



Universal Service and the Postal Monopoly: A Brief History

OCTOBER 2008

Universal Service and the Postal Monopoly: A Brief History

The United States Postal Service is the one government agency that touches every American on a daily basis. Through rain, sleet, and snow, Postal Service employees deliver more mail every delivery day, per capita, than most countries deliver in a month.¹ Even though increases in population size and decreases in household size enlarge the U.S. delivery network to the tune of two million addresses each year, the Postal Service has maintained and even improved service levels while keeping rising postage rates in line with inflation.² Surveys show that most Americans are pleased with the level of service provided.³

The story of the United States Postal Service begins in 1775, when the Continental Congress named Benjamin Franklin the first American Postmaster General. Franklin and his fellow patriots saw a robust mail system as critical to the nation's welfare. A healthy postal network facilitated communication among army commanders and the first elected representatives, and representatives and their constituents; newspapers sent through the mail enabled Americans to participate in political life. As directed by Congress, postal officials first extended the mail system geographically, adding mail routes and Post Offices to embrace communities up and down the coast and then westward, keeping pace with the traveling frontier. In the mid-1800s, Congress increased access to the mail by simplifying and lowering letter-postage rates. Later in the century, Congress introduced the convenience that most Americans now expect – free home delivery of mail, first in the city, then in the country. To check for mail, city dwellers no longer had to wait in long lines at crowded Post Offices, and farmers no longer had to unhitch horse from plow and plod five or six miles into town. In 1913, the Post Office Department introduced Parcel Post – affordable parcel delivery available to all Americans that opened up a new world of mail order merchandise to many, especially in rural areas.

To enable the Post Office Department to serve all Americans, no matter how remote, yet still finance its operations largely from its revenue, Congress gave the Department a monopoly over the carriage of letter-mail by a group of federal laws known as the Private Express Statutes. Without such protection, Congress reckoned that private companies would siphon off high-profit delivery routes, leaving only money-losing routes to the Department, which then would be forced to rely on tax-payers to continue operations. In the past two centuries, Congress has held to this belief.⁴ In 1970, Congress transformed

¹ According to the Universal Postal Union's *Postal Statistics* for 2006, only five countries delivered, on average, more domestic letters in a month than the U.S. Postal Service averaged every delivery day: Brazil, France, Germany, Great Britain, and Japan.

² In 2007, the Postal Service achieved record rates for on-time delivery of First-Class Mail (*United States Postal Service Annual Report, 2007, 28*).

³ Surveys conducted by the Gallup Organization in 2007 showed that 92 percent of residential customers rated service received as excellent, very good, or good (*United States Postal Service Annual Report, 2007, 29*, and *Comprehensive Statement on Postal Operations, 2007, 12*).

⁴ For example, in 1843, Senator William D. Merrick (Maryland) “spoke at much length, pointing out the many frauds on the department through these private expresses, which had been placed on all the most profitable mail routes . . . [which deprived] the department of the greatest portion of its revenues; and thereby disabled it from reducing the rates of postage, which was so much desired by the people, and from extending greater facilities to the more remote and sparsely populated sections of the Union.” He stated that “unless these private expresses were suppressed, and the Government had a monopoly of mailable matter, the Post Office Department would soon become a burden on the public treasury” (*Congressional Globe*, vol. 12, 220). In 1982, Congressmen defended the letter-mail monopoly in similar terms. For example, Senator Lawton M. Chiles (Florida) stated, “We could not hope to continue to pay for a U.S. Postal System going daily into every community and by every home if much of its supporting revenue were to be diverted to selectively competing private carriers. It has always been a touch-and-go situation to balance postal costs and revenues as it is.” Senator Donald W. Riegle Jr. (Michigan) opined, “Efforts to repeal or modify the private express statutes will inevitably produce inequities in the system. . . . The most evident threat to the system will be the ‘cream skimming’ that will occur upon repeal of the statutes. It is almost certain that once private companies have the right to deliver mail, the lucrative, high density, high volume areas will become the province of commercial entities, while the difficult, remote, and primarily rural areas will remain the responsibility of the Postal Service.” In a joint statement, Senators Ted Stevens (Alaska), David H. Pryor (Arkansas), and Charles McC. Mathias Jr. (Maryland), plainly stated, “The Private Express Statutes are needed just as long as this country continues to require a universal postal service with uniform rates.” (For full text and further comments, see “The Future of Mail Delivery in the United

the Post Office Department into the United States Postal Service, a self-supporting establishment of the government with more authority over its own operations. But the role of the Postal Service as a public servant – its core mission – did not change:

The Postal Service shall have as its basic function the obligation to provide postal services to bind the Nation together through the personal, educational, literary, and business correspondence of the people. It shall provide prompt, reliable, and efficient services to patrons in all areas and shall render postal services to all communities.⁵

To protect the Postal Service's public service mandate, Congress protected the postal monopoly over the carriage of letter-mail, retaining the Private Express Statutes in their entirety, including Section 1696:

Whoever establishes any private express for the conveyance of letters or packets, or in any manner causes or provides for the conveyance of the same by regular trips or at stated periods over any post route which is or may be established by law . . . shall be fined . . . or imprisoned . . . or both.⁶

Extending the mail network

The Founding Fathers viewed the mail system as vital to the political cohesion of our fledgling nation. Newspapers were the primary means of political communication and were delivered free through the mail for many years. In 1791, President George Washington declared:

The importance of the post office and post roads on a plan sufficiently liberal and comprehensive, as they respect the expedition, safety, and facility of communication, is increased by their instrumentality in diffusing a knowledge of the laws and proceedings of the Government.⁷

Between 1789, when the federal government began operations, and 1861, when civil war broke out, the United States grew dramatically. Its territory extended into the Midwest in 1787 through the Northwest Ordinance, reached down the Mississippi River and west to the Rocky Mountains after the Louisiana Purchase in 1803, and stretched to the Pacific coast by the 1840s. New territories and states, as well as established communities, pressed the Post Office Department for more routes and faster delivery. From 1790 to 1860, the country's population grew about eightfold, from 3.9 million to 31.4 million people. In the same period, the number of Post Offices grew by a factor of nearly 380, from 75 in 1790 to 28,498 in 1860. In the same period, post roads (roads on which mail travels) increased in length from 1,875 miles to 240,594 miles. (See Table 1, "Number of Post Offices and Miles of Post Roads, 1790 to 1860.")

Table 1: Number of Post Offices and Miles of Post Roads, 1790 to 1860

Year	Number of Post Offices	Miles of Post Roads
1790	75	1,875
1800	903	20,817
1810	2,300	36,406
1820	4,500	72,492
1830	8,450	115,176
1840	13,468	155,739
1850	18,417	178,672
1860	28,498	240,594

Source: *Annual Report of the Postmaster General*, 1870, 37.

Because news was considered crucial to an informed electorate, the first major postal law, passed in 1792, allowed newspaper printers to send each other newspapers for free, facilitating the spread of national and foreign news outward from the seat of government. Through the early 1800s, the content of local newspapers consisted largely of national and foreign news stories clipped from newspapers

States, Hearings Before the Subcommittee on Economic Goals and Intergovernmental Policy of the Joint Economic Committee," Ninety-Seventh Congress, Second Session, June 18 and 21, 1982; Washington, DC: Government Printing Office, 1982.)

⁵ *United States Statutes at Large*, Volume 84, (Washington, DC: Government Printing Office, 1971), 719.

⁶ *United States Statutes at Large*, Volume 62 (Washington, DC: Government Printing Office, 1949), 777.

⁷ George Washington, Third Annual Message to Congress, October 25, 1791. From University of California, *American Presidency Project*. <http://www.presidency.ucsb.edu/ws/index.php?pid=29433> (accessed May 28, 2008).

exchanged for free in this manner.⁸ The 1792 postal law also provided for the carriage of newspapers to subscribers for the relatively low rate of either 1 cent (for up to 100 miles) or 1.5 cents (for more than 100 miles). When the 1.5-cent fee was alleged to inhibit newspaper circulation, President Washington told Congress to look into it, stating that if it “be found to be the fact, a full conviction of the importance of facilitating the circulation of political intelligence and information will, I doubt not, lead to the application of a remedy.”⁹ From 1845 to 1847, Congress allowed newspapers to travel for free for up to 30 miles, and from 1851 to 1963, newspapers were delivered for free within their county of publication from Post Offices with no city or village delivery service. Meanwhile, newspaper printers continued to mail each other newspapers free of charge until 1873. Until prepayment of newspaper postage became mandatory in 1875, many subscribers failed to pay even the low rates of postage, effectively receiving free delivery.¹⁰

Low – or no – postage on newspapers translated to high circulation. In the early 1830s Frenchman Alexis de Tocqueville, touring the United States, observed that “nothing is easier than to set up a newspaper, as a small number of subscribers suffices to defray the expenses. . . . In America there is scarcely a hamlet that has not its newspaper.”¹¹ Historian Charles Sellers claims that “by 1840 the United States had more newspapers than any other country.”¹² The number of newspapers that circulated per capita increased from 3.8 in 1810, to 13.8 in 1840, to 21.8 in 1850.¹³

Partly as a consequence of high newspaper readership, Americans enjoyed a high literacy rate – 91 percent of white adults in 1840.¹⁴ But until 1845, high rates of letter postage discouraged casual correspondence. While newspaper postage cost less than 2 cents, letter postage ranged from 6 to 25 cents, depending on distance traveled. In 1840, for example, sending a letter from Baltimore to New York City cost 18.75 cents, representing more than a quarter of a laborer’s daily wage of 72 cents.

