

AMERICAN STATE PAPERS.

POST OFFICE DEPARTMENT.

[1st CONGRESS.]

No. 1.

[2d SESSION.]

PLAN FOR IMPROVING THE POST OFFICE DEPARTMENT.

COMMUNICATED TO THE HOUSE OF REPRESENTATIVES BY THE SECRETARY OF THE TREASURY, JANUARY 22, 1790.

GENERAL POST OFFICE, NEW YORK, *January 20, 1790.*

IN obedience to the orders of the Supreme Executive, I have the honor of laying before you such remarks and observations as have occurred to me, in attending to the Department of the Post Office; many of these observations will be found to be of a general nature, and founded in opinion: for there are not documents in the office on which to found estimates that would afford satisfaction.

The existing ordinance for regulating the Post Office, though very defective in many things, has not probably ever been put fully in execution; yet the smallness of the revenue arising under the same may have been the effect of various causes, some of which could not, and others might have been remedied, but not so fully as they may under the present Government.

As to the revenue of the Post Office, it may be observed—

First. That there may be so few letters written that, under the best regulations, it would not amount to any thing considerable; and the dispersed manner of settling the country may operate powerfully against the productiveness of the Post Office.

Second. The franking of letters may have been extended too far.

Third. Ship letters may not have been properly attended to.

Fourth. The rate of postage may have been too high in some instances, and too low in others.

Fifth. Stage drivers and private post riders may have been the carriers of many letters which ought to have gone in the mail.

Sixth. The Postmasters may have consulted their own interest in preference to that of the public.

Remedies may be applied to all these causes, except the first. With respect to that article, I have no documents on which to found an opinion that may be relied on.

The amount of revenue will undoubtedly be considerable, if the Department is well regulated. If we should form an opinion from a comparative view of the wealth, numbers, and revenue, of the Post Offices of other countries, it would be, that the Post Office of the United States ought to bring in annually nearly half a million of dollars, under similar regulations; whereas the gross receipts in any one year have not exceeded thirty-five thousand dollars; and for the two last years have been at about twenty-five thousand dollars a year.

The revenue of the Post Office, at present, arises principally from letters passing from one seaport to another, and this source will be constantly increasing.

If we average the postage paid on letters at five cents, five hundred thousand letters would produce the sum that now arises from the Post Office annually.

A revenue of five hundred thousand dollars would require ten millions, at five cents; five millions, at ten cents; and three millions and one third, at fifteen cents; which last rate is probably nearer the true average than either of the other sums.

If there be one hundred thousand persons that write in the course of a year, each of them, thirty letters, it will nearly make the number, or twenty-five thousand write severally one hundred and twenty letters.

Foreign letters should also be taken into the computation, which are very numerous, and in other countries are subjected to a heavy rate of postage.

If, however, we should place the nett revenue at one hundred thousand dollars, even this sum must be an object of great importance to the treasury of the United States. But it will require some time to get a system into operation so as to produce it.

Unless a more energetic system is established than the present one, there will be no surplus revenue that will be worth calculating upon.

The great extent of territory over which three millions of people are settled, occasions a great expense in transporting the mail; and it will be found impracticable to accommodate all that wish to be accommodated unless a great proportion of the revenue is given up for this object.

The applications for new Post Offices and new post roads are numerous; cross roads must be established, and of very considerable extent, in order to open a communication with the treasury and revenue officers.

On franked letters I have to observe, that the accounts have not been so kept in the Post Offices as that we can ascertain what the amount would be if they were charged with the usual rates of postage.

Newspapers, which have hitherto passed free of postage, circulate extensively through the Post Offices; one or two cents upon each would probably amount to as much as the expenses of transporting the mail.

The third article, if properly regulated, would be a source of great revenue. If the postage could be collected, the present rates would not produce a revenue much short of fifty thousand dollars a year. But upon the construction that has heretofore been put upon the ordinance of Congress, ship letters have operated as a clear loss to the revenue.

The clause of the ordinance is as follows: "For any distance not exceeding sixty miles, one penny-weight eight grains; upwards of sixty miles, and not exceeding one hundred miles, two penny-weights—and so on; and for all single letters to and from Europe, by the packet or despatch vessel, four penny-weights; and to the foregoing rates shall be added a sum not exceeding four-ninetieths of a dollar upon any letter, packet, or despatch, which shall come into the Post Office from beyond sea, by any other conveyance than by packet or despatch vessels."

The meaning of this clause, as it relates to ship letters, appears to be plain. Packet, or despatch vessel, can intend none other than American. All letters coming into the post office from beyond sea by other conveyance than American packets, should be charged with the four-penny weight, equal to twenty ninetieths, and the additional sum of four-ninetieths, making twenty-four-ninetieths. And, if such letters are forwarded by land through the Post Offices, the usual rates for travelling letters should be charged over and above the twenty-four-ninetieths. The rates correspond nearly with the British rates for the like kind of letters. But whether so high a rate of postage ought to be put on letters that come by French or British packets, is a matter that is questioned by many.

