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Postal service and the public : a case study in public policy.

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POSTAL SERVICE AND THE PUBLIC:
A CASE STUDY IN PUBLIC POLICY

A Dissertation Presented

By

M. ELLIOT VITTES

Submitted to the Graduate School of the
University of Massachusetts in partial fulfillment
of the requirements for the degree of

DOCTOR OF PHILOSOPHY

September 1983

Political Science Department

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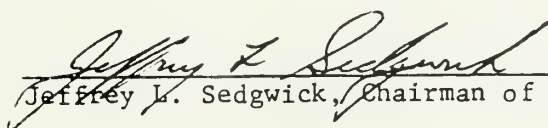
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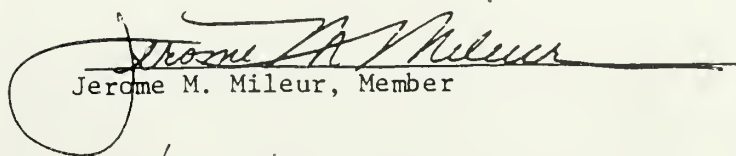
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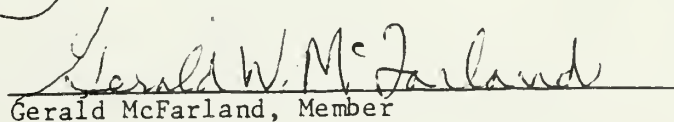
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ABSTRACT

Postal Service and the Public: A Case Study in Public Policy

(September, 1983)

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Directed by: Professor Jeffrey L. Sedgwick

This is a study of postal service development in the United States from the 1770s to the present. It presents a comparative perspective on the change of the Post Office from a government department to a public corporation and what this transformation tells us about the American political system's approach to public service provision.

The history of the Post Office indicates three major tensions in the approach to postal service. There have been shifts of emphasis within these areas, so that new accommodations in the tensions have replaced older ones.

The first tension is between a national Post Office Department which was closely tied to local communities through Congress and the nature of administration and an increasingly nationally-oriented postal corporation. The public corporate form frees the Post Office from many of the constraints of and inputs from local conditions.

The second tension is between a politically responsive part of government with oversight and direct involvement by the Executive and Congress as opposed to an autonomous corporate form of organization

which is purposefully insulated from the operations of those two branches of government. The change to a Post Office which is independent from Congressional and Executive politics is intended to allow for concentration on a businesslike approach to postal service rather than a more political approach.

The third tension is between service demands on the Post Office from interest groups and individuals and the goal of economic efficiency intended to reduce or ameliorate deficits. Service demands tended to shape financial conditions for much of Post Office history, while recently the economic stance has become a more decisive factor in service strategies chosen by the United States Postal Service.

All three represent continuing accommodations within the American political culture. The Post Office has always been a national institution, but the types of ties to localities have changed so that it is presently removed from significant input from communities. Its role in helping to promote commerce has always been important, but recent reforms have moved the Post Office closer to a business form, which changes its abilities or stance as a public service. Finally, there have always been financial constraints on the Post Office, but whereas earlier the extension of service was politically attractive and economically feasible, the economics of postal service and Post Office deficits have made finances a significant focus of postal decisionmaking.

The development of postal service in the United States reflects changes in the political system and the way in which it deals with pub-

lic service demands. The use of the government corporation form subjects the Post Office to different pressures and influences than use of the government department form, and so defines public service in a changed manner. The Postal Service has become more attentive to demands consistent with a corporate form, while it has become less responsive to more traditional types of political pressure placed on government departments. This has altered the orientation and nature of service, and the place of the Post Office within the context of a governmental agency.

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C H A P T E R I

INTRODUCTION

This chapter introduces the topic of postal service and its changed character in the context of American politics. The Post Office began as an integral operating part of the national government but has been transformed into a public corporation which is tied to the national government but removed from direct and ongoing Congressional or Executive control. This change to a public corporation occurred in 1971.

The discussion of the Post Office sets out the differences between a postal service operated as a government department or agency and one run as a public corporation. The new form taken is the result of altered conditions in the society and political process and reflects one contemporary approach to the provision of public services. Therefore, the recent growth in the use of public corporations makes the topic one of interest and importance in contemporary affairs, for it is indicative of how the political system is attempting to cope with the demands of modern American life. The reasons for the use of the corporate form in the provision of postal service can be better understood through defining the term "public corporations," positing the importance of the inquiry, and explaining the approach taken in discussing the subject, both traditionally and in this study.

The Place of Public Corporations in the Modern State

Public corporations are extra-governmental entities, tied to the state by authorizing legislation, legitimacy, implicit and/or explicit financial guarantees, and "ownership." They are part of the government in the sense of having been created by government and retaining certain ties to government, but they operate autonomously from the regular departments (and constraints) of government. They are free from regular budgetary processes, public administrative techniques, political battles involving the executive departments, political patronage, and some or all civil service requirements. Instead, they are established to operate on the managerial model of private business in order to take advantage of the flexibility, aggressiveness, and efficiency¹ which the absence of government constraints is said to allow. They are intended to be financially self-sufficient, or at least economically efficient given their mandate, and able to pursue their goals in a "businesslike" way.²

The growth in the use of the public corporate form has been tied to reactions to emergencies which occurred because of foreign policy considerations (World Wars and the Cold War), economic distress (the Great Depression), and the social welfare programs meant to meet these crises (the New Deal, the Great Society). The case of the Post Office, however, does not fit into this pattern for there was no widespread emergency at hand. There was alarm concerning the financial condition and service delivery performance of the Post Office (see Chapter V) but these were not the result of a greater societal crisis.

Earlier, the national government had acquired ownership of the

Panama Railroad Company in 1904 (by gaining French interests in it) and the Alaska Northern Railroad Company in 1915, and founded the Federal Land Banks in 1916, but these first isolated instances simply,

eroded the basis for opposition in principle to federal public corporations and by the time of World War I the United States was prepared to and did employ the public corporation as a normally available alternative for the carrying out of federal functions.³

The first spurt of public corporate formations was the result of specific emergencies, however, and was intended to be temporary.⁴

But emergencies continued to arise, and public corporations were formed as a consequence. The Great Depression brought the New Deal programs, and World War II generated a host of new needs, and public programs and institutions. Efforts at administrative reorganization slowed the growth of public corporations, since the Brownlow report and the first Hoover Commission "were antagonistic to the existence of autonomous administrative units and markedly biased in favor of a closely co-ordinated executive branch."⁵

The post-World War II period, with the growth of the permanent national security and welfare state, brought about renewed interest in autonomous public corporations. The willingness and impetus to use public corporations has been indicative of the difficulties and obstacles facing legislators involved with growing political demands and obstacles. Postal reorganization is instructive on this point. Congressmen have seen the removal of the postal service from their direct political and administrative purview as a relief from an unending series of demands and complaints. Even without a role in appointing postmasters or con-

firming the Postmaster General, and without extensive oversight functions, Congressmen still receive many complaints. (After all, as a public corporation with a long history of political activity, the postal service is still perceived of as a governmental service.) But Congressmen view this as the mere tip of an iceberg they would face if they still involved themselves directly in budgeting and administration of the postal system.⁶

Public corporations are often more acceptable than other forms of public action to those who are uneasy with expansion of the public sector. In areas where they are considered necessary, often where no private enterprise will tread, public corporations act in a manner consistent with private methods of management and operation. This sits comfortably with those who espouse the superior efficiency of private enterprise.

Public corporations take varying organizational and structural forms to meet different needs. A public corporation may be local (electric companies), state (liquor stores), regional (transportation authorities), federally operated but regionally applied (the Tennessee Valley Authority), and national (the USPS, Amtrack). There are numerous variations within each of these "geographical" forms.

These "geographical" forms are important within the context of our federal system of government. Some public corporations grow out of and parallel units of government, while others (such as regional public corporations) do not. Some view this development as destructive of the federal system; others point to the adaptive nature of a system which can accommodate multigovernmental needs, as in water basin management.

In this sense, public corporations have served as tools of governmental modernization and relevance, contrasting with the slow-moving process of altering bureaucratic institutions.

Importance of the Inquiry into the Public Corporation

The public corporation is an important topic for two major reasons. First, the relation between the public sector and the private sector has been and continues to be a main point of contention in American politics.⁷ Second, as faith in the ability of government to act in the interests of the public good⁸ is increasingly eroded, pressures on the fabric of society increase. The ability of the government to provide adequate services to citizens is an important part of constituent evaluation of whether the public good is being approached, and this is a central reason why public corporations play such a crucial role in modern society.