In 1845 the utility of the mail system to the general public was greatly increased by an act of Congress that simplified and slashed postage rates for letters, reducing the five distance-based categories down to two, and the cost of sending a letter, in some cases, by more than two-thirds. (See Table 2, “Minimum Letter Rate, Baltimore to New York City, 1800 to 1900, in 2007 dollars.”) For example, in 1845, the cost of sending a letter from Baltimore to New York City was lowered to 5 cents, from 18.75 cents.

⁸ Richard B. Kielbowicz, *News in the Mail: The Press, Post Office, and Public Information, 1700-1860s* (Westport, CT: Greenwood Press, 1989), 141-155. On page 145 Kielbowicz cites the example of frontier newspapers circa 1810, which consisted of less than 15 percent local content, the rest “borrowed” from exchanged papers.

⁹ George Washington, Fourth Annual Message to Congress, November 6, 1792. From University of California, *American Presidency Project* <http://www.presidency.ucsb.edu/ws/index.php?pid=29434> (accessed May 28, 2008). Congress ended up keeping the 1.5-cent rate for long-distance newspapers to protect local, small-town newspapers, which it feared would not be able to compete on a level playing field with larger newspapers. In 1794 the lower rate was allowed for all in-state newspapers, regardless of distance. See Kielbowicz, 36.

¹⁰ Jane Kennedy, “Development of Postal Rates: 1845-1955,” *Land Economics*, vol. 33, no. 2 (May 1957), 98. Kennedy estimates that 40 percent of newspapers and magazines (other than free in-county) traveled essentially postage-free in 1874 because postmasters failed to collect the postage.

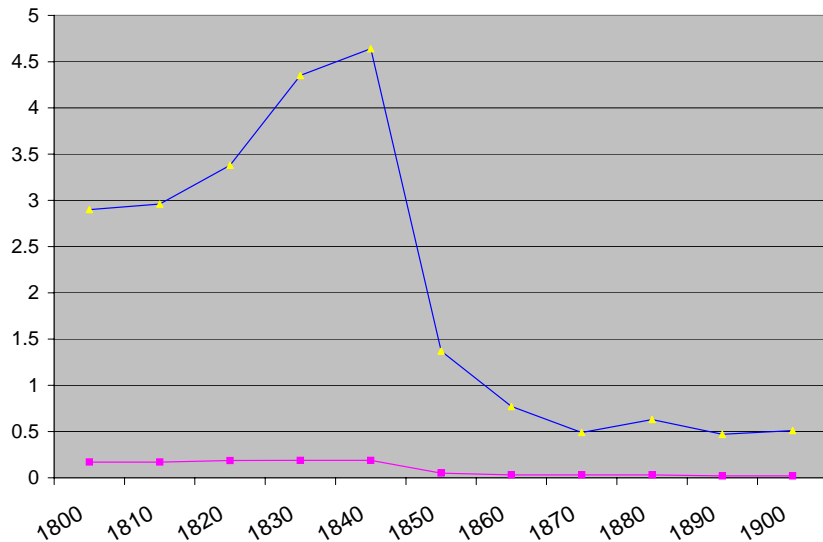
¹¹ Alexis de Tocqueville, *Democracy in America, The Henry Reeve Text as Revised by Francis Bowen, Now Further Corrected and Edited with Introduction, Editorial Notes, and Bibliographies by Phillips Bradley* (New York, NY: Alfred A. Knopf, 1993), 1:186.

¹² Cited in Christopher W. Shaw’s *Preserving the People’s Post Office* (Washington, DC: Essential Books, 2006), 63.

¹³ Lee Soltow and Edward Stevens, *The Rise of Literacy and the Common School in the United States: A Socioeconomic Analysis to 1870* (Chicago, IL: The University of Chicago Press, 1981), 76. The per capita rate counted the white population only.

¹⁴ *Ibid.*, 155-159. Ninety-one percent represents the average; in general the rate was higher in the north (to 99.997 percent in Connecticut) and lower in the south (from 72 percent in North Carolina).

Table 2: Minimum Letter Rate, Baltimore to New York City, 1800 to 1900, in 2007 dollars* (upper line) and actual dollars (lower line)



*2007 values are derived from the CPI-based calculator at www.measuringworth.com/ppowerus/index.php, accessed May 8, 2008.

In 1851 rates were dropped even lower for some letters, and, in 1863, distance-based letter rate categories were dropped altogether, with all letters assigned the lowest rate. Since 1863, all domestic letter rates have been “uniform,” that is, based on weight, regardless of distance of travel.

Historian David M. Henkin points out the close relationship between demographic forces and the lowering of letter postage rates in the mid-1800s. According to Henkin, increasing population mobility and migration drove postal reform because, as more people relocated, “the desire to correspond with absent friends, family members, and business associates intensified.”¹⁵ He argues that postal reform led, in turn, to more migration, as “cheap and uniform postage encouraged Americans to imagine that they might travel (and even relocate) without severing their existing social and familial ties.”¹⁶

In addition to extending the mail system to a new class of users in the mid-1800s by lowering the cost of using it, the Post Office Department also made it easier to use the system by increasing access points. Whereas initially all postal transactions took place at the local Post Office, in the late 1850s and early 1860s the Post Office Department began creating Post Office stations in the largest cities, branch offices which provided a range of postal services and eased congestion in main Post Offices.¹⁷ Around the same time, collection boxes began appearing on city streets so that citizens could mail a letter without having to hand-deliver it to the nearest postal facility.

Free home delivery: city

An even more revolutionary customer convenience was introduced in 1863. Before 1863, postage paid only for the delivery of mail from Post Office to Post Office. Citizens picked up their mail at the Post Office, although in some cities they could pay an extra two-cent fee for letter delivery or use private delivery firms. Customers sometimes faced long lines at Post Offices to check for mail, often in vain.

¹⁵ David M. Henkin, *The Postal Age: The Emergence of Modern Communications in Nineteenth-Century America* (Chicago, IL: The University of Chicago Press, 2006), 30. Henkin cites as examples Vermont and Ohio: around 1850 more than half of Americans born in Vermont lived elsewhere, while more than half of the residents of Ohio had been born elsewhere.

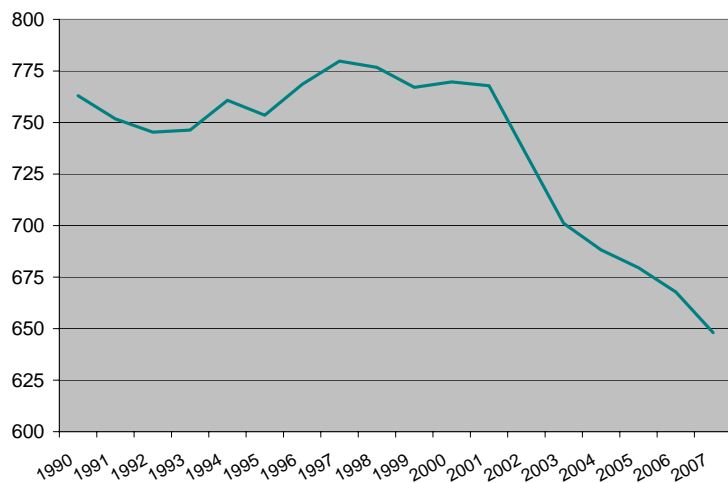
¹⁶ *Ibid.*, 29.

¹⁷ A Post Office station had operated in New York City earlier, from 1837 to 1846, but this was to satisfy citizens who were upset that the main Post Office had relocated to an inconvenient spot.

Among the postal reforms suggested by Postmaster General Montgomery Blair in his 1862 report to the President was free delivery of mail by salaried letter carriers, which he felt would “greatly accelerate deliveries, and promote the public convenience.”¹⁸ Congress agreed, and in an act effective July 1, 1863, provided that free city delivery be established at Post Offices where income from local postage was more than sufficient to pay all expenses of the service.¹⁹ Within a year, free delivery was offered in 65 cities nationwide; by 1880, free delivery was offered in 104 cities, and by 1900, in 796 cities.