The practice has been to charge two-ninetieths on ship letters delivered out of the same place where they were first received, and four-ninetieths in addition to the fixed rate of travelling letters on those forwarded to other places, if they came from beyond sea by any other conveyance than French or British packets. The two-ninetieths has been considered as a perquisite to the Postmaster; the General Post Office has not been credited with it. And, as the Postmasters are authorized to pay one-ninetieth a letter to the captains or masters of vessels bringing the same, they take credit to themselves for the one-ninetieth in their account current with the General Post Office. In one of the Post Offices, this one-ninetieth has amounted to one hundred and sixty dollars a year, and, consequently, the twenty-four-ninetieths, if it had been charged, would have amounted to three thousand eight hundred and forty dollars a year.

The late Postmaster at this place had as perquisites over and above his commission of twenty per cent. more than all the money that arose from ship letters, and one hundred and twenty pounds a year for his trouble with respect to French and British packets.

The foregoing rates of postage were reduced twenty-five per cent. by an act of Congress, of the ———, 1787.

On the fourth article, I will give my reasons for apprehending that the rates of postage are, in some instances, too high.

Whenever Congress may hold their sessions, it will be considered as the centre of the United States, and will necessarily occasion a great deal of letter writing to that place. The extremes are, in my opinion, entitled to an easy and cheap access to that place through the Post Office. Their comparative advantages derived from the General Government are smaller than those of the more central, and ought not to be diminished by the heavy rates of postage that now exist. The postage of a single letter from Georgia, or rather Savannah, to New York, is thirty-three-ninetieths of a dollar, which amounts almost to a prohibition of communication through the Post Office. If it should be reduced to about sixteen cents, the revenue would not probably be injured by it.

So far as I have been able to collect the opinions of others relative to the fifth article, the injury the general revenue has sustained in this way is greater than I had expected; perhaps no complete remedy can be devised for this evil, yet it may undoubtedly be remedied in a great measure.

In the present manner of contracting to carry the mail, especially by stage carriages, the contractors labor under disadvantages, on account of the shortness of the time. One of them has property to the amount of nearly twenty thousand dollars employed in the transportation of the mail. Whenever they undertake to carry it one or two hundred miles, it costs them several thousand dollars for horses and carriages. This property sinks considerable in his hands, if he fails to contract the next year: many of them urge this contingency as a reason for a higher charge. The advertising for proposals for carrying the mail places the Postmaster General in a disagreeable predicament: for many poor people make proposals at so low a rate that it is obvious the business cannot be done as it ought to be, and consequently there cannot be a strict adherence to the lowest proposals. Discretion must be used, and the contract must be given to him who will most probably perform the duty with punctuality. A few failures in a year injure the General Post Office more than the public can be benefited by the recovery of the penalties in the contractor's bonds.

Whether it will not be proper to give the contractors that carry the mail by stage carriages the exclusive privilege of driving stages on the post roads, is submitted for consideration.

There are, at this time, about twenty different contracts for carrying the mail, which has a greater tendency to put the business into confusion than I apprehended: every contractor consults his own interest as to the days and hours of arrival and departure of the mail, without having a due regard to the necessary connexion of the Post Office. A regular system of days and hours of departure has never been established further southward than Alexandria.

The contracts for carrying the mails to the southward of New York the ensuing year amount to	\$14,973 75
And to the eastward of the same place to	6,003 15
	<u>\$20,977 00</u>

With the exclusive privilege of driving stages, and the contracts being for a greater length of time, this sum would probably be sufficient to induce men of property to come forward, when character and reputation would be the best kind of security for the Post Office. It is so necessary to establish regularity, in order to promote a well founded confidence in the Post Office, which I think can hardly be effected upon the present mode of contracting, that, if a different one should eventually cost something more, yet the Department would be benefited by it.

It is not difficult to ascertain what ought to be given for carrying the mail a mile; if the Legislature should fix the sum, it would then be the duty of the Postmaster General to find out such as he could place the most confidence in, to execute the business well. This method has always been practised in England, so far as I understand the regulations of the Post Office there.

On the sixth article it may be observed that very small advantages taken by those concerned in the receipt of postage, will, in a year, amount to a great sum. In some instances these may be justifiable: for example, the postage of a single letter from New York to Philadelphia, is one pennyweight eight grains, or sixpence two-thirds Pennsylvania currency. This cannot be made out in any pieces of coin current in the United States. The letters are charged with sevenpence, which is right: for if there must be a fraction it ought always to be taken in favor of the Post Office.

This, however, may be remedied in two ways; the one is to make the rates of postage to be received in each State conformable to the currency thereof. The other is for the United States to coin pieces that might correspond with the rates of postage.

The dead letters may afford an opportunity for defrauding the revenue; but if the deputies' accounts are properly examined in the General Post Office, many evils that might otherwise exist, will naturally vanish.

With respect to the present ordinance regulating the Post Office, I beg leave to suggest the propriety of sundry alterations and additions.

If the views of the Legislature should be to raise a revenue from the Post Office, the defects of the present system are many, and may easily be pointed out. But if there should be no such views, yet, for the purpose of establishing more security in the Department, sundry alterations will be found essentially necessary.