The public corporation holds a potentially large store of information for the political scientist. To begin with, the value orientations of American society which mold public policy are revealed through the study of public corporations. This ideological framework is the agenda-setting function of the American political culture within which the institutions of government operate. In this sense, constraints upon political institutions are as important as powers granted, for both affect the performance of public institutions and political actors. As Alexander Hamilton wrote in Federalist #23:

It rests upon axioms as simple as they are universal; the means ought to be proportioned to the end; the persons from

whose agency the attainment of any end is expected, ought to possess the means by which it is to be attained.⁹

In American politics, intense debate has revolved around discovering the proper location for that actor and power; in the private sector, in local government, or in the national government. The resultant public agencies are significantly shaped by the nature of that discussion in terms of the atmosphere within which the public sphere operates.

Furthermore, the way in which government approaches public corporations sets the boundaries within which legitimation of the public sector occurs. The debate will be affected both by the operation and by public perception of the operation of the public sector. Judgment of the success of public corporations relative to private enterprise relies on this framing of important definitional criteria. If private enterprise is perceived to incorporate such desirable traits as profitability, growth, and diversification, while the public enterprise model is viewed as resulting in chronic deficits, increasing bureaucratization, and deteriorating service, then debates over the size of the public sector relative to the private are already skewed in favor of the latter.

Employment is an example. An increase in private sector employment is generally viewed as positive, bringing jobs to the community, meaningful work to individuals, and tax revenues to the various levels of government, as well as secondary effects which in turn create more jobs, general economic improvement, and further revenues. By contrast, increased employment in the public sector generally has negative connotations. It indicates the inefficiency of government operations and functioning, a further burden on the taxpayer, a work opportunity which had

to be "created" or is justified as "make-work", and a further demand on limited tax revenues, having the secondary effect of diminishing individual motivation and stultifying personal initiative, slowing the growth of the economy, tying up capital, and doing all this without improving general service trends. Yet these two pictures are simply reflections of the same process--creation of jobs--albeit by the different sectors.

Finally, the terms of legitimation then sanction particular types of behavior by the constituent elements in the political process. Differing expectations for public agencies and private enterprise result in distinctive ways of operating and evaluating public agencies. The prevailing stereotype of public sector operation reinforces the norm. For example, when problems occur in the Medicaid program the blame is usually laid on government rather than on the private vendors of service (doctors, hospitals) who profit from public programs. This "proves" the inefficiency of government programs while not raising private operations as a significant point in the debate.

Traditional Approaches to the Study of Public Corporations

Public corporations as a research topic have received a fairly narrow and limited treatment. Work in this field has focused on the areas of public administration, management, organization theory, and economics. These studies have defined politics narrowly, and, in a way, have dealt with public corporations on their own terms. This means that the organization and limited goals of public corporations leads to discussions concerning whether management, organization, or administration

can be improved, or if public corporations are economically efficient or not. The analysis of the public corporation as a political instrument and in light of political processes is not adequately treated, if considered at all.

The existing literature does raise issues which are related to politics and public corporations. First, there is the issue of the publicness of public corporations. Public ownership is generally the defining criteria for these entities. But public ownership, while a necessary criterion is not a sufficient one, for as William Shepherd writes, "publicly owned enterprises can be essentially private in behavior and anti-public in their performance."¹⁰ Annmarie Hauck Walsh describes public corporations as, "corporations without stockholders, [and] jurisdictions without voters or taxpayers."¹¹ Thus, the nature and extent of public control over these public agencies is one significant element in considering their character. Since the American political system allows for a great variety of public corporations, each with a different relationship to the public and its representatives because of the uniqueness of its construction, constituency, and mission, public corporations are in many senses mixed enterprises.

Shepherd cites certain elements which define the publicness of public corporations: 1) public cost, such as subsidies and the provision of capital, 2) public control, 3) management, 4) degree of monopoly, and 5) scope of geographical coverage.¹² Although these elements allow for a formal definition, the manner in which public corporations operate and the implicit ends they pursue may cloud the issue of publicness. But Shepherd's list does incorporate a more comprehensive notion than simple

ownership. Similarly, Arthur Selwyn Miller says that to identify public corporations, one must ask: 1) who owns them? 2) where do they get their financing? and 3) how much control is exercised by the government over them?¹³ (Miller is generally concerned with private enterprises which serve increasingly public functions.)

Since the range of public corporations is great (with no standard model) publicness is an important consideration in examining each individual case. The nomenclature may indicate "public," leading to expectations of services to fulfill public needs, when the organization, management, scope of activity, and other criteria may in fact mitigate against any extensive publicness. Public corporations, as Shepherd and Wilcox argue, must be understood within the context of their mandate, their control mechanisms, the scope of their activities, and their market orientation.

In addition, the notion of "public" should include a consideration of the political dimension of their operations. Ties to legislators and the executive branch ground public entities in a public role which, if ignored, hold the potential for claims of political illegitimacy. As Walsh states, "The widely accepted premise that the operation of public authorities should be protected from politics influences the selection of politics and programs and precludes certain changes."¹⁴ The concentration of financial and technical aspects of running a public corporation often allows the political or public dimension to be ignored. In turn, failures of responsiveness to public needs become identified with the shortcomings of public agencies and government in general. This undermines the belief in governmental operations and the legitimacy of

public institutions.

Postal Service as a Topic of Study

The United States Postal Service (USPS) is an example of an American public corporation and offers the opportunity to evaluate prevailing attitudes toward public corporations in the United States. As in all modern industrial democracies, the postal service is a major component of the society's infrastructure, and a service covered by a unique type of monopoly in the United States. It is one vital component of the overall communications network, processing 114,049 billion pieces of mail in Fiscal Year 1982.¹⁵ The postal service is primarily a mail delivery service, yet it also manifests other important properties.

The literature concerning postal service tends to deal less with the political results and dimensions of its operations than with more narrowly conceived understandings of postal service. Efficiency of operation has been a central concern. There has been considerable effort in minimizing the amounts of public resources used to produce a given level of public benefits. This is evident in the criteria by which the postal service specifically and public corporations in general are evaluated:

- (1) economic efficiency,
- (2) productivity increases, and
- (3) managerial and administrative efficiency.

A brief description of these will contrast the dominant approaches to postal service as a public corporation with the tack pursued in this study.

Economic efficiency.

The application of economic efficiency criteria to the postal service aims at minimizing deficits or achieving self-sustenance. Most recent evaluations of the postal service are explicitly economic in this way. While controlling costs is admittedly a worthy endeavor, the concern with economic efficiency of public corporations often neglects broader issues of political values, purpose, and service.

Recent studies reflect this emphasis on the USPS as an economic enterprise guided by criteria of economic efficiency. The Economics of the Postal System, by Alan L. Sorkin, does this explicitly. He writes:

In spite of the size of the U.S. Postal Service budget and work force, and the importance of timely mail delivery to business and consumers, there has been very little economic analysis of this significant activity. This book focuses on various economic aspects of the postal industry in an attempt to provide a guide to policy.¹⁶

Economic analyses offer interesting clues to the values built into the approach, such as viewing the USPS as the postal industry. In any event, Sorkin's emphasis on economic considerations is joined by others studying the postal service, though perhaps not so explicitly.

Perspectives on Postal Service Issues, an anthology edited by Roger Sherman,¹⁷ is divided into the economic, legal, and political for, as William J. Baroody, Jr., writes in the Foreward, "economic calculations must be tempered by political prudence just as political enthusiasms must be restrained by economic realities."¹⁸ But even with this recognition, the book is generally imbued with a certain fascination with economic rationality. In the last chapter, "Politics and the Future of

Postal Services," James I. Campbell, Jr., concludes that:

The most important effect that politics will have on the future of postal services will be the degree to which the political game grants the overpriced and increasingly obsolete Postal Service protection from competition.¹⁹

Thus, even in considering the political, Campbell takes a rather narrow focus as to the effects, concentrating on the issue of postal monopoly and competition, which is central to the economic assessment of postal service. Although nominally a political analysis, Campbell's article reflects a deemphasis of a political understanding of the place of the public corporation in a political system, and the effects of actions on that political system.