Initially, city carriers hand-delivered mail to customers. If a customer did not answer the carrier’s knock, ring, shout, or whistle, the mail remained in the carrier’s satchel to be redelivered when the customer was home. By 1912, new customers were required to provide mail slots or receptacles, and postmasters were urged to encourage existing customers to provide them as well. In 1914, it was estimated that letter carriers still spent 30 minutes to an hour each day waiting at doors where there was person-to-person delivery. As of March 1, 1923, mail slots or receptacles were required for delivery service. By the 1930s, as a convenience to customers living on the outskirts of cities, city letter carriers began delivering to customers with “suitable boxes at the curb line.”²⁰ Increasing suburbanization in the ensuing decades brought an increase in the use of curbside boxes, which carriers serve from motor vehicles. In recent decades, the use of cluster boxes, introduced in 1967, has been increasingly encouraged as they are cheaper to service. In the early 1990s it was estimated that, compared to door-to-door delivery, curbside boxes were about 30 percent cheaper, while cluster boxes were about 40 percent cheaper.²¹ Although some customers perceive cluster boxes as less convenient because they have to walk farther, the cost savings from their use has helped the Postal Service deliver a decreasing per-capita volume of First-Class Mail to an increasing number of addressees without substantially raising rates. (See Table 3, “Average Annual Pieces of First-Class Mail, per Delivery Point, 1990 to 2007,” and Table 4, “Delivery Points, 1990 to 2007, in Millions.”) Traditionally, First-Class Mail has yielded the most revenue.

Table 3: Average Annual Pieces of First-Class Mail, per Delivery Point, 1990 to 2007



¹⁸ *Annual Report of the Postmaster General, 1862, 32.*

¹⁹ In July 1879 eligibility was extended to include any town with at least 20,000 residents within its corporate limits or any Post Office with at least \$20,000 in annual revenue, and in July 1887 to include any town with at least 10,000 residents within its corporate limits or any Post Office with at least \$10,000 in annual revenue (*Annual Report of the Postmaster General, 1893, 50*). In 1948, the population requirement was dropped to 2,500, with the stipulation that “the territory must also be 50 percent improved with houses” (*POD Manual of Instructions for Postal Personnel, 1948, 238*). In 1972, “750 possible deliveries” was added as an alternative to the minimum population requirement (*Postal Service Manual Issue 41, October 16, 1972*).

²⁰ U.S. Post Office Department, *Supervision of City Delivery Service* (Washington, DC: Government Printing Office, 1930), 8.

²¹ According to the 1990 *Comprehensive Statement on Postal Operations*, door-to-door delivery cost an estimated \$158 annually per addressee, versus \$112 for curbside boxes and \$95 for cluster boxes. In 1992, the *Comprehensive Statement* listed the figures as \$177, \$125, and \$106, respectively.

Table 4: Delivery Points, 1990 to 2007, in Millions

Year	City	Rural	PO Box	Highway Contract Route	Total Delivery Points
1990	77.1	20.7	17.9	1.3	117.0
1991	78.5	22.0	18.2	1.4	120.1
1992	78.9	22.0	18.8	1.4	121.8
1993	79.5	23.5	19.0	1.5	123.5
1994	80.0	23.6	20.2	1.5	125.3
1995	80.7	24.7	20.8	1.6	127.8
1996	81.1	25.5	19.6	1.6	127.8
1997	81.7	26.4	18.0	1.7	127.8
1998	82.2	27.4	18.0	1.7	129.3
1999	82.7	28.5	20.0	1.7	132.9
2000	83.2	29.7	19.7	1.9	134.5
2001	83.7	29.7	19.7	1.9	135.0
2002	84.2	33.3	19.8	2.1	139.4
2003	84.6	34.6	19.9	2.2	141.3
2004	85.1	35.0	20.0	2.2	142.3
2005	85.8	36.2	20.0	2.3	144.3
2006	86.3	37.4	20.1	2.4	146.2
2007	86.9	38.4	20.2	2.5	148

Source: annual editions of the *Comprehensive Statement on Postal Operations*

Free home delivery: rural

In the 1890s, the Department began providing free home delivery to rural Americans, who comprised more than 60 percent of the population.²² Postmaster General John Wanamaker, a successful Philadelphia merchant, proposed the idea in 1891. Wanamaker thought it made more sense to have one person deliver mail than to have 50 people ride into town to collect their mail. He cited business logic and social philosophy as reasons to give rural dwellers free delivery. Businesses could expand their markets. Rural customers paid the same postage rates as city people. Rural people needed the important information provided by newspapers yet did not always have time to walk or ride to the Post Office, a trip that could take several hours and might have been in vain. Young people might stay on the farm if correspondence and magazines eased their isolation.

Congressional authority for rural free delivery (RFD) was granted in March 1893, the month Wanamaker left office. Experimental rural free delivery service began in 1896 out of three Post Offices in West Virginia; within a year 44 routes were underway in 29 states. The service proved enormously popular and was declared permanent in 1902. The number of rural carriers climbed from fewer than 500 carriers in 1899 to more than 32,000 carriers in 1905. In the same period, the miles covered by carriers jumped from 28,685 to 721,237, and kept right on going. (See Table 5, “Extension of Rural Routes, 1900 to 1970.”)

Although one Kansas farmer expressed concern that rural people would become lazy if they did not have to pick up their mail, more typical were

Table 5: Extension of Rural Routes, 1900 to 1970

Year	Route mileage
1900	28,685
1905	721,237
1910	993,068
1915	1,076,235
1920	1,151,832
1925	1,227,654
1930	1,334,842
1935	1,355,078
1940	1,401,690
1945	1,435,059
1950	1,493,365
1955	1,544,704
1960	1,768,476
1965	1,871,018
1970	2,044,335

Source: *Annual Report of the Postmaster General*, 1970, 142-143.

²² According to the Census Bureau’s *Historical Statistics of the United States*, 60.3 percent of the U.S. population lived in rural areas in 1900, as compared to 64.9 percent in 1890. See <http://www2.census.gov/prod2/statcomp/documents/CT1970p1-02.pdf>, 11-12 (accessed May 30, 2008).

reactions such as those of the Colorado woman who was glad to “have our mail fresh instead of stale” and the Arizona citizen who wrote:

I am more than ever proud of being an American citizen. . . . I live three and a half miles from the Tempe post-office, and have been sick for a week past, yet my mail is brought to my door every morning, except Sunday.²³

The benefits of rural delivery to the American people were many. In 1906, Congressman A. F. Lever of South Carolina opined:

[Rural delivery] has become a great university in which 36,000,000 of our people receive their daily lessons from the newspapers and magazines of the country. It is the schoolhouse of the American farmer, and is without a doubt one of the most potent educational factors of the time.²⁴

In 1907, Postmaster General George von L. Meyer enthusiastically declared that “medical men have said . . . that because of [RFD] insanity is on the decrease.”²⁵ Two years later, another postal official related a customer’s opinion that in his community RFD had “cut down the cases of suicide and insanity among farmers’ wives fully 50 percent.”²⁶

Although the network of rural routes grew quickly, for the first few decades the country was not equally served. Historian Wayne E. Fuller notes that while comprehensive rural free delivery service had been established in the Northeast and most of the Midwest by 1907, the South was not fully served until the 1920s.²⁷ Fuller blames politics and tight budgets: a Republican administration gave most of the first rural routes to Republican states, and when those states were fully served, tighter purse-strings delayed route-building in under-served areas.

Parcel Post

Rural free delivery and a later service – Parcel Post – benefited customers in another way: they opened up a new, cheaper world of merchandise to rural Americans.

The first of the large mail order houses was established in 1872 when Aaron Montgomery Ward launched his company in Chicago with a single sheet of paper that listed items for sale and their prices. Ward’s advertised prices were so low that some people thought he was a fraud. By 1876, Ward’s catalog had 152 pages and offered everything from clothing to saddles to steam engines. In 1900, his company’s revenue was surpassed by that of his neighbor and chief competitor, Sears, Roebuck & Company, founded in 1893 by Richard Sears. In 1903 Sears claimed that “one-fourth of the entire population of the United States secures some of their goods from the Chicago Mail Order Houses,” which by then were receiving up to 30,000 orders daily.²⁸

In 1903, about half of mail-ordered items – most of the smaller ones -- were shipped via U.S. Mail. Four pounds was the weight limit; anything over four pounds was shipped via express companies or the railroads. This put a lot of merchandise out of reach of many Americans, especially those not served by railroads and private express companies. According to the December 7, 1889, issue of *Harper’s Weekly*:

²³ *Annual Report of the Postmaster General*, 1897, 112–114.

²⁴ Congressman A. F. Lever from South Carolina, *Congressional Record*, 59th Congress, 1st Session, 5081 (April 11, 1906).

²⁵ “Meyer’s Postal Plans: Radical Changes Advocated by Postmaster General,” *The Washington Post*, October 13, 1907; 3.