The two following articles operate most powerfully against the productiveness of the Post Office at present:

Any person may receive, carry, and deliver, inland letters, and is subject to no penalty, if it be done without hire or reward.

The following alterations appear to me to be necessary for greater security in the Post Office, whether revenue be or be not an object:

A more accurate description of offences and frauds that may be committed by any person employed in any way or manner whatever in the Department; and the establishment of penalties proportioned to the injuries that may happen from the committing such offences, or being guilty of such frauds.

Those that will naturally present themselves first, will be such as may be committed by the Postmaster General, and those employed in his office.

And such as may be committed by the contractors for carrying the mail, and by their agents and servants.

Many offences may probably be pointed out that have never been committed in the United States: but the opportunity to commit them is great, and when committed the injury may be irreparable, as property to a very great amount is frequently entrusted in the mail.

It therefore appears to me that it will be only exercising a due degree of caution to guard against them by defining the crimes and affixing to the commission of them such penalties as will be most likely to deter from and prevent the actual commission of them.

The duties of the Postmaster General are at present to keep an office in the place where Congress may hold their sessions. To obey such orders and instructions as he may from time to time receive from the President of the United States. To appoint Deputy Postmasters, and instruct them in their duty in conformity to the acts of Congress. To receive and examine their accounts and vouchers, and draw out of their hands, quarterly, the balances due to the United States. To render to the treasury, annually, an account of the receipts and expenditures, for examination and allowance, and to pay over the surplus moneys. To provide by contract and otherwise for carrying the mail; and to pay the necessary expenses thereof. To establish and open new Post Offices and new post roads, whenever and wherever they may be found necessary, within certain limits marked out by the acts of Congress. And in general to superintend the department, and to be accountable for it in the various duties assigned to it, except the carrying of the mail.

On any breach of oath, on due conviction, he forfeits one thousand dollars.

With respect to the accountability of the Postmaster General, I beg leave to observe that no man can, however sagacious and cautious he may be in his appointments, without subjecting himself to certain loss, be responsible for the conduct of his deputies. The calculations of loss being certain in case of responsibility, if he has not a salary sufficient to compensate such loss, he must, to save himself, transact the business, and keep the accounts in a manner that the treasury shall not be able to charge him with any more money than he chooses to be charged with; or he may endeavor to transact the business fairly, and hold the office until he finds he cannot preserve his reputation and credit, and then, if he is an honest man, he will resign.

The number of times the mail shall be carried weekly, the advertising for proposals for carrying the mail, and the establishing of new Post Offices and new post roads, appear to me to be matters that should be left in the direction of the Supreme Executive. Very great embarrassments ensue when business is pointed out in detail, and there is no power at hand that can alter the same, however necessary it may be to alter it.

The Postmaster General should be subjected to suitable penalties, in case he neglects or refuses to render true and just accounts of the receipts and expenditures, and to pay over the moneys to the treasury that may be over and above the annual expenditures, at such periods as may be required.

It may be a question whether the Postmaster General should keep an office separate from the one in which common and ordinary business is done. There may be some reasons why he should not have a separate office. Irregularities and interruptions of communications will happen, and those who have the receiving and delivering of the mail are most likely to be acquainted seasonably with them.

When the Postmaster General keeps a separate office many things that he ought to be acquainted with may entirely escape his notice.

I found the General Post Office not blended with one in which common and ordinary business was transacted, and it remains in the same situation.

The prohibition at present against receiving and carrying letters, extends to such only as do it for hire or reward; but it ought to extend to all who receive and carry letters, whether with or without reward; and penalties should be annexed to enforce an observance of it. Some few exceptions may be found necessary, where masters of vessels carry letters respecting the merchandises under their immediate care; and letters sent by a special messenger, by a friend, or by a common known carrier of goods.

Regulations may probably be found necessary respecting bye or way-letters; embezzling or destroying letters on which the postage has been paid; detaining or opening letters; secreting, embezzling, and stealing any valuable papers out of any letters; against the carriers of the mail in case they neglect or desert it; to oblige the ferrymen to set the mail across in all possible cases in a given time; to recover debts due to and from the Deputy Postmasters in a summary way.

These are some of the principal alterations that have occurred to me as being necessary to be introduced into the regulations of the Post Office, and no doubt many others may suggest themselves to the wisdom of the Legislature.

With respect to appropriating to a particular object any supposed surplus of revenue that may arise in the Department, I beg leave to observe that it will undoubtedly tend to awaken the attention of the citizens to the Department, if a certain sum should be required to be paid quarterly or semi-annually into the treasury, and be appropriated to the payment of the interest of the domestic debt, as far as it might go.

This might interest a powerful body of citizens in attending to the operations of the Department, and would probably have a greater tendency to keep the Postmasters strictly to their duty, if any should be otherwise disposed, than any authority with which the Postmaster General might be clothed.

I have enclosed the form of an act, or rather such principles as appear to me proper to be introduced into the arrangement of the Post Office, which will tend, more fully than the foregoing observations, to explain my views of the alterations that are necessary.

I am, sir, with esteem, your most obedient humble servant,

SAMUEL OSGOOD.

The Honorable ALEXANDER HAMILTON, *Secretary of the Treasury.*