Similarly, an earlier volume by John Haldi, Postal Monopoly: An Assessment of the Private Express Statutes,²⁰ argues that, "It is time to discover whether the postal monopoly is necessary and economical, or whether it has outlived any usefulness it may have had and is now a barrier to further progress."²¹ Clearly, Haldi is advancing economic considerations to make his case, including arguments concerning economies of scale and whether the postal service is a natural monopoly. The primacy of economic rationality is evident, and in discussing the role of politics in the postal service, Haldi relates that:

Undoubtedly the most constructive step which Congress could take to eliminate politics and impose economic rationality on the postal system would be to abolish the monopoly enshrined in the Private Express Statutes.²²

Haldi does not include the public service functions of the postal service in his argument, implicitly recognizing these to be indicative of

the inappropriate politics involved in the postal monopoly.

Productivity increases.

Productivity increases are an important topic for much of the business and government worlds, as managers try to raise productivity per worker to compete with foreign labor, tight budgets, and demands for profits. The USPS boasts that:

Productivity increased 3.6 percent this year [1982], with pieces of mail processed per worker rising from 161,879 in fiscal 1981 to an all-time high of 167,650 in fiscal 1982.

Since passage of the Postal Reorganization Act, the Postal Service's productivity has climbed 43.4 percent. In comparison, the productivity of private, non-financial corporations has gone up just 18.4 percent in that time. Postal productivity gains have exceeded those of the private sector for nine of the last 13 years.²³

Critics raise questions about the methodology of the postal service's productivity measures,²⁴ but regardless, the relationship between the primacy of economic efficiency and resulting concern with productivity is clear. The emphasis on economics and on productivity measures leads the USPS to consider these narrow perspectives of public service while downplaying a broader relevance to issues such as employment in the society, the nature of public service in a democratic state, or the relationship between democratic politics and the structure of institutions designed to carry out public policies.

Managerial and administrative efficiency.

Another perspective from which the postal service has been approached is that of management and administration. But by looking at the postal system as a corporate administrative tool, rich political

dynamics are ignored, excluded, or implicitly rejected as undesirable and illegitimate. The study of management and administration, while valuable, limits the conceptual boundaries of an analysis of a public postal service. John Tierney recognizes the role of politics in postal management and the conflicting signals sent to the USPS by the political process, but the focus of this information is applied to evaluation of management rather than to the relationship of postal management to constituents of the political process. He writes in the Preface of Postal Reorganization:

This is a study of the management of the nation's oldest and largest business--the U.S. postal system. The book aims primarily to analyze and explain what difference the 1971 reorganization of the U.S. Post Office Department has made in how the huge mail delivery organization is managed.

My purpose in offering this analysis is neither to catalogue the perceived weaknesses of postal management nor to offer prescriptions for improving the system's performance. Rather, I am trying to identify and explain what features of the Postal Service's task and environment make it difficult for the organization's executives to apply "businesslike" solutions to the postal system's problems.²⁵

Tierney is not as concerned with the political dimensions and effects of postal service as with the effects of environmental influences (politics included) on the pursuit of management's agenda. He finds that multiple goals keep the reorganized postal service from fulfilling its mandate, because:

Despite the stated intent of the 1970 Postal Reorganization Act, members of Congress to date have chosen to place limits on postal executives' freedom to pursue efficiency and economy, especially when the savings might come at the price of lessened public convenience.²⁶

This interferes with economic rationality and managerial autonomy.

Tierney indicates that the various political and social goals are inconsistent with economy and efficiency, and that

Congress alone can solve this problem, and it can do so only by making difficult choices among irreconcilable goals. Members of Congress will have to move beyond their stock harangues at postal management and decide whether they want a costly postal service that meets an assortment of conspicuous political needs or whether they want a lean and cost-effective mail delivery system that will fit more cleanly in a changing communications environment.²⁷

His analysis contains evident bias, such as that arguments over postal service and management are "harangues" to be avoided rather than an aspect of the political debate over the public role of the USPS, and that politicians can simply decide to ignore the assorted political needs of the society. He also is positing a choice which may not be a "problem" to be "solved" at all and approaching the issue as a problem of efficient management and administration, concerned with agenda-setting, goal orientation, organization, and managerial prerogative. Tierney's approach results from his view that "the whole postal reform movement was essentially to attempt to secure managerial autonomy."²⁸

Similarly, The Evaluation of the United States Postal Service, a Report by a Panel of the National Academy of Public Administration commissioned by the USPS,²⁹ is an assessment of the USPS's implementation of the Postal Reorganization Act. "The Academy was chosen," according to the USPS, "because of its record of unbiased and informed studies in the field of public administration and its technique of bringing together panels of distinguished experts to make such reviews."³⁰ So the report

was designed to evaluate the effectiveness of managerial implementation of the Postal Reorganization Act, and recommend improvements in areas of deficiency. It was not intended as an evaluation of the political nature of the postal service, except in terms of how well postal service had been insulated from Congressional and Executive branch politics.

Both these studies, in different ways, seek to understand the postal service in a framework of managerial or administrative efficiency. Although valuable, they are indicative of the lack of attention to the postal service as a public institution, one tied to government and politics in important ways for the functioning of American democratic government. The political connection is not tangential but essential, for the history of the postal system, from its beginnings, has been steeped in politics. In many ways, this has been the postal service's strength.

The Approach of This Study

This study of the postal service has been done through the historical development of the Post Office beginning in the 1770s. This historical approach allows us to compare the Post Office Department and the United States Postal Service, and to analyze the differences. The Post Office has changed in structural and organizational form during the past 200 years, from an agency within the Treasury Department to a department of government to a governmental corporation. This reflects certain changes in the understanding of politics within the American political system, which can then be posited and discussed. This allows for an understanding of how public corporations differ as political institutions from more (historically) traditional forms of government organization.

Three prominent tensions emerge from this historical study of the postal service. They include that between 1) the postal service as a service organization and as an economic enterprise, 2) the postal service as a community-oriented national political institution and the postal service as a corporate national organization, and 3) the primacy of politics as against that of businesslike operations. These tensions have been resolved in different ways during postal history.

The issue of service versus economics has never been a critical issue of postal operations and policy until recently. The early resolution of the tension served as a model until the postal deficit reached alarming proportions in the last several decades. Congress had been willing to underwrite the expansion of postal services through the years despite having to draw money from the treasury to do so. The benefits of distributive politics in a nation which was expanding rapidly overwhelmed the fiscal constraints which were present.

The operations of the Post Office in the middle of the twentieth century produced deficits which were too large, at a time when competing demands on the national treasury were growing. Thus, a new accommodation was styled which made service delivery more dependent upon the economic circumstances of the Post Office rather than letting the financial picture be formed by service demands.

The second tension has been that of a postal service rooted politically in the community versus a post office oriented to national concerns. The Post Office has been a national government operation since its creation, but it has had important ties to communities throughout its history. This is evident both in the post offices which were and

are situated in localities and in the conception of how national administration relates to the community. The founding era Post Office was closely aligned with local needs and politics because of the nature of the postal mandate of the time, including Congressional prerogatives in postal policymaking and the roots Executive administrators had in the community. The important figures in the society were essentially local figures, recognized as having the proper attributes to inhabit public office by the constituents of the community.³¹

The rise of party government changed orientations toward administration but retained the ties to community politics. After all, the parties maintained their strength at the local level and responded to (varied) local conceptions of public needs. This represented a different emphasis in how to properly formulate public policy including the nature of the actors involved, but it still left the prerogatives of that power accessible to the community.

The Progressive Era signalled a shift to a national government which would limit local prerogatives in order to minimize the venal influences of parties and bosses and the inability of local interests to conceive of the national "good," while promoting statesmanship and the pursuit of proper policies. Proper government policies would be generated through national administration held responsible to the elected chief Executive and insulated from particular local jealousies represented by Congress, bosses, and interest groups. While this presented an idea of representative government based on notions of administrative responsibility and efficiency, it did so by removing the political ties to the local political units and representatives. (The Executive would

be held accountable by "public opinion."³²⁾

This culminated in the reorganization of the Post Office, wherein administration and management was further removed from community control by taking the Post Office out of the Executive branch of government altogether and making it a public corporation. Thus, the Postal Service became estranged politically from localities; its local policies tend to take on a homogeneous character, rooted in marketing surveys and other methods used by corporations to evaluate their operations. This may be a legitimate way of providing postal service, but it highlights the change which has occurred over the last two centuries.