²⁶ “Rural Delivery of Mail Now Costs Uncle Sam \$120,000 a Day,” *The Boston Sunday Globe*, December 5, 1909; SM3.

²⁷ Wayne E. Fuller, “The South and the Rural Free Delivery of Mail,” *The Journal of Southern History*, vol. 25, no. 4 (November 1959), 511-519.

²⁸ “Chicago’s Colossal Mail Order Business A Tip to Atlanta’s Hustling Merchants,” *The Atlanta Constitution*, November 29, 1903, B5.

Express companies extend their business wherever it promises to pay. The Post-office extends its operations wherever there are settlers.

New Year's Day 1913 heralded a new era of opportunity: the Post Office Department began accepting packages weighing up to 11 pounds for mailing via a new service called Parcel Post. The weight limit for packages was increased to 20 pounds later that year and ultimately reached 70 pounds.²⁹ Parcel Post was an instant success and had an electric effect on the nation's economy. Three hundred million packages were mailed in the first six months alone. The year Parcel Post began, Sears filled five times as many orders as it did the previous year; five years later the company's revenue had doubled.

Speeding delivery

The Post Office Department improved its service to customers not only by increasing the range of services provided, but also by speeding up existing service. The Department used and improved existing technologies and developed new ones in its perpetual quest to reduce delivery times.

For four months prior to the completion of the transcontinental telegraph line in 1861, the Post Office Department contracted with the privately-operated Pony Express to speed dispatches across the American West. Although the Pony Express operated for only about 18 months and never turned a profit, the image of its riders galloping across the Plains and changing horses at a run still captures the American imagination. Meanwhile, the "iron horse" was speeding delivery times nationwide.

Post Office Department officials had been quick to catch on to the potential of railroads to speed up mail transportation. In 1834, when railroads were still short, isolated lines, and locomotives sometimes traveled more slowly than stagecoaches, Postmaster General William Barry devoted one whole page of his five-page annual report to a discussion of railroads' prospects. In 1835, when trains carried only one percent of U.S. Mail and connected only two major cities, Washington and Baltimore, Postmaster General Amos Kendall predicted that "the multiplication of rail-roads will form a new era in the mail establishment."³⁰ He was right. By 1850, nearly 7,000 miles of railroad carried mail. By 1870, railroads represented 49 percent of trip mileage by all modes. (See Table 6, "Railroad Mileage.")

Table 6: Railroad Mileage

Year	Percentage of all trip mileage by railroad	Year	Miles of railroad that carried mail
1835	1%	1842	3,000
1850	--	1850	6,886
1860	37%	1860	27,129
1870	49%	1870	43,727
1880	54%	1880	85,320
1890	68%	1890	154,779
1900	64%	1900	179,982

²⁹ The weight limit for parcels going to nearby addresses was increased to 20 pounds on August 15, 1913, and on January 1, 1914, the weight limits were increased to 50 pounds for parcels to nearby addresses and 20 pounds for parcels traveling further. Beginning on March 15, 1918, weight limits were increased to 70 pounds for parcels to nearby addresses and 50 pounds for parcels traveling further. The weight limit of all parcels, regardless of destination, was raised to 70 pounds on August 1, 1931. After World War II, Parcel Post's comparatively low rates stimulated its growth while the business of express companies began to decrease. Eventually, Congress intervened to rescue the Railway Express Agency from a precarious financial position. On January 1, 1952, the weight of parcels sent via the mails to large (first class) Post Offices was reduced to 40 pounds, if the parcels were traveling up to 150 miles, and to 20 pounds for any greater distance. Parcels bound for other Post Offices still could weigh up to 70 pounds. Parcel Post volume fell. To offset this, weight limits for parcels moving between larger Post Offices were gradually increased starting on July 1, 1967, so that by July 1, 1969, the weight limit for all such parcels had been increased to 40 pounds, and by July 1, 1971. On February 27, 1983, a uniform weight limit was set at 70 pounds for parcels mailed from any Post Office to any destination within the United States.

³⁰ *Annual Report of the Postmaster General*, 1835, 394.

The expanded use of railroads greatly reduced transportation time. In 1835, mail going from New York City to Raleigh, North Carolina, took about 94 hours. Two years later, the time had been cut nearly in half, to 55 hours. By 1885, it was more than halved again – to just over 19 hours. The time-savings was due not only to increased use of the rails but also to better use – the introduction of Railway Post Offices (RPOs) in the 1860s. RPOs were specially equipped railroad cars manned by postal clerks who sorted mail in transit. They were great time-savers, since previously mail on board had just idled away in sacks until reaching major distributing Post Offices such as Chicago and New York.

In 1918, another postal innovation sped service: airmail. After its first three months of operation, in which service was performed by Army pilots using Army planes, the Post Office Department took over all phases of the service, hiring civilian pilots and mechanics and using specially built mail planes. By the end of 1920, airmail routes had been established from New York to San Francisco, and transcontinental airmail service began. Even though at first mail was flown only during daylight hours, it was still 22 hours faster than the cross-country all-rail time. Beginning in 1924, airmail was flown day and night, lopping two whole days off coast to coast transit time – taking New York mail to San Francisco in 1 day, 10 hours, and 20 minutes. In 1926 the Department began contracting out its airmail service; by the end of 1927 all of its airmail was carried under contract. As commercial airlines took over, the Post Office Department transferred much of the infrastructure it had created – beacon lights, searchlights, airways, and radio stations – to the Department of Commerce. It transferred most of its airports to the municipalities in which they were located.

In October 1975 the Postal Service effectively ended domestic airmail service as a separate class of mail when it announced that First-Class postage – which was three cents cheaper – would buy the same or better level of service.³¹ By then, transportation patterns had changed, and many First-Class letters already were zipping cross-country via airplane.

Delivering more than the mail

Beyond its core service – delivering U.S. Mail – the Postal Service has served Americans in a multitude of less obvious and less tangible ways.

On a national scale, lucrative contracts for mail transportation spurred the development of the American transportation network – from stagecoach routes to railroads to airlines. In many ways, the Post Office Department pioneered the aviation industry, the cornerstones of which, according to a former airmail pilot who later headed the Civil Aeronautics Administration, “came, one by one, out of our experience in daily, uninterrupted flying of the mail.”³² A less glamorous boon to transportation, but one that benefited millions of Americans, was rural free delivery, which stimulated road improvement nationwide since passable roads were a prerequisite for establishing new delivery routes.

More obscurely, for many years local postal employees cooperated with the National Weather Bureau in disseminating weather forecasts. Beginning in 1873, about 4,500 postmasters posted the Weather Bureau’s daily weather reports in their offices, reaching an estimated one-third of the U.S. population; by 1876 reports were posted in nearly 7,000 offices.³³ From about 1900 to 1904, rural carriers in some

³¹ Airmail as a separate class of mail was officially discontinued on May 1, 1977.

³² Quoted by Rita Lloyd Moroney in “Above and Beyond,” *The Encyclopedia of Aviation and Space Sciences* (Chicago: New Horizons Publishers, Inc., 1967), 77. In 1922 and 1923, the Department was awarded the Collier Trophy for important contributions to the development of aeronautics, especially in safety (it developed luminescent instruments, navigational lights, and parachute flares) and for demonstrating the feasibility of night flying. Charles Stanton, an airmail pilot who later headed the Civil Aeronautics Administration, gave ample credit to the role that the Post Office Department played in developing the aviation industry – the cornerstones of which, he said, “came, one by one, out of our experience in daily, uninterrupted flying of the mail.”

³³ Edith R. Doane, “1870 – U.S. Weather Watch – 1905,” *The American Philatelic Congress Book 34*, 1968 (American Philatelic Congress, Inc., 1968), 17-18. Doane also mentions two other, less widespread methods of postal transmission of forecasts: some postmasters distributed cards hand-stamped with forecasts in the late 1890s. and beginning in late 1895, some postmasters briefly experimented with backstamping weather forecasts on incoming letters, prior to delivery.

states distributed weather forecasts on printed slips of paper to boxholders along their routes, providing information critical to farmers.³⁴

Rural carriers have also performed myriad other non-postal services at the local level, from reporting forest fires, to distributing livestock and crop surveys.³⁵ Since about 1960 rural carriers have conducted wildlife surveys, counting game like rabbits, pheasants, and quail along their routes and reporting their numbers back to state wildlife agencies. Carriers have not only counted birds, they have also helped feed them, scattering grain supplied by state wildlife agencies during severe winters in the early 1900s.³⁶

Postal employees have registered aliens, distributed Internal Revenue Service forms and publications, surveyed vacant houses for the Federal Housing Administration, and reported carrier-route mileage data to the Bureau of Public Roads. They continue to provide non-postal services to customers for other government agencies by:

- accepting passport applications for the Department of State;
- selling migratory bird stamps for the U.S. Fish and Wildlife Service;
- distributing veterans' burial flags for the Department of Veterans Affairs; and,
- providing selective service registration forms and materials for the Selective Service System.

