary law, at least since

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the thirteenth century, had declared monopolistic acts illegal. This tradition manifested itself in the American colonies during the first half of the seventeenth century by the passage of laws prohibiting such market practices as engrossing, forestalling, and regrating. These laws, however, were effective only as long as the American economy was localized.

After the Civil War powerful monopolies operating in a national market rose despite State laws prohibiting them. By 1876 these business firms had become a significant political issue and had caused the formation of antimonopoly parties in 11 States. The development of the trust form of enterprise toward the end of the century caused widespread fear of the rise of corporations able to crush competitors and destroy small enterprise. Certain rate practices of the railroads seemed to confirm these fears and thus contributed to the birth of the Granger, Populist, and similar movements. Political parties began to vie with each other in denunciations of unethical business behavior. The passage of the Sherman Anti-Trust Act in 1890 was one manifestation of this political atmosphere.

An investigation of trusts by the legislature of New York State in 1897 brought to the attention of Gov. Theodore Roosevelt the malpractices of certain large firms. He became convinced that, though large enterprises were efficient and desirable, publicity was necessary to prevent and eliminate their unfair practices.

After Roosevelt became President he continued to demand the investigation of corporate enterprise. When a bill to create a department of commerce was under consideration, Roosevelt took the opportunity, with the help of Senator Knute Nelson, to add an amendment for the establishment of an investigative agency. Hence the Act to Establish the Department of Commerce and Labor included a provision, section 6, for the creation of the Bureau of Corporations, with authority to investigate and prepare reports on the organization, conduct, and management of corporations engaged in interstate commerce, except for common carriers subject to the control of the Interstate Commerce Commission.

The first Commissioner of Corporations, James R. Garfield, son of President Garfield and friend of President Roosevelt, was confirmed by the Senate on February 25, 1903. Two employees, both influential in developing the records management techniques of the Bureau, Z. Lewis Dalby (clerk to the Commissioner) and Warren Choate (chief clerk), were appointed several weeks later.

These three men established the operating and administrative

methods of the Bureau that were to endure and develop for most of its life. All were fairly young, below 40, and were imbued with the progressives' desire for an expanding Federal Government efficiently operated in the public interest. They were lawyers with excellent academic training. Garfield and Choate had served under Theodore Roosevelt in the Civil Service Commission, where they apparently had learned a great deal about personnel administration in a growing bureaucracy.

Although Chief Clerk Choate was naturally in a position to, and actually did, control records management, Dalby must have influenced his policies with regard to this activity. Dalby had had several years of experience with the filing methods of railroads through his association as attorney for the Norfolk and Western and the Louisville and Nashville Railroads. Few types of corporate enterprise could match railroads for efficient control of records, chiefly because of the stimulus of ICC regulations for record keeping and the necessities of managing a complex business organization.

From the first, all of the Bureau's records lending themselves to the capabilities of the typewriters then in use were prepared in typescript. Most governmental agencies and business firms, in contrast, were slow to adopt the typewriter for the majority of their records. An important improvement in the typewriter, which permitted the user to view his product while operating the machine, was not, it should be recalled, developed until 1905.

Two other machines used by the Bureau for the creation of records were the Millionaire and the Rapid Roller Copier. The former was a flat-bed computing machine, which was still on the market in the 1930's. The latter, using an electric motor, was the most efficient producer of press copies generally available in the first decade of the century.

The Bureau did not use carbon paper until 1911, and then only at the insistence of the Taft Commission on Economy and Efficiency. The first carbon paper was generally made with lampblack, grease, and beeswax, which left an imperfect and impermanent impression. Although the modern carbon paper, coated with carnauba wax and ink, was soon developed, the Bureau failed to adopt it because the staff questioned the evidential value of carbon copies of documents. First, the original signature did not appear on the carbon copy; and secondly, changes made on the ribbon copy might not have been duplicated on the carbon. A press copy was, in contrast, an exact copy of the original record.

The earliest reference to records management problems in the

Bureau apparently appeared in Choate's first monthly report, of June 26, 1903. Choate informed the Commissioner that the recruitment of a file clerk was imperative. As it is inconceivable that the records holdings could have been voluminous at that early date, it can only be assumed that Choate was anxious to establish a workable filing technique before the Bureau became involved in large-scale investigations.

Under instructions from his superiors the file clerk, appointed sometime during the summer, developed the case-file method of arranging records. Records were flat-filed in accordance with the practices of railroads and some large industrial concerns. Each record created by the Bureau involving a new transaction received a serial number. The document was then indexed by subject and name. The index cards were filed alphabetically under the name and subject. One additional index card was filed by number in a card check-list.

This index system was at first time-consuming because the subject card usually included an abstract of the document rather than a mere subject identification. Choate, while recognizing that detailed indexing might become wasteful of manpower, decided that the problem was not yet pressing. He and the other members of the staff spent the first few months in studying the enabling act, establishing some management techniques, and planning procedures for future investigations.

The first of these investigations, a study of insurance laws and practices, had not resulted in the accumulation of a substantial volume of records at the time the first filing procedures were established. When, however, the special agents and attorneys of the Bureau had gathered enough data to prepare several preliminary studies of insurance law, the staff began a reappraisal of its records management techniques with a view to maintaining reference facility while reducing the cost of filing, indexing, and storing records. It was then that the modern three-by-five subject index card was adopted.

The main concern of the agency was housekeeping records, which made up the largest part of the files before the major investigations got under way. From November 1903 to February 1904 a study was made of systems used by other agencies for controlling data on personnel and stock inventories. The major improvement achieved as a result of the study was the adoption of ledger cards, loose-leaf ledgers, record cards designed to establish a permanent inventory, and individual folders for the maintenance of payroll data pertain-

ing to each employee. The index to these folders served as a payroll record card.