The third tension is that between the political Post Office and the businesslike USPS. As the Post Office moved toward a more nationally-oriented service, it also came to a more bureaucratic and businesslike understanding of its functions. Congressional politicking and interest group pressure on postal affairs led to an attempt to make the Post Office more professional and less prone to purely political judgments and machinations. Earlier ideas about reforming the Post Office Department, such as the recommendations of the Hoover Commission in 1949 (see Chapter V), were rejected in favor of a more drastic detachment of the Post Office from the main political channels of Congressional and Executive politics and budgeting. The USPS is still subject to Congressional pressures in extraordinary circumstances and the Presidential appointment powers for the Board of Governors, but the extent of this influence contrasts enormously with that of the old Post Office Department.

This study begins with the founding of the American Post Office in the 1770s, with the establishment of an agency having certain political

bases and ties to the national government and communities, an accommodation between service and economic efficiency, and a formative relationship with the private sector. The intent is to demonstrate both the development of the Post Office as a public agency and the changes in the understanding of politics in the American political system which have occurred since the founding.

NOTES

¹John McDiarmid, Government Corporations and Federal Funds (Chicago: The University of Chicago Press, 1938), p. 7.

²V. O. Key, "Government Corporations," in Elements of Public Administration, edited by Fritz Morstein Marx (New York: Prentice-Hall Inc., 1946), p. 244.

³Albert S. Abel, "The Public Corporation in the United States," in The Public Corporation: A Comparative Symposium, edited by W. Friedman (Toronto, Canada: The Carswell Company, Limited, 1954), p. 341; also, Key, op. cit., 244.

⁴See: Abel, op. cit., 338-363.

⁵Ibid., 345.

⁶Of course, the Post Office Committee members in some ways valued the connection, especially those representing rural areas, who could bring the benefits of postal service to their communities, where not much else was likely to venture (in terms of business development). But as Congress became increasingly representative of urban areas, and the rural areas shrank relative to the urban and suburban, this became less influential, and the Congress reacted to overall pressure as well.

⁷Disagreement as to the need for increased government activity is, of course, central to the public/private debate. The actual policies implemented, though, whether during Republican or Democratic administrations, have added to the governmental load in terms of infrastructure provision, so that private businesses may take-off from there. This is in line with American political history, and with recent evaluation of the state of the contemporary American political economy. For example, see: Michael Best and William Connolly, The Politicized Economy, 2nd edition (Lexington, Massachusetts: D.C. Heath & Company, 1981).

⁸The "public good" is a term fraught with multiple possible meanings, from those of Plato to the American pluralist. Suffice it to say, for the purposes of this relatively narrow description, the term can take a multiplicity of definitions without changing the general meaning of the statement.

⁹Alexander Hamilton, John Hay, and James Madison, The Federalist (New York: The Modern Library).

¹⁰William G. Shepherd and Associates, Public Enterprise: Economic Analysis of Theory and Practice (Lexington, Massachusetts: Lexington Books, 1976), p. 38.

¹¹Walsh, op. cit., 4.

- ¹²Shepherd and Associates, op. cit., 36.
- ¹³Arthur Selwyn Miller, "Public and Private Enterprise in the United States: Co-Existence in an Unsteady Equilibrium," in Public and Private Enterprise in Mixed Economies, edited by Wolfgang Friedmann (New York: Columbia University Press, 1974), pp. 297-298.
- ¹⁴Walsh, op. cit., 7-8.
- ¹⁵Annual Report of the Postmaster General 1982 (Washington, D.C.: United States Postal Service, 1983).
- ¹⁶Alan L. Sorkin, The Economics of the Postal System (Lexington, Massachusetts: Lexington Books, 1980), xiii.
- ¹⁷Perspectives on Postal Services Issues, edited by Roger Sherman (Washington, D.C.: American Enterprise Institute, 1980).
- ¹⁸Ibid., Foreward.
- ¹⁹Ibid., 213.
- ²⁰John Haldi, Postal Monopoly: An Assessment of the Private Express Statutes (Washington, D.C.: American Enterprise Institute, 1974).
- ²¹Ibid., 2.
- ²²Ibid.
- ²³Annual Report of the Postmaster General 1982, op. cit.
- ²⁴John T. Tierney, Postal Reorganization: Managing the Public's Business (Boston, Massachusetts: Auburn House Publishing Company, 1981), p. 41; Sorkin, op. cit., 27-29, 35-37, 47.
- ²⁵Tierney, op. cit., vii.
- ²⁶Ibid., 180.
- ²⁷Ibid., 182.
- ²⁸Ibid., 24.
- ²⁹Evaluation of the United States Postal Service. Report of by a Panel of The National Academy of Public Administration (Washington, D.C.: The National Academy of Public Administration, 1982), bibliography.
- ³⁰Ibid., iii.
- ³¹See, for example, Frederick C. Mosher, Democracy and the Public Service (New York: Oxford University Press, 1968).

³²See, James W. Ceaser, Presidential Selection: Theory and Development (Princeton: Princeton University Press, 1979).

C H A P T E R I I

POSTAL SERVICE IN THE NEW NATION

Postal service was not an invention of the New World or Europe: its origins have been traced to Mesopotamia, Assyria and Persia, Egypt, Greece, Rome, China and Japan.¹ These older postal "systems" were designed for quite different clientele than those presently operating, being intended to deliver messages to government officials (and influential private citizens) rather than to provide a broad-based service for the general population. The early systems demonstrate, however, the importance of a communications network in any developed or extended society. Governments, whether limited or broad in their structure and participatory vision, have viewed postal communications of some sort as vital to their success. Later versions of postal service have emphasized citizen needs for, and even "rights" to, such service, indicative perhaps of a general proliferation of rights among people throughout society.

The American colonial post office was established by a grant from William and Mary to Thomas Neale, on February 17, 1692.² Neale was empowered to run the service as he saw fit, with an obligatory payment of six shillings and eight pence made to the Crown annually.³

Neale never visited the American colonies, running the system from Britain and through a deputy postmaster in the colonies, Andrew Hamilton. Neale had relieved himself of the patent by 1698, and the Crown bought

it back in 1710.⁴ The Crown never realized a profit from the post office during this early period.

In 1753, Benjamin Franklin became the deputy postmaster in the colonies; and as early as 1761, the colonial post office registered its first surplus for the Crown, in the amount of 499 pounds.⁵ In 1774, the Crown received 3,000 pounds. Although the operation of the post office benefitted from Franklin's financial and organizational skills, he in fact spent all but five years (between 1753 and 1774) in Britain.

The history of the British-directed post office ended as the war of independence began, a result of the creation of an indigenous Continental post office and subsequent atrophy of the British system. The British post office in the colonies closed on Christmas Day in 1775. This chapter analyzes the establishment of that truly American post office, a product of the increasing tensions between Britain and her colonies.

A Continental Post Office

Events in 1774 led to the creation of an indigenous American postal service, a product of the Committees of Correspondence and an emerging sense of nationhood. The need for and plans to establish a postal system, neither supportive of nor administered by the British, heralded the birth of an American post office.

William Goddard is credited with generating the idea and promoting it into a practicing postal system, which he did within a relatively short time. His trip from Baltimore through New York and New England (in February, March, and April, 1774) led to a functioning entity by the time he returned to Baltimore.

Goddard proposed a "Constitutional Post office" to the New York Committee of Correspondence, and then to several New England Committees, the most important being the Boston Committee.⁶ By August 11, 1774, the postal system was operating from Casco Bay, Maine, to Williamsburg, Virginia.⁷

There were three main justifications for the establishment of an independent postal system: the security of private mail deliveries and the noninterference with newspaper deliveries, the denial of revenue to the British ministry, and the positive motive of providing a unifying force among the colonies.

The fear of British interference with the mails lay in the nature of communications being made by the colonists in the atmosphere following the multiple troubles with British authority. John C. Miller indicates that Samuel Adams saw the Goddard plan as a chance to take action towards his goal of ridding America of all Parliamentary authority:

Adams was eager to make a fresh assault upon British authority, for he knew it would be fatal for the revolutionary movement in the colonies to appear to stand still after the Tea party. Moreover, he foresaw that if matters came to the worst between the mother country and colonies, America would require a separate system of postriders to prevent a stoppage of intercolonial correspondence; hence his denunciations of the constitutional [British] post office as "an usurpation of the Parliament no longer to be borne."⁸

In addition to possible interference with the regular letter mail, "editors were worried about possible rejection of their newspapers in the mail."⁹ The central role of letters and newspapers in spreading news about British actions and fostering American resistance made security of the mails of great importance.