In 1956, Deputy Postmaster General Maurice H. Stans concluded that if public service costs and subsidies were taken into account, "the Post Office did not operate at a loss during the period from its inception to 1946" – this, despite losses being reported for most of the years since 1852.³⁷

Every day, postal employees provide incalculable services to customers, from helping elderly and disabled citizens pay their monthly bills to literally saving lives. Postal employees are often the only government representative in town, and sometimes are the only daily visitor to remote homesteads. News stories abound of letter carriers answering cries of distress, or simply taking the time to check on residents whose mail has piled up in their mailbox. In 1936, a rural carrier in Virginia eloquently explained:

We have . . . given first-aid treatment . . . have had to help in sickness and death, even arranged funerals.

We have extracted livestock from fences and called the veterinarian in emergency cases. In my years as a carrier I honestly believe I've done everything except act as a midwife. . . . One time I had to carry a tiny baby from its sick mother to where the old grandma lived several miles away. We cannot class such things as duties. They are all blessed privileges. Our patrons are not just patrons, they are more than that. They are our friends.³⁸

Finally, in his book *Preserving the People's Post Office*, Christopher W. Shaw discusses a more intangible service provided by the Postal Service – its democratizing effect. Shaw explains:

The Postal Service is an institution that reaches every American on a regular basis, and it does not discriminate. All Americans are entitled to receive the same service. It is irrelevant whether

³⁴ Ibid., 34-35. According to Doane, an experiment was made with signal flags on carriers' wagons but proved unsatisfactory, since the flags were not always visible to farmers in their fields.

³⁵ In 1912 Postmaster General Frank Hitchcock ordered carriers to report any fires they spotted along their routes to forest officials or fire wardens, transforming them into "a fire patrol covering about 1,200,000 miles . . . through regions most likely to be threatened." Rural carriers distributed livestock and crop surveys from the 1920s through the 1960s, helping the Department of Agriculture gather data for its programming decisions.

³⁶ See for example "U.S. To Allow Rural Carriers to Feed Birds," *The Christian Science Monitor*, January 16, 1912, 5; and "Assis of the R.F.D.," *The Washington Post*, December 4, 1936, X8.

³⁷ *The Post Office as a Public Service: Report of the Citizens' Advisory Council to the Committee on Post Office and Civil Service, United States Senate, Eighty-Fifth Congress, First Session, February 26, 1957* (Washington, DC: Government Printing Office, 1957), 11.

³⁸ *The Washington Post*, December 12, 1936, X8; letter to the editor from a rural carrier in Purcellville, Virginia.

they are rich or poor, rural or urban, black or white, young or old: all Americans are equal in the eyes of the Postal Service.³⁹

Shaw believes that the Postal Service helps “bind the nation” not just by delivering the mail, but by doing it on a universal basis:

The one government institution that touches Americans more than any other affirms our nation’s democratic aspirations by serving everyone equally.⁴⁰

In Shaw’s opinion, this side benefit of the Postal Service is no less important than its core mission of delivering the mail.

Protecting postal revenue: the origins of the Private Express Statutes

The group of federal laws known collectively as the Private Express Statutes gives the United States Postal Service a monopoly over the carriage of letter-mail. This monopoly predates the United States Postal Service – it predates even the United States. It was carried over from the colonial postal system, established in North America by the British before the American Revolution. But whereas the British Crown Post hoped to profit by its mail monopoly and return its profit to Great Britain, the Founding Fathers hoped to protect postal revenues to fund and expand the mail system, which they deemed as essential to nationhood.

In 1777, the Continental Congress agreed that:

The United States in Congress assembled shall . . . have the sole and exclusive right and power of . . . establishing and regulating post-offices from one state to another, throughout all the United States, and exacting such postage on the papers passing thro’ the same as may be requisite to defray the expenses of the said office.⁴¹

On October 18, 1782, the Congress of the Confederation first specifically defined the postal monopoly on the carriage of letters when it passed “An Ordinance for Regulating the Post Office of the United States of America.” The ordinance restricted the “carrying and delivering of any letters, packets or despatches from any place within these United States” to the Postmaster General and his deputies and agents “and no other person whatsoever,” except for messages carried on a “private affair” or for “public service,” on penalty of a \$20 fine for each offense.⁴² At the discretion of the Postmaster General, areas with no mail service were exempt from the regulations. The 1782 ordinance also required ship captains landing in American ports to carry all letters to the Post Office “if any there be at the place of his or her arrival,” and granted them one-ninetieth of a dollar for this service.⁴³ This law was continued after the adoption of the U.S. Constitution in 1789.

U.S. Statutes continue the monopoly

On February 20, 1792, Congress enacted its first major postal law under the U.S. Constitution. The act prohibited the private transmission of any letter or packet “on any established post-road,” as well as the establishment of any post by foot, horse, vessel, boat, or “any conveyance whatever, whereby the revenue of the general post-office may be injured.”⁴⁴ It allowed exceptions for the carriage of newspapers and for deliveries by “special messenger,” but continued the practice of requiring the commander of any

³⁹ Christopher W. Shaw, *Preserving the People’s Post Office* (Washington, DC: Essential Books, 2006), 46.

⁴⁰ *Ibid.*

⁴¹ “Articles of Confederation,” article 9, paragraph 4, in the Library of Congress’ *Documents from the Continental Congress and the Constitutional Convention, 1774-1789*, at <http://memory.loc.gov/ammem/collections/continental> (accessed 5/22/2008).

⁴² *Journals of the Continental Congress, 1774-1789*, Volume XXIII, 1782 (Washington, DC: Government Printing Office, 1914), 672-673.

⁴³ *Ibid.*, 674.

⁴⁴ *The Public Statutes at Large of the United States of America, from the Organization of the Government in 1789, to March 3, 1845*, Volume 1 (Boston, MA: Charles C. Little and James Brown, 1845), Act of February 20, 1792; 236.

vessel entering an American port “where a post-office is established” to deliver all letters to the postmaster, except those bound for another port.⁴⁵ Exceptions were also made for letters going to the owners of the ships and for those shipping cargo on the ships. The law persisted with only minor changes until 1825. Intervening changes of note:

- In addition to newspapers, in 1794 Congress allowed private delivery of magazines or pamphlets as well as delivery of letters going to the owners of vehicles carrying U.S. Mail (wagons, stagecoaches, etc.) and those shipping cargo on such vehicles.
- In 1799, Congress outlawed the private carriage of “any letter or packet” on “any road adjacent or parallel to an established post road.”⁴⁶
- In 1823, Congress designated all navigable waterways as post roads, indirectly increasing the scope of the monopoly.

Under mounting financial pressure – the Post Office Department faced annual deficits every year from 1820 through 1823 – Congress attempted to secure the postal monopoly by the Act of March 3, 1825. Much of the language of the earlier law was retained, with the following notable exceptions:

- For the first time, *owners* as well as operators of vehicles transporting private letters were subject to prosecution.
- Private delivery of letters to owners of mail-carrying vehicles (other than ships) was no longer permitted. However, private delivery of cargo-related letters aboard ships and other mail-carrying vehicles was still allowed.

In the 1825 act, Congress inadvertently omitted the prohibition of private deliveries by foot or horse-post; this oversight was remedied two years later. In 1838, Congress designated all railroads as post roads, again indirectly increasing the scope of the monopoly.

In the early 1840s, postal revenues were crippled by the operation of numerous private express companies in the larger eastern cities as well as by the carriage of letters by railway passengers. One senator estimated that “on the express routes, twenty letters are sent outside the mail for the one that is carried by the mail.”⁴⁷ In 1843, Postmaster General Wickliffe stated:

The General Government should either protect the department against the inroads of private posts, or provide the ways and means to meet the necessary expenses of the service.⁴⁸

In 1845 Congress again acted to protect postal revenues, which had not met expenses for seven years running and had experienced actual drops in three of the five preceding years. In its first official use of the term, Congress declared that “it shall not be lawful . . . to establish any *private express or expresses*” (emphasis added) to carry mail “by regular trips, or at stated periods . . . to any . . . places the United States mail is regularly transported.”⁴⁹ The Act of March 3, 1845, reiterated that the operators and owners of vehicles – now including railroad cars – which illegally transported mail or enabled the illegal transportation of mail were liable for prosecution, but only if they had knowledge of the fact.⁵⁰ For the first time, *mailers* who sent letters by private express companies or other means were also liable for prosecution. Private delivery of letters to the owners of ships was no longer permitted. Letters carried by special messenger “employed only for the single particular occasion” and mail transported free-of-charge

⁴⁵ *Ibid.*, 235.

⁴⁶ *The Public Statutes at Large of the United States of America, from the Organization of the Government in 1789, to March 3, 1845*, Volume 1 (Boston, MA: Charles C. Little and James Brown, 1845), Act of March 2, 1799; 735.