During the remainder of 1904, the staff of the Bureau, including the Chief Clerk, was too busy with comprehensive investigations of the steel and meat-packing industries to concern itself with management matters. One byproduct of the investigations, nevertheless, was a large collection of schedules, work papers, reports, and transcripts of interviews with businessmen that created new management problems. Early in 1905, therefore, Choate recommended the establishment of a "division of mails and files, where proper records can be kept along the lines of greatest usefulness with the least undesirable routine."

When the division was established in accordance with Choate's recommendation, William O. Deatrick was made its director. It would have been difficult to find a supervisor better qualified. Deatrick, a graduate of a business college, had served, mainly as a head file clerk, in the Baltimore and Ohio Railroad, the National Headquarters of the Republican Party, and the Quartermaster General's Office. With full support from the Commissioner of Corporations and the Chief Clerk, Deatrick established several innovations in the Bureau's filing methods. To save the time of operating personnel, records were cross-indexed on the face. Greater records security was achieved by preventing personnel from taking official papers on field trips, insisting on the proper use of charge cards, discouraging the maintenance of desk files, and requesting personnel to refrain from adding to or subtracting from case files. Savings in filing equipment were realized by destroying drafts, work papers, and reference materials when they were no longer required for operations.

By 1906, when the Keep Commission conducted its investigation of business practices in governmental agencies, the Bureau of Corporations had one of the most efficient records-keeping systems in Washington. It is not surprising, therefore, that Choate and Dalby were included in the membership of the Commission's Committee on Distribution, Record and Handling of Correspondence. The report of the committee, as might be expected, recommended procedures similar to those of the Bureau of Corporations and suggested discontinuance of such practices as briefing letters on the back, maintaining registers in book form, and transcribing letters into bound volumes.

These recommendations may appear anachronistic, yet 5 years later the Taft Commission found at least two of these practices still in use by a number of agencies. As an example of an outmoded sys-

tem of records control the Taft Commission's report described the system employed by the Adjutant General's Office. All incoming letters were folded and then briefed on the back. Abstracts of the letters were recorded on index and record cards. Outgoing letters were completely transcribed to cards, usually by hand. Many of the records were prepared in manuscript instead of typescript.

The only criticism the Taft Commission leveled at the Bureau of Corporations was its complete reliance on press copies. The substitution of carbon paper for press copies proceeded rather slowly because the Bureau's staff was not convinced of the necessity for the change for several years. This delay may have been a result of the Taft Commission's failure to deal with the problem of the evidential value of carbon copies.

Other agencies were also reluctant to make the change. The Division of Lands and Railroads of the Interior Department, for example, felt that press copies were more reliable and easier to bind than carbon copies. The General Land Office pointed out, in addition, that press-copy paper was cheaper than carbon-copy paper. Those agencies that used carbon paper before 1911 had made the change recently.

During the period between its report to the Taft Commission on November 12, 1910, and its termination on March 15, 1915, the Bureau continued to make improvements in its records practices. Shortly after the report, the Bureau conducted a complete inventory of its records holdings. The numeric file was compared with the checklist to determine which files were missing. Where outcards indicated that files were in use, inquiries were made to assure that the materials were not lost. When files were found to be charged to former employees, letters were sent requesting the return of the files or information as to their probable location. It is typical of the agency that during 1914, the last year of its existence, it was making a study of different filing systems. The findings of the Mails and Files Division were made available to the successor of the Bureau, the Federal Trade Commission.

The evidence, then, is fairly substantial that the records management program of the Bureau of Corporations was one of the best in the Government. Its staff was never satisfied with the methods currently employed. The earliest practices of the Bureau can be favorably compared with practices found by the Cockrell Committee of 1887. This Committee reported that the State Department still relied on copybooks with an elaborate indexing system; that the Division of Files, Records, and Mails of the Post Office De-

partment indorsed, indexed, and recorded all incoming mail and copied all outgoing letters; and that the Department of Agriculture used copybooks instead of cards for indexing. The typewriter was used extensively in only a few agencies. Most correspondence was folded and briefed. Agencies separated correspondence from other types of related records. Some of these practices continued in use for more than two decades after the Cockrell Committee made its report. Although evidence is scarce, it may be assumed that most business establishments were equally conservative with regard to records management.

One improvement in filing methods not adopted by the Bureau of Corporations was the Dewey decimal system, although several agencies were experimenting along the lines of the subject-numeric classification scheme before World War I. As several studies of various filing systems were made by the Bureau, it may be assumed that it rejected the scheme as impractical for its needs. Most of the Bureau's files related to investigations, no two of which were alike in scope or method. The Federal Trade Commission solved the problem of investigative files by establishing a new file for each investigation. Each of these files was then arranged according to a subject-numeric scheme made as uniform as possible with the records of other investigations. The docketed files of the Commission, however, are still arranged in serially numbered case files similar to the general files of the Bureau of Corporations.

Newspaper comments on records management during the period before World War I were rare. It is a fitting tribute to the Bureau of Corporations to have had a newspaper single out this and other aspects of its administrative operations for favorable comment, as did the *Boston Globe* of August 25, 1907:

In record-keeping, filing, bookkeeping and other details of business practice the bureau is more up-to-date than any other branch of the government. Many a government office is burdened with clumsy, cumbersome business methods and handicapped by superfluous "red tape," but the young men who are at the head of things in the Bureau of Corporations disregarded precedent, and evolved a business system planned on the lines of those in vogue in the offices of the country's most progressive railroads.