In many parts of the colonies men were already, through secret committees, laying the foundations for the structure of revolt which soon arose. There was constant danger that their plans might be discovered through the interception of letters by the postmasters. But if letters were at the mercy of the post office, the same was much more true of newspapers.¹⁰

Secondly, Goddard presented the British post office service as an unconstitutional tax upon the colonists, which provided a considerable revenue to the British crown.¹¹ The Committees reasoned that there was truth in the charge, and the Boston Committee thought "its fees were just as unconstitutional as the tea duty, though the revenue was smaller."¹² The revenues were not inconsiderable, however, and this coupled with the idea of "no taxation without representation" made swift action by the Committees fully understandable.

The third factor was that of promoting a union among the states, the only formal institutional entity in the yet-to-be-United States. An important part of the unity of action with regard to the new postal system very likely was the dismissal of Benjamin Franklin as postmaster of the colonial post office. This occurred January 30, 1774, and was confirmed in the colonies by no later than April 25, 1774,¹³ though it had been circulated as a rumor beforehand. Thus, what had been a reluctance to institute a new system out of respect for Franklin was turned into a motivation for a new system.

By this act the British had foolishly severed an important link between the old Post Office and the Americans, who were now less reluctant to erect their "Constitutional Post Office" on the wreckage of the old one than they might otherwise have been.¹⁴

Indeed, one commentator viewed the goal of fostering union a prominent

factor for pursuing the post office, more so than that of limiting revenue to the British. Richard D. Brown writes that:

As the Boston Committee of Correspondence envisioned it, the post office project furnished an ideal example of joint colonial action and an excellent opportunity to develop the cherished defensive union among the colonies. . . . Resistance, after all, had already become a generalized colonial phenomenon by the spring of 1774; the union needed to make it effective was the vital remaining goal.¹⁵

The new post office extended from Maine to Virginia within four months of its establishment, and it was the first institution of national stature. It predated the founding of the nation and was central to the successful revolution and founding. It was integral to the operation of the nation from birth and is as good a representative of ongoing public enterprise in the United States as can be found. Its story is one with excitement almost unparalleled, for it "witnessed" and participated in the much-celebrated revolution while never firing a single shot. Its power represented most essentially that of words, to both inform and propagandize. The story of the United States Postal Service thus began.

The Post Office of the Continental Congress

The Second Continental Congress met on May 10, 1775, and on May 29 appointed "a committee to consider the best means of establishing posts for conveying letters and intelligence through this Continent."¹⁶ The committee members were Benjamin Franklin, Thomas Lynch, Richard Henry Lee, Thomas Willing, Samuel Adams, and Philip Livingston. On July 26, 1775, the Congress took over the postal system, and appointed Benjamin

Franklin as Postmaster General.¹⁷ Thus, the establishment of a postal service by the Continental Congress reinforced the central role of communication, free from British surveillance, in the emerging "nation." It created a system intended to extend from Falmouth (now Portland), Maine, to Savannah, Georgia, with a weekly post to South Carolina. Any profits were to go to the treasury; deficits would be paid by the United Colonies.¹⁸

There were modifications of the essential system between 1775 and 1782, such as which routes were to be served and how often, what salaries and payments would be made, the process for dealing with "dead letters," and other matters. Two acts indicative of the perceived importance of the post office occurred in 1776: on July 8, all postmasters, during term of duty, were excused from any military service, and on August 8 post riders were likewise excused.¹⁹

During this period a functioning postal service was able to carry on the nation's business, from that of military officers to Congressmen to private citizens.

Just as it had been an instrument for nurturing an American mind and encouraging resistance to the British, so now it was used to unite Americans in a common cause. At great cost and at great hazard, postriders carried letters and documents of one kind or another between a frequently moving government and its armies in the field as well as between soldiers and their families.²⁰

The Post Office under the Articles

In 1781 the Articles of Confederation gained final adoption as the working order of government for the United States. The Articles gave

the United States in Congress assembled

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 the same as may be requisite to defray the expenses of the said office.²¹

As peace neared, the new Congress acted to develop a more elaborate postal system. On October 18, 1782, "An Ordinance for Regulating the Post Office of the United States of America," was passed into law. It began by stating that

the communication of intelligence with regularity and despatch, from one part to another of these United States, is essentially requisite to the safety as well as the commercial interest thereof. . . .²²

and was followed by the plan which was to govern the post office's operation for the following ten years.

In addition to setting up the mechanism by which the post office would operate, the Ordinance was noteworthy for establishing an operation which was not a revenue-producing service. This orientation, under the new government, indicated that profits from the post office should be used for improvements in service (i.e., establishment of new post offices and purchase of equipment with which to carry the mail) and not as a source of revenue.²³ Nearly a century and a half later, Congressman Clyde Kelly was able to look back at this period and write:

The change from profit seeking to service-giving was one of those acts which made American Independence more than a mere separation from England. It was a revolution in the principle and purpose of government. The Post Office Establishment underwent a change, not of method but of fundamental purpose.

The principle of the public good was substituted for that of government gain.²⁴

The distinction was important, for the orientation toward revenue recycling played a significant role in the rapid expansion of post roads and postal services.

Equally important, perhaps more so, was the establishment of the postal service as a national institution which was unrivalled at the time. Both the Articles of Confederation and the Ordinance of 1782 indicate the national scope of the office. There was neither great debate concerning the power of postal service as being too centralizing in influence nor jealousy evident on the part of the states. The Articles were adopted, then the Ordinance of 1782, and the post office operated pretty much within that framework until 1792, when the new government under the Constitution passed a comprehensive statute governing postal operations.²⁵ Only two issues apparently challenged the national orientation of the postal service during that period, although one finds criticism of the service rendered (which seems the fate of delivering the mail at almost any time and place).

The first question centered around whether to accept paper currency as payment for postage. The period of the 1780s was, of course, characterized by the issue of paper currency in the states: by 1786 seven states had issued some form of such currency.²⁶ The impetus for paper money is usually attributed to the needs of debtors and agrarian interests as opposed to the desire for specie by commercial and creditor interests. The main concern as regards the postal service is that there was a clamor to pay for postage with paper money; the Postmaster General,

Ebenezer Hazard, ordered postal officials to accept only "hard" money. He was backed by an act of Congress of September 20, 1786, which stated the postmaster general is "to receive no money in payment other than specie."²⁷ This apparently resolved the issue, and the post office was able to collect specie for its services.²⁸

The second issue was one which more directly challenged the national orientation of the General Post Office of the United States. The challenge was not to the operation of the post office in interstate communications or on the main post road; there was a question, though, of intrastate postal service. The main reference to this problem appears in a letter from Postmaster General Hazard to the Congress. The Congress recorded that Hazard was

forwarding intelligence from Frederick Green, Postmaster at Annapolis, informing that the Maryland legislature is considering taking control of the Maryland postoffice [sic] under the idea that Congress had control in interstate postoffice [sic] business and not within the state.²⁹

More specifically, Hazard reproduced Green's letter, which read:

Our assembly last Fall brought in a Bill to Establish Post Riders to the different Parts of the State, and the Superintendence thereof was put under my direction as Postmaster general of the State; and I was told by the principal members that the power given Congress by the Confederation was "establishing and regulating Post Offices from one State to another throughout all the United States," and not to establish Post Offices within the State, off the Continental Line. The Business was finally postponed to the next Session (which will set in a few weeks) when I expect it will be again taken up.³⁰

Apparently this issue never surfaced again. Although postal historian Gerald Cullinan wrote that Hazard "gained Congressional approval

of the principle that all post offices, whether or not they were situated on the main post road, were under the jurisdiction of the central government,"³¹ the Congressional records do not indicate such an action. Other sources refer to the episode of Hazard's letter, more or less obliquely, but no further mention is made either of Maryland's actions or the Congressional reaction. It may be that the results of the Annapolis convention, i.e., a calling for a constitutional convention in May of 1787, had diffused the issue. Regardless, even with this "false alarm," the issue of national supremacy in all postal service was not seriously challenged during the tenure of the Articles of Confederation, a time certainly noted for its generation of state sovereignty debates over many of the crucial political services and functions of the day. That there was no serious debate concerning a national postal service, one of the most extensive operations of national sovereignty and viewed by influential figures representing the full spectrum of political belief as a vital function of the society, is in itself quite remarkable, either for the disinterestedness assumed or, more likely, in the perceived inherent legitimacy of postal service as properly national in scope and orientation.