⁴⁷ Cited in “The History of the Postal Monopoly in the United States,” by George L. Priest, *Journal of Law and Economics*, vol. 18, no. 1 (April 1975), 59.

⁴⁸ *Annual Report of the Postmaster General*, 1843, 6.

⁴⁹ *The Public Statutes at Large of the United States of America, from the Organization of the Government in 1789, to March 3, 1845*, Volume 5 (Boston, MA: Little, Brown and Company, 1860), Act of March 3, 1845; 735.

⁵⁰ In 1843, in *United States vs. Adams*, a federal judge ruled that proof of intent to violate the act was required for guilt. (See Priest, 60-61.).

by "private hands" were permitted.⁵¹ In 1852, to accommodate mailers wanting private delivery while still protecting postal revenue, Congress also allowed for the private carriage of letters in prepaid stamped envelopes, provided the envelopes were sealed and marked with the date; in 1864 Congress allowed the Postmaster General to "suspend the operation" of all or part of this rule on any mail route if it was in the public interest to do so (i.e. if it harmed postal revenue).⁵²

In 1872 Congress specified that ships not only had to surrender letters and packets to the Post Office upon arriving in U.S. ports, but also that ships could *receive* letters and packets only from the Post Office prior to departing for foreign ports. At the same time, Congress extended the letter-mail monopoly to "any post-route which is or may be established by law" to account for new delivery routes being established in cities.⁵³

The statutes were recodified in 1909 with minor changes: an exemption for letters relating to "the current business of the carrier;" imprisonment as an optional penalty for breaking the law, instead of, or in addition to, a fine; and stiff fines and/or imprisonment for using misleading terms like "Post Office" or "United States Mail" in association with private businesses not actually connected with the U.S. Mail.⁵⁴

On January 2, 1934, the Postmaster General ordered that only U.S. Mail could be put into private mailboxes; on May 7, 1934, Congress approved a fine for anyone violating the order.⁵⁵ Also in 1934, private delivery by special messenger was limited to deliveries of no more than 25 letters.

The final recodification of the Private Express Statutes in 1948 again involved only minor changes. Since then, interpretation of the statutes has been achieved primarily through the exercise of administrative jurisdiction.

Interpretation of the Private Express Statutes

From 1934 through 1967, the Post Office Department published a series of eight pamphlets on the Private Express statutes – initially titled *The Private Express Statutes*, and later *Restrictions on*

⁵¹ *The Public Statutes at Large of the United States of America, from the Organization of the Government in 1789, to March 3, 1845*, Volume 5 (Boston, MA: Little, Brown and Company, 1860), Act of March 3, 1845; 736.

⁵² *The Statutes at Large, Treaties, and Proclamations of the United States of America, from December 1863, to December 1865*, Volume 13 (Boston, MA: Little, Brown and Company, 1866), Act of March 25, 1864; 37. According to Representative John B. Alley (Massachusetts), in 1864 the Senate had originally wanted to repeal the 1852 provision for private carriage of letters in prepaid stamped envelopes because of "great abuses" practiced "upon the Pacific coast" (*The Congressional Globe*, 38th Congress, First Session, March 22, 1864; 1243). One way private carriers defrauded the Post Office Department was by carrying letters in envelopes that were prepaid at less than full postage. For example, an 1879 investigation of Wells, Fargo & Co. by Post Office Department Special Agent B. K. Sharretts found that "large quantities of mail matter passing through the company's hands is . . . insufficiently paid," causing the Department to lose "a large amount of its legitimate revenues." Sharretts explained that "thousands of letters are delivered in three-cent envelopes on which additional United States postage stamps should be paid, but on which no other charge is made except for carriage, which goes into the exchequer of Messrs. Wells, Fargo & Co." Even with the additional money charged by the private carrier, customers saved money by sending double-weight letters at single-weight U.S. postage via the private company (see "Wells, Fargo & Co.'s Letter-Express: Report of a Committee Appointed by the Postmaster General January 5, 1880," in USPS Corporate Library). Rather than repeal the 1852 law, which benefited customers wanting special delivery over regular mail routes, in 1864 Congress gave the Postmaster General the ability to suspend its operation wherever "in his opinion the public interest may require." In this context, protecting the "public interest" meant securing the revenue of the Post Office Department, which was tasked with serving *all* the people.

⁵³ *The Statutes at Large and Proclamations of the United States of America, from March 1871 to March 1873*, Volume 17 (Boston, MA: Little, Brown and Company, 1873), Act of June 8, 1872; 311.

⁵⁴ *The Statutes at Large of the United States of America, from December, 1907, to March, 1909*, Volume 35 (Washington, DC: Government Printing Office, 1909), Act of March 4, 1909; 1123-1124.

⁵⁵ United States Post Office Department, *The Private Express Statutes*, September 1937 (Washington, DC: Government Printing Office, 1937), 16-17. Mailboxes have been required for new rural delivery service since 1902; mail slots or mailboxes have been required for new city delivery routes since 1912. For further information see GAO report 97-85, "United States Postal Service: Information About Restrictions on Mailbox Access," May 1997, online at gao.gov.

Transportation of Letters: The Private Express Statutes and Interpretations – which set forth the laws and offered the Department's interpretation of them based on administrative and judicial decisions. Significantly, the pamphlets helped define the scope of the monopoly by defining the term "letter":

Where matter in fact constitutes a message from the sender to the addressee for the purpose of informing the addressee concerning any particular transaction or transactions, such message is a "letter" within the meaning of the private express statutes. Thus, the substance and not the form is determinative. Whether the message is sent in English, in a foreign language, by code, or by system of checking from a list of printed statements, or punching holes, or point print, or raised characters used by the blind, the message is construed to be a "letter."

A "letter" is a message, notice, or other expression of thought sent by one person to another. It is just as much a letter if sent in an envelope from one to another unsealed as if sealed, or whether in an envelope at all, if it is directed as a letter.

If matter conveys live, individual current information between the sender and the addressee, upon which the latter may act, rely or refrain from acting, such matter is a "letter" within the meaning of the private express statutes.⁵⁶

Some examples of letters were: account statements, daily bulletins, orders to be filled, applications, water bills, circulars. The 1934 edition of the pamphlet also enumerated material not considered letters – checks, bank notes, bank drafts, and financial records not bearing "live, current information" – and material considered outside the "letter or spirit" of the monopoly – duplicate copies of letters, "commercial papers" (for example, legal documents, contracts, mortgages, blueprints, maps, and stock certificates), insurance policies, and copy sent to publishers.⁵⁷

As the Department fine-tuned what it considered a "letter" for the purpose of the monopoly, the pamphlet increased in size from 17 to 28 pages. Beginning in 1952, it contained an index as well as the admission "it is obvious that all the forms which letters may take cannot be enumerated in this pamphlet."⁵⁸ Among the examples of letters and non-letters cited by the Department in the various editions were:

1937: Letters – bank statements

Not letters or exempt – old correspondence and records, meter books or readings (mailed from local to central office for the purpose of preparing customer statements); advertising handbills or circulars

1940: Letters – checks with detachable stubs; interoffice communications between main offices and branch offices

Not letters or exempt – unaddressed advertising handbills or circulars

Further clarification

– "Where there is no free delivery of mail in a town, the streets of same are not post routes, and letters originating there may be delivered over such streets by any method without the payment of postage."⁵⁹

– "A 'letter' . . . must be addressed to or intended for some particular person or concern."⁶⁰

– To qualify for the "letters of a carrier" exemption, the carrier must be a regular salaried employee with all the privileges of other employees.

⁵⁶ United States Post Office Department, *The Private Express Statutes*, July 1934 (Washington, DC: Government Printing Office, 1934), 3-4.

⁵⁷ *Ibid.*, 7-12.

⁵⁸ United States Post Office Department, *Restrictions on Transportation of Letters: The Private Express Statutes and Interpretations*, January 1952 (Washington, DC: Government Printing Office, 1952), 8.

⁵⁹ United States Post Office Department, *The Private Express Statutes*, September 1940 (Washington, DC: Government Printing Office, 1940), 9.

⁶⁰ *Ibid.*, 5.

1952: Not letters or exempt – official records like birth certificates; "a picture or other visual representation of a physical thing" (like drawings, maps, and blueprints); matter sent for filing or storage only; matter sent for auditing on behalf of the sender; examinations sent to a scoring agency⁶¹

The United States Postal Service and the Private Express Statutes

Upon the creation of the United States Postal Service through the Postal Reorganization Act of 1970, the Private Express Statutes were readopted with only minor revisions. However, citing "advances in communications technology, data processing, and the needs of mail users," Congress required the newly created Board of Governors to submit a "report and recommendation for the modernization" of the Private Express laws within two years of the effective date of the Reorganization Act.⁶²

On June 29, 1973, the Board of Governors submitted a report to Congress recommending that the letter-mail monopoly be retained to ensure universal mail service but that the administrative practices and regulations be improved and clarified. The Governors also recommended that the restrictions of the Private Express Statutes be suspended for certain types of mail when 12-hour or next-morning delivery was required, until such time as the Postal Service was widely able to provide such service.⁶³ The Board of Governors also called for the Postal Service to publish proposed regulations "well in advance of their planned adoption" to allow time for public comment.⁶⁴ Accordingly, the Postal Service publishes notices of proposed rules in the *Federal Register*, and after analyzing any feedback and making any changes, it publishes final rules in the "Rules and Regulations" section of the *Federal Register*. Any changes are then incorporated into the annual publication of the *Code of Federal Regulations*.