If postal service occupies the same level of national justification as such operations as the treasury and the military (indeed, perhaps greater justification given the early general unanimity on its course of conduct), then it can be said that the postal service represents the most fundamental type of commitment by the United States government, and therefore is as proper a subject of study of public enterprise in the United States as any. The post office provides the policy analyst with

the advantage of a public enterprise commitment which: 1) spans the entire history of the United States, 2) plays an important role throughout that history, 3) demonstrates an example of government commitment to the successful operation of public enterprise, and 4) mirrors any changes in policy attitude toward the operation of public agencies.

As noted before, there were difficulties with postal service which in no way related to the issue of federalism. One was interference with the mail, which did carry fines but was evidently a common occurrence. George Mason wrote in a letter to Arthur Lee, in 1783, that:

I have lately received two or three Letters from Europe, Via Philadelphia, every one of them broken open, and sealed up again there, or at some intervening Post Offices; as almost all the Letters I have had these two years past from Europe have been.³²

Madison and Jefferson sent their most important messages to each other in cipher to avoid discovery by interference, a further indication of the insecurity of the mails in terms of inviolability.³³

A second problem was the irregularity of the mails. Conditions were rather primitive in many areas, the roads not yet well-developed, and conveyance of the mail dependent upon chance. A typical citation comes from the pages of the Journals of the Continental Congress, where it was noted that:

Congress having received information that the mail from the southward has arrived here but twice for the last seven weeks and then only from Virginia, and that mail from the eastward has arrived here but once for the last three weeks, notwithstanding travellers both on horseback and in carriages have passed on the post roads--Resolved, That the postmaster general be directed to inquire into and report to Congress the reason for the aforesaid failures. . . .³⁴

The expectations for deliveries in that period were certainly not great compared to contemporary standards, and yet even so there was trouble with mail delivery. Though this type of complaint was to continue, it is framed in a time and societal atmosphere quite different from that of today. The culture of a preindustrial society would differ in its lack of emphasis on routinization of postal delivery, as would a commercial society (which was soon to develop).

A Constitutional Post Office

The debate in the Constitutional Convention did not enter into a consideration of national versus state sovereignty regarding the postal system. Although one observer indicated that the vote on the amendment to add the phrase, "and Post Roads," to the powers of Congress* can at most be interpreted as a general fear of national power, no such debate is recorded, and any such interpretation is highly speculative, not corroborated by any evidence.³⁵ Indeed, the evidence appears otherwise, supporting the conclusion that there was no discussion promulgated about the postal service as anything but a national power of Congress, and that no plans emerged to alter the national postal power significantly.

The suggestion that Congress should be able to regulate stages on post-roads was never reported out of the Committee on Detail, and Benjamin Franklin's plan to add a power for "cutting canals where deemed necessary" was defeated, but not on grounds pertinent to the postal

*The Congressional power in the Constitution reads, "To establish Post Offices and post Roads."

power. (Although the Pinckney plan³⁶ had included a clause that the post office should raise a revenue, this was never discussed further.) According to Lindsay Rogers, "In the state conventions there was practically no discussion of the postal power."³⁷ James Madison wrote only two sentences about the postal service in the Federalist #42:

The power of establishing post-roads must, in every view, be a harmless power and may, perhaps, by judicious management, become productive of great public conveniency. Nothing which tends to facilitate the intercourse between the States can be deemed unworthy of the public care.³⁸

The national sense of the post office was already firmly established; Madison reinforced this view, and the state conventions and Anti-Federalists were quiet, presumably not greatly agitated and probably in agreement.

Anti-Federalist writings demonstrate the amazing lack of disagreement over the construction of the postal power. The only discussion of complaint centers around the partisan use of the postmaster authority in operating the mails to the detriment of the Anti-Federalist position in ratification debates over the Constitution.³⁹ Some Anti-Federalists maintained that newspapers supporting their arguments were not delivered, in certain cases. Yet these arguments did not touch the structure or organization of the postal service, but only the use of the established system (then under the Articles of Confederation) for venal and blatantly political purposes. This attests to the crucial role of postal service in the political culture of the time rather than to any disagreement over a national postal service.

The Anti-Federalists who did mention the postal system in a context

of national versus state powers, i.e., in any structural and philosophically meaningful sense, assumed the power over post offices and post roads to be naturally a national power. The Federal Farmer, in a letter of October 8, 1787, describes three forms of government, and concludes that "the third plan, or partial consolidation, is. . .the only one that secure [sic] the freedom and happiness of this people."⁴⁰ In a three-sentence description of the plan, the power over the post office is given to the general government.⁴¹ In a letter of October 10, 1787, he writes that power over the post offices is a power which should be "clearly. . .lodged" in the general government.⁴²

In "The Fallacies of the Freeman Detected by A Farmer," the author, in discussing the relation of state to national power, mentions the lack of state control over post-roads in passing but without discussion, implying an acceptance of that national power as legitimate.⁴³

A third reference in Anti-Federalist writings is that by Samuel Chase, in April, 1788. He wrote that:

The greatest happiness of a people is to govern themselves. Their greatest misery is to be governed by others; --- Our state government is fully competent to all internal state purposes.

For the safety and happiness of the people of this and other states, external objects, or such for which the state governments are not competent are to be provided for.

1. To provide a form to regulate commerce among the states and to preserve peace between the states --- resort against domestic empires, with Indian tribes, and to coin money and to fix the standard of weights and of foreign coin and to fix the standard of weights and measures --- to establish post offices and post roads --- may be called a general internal or continental object. . . .

I am for the establishment of power in Congress for all the above or similar purposes.⁴⁴

Therefore, there was little debate concerning the powers or structure of the postal service in the Constitution, and the only references in this context by Anti-Federalists supported the powers as much as did the Federalists. The issue was not simply not raised; there was implicit and at times explicit agreement that the postal service should be a creature of the national government. This basic consensus launched a government enterprise which developed, from the very founding, in the image of the American political system's approach to a legitimate and important national public service.

Ultimately, the Constitution included a simple yet broad mandate, the power of Congress "To establish Post Offices and post Roads."⁴⁵ One observer noted that, "To establish post offices and post roads is the form of the grant; to create and regulate the entire postal system of this Government is the evident intent."⁴⁶

The absence of any disagreement over a national postal service, or change from that already operating (under the Articles of Confederation), was reinforced by the actions of the First Congress. On September 22, 1789, Congress adopted the following:

Be it enacted, &c., That there shall be appointed a Postmaster General; his powers and salary; and the compensation to the assistant or clerk and deputies which he may appoint, and the regulations of the Post Offices shall be the same as they last were under the resolutions or ordinances of the late Congress. The Postmaster General to be subject to the direction of the President of the United States in performing the duties of his office. . . .⁴⁷

The act was to remain in force "until the end of the next session of Congress and no longer,"⁴⁸ but on August 4, 1790, the temporary act was

extended, and a permanent post office act was not adopted until May 8, 1794.

The Postal Acts of 1792 and 1794

The postal act of 1792 was the first significant postal legislation since the Ordinance of 1782. It was also temporary, like the acts of 1789 and 1790, to be in force only until June 1, 1794. The postal system "established" in the 1792 act was reinforced and made permanent by an act of May 8, 1794. The acts are sufficiently similar, excepting the permanence of the 1794 act, so that for most purposes they can be treated as one.

Three main themes arose from the act of 1792:

The first was that the Post Office must be self-supporting; the second, that the Post Office make no profit, but use its surpluses to extend its services; and the third, that Congress, not the postmaster general, must establish the nation's post roads.⁴⁹

The first theme assumed that rates could be set to cover expenses incurred, so that no introduction of treasury funds need be made. This changed the orientation from the Ordinance of 1782, which stated that the excess expenses from establishing new post offices and supplies would be paid out by the treasury.⁵⁰ But this self-sufficiency intent was not adhered to in practice, and when the post ran a deficit in its pursuit of the larger public policy of service provision, Congress appropriated additional monies.

The second theme is that any profits should be plowed back into the postal system to further the establishment of post offices and post

roads, not unlike the provision of the 1782 Ordinance. This was to be the controlling theme of the first two, since the priority of expansion of postal services was greater than a self-sustaining post office. This was a product, to a significant degree, of public influence on Congress, and in this vein Congressional control over the establishment of post roads was illustrative.

The role of post roads in an expanding nation was an extremely important one, which the House of Representatives was not going to delegate to appointed officials.⁵¹ The Senate was willing to delegate this authority to the Postmaster General, but Senators themselves were then chosen by the state legislatures. The direct tie between House members and their constituents exerted a pressure on Congressmen both to recognize the central role of postal expansion in the late eighteenth century and to retain control over the process by which it would be achieved.⁵² Congress did play the central part in the identification of post roads and so subsequent internal development, whether it intended to promote commercial development, the spread of political education, communication with the western frontier, or a representation of the national government throughout the country at a time when the national government was largely unknown, absent in any physical terms, and distrusted.⁵³

Why did it take so much time for Congress to act in formalizing the postal service? President Washington, in his First (January 8, 1790), Second (December 8, 1790), and Third (October 25, 1791) Annual Messages to Congress repeated the need to pass a bill concerning the Post Office. It was evidently one of the central concerns of national scope, for in his Second Annual Message, Washington wrote:

The establishment of the Militia; of a mint; of Standards of weights and measures; of the Post Office and Post Roads are subjects which (I presume) you will resume of course, and which are abundantly urged by their own importance.⁵⁴

In the Third Annual Message, he again asserts the importance of acting on those items, "some of which I cannot forbear a more particular mention. These are, the Militia; the Post-Office and Post-roads; the Mint; Weights and Measures."⁵⁵

As Washington himself acknowledged, other urgent matters kept Congress from acting sooner on these important matters.⁵⁶ The post office, although in need of an official establishment act and also improvement in service, was not in a terminal condition, whether considered in political, service delivery, or financial terms. A founding act was important, to be sure, as evidenced by Washington's concern that attention be paid to this, yet it could also wait.

Congress was, however, working on postal service matters during this period. During 1790 and 1791 proposals were offered to give the Postmaster General and the President the power to establish the nation's post roads. On June 16, 1790, for example, Mr. Sedgwick introduced such a resolution.⁵⁷ The result of the debate was that, "The motion was negatived by a great majority."⁵⁸

Attempts to vest the Postmaster General and the President with such powers were unsuccessful, and the act of 1792 formalized the Congressional prerogative regarding post roads. The disagreement in drafting legislation, then, was centered around the issue of power division within the national government, with Congress taking an active position,⁵⁹ rather than any discussion of national versus state powers. Further, it

illustrates the nature of the discussion which preceded passage of a bill establishing the postal service.

Another factor appears to have been at work, which is that the nature and structure of the post office was basically settled by the government under the Articles of Confederation, including its national "nature," and so the particulars could wait. Questioning did not arise about the fundamental nature of the post office under the new Constitution, and this lack of debate is striking considering many of the other issues which dominated discussion at that time, especially relating to their national as opposed to state-based operation. Yet the postal service passed through this time generally, almost unanimously, accepted as a legitimate exercise of the national government. How does establishment of such an important service and institution fail to engender great debate?

One answer is quite clear. At the time, the size of the national government in general, and the postal service as a particular part of the government, was extremely small, so whatever the philosophical implications of a national postal service, the physical implications were not yet great. This is not neglecting the fact that the number of post office employees was second only to that of the Treasury,⁶⁰ or that the philosophic considerations in the early days of the new government were not well-debated, only that, again, experience (with the operation of the post office under the Articles, and easy adoption in the Constitution) tended to make statesmen of differing hues view this service with no great alarm. The postal service did not evoke fears which a national militia or centralized taxation power did.

Probably more important was the widespread support improvement and extension of the postal system enjoyed as an exercise of democratic government. Not generally perceived of as a threat, the post office would act in the interests of all segments of the society, a truly positive functioning part of a rather limited national government and experiment in liberal democracy. (The acceptance of this positive power of government is itself a curiosity, being a statement of the type of activity which was seen as legitimate in a positive liberal state.)

There was not, however, complete unanimity. Madison's work, as a member of Congress, towards establishing "the best route for the post roads between Maine and Georgia,"⁶¹ as a national exercise brought forth a strong reaction from Jefferson:

Have you considered all the consequences of your proposition concerning post roads? I view it as a source of boundless patronage to the executive, jobbing to the members of Congress and their friends, and a bottomless abyss of public money. . . . Does the power to establish post roads, given you by Congress, mean that you shall make the roads, or only select from those already made, those on which there shall be a post?⁶²

This disagreement did not enter the public sphere, apparently, and provided no policy debate as the post office limped along on existing roads, not making them as Jefferson feared.⁶³

This exception notwithstanding, the broad spectrum of statesmen of the time appeared to envision an active purpose for the post office. The development of postal service would serve to promote several aspects of life and vitality in the society: knowledge, commercial activity, agriculture, expansion, and communication. Diverse interests in the nation would be served by a national entity which cut across the prevail-

ing political divisions. George Washington wrote (in his Third Annual Message) to Congress that:

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 the instrumentality in diffusing a knowledge of the laws and proceedings of the government; which, while it contributes to the security of the people, serves also to guard them against the effects of misrepresentation and misconceptions. The establishment of additional cross-posts, especially in the Western and Northern parts of the Union, cannot fail to be of material Unity.⁶⁴

Washington understood the promotion of knowledge, political and otherwise, as essential to the practice of democratic government.⁶⁵ He proposed a national university as well as postal service expansion, both being crucial to the diffusion of knowledge in the new nation.

Alexander Hamilton wrote of the value of the postal service as infrastructure necessary to the growth of commerce:

Facility of communication and cheapness of transportation are matters of primary importance in the business of every country; but under the existing circumstances of the United States they call for the earliest and most efficient exertions of government. The good condition of the post roads especially where they happen to connect places of landing on the rivers and bays, and those which run into the western country will conduce exceedingly to the cheapness of transporting and the facility of obtaining raw materials, feed and provisions.⁶⁶

The United States at the time was in need of improved transportation and communication facilities. The development of these necessary components of the infrastructure was done "in the belief that individuals and corporations would be eager to build the superstructure upon it."⁶⁷ The post office was intended to play, and did play, an important

role in American commercial development. In looking back, Ross Allan McReynolds wrote:

The foremost element in post office development between 1789 and 1860 was improved means of transportation, shown in the highway, canals, the streamboats, and the railroads, which also enabled settlers to cross the continent more quickly and the merchant and manufacturer to extend and multiply their operations.⁶⁸

The post office did much to promote the growth of "new" technologies by both providing the infrastructure pivotal to their operation and by subsidization of their operations.

By the Ordinance of 1794, Congress was authorized to contract with private stagecoaches to carry the mail.⁶⁹ But apparently because of the priority accorded passengers over mail⁷⁰ and the resulting unsatisfactory service, the post office established a government-run public enterprise experiment, a post office stage between Philadelphia and Baltimore, begun in 1799.⁷¹ The system was never extended, however, and terminated within two decades.⁷²

Reflecting the new enthusiasm for private business and free enterprise in this period, General Meigs [Postmaster-General] ended the government-owned stagecoach line shortly after the end of the war [of 1812], and the government ceased to compete with private businesses in carrying mail and passengers.⁷³

There was a limit to which the postal service, as a public enterprise, could extend; beyond that lay the proper sphere of private enterprise. The postal service did test the boundaries of legitimate action in this early period, as it has throughout its history, and settled upon a role as a public enterprise which subsidizes private enterprise devel-

opment through establishment and maintenance of an essential societal infrastructure but which does not compete with private enterprise.

Congress and Policy

This early period can be generally characterized as one in which policy determination was held relatively close at hand by the Congress. The example of establishing post roads is indicative of this, although even here the postmaster was empowered to make contracts with private parties for the carrying of mail. This is not a broad delegation of power as far as policymaking, but simply a (necessary) discretionary power determined by the extent of postal operations. Even so, the letting of contracts had to be done within a set of procedures drawn in detail by the Congress.⁷⁴

Congressional control over policymaking, without broad delegation of power to the administrative agencies of the executive, are characteristic of the United States prior to 1886-1887, according to Lowi.⁷⁵ This earlier era was transformed "quickly" by the Supreme Court in 1886 (in Wabash, St.L. & P.R. v. Illinois)⁷⁶ and Congress in 1887 (by establishment of the Interstate Commerce Commission, whereby Congress successfully nationalized certain regulatory areas and delegated powers to administrative entities to carry out that regulation). The nature of legislation changed as the language used gave broader and more accessible interpreted powers as mandates, to be administered not by Congress but by the appropriate agencies.