In 1974, the Postal Service published the following changes in the regulations:

- A letter was redefined from a message in writing in any language or code to a "message directed to a specific person or address and recorded in or on a tangible object."⁶⁵ The "live, current" information test was eliminated for defining a letter. A number of materials were specifically exempted from this definition, including: identical letters sent in bulk to a single address (such as from a stationery supplier to someone who will then use them as his own communication); checks and other commercial papers; legal papers and documents; newspapers, periodicals, catalogs, and telephone directories; and matter sent for filing or storage.
- The prohibition of private delivery of data processing materials to data processing centers was suspended if urgent delivery was required (within 12 hours or by noon of the next day). Carriers were required to notify the Postal Service beforehand of areas to be served under this suspension.
- The Postal Service reserved the right to collect any postage lost through violation of the Private Express Statutes.

In 1979, under pressure from mailers, competitors, and some members of Congress, the Postal Service suspended the prohibition of private delivery of extremely urgent letters.⁶⁶ Letters were considered to be extremely urgent if they met strict delivery standards or if their postage cost the greater of either twice the

⁶¹ United States Post Office Department, *Restrictions on Transportation of Letters: The Private Express Statutes and Interpretations*, January 1952 (Washington, DC: Government Printing Office, 1952), 10.

⁶² *United States Statutes at Large*, Volume 84, Part 1 (Washington, DC: Government Printing Office, 1971) Act of August 12, 1970; 783.

⁶³ *Statutes Restricting Private Carriage of Mail and Their Administration: A Report by the Board of Governors to the President and the Congress, Pursuant to Section 7 of the Postal Reorganization Act*, Committee Print No. 93-5, June 29, 1973 (Washington, DC: Government Printing Office, 1973), 11-12. Professor George L. Priest, a critic, believes that the Board preferred to suspend administration of unpopular laws rather than risk their repeal. See "The History of the Postal Monopoly in the United States," *Journal of Law and Economics*, vol. 18, no. 1 (April 1975), 79.

⁶⁴ *Ibid.*, 14.

⁶⁵ *Federal Register*, Volume 39, No. 180, September 16, 1974, 33211; effective October 20, 1974.

⁶⁶ James I. Campbell Jr., then-legal counsel for DHL, provides an overview of the pressure brought to bear on the Postal Service to loosen the monopoly in *The Rise of Global Delivery Services* (Washington, DC: JCampbell Press, 2001), 23-31.

going First-Class or "priority mail" rate or at least three dollars.⁶⁷ The regulations were also amended to clarify the terms "letter," "packet," "person," and "identical printed letters."⁶⁸

In 1980, the regulations were amended as follows:

- by removing certain restrictions from the existing exemption for matter shipped by a printer to a person using such matter as his letters;
- by further defining "letter," "book" or "catalog" under the existing exemptions, as well as providing an exemption for advertisements accompanying addressed material or periodicals; and,
- by allowing private carriage of letters with prepaid postage other than by means previously established, provided that these alternative means were specified in a written agreement with the Postal Service.

The last major change came on September 19, 1986, when, at the urging of American businesses and at the direct request of President Ronald Reagan, the Postal Service exempted international remailing from the postal monopoly. The new rule allowed "the uninterrupted carriage of letters from a point within the United States to a foreign country for deposit in its domestic or international mails for delivery to an ultimate destination outside the United States."⁶⁹ In so doing, the Postal Service acknowledged that not only did international remailing save American businesses time and money in getting documents overseas, but that without such savings some businesses might not be able to compete in foreign markets.

Cutting service to control costs

Throughout history, Congress has strived to balance two ideals: that the Post Office should serve all Americans, and that the revenues of the Post Office should pay for its expenses. The shoring up of the letter-mail monopoly in 1825 and 1845 to protect postal revenue was one tool Congress used to help the Post Office Department balance its budget. But despite the protection offered by the Private Express Statutes, the postal needs of the developing nation and the heavy demands placed on the Post Office Department put the principles of universal service and self-finance into conflict time and again, forcing compromise. At times, the Post Office Department cut service and stifled growth to rein in expenses; frequently Congress dipped into the Treasury to pay for mail service.

The views of the Postmasters General on expanding versus cutting service as they wrestled with tight budgets swung back and forth like a pendulum. In 1825, Postmaster General John McLean advocated discontinuing "unproductive" mail routes. In the 1830s and 1840s, service was cut on some routes and post road mileage was reduced in some years to save money.⁷⁰ Postmaster General Joseph Holt (1859-

⁶⁷ *Federal Register*, Volume 44, No. 207, October 24, 1979; 61178-61182, effective November 26, 1979. Letters sent within 50 miles and dispatched by noon were considered extremely urgent if delivered within six hours or by the close of the addressee's normal business hours that day; for letters dispatched after noon for delivery within 50 miles, the time limit for delivery was by 10 a.m. of the next day. Letters sent further than 50 miles were considered extremely urgent if delivered within 12 hours or by noon of the next business day.

⁶⁸ *Federal Register*, Volume 44, No. 177, September 11, 1979; 52832-52835, effective October 11, 1979. The rule extended the definition of "letter" to exclude certain tangible objects not normally used as letters; liens, releases, and orders of quasi-judicial bodies; tags and bumper stickers; photographic materials sent for and returned from processing; letters sent to or from storage; "copy" sent to, and proofs or printed matter returned from, a printer; and sound recordings, films, and packets of letters to be disseminated to the public. "Packet", "person," and "identical printed letters," were also further defined. On this date, the statutes were also suspended for letters carried by colleges or universities for their student and faculty organizations and for certain documents relating to, but not carried with, cargo shipped by ocean carriers.

⁶⁹ *Federal Register*, Volume 51, No. 161, August 20, 1986; 29638, effective September 19, 1986.

⁷⁰ For example, from 1830 to 1835, the total length of post roads was reduced by about 2 percent, and from 1840 to 1843, by more than 9 percent. In his 1838 message to Congress, President Martin van Buren stated that in light of reduced postal revenues "a moderate curtailment of mail service . . . has been effected." [Martin van Buren, Second Annual Message to Congress, December 3, 1838. From University of California, *American Presidency Project*. <http://www.presidency.ucsb.edu/ws/index.php?pid=29480> (accessed June 2, 2008)]

1861) “unhesitatingly lopped off” mail routes judged to be “useless” and reduced service wherever possible on “unproductive” routes.⁷¹

The Civil War temporarily balanced the postal budget by suspending expensive, unprofitable mail service in the South while increasing mail volume in the North. Alexander W. Randall, the first Postmaster General appointed after the war, thought it absurd to believe that the Post Office Department could be self-sustaining while the country was still developing. He pointed out that, historically, most southern mail routes and nearly all the routes west of the Mississippi River never returned a profit, but he would no sooner discontinue them than end free city delivery or discontinue railway mail service, which also yielded no clear financial return. Randall thought that “a halting, timid, illiberal policy” would “save one million and lose twenty.”⁷²

The Post Office Department operated in the red nearly every year from 1866 through 1910. Congress directed postal policy, often in ways that were politically expedient and not necessarily of universal benefit. Most contentiously, Congress gave itself free mailing privileges, which helped representatives keep in touch with each other and their constituents but also burdened mailbags with tons of mail that yielded no revenue.⁷³ Cheap newspaper postage also stressed the system, as did contract terms that subsidized transportation providers.

In December 1909, to try to balance the federal budget, President William H. Taft ordered all department heads to cut their budget requests “to the quick,” making them “as low as possible consistent with imperative governmental necessity.”⁷⁴ Postmaster General Frank H. Hitchcock immediately began cutting back on the establishment of new rural delivery routes, one of the costliest services. The Post Office Department created only one-third as many new rural routes in 1910 as compared to 1909.⁷⁵ Further measures were taken in later years. Between 1916 and 1919, railroad mail route mileage was reduced by 22.7 percent, in some cases delaying mail delivery by more than a week.⁷⁶ To save money in 1923, the number of daily residential deliveries in many cities was cut from four to three, and in 1930, from three to two. For a few months in 1934, some residential areas received only one delivery a day, and this was made permanent in 1950.⁷⁷

The Postal Reorganization Act of 1970 gave the United States Postal Service the freedom to make many – but not all – of its own business decisions. Some of the most important decisions – rate-setting and

⁷¹ *Annual Report of the Postmaster General*, 1859, 35. Under Holt’s cuts, the states of Missouri, Texas, Kansas, and Louisiana were the biggest losers. Holt decried the hundreds of thousands of postal dollars that were “squandered in the wilderness,” citing as an example the “\$600,000 paid annually for carrying a few sacks of letters from the valley of the Mississippi to San Francisco, via El Paso, through a waste and uninhabited country,” which, together with the money spent on similar routes, he thought could be used instead to give more frequent service to “all our cities, towns, and populated districts” (Ibid., 40-41).

⁷² *Annual Report of the Postmaster General*, 1868, 31. Randall reasoned: “The cost of the transportation of the mails in all new States and Territories, and in all sparsely populated portions of the country, never has been paid by those States or Territories out of their own revenues. It is only as population and business increase, and the country is developed, that postal service can be self-sustaining” (Ibid., 30).

⁷³ President Ulysses S. Grant, in his first annual message to Congress (December 6, 1869), called the franking privilege “an abuse from which no one receives a commensurate advantage; it reduces the receipts for postal service from 25 to 30 per cent and largely increases the service to be performed.” From University of California, *American Presidency Project*. <http://www.presidency.ucsb.edu/ws/index.php?pid=29510> (accessed June 2, 2008).

⁷⁴ William Howard Taft, First Annual Message, December 7, 1909. From University of California, *American Presidency Project*. <http://www.presidency.ucsb.edu/ws/index.php?pid=29550> (accessed June 5, 2008).

⁷⁵ *Annual Report of the Postmaster General*, 1930, 122. On December 12, 1910, *The Washington Post* trumpeted: “\$11,500,000 Is Saved: Hitchcock Shows Gigantic Cut in Postal Deficit.”

⁷⁶ *Annual Report of the Postmaster General*, 1919, 166. In early 1918 the Merchants’ Association of New York sent test letters and found that some took as long as 13 days to reach important cities in the South (*The New York Times*, May 17, 1918, 13). The delays were likely due not only to reductions in rail service but also to war-time traffic congestion.

⁷⁷ Some residential customers also temporarily received once-a-day delivery during World War II, due to manpower shortages. Multiple daily deliveries to many business districts ended in the 1970s and were largely phased out by the end of the 1990s.

labor negotiations, affecting its greatest source of revenue and its greatest expense – were still largely decided externally. Rates were set by the Postal Rate Commission (now called the Postal Regulatory Commission) and the independent Governors of the Postal Service, and if postal management and employee unions could not agree on contract terms, the terms were decided by a third-party arbitration panel.

In addition to being challenged by a lack of managerial autonomy, the Postal Service faced increasing competition, both indirect and direct, for its core service – delivering the mail. Media such as telephones, television, faxes, the Internet, and email increasingly provide alternatives to hard-copy mail. In 1979, the Postal Service surrendered part of its letter-mail monopoly (for “extremely urgent” letters), opening itself up to competition in the delivery of First-Class Mail, its most profitable segment. From 1980 to 1990, the Postal Service’s share of the expedited mail market dropped from an estimated 33 to 12 percent.⁷⁸

To help balance its budget, the Postal Service has focused on developing automated mail-processing equipment to help control labor costs, its greatest expense. But the Postal Service also has occasionally reduced services. From February to September of 1988, it cut window service at postal facilities by about a half-day per week, to save money. In 2002, it began aggressively culling under-performing collection boxes from city streets, saving fuel and labor but making it harder for customers to find the iconic blue boxes. (See Table 7: “Number of Collection Boxes, 1985 to 2005.”) Some customers also perceive the increased use of neighborhood cluster boxes as a decline in service, since some residents have to walk farther than their curb to check for mail. On the other hand, the Postal Service greatly increased access for customers in the 1990s with the launch of its public Web site, *usps.com*. Today, customers can buy stamps, look up ZIP Codes, calculate postage rates, learn about services, confirm package delivery, change their address, ask to have their mail held, print shipping labels, pay for postage, request free package pickup, and even design advertising mail pieces online.

Table 7: Number of Collection Boxes, 1985 to 2005

Year	Number of Collection Boxes
1985	395,000
1990	281,000
1995	336,000
2000	365,000
2005	345,000

Source: *Postal Statistics*, Universal Postal Union (published annually)

One cost-cutting measure the Postal Service has not implemented to any large degree is closing small, unprofitable Post Offices. The United States Government Accountability Office (GAO, formerly called the United States General Accounting Office) has repeatedly advised that the Postal Service could save millions of dollars annually but still adequately serve rural customers by replacing thousands of small, money-losing Post Offices with alternative services like contract offices or rural delivery routes. In 1982, for example, the GAO estimated that about \$106.7 million annually could be saved by closing around 5,000 one-person Post Offices that provided no home delivery.⁷⁹ But instead of thousands, the Postal Service has closed, on average, fewer than 150 Post Offices each year.⁸⁰

⁷⁸ United States General Accounting Office, Report No. 92-68, May 1992, *U.S. Postal Service: Priority Mail at Risk to Competition if Double Postage Rule Is Suspended*, 2.

⁷⁹ United States General Accounting Office, Report No. 82-89, September 2, 1982, *Replacing Post Offices With Alternative Services: A Debated But Unresolved Issue*, 11-12. About 2,265 of the offices served fewer than 100 people; more than 4,000 served fewer than 200 people.

⁸⁰ In Section 101(b), Title 39 of the *U.S. Code* states that: “No small post office shall be closed solely for operating at a deficit, it being the specific intent of the Congress that effective postal services be insured to residents of both urban and rural communities.” Congress requires the Postal Service to act in accordance with this policy, and also to consider not only the economic savings that might result from a possible Post Office closing, but the effect of a possible closing on the community served by the Post Office and on the office’s employees (section 404(b), Title 39, *U.S. Code*).

Ensuring the future of universal mail service

“The Private Express Statutes do not exist to protect the Postal Service. They exist to protect the mailing public.”

--Robert L. Hardesty, Chairman of the Board of Governors, to the National Association of Postmasters, October 6, 1982

Between 2001 and 2007, the volume of First-Class Mail fell by more than 7 percent, following decades of slowing growth. In 2001, the GAO placed the Postal Service on its “high-risk list” of agencies, in danger of failing “its mission to provide affordable, high-quality universal postal services on a self-financing basis.”⁸¹ In 2002, President George W. Bush established the President’s Commission on the United States Postal Service to study and recommend any reforms necessary “to ensure the efficient operation of the United States Postal Service while minimizing the financial exposure of the American taxpayers.”⁸² In 2003, the Commission issued its report, “Embracing the Future: Making the Tough Choices to Preserve Universal Mail Service.” The report advocated a “first-do-no-harm” approach, stating that “a postal monopoly will likely be necessary for many years” and that:

First and foremost the nation’s commitment to affordable universal postal service must be upheld. From the office buildings of Manhattan to the bush country of Alaska, the near daily appearance of the Postal Service at virtually every U.S. home and business remains essential to American commerce and society.⁸³

In 2002, the Postal Service published its *Transformation Plan*, which identified ways it could improve service and control costs. In December 2006, Congress passed the far-reaching Postal Accountability and Enhancement Act. Among other things, the act promised to make the Postal Service more competitive by giving postal management greater freedom in setting rates. Citing these and other encouraging developments, the GAO removed the Postal Service from its “high-risk list” in January 2007.

It is still too early to tell the effects of the 2006 postal reform law, especially in the slowing U.S. economy, which has negatively impacted businesses nationwide. However, in 2007, Postmaster General John E. Potter remained optimistic about the future of the Postal Service and reaffirmed his commitment to its historic mission:

We are seizing this historic opportunity to build a bold vision of a profitable United States Postal Service that delivers for future generations.

We will be competitive. We will respond effectively to market and operational conditions and the needs of customers. . . .

As we enter this new chapter in our history, our mission remains the same – providing trusted, affordable, universal service. That promise will guide everything we do as we make our bold vision a new reality.⁸⁴

⁸¹ United States Government Accountability Office, Report No. 07-685T, April 19, 2007, *U.S. Postal Service: Postal Reform Law Provides Opportunities to Address Postal Challenges*, 1.

⁸² George W. Bush, December 11, 2002, “Executive Order 13278 – President’s Commission on the United States Postal Service.” From University of California, *American Presidency Project*. <http://www.presidency.ucsb.edu/ws/print.php?pid=61374> (accessed June 6, 2008).

⁸³ President’s Commission on the United States Postal Service, July 31, 2003, *Embracing the Future: Making the Tough Choices to Preserve Universal Mail Service*, 18, 21, 26. <http://www.ustreas.gov/offices/domestic-finance/usps/pdf/freport.pdf> (accessed June 6, 2008).

⁸⁴ *United States Postal Service Annual Report*, 2007, 2.