During the early period, Leonard White noted that,

in matters of revenue and in the control of shipping, closely allied with the collection of customs. . . large powers and wide discretion were bestowed upon officials, but so limited were federal activities that administrative authority over persons or property was otherwise exceptional.⁷⁷

And although Congress "gave great discretionary powers to the President. . .," it "distrusted discretion in the hands of subordinates."⁷⁸ Though White noted that discretion is to some degree inevitable, the discretion he cited was narrowly defined and did not approach a meaningful policy role such as Lowi indicates.

The founding era manifested a distributive pattern of politics with Congress specifying post roads and the "opening" of new areas, fulfilling constituent demands in a time of suspicion of national power.⁷⁹ The national government was thus able to make its presence felt in a positive, nonthreatening sense to rural residents and farmers desirous of communication and better roads, especially as they moved further west, as well as to the more cosmopolitan interests.

Moreover, even with limited struggles over discretionary powers,⁸⁰ Congress was the agent of policymaking during this period. Goals of better communication for a more informed society, better roads to facilitate that communication as well as commerce, the provision of both adequate mail service and roads to provide components with which to pursue and formalize* the expanding frontier, and the carrying of newspapers all worked as conduits of Congressional policy goals which were discussed in depth and incorporated into the statutes of the period.

*In the sense of bringing the frontier into the mainline of American society institutionally and culturally.

Insofar as the early postal service was concerned, while discretion was necessary and delegation of power did occur, the general course of policy was one of Congressional prerogative, actively exercised. The Congress was active by establishing post roads, noting deficiencies in service to be corrected, and making constant corrections in postal legislation to deal with these and other problems. In an administrative sense, discretion was evident in the actions of postal officials; in a policy sense, it was not. Congress had not delegated sufficient power to the postal service.

Conclusion

The founding period was a time during which the development of the post office in many ways determined its operation for the next two centuries. Three themes predominate in this early period which need further emphasis. They are the post office as a service-provider rather than a revenue-producer, a national and interstate rather than a state and intrastate organization, and a facilitator of commerce, communication, and expansion.

Service provision.

The founding era is characterized by an explicit formulation (in the form of the Ordinance of 1782) and general understanding of the postal service as principally a provider of service and not a source of revenue. Service and the facilitating of commercial activities were its primary chores, with profits being used towards these purposes, despite the belief by Hamilton at one time that it could be profitable (as it

was under Franklin in colonial times).

Both Jefferson and Hamilton accepted this orientation. Jefferson attempted, in 1792, to convince President Washington to transfer the post office from the Treasury Department to the State Department, because the law of 1792 had removed his doubts about the character of the post office. He observed that it was not designed as a revenue-producer, which would properly reside in Treasury, but as a service-provider, since the law declared that (according to Jefferson) "the whole profits of the office should be applied to extending the posts and that even past profits should be refunded by the treasury for the same purpose."⁸¹ Washington did not act according to Jefferson's wishes, but Jefferson's perceptions of the nature of the post office were clear.

Hamilton understood this as well, although he did not act on it until 1795, by which time Jefferson was no longer Secretary of State. His action took the form of proposing a trade: Post Office to State in exchange for the Mint to Treasury.

Service provision during this period manifested two main traits: establishment and extension. These two qualities were the realization of the service provision needs of the society.

The establishment of the postal system encompassed its evolution from the Committees of Correspondence through the Constitution and enabling acts. The structure, nature, scope, and legitimacy of the postal service had to be dealt with in fundamental ways. By 1800, a stable postal organization had been established. While many changes continued, they would be incremental⁸² and not revolutionary.

The establishment of a service-producing postal service was, how-

ever, in its own way a radical departure from previous postal practices. Although the degree of importance is arguable,⁸³ the concept of a post office which was not intended primarily to produce revenues or service to a very limited clientele was different. Postal service as public service, with the public denoting access to all citizens, was consistent with and reinforced the idea of American democracy, spreading political knowledge throughout the citizenry.⁸⁴ By focusing on service, and not requiring it to make a profit, the policymakers were freeing the system from a rather narrow, city-oriented tool of the well-educated and well-off. The postal system as a promoter of egalitarianism, of education, and of expansion was partly a result of the founding era when the establishment of postal service allowed for a more expansive understanding of public service than had heretofore been part of postal systems in Europe.

Establishment was not, then, a statutory pronouncement simply setting up the institutions of postal organization. Instead, it was an evolutionary process whereby an understanding of public purposes was developed through a series of events and laws which worked toward shaping a system with definite goals. But this occurred through a legislative and administrative process which formulated ideas responsive to conditions, made adjustments and alterations, and promoted growth or extension to meet the demands of a vital nation in its early stage of independence.

The establishment of the postal service with a service orientation encouraged extension of postal service. The original services were extended to fulfill the needs and demands of a rapidly growing society. In 1790, the United States system had 75 post offices and 1,875 miles of

post roads, in 1812, 2,610 post offices and 39,378 miles of post roads, and by 1829, there were 8,050 post offices and 114,780 miles of post roads.⁸⁵ The types of services did not change significantly, although increasing use was made of private stagecoach contracts,⁸⁶ but the extension of the existing service was the main goal in terms of service. Wesley Everett Rich characterized the early period as one in which

The aim was service rather than revenue, and to this end the receipts were put back into the extension of roads to all parts of the country. For the period when the country was young, and rapidly growing, the policy was undoubtedly of immense value to the nation.⁸⁷

The character of an extending postal service, building on a narrow foundation, was evident in the early years, and is reflected in the records of the Postmasters and secondary sources concerning the postal service. Leonard White wrote [of the Federalist period]:

The bulk of current business transacted by the General Post Office consisted of the designation of post offices, the appointment of deputy postmasters, making contracts for carrying the mail, receiving periodic reports from the deputies, and keeping the accounts.⁸⁸

The push to provide communication between the northern and southern stretches of the country, and then to move westward with the settlers, meant that the existing postal establishment was incessantly being forced to open up new post offices and servicing post roads. As stated earlier, Congress had clearly given itself the exclusive right to establish post roads (bringing with this, the post office's reactive role in providing service, through post offices, contracting for mail delivery, etc.), and Congress reacted to constituent and regional demands in iden-

tifying needed postal routes. (This continued into the 20th century.)

Americans petitioned [Congress] mostly for post roads, which meant, of course, mail routes. This, at least, was true in the nineteenth century, when from whatever point they settled on their westward march. . .they demanded post routes to bring them the mail. And at session after session Congressmen obligingly entered their petitions in the records of Congress, passed law after law establishing post roads for their constituents, and blithely handed the postmaster general the task of installing the postal service on routes they had created.⁸⁹

Service provision during this early period was, therefore, identified essentially as establishment and extension of the basic postal service system which has since served the nation. Added to the fact that the orientation was to service rather than revenue-production, the post office was, through Congressional appetite, an important and extremely fast-growing part of the national government. It also represented the national government in many areas of the new nation where nothing else did, and unlike most officers of government (e.g., customs officers, revenue collectors), was a symbol of the positive aims and achievements of government. Service as an identifiable goal which was significantly promoted came to define the postal system. No more important a component of public policy could touch people in such a personal way.

A national system.

The establishment of the post office as an unquestionably national system was integral to the character of postal service, and to the central role of Congress in the development of both a coherent system administered by the Postmaster General and the identification of suitable

routes within and between the states. This fit into the visions of the more nationally-oriented Federalists who held notions of a social welfare removed from localism (i.e., a more cosmopolitan view of democracy)⁹⁰ and a "government by gentlemen."⁹¹ At the same time, it appealed to the state-oriented Anti-Federalist view, which generally recognized a need for improved communication and roads for rural residents, farming interests (wealthy or not), and western settlers, and which understood the House of Representatives as representing the one true democratic feature of the new government, i.e., a representative institution tied directly to the people's voices and votes.⁹² The postal service was, therefore, able to operate as a national public service which fulfilled the interests of a variety of political advocates and whose legitimacy was tied to the machinations of a popularly-elected House.⁹³

The national scope of the postal service was crucial in the development of an integrated road network and extensive postal system within a short time. Whether the demand for postal services within the states would have led to intrastate systems being quickly developed was rendered moot; however, the resources of the national government being applied to these efforts most probably made the task a practical undertaking, especially since the national government was willing to do so on the back of the United States treasury. At a time when such large-scale projects were untenable at the state level, the national government was the only vehicle by which the postal network could have been extended so widely over such a short period of time.

With the rapid growth of postal operations came the potential for an increase in political importance. Although the post office did play

a central role in the development of roads and communication, it did not manifest itself as a major outlet of political power for which the post office eventually gained a legendary status in later times. It can be speculated that each interest saw in the post office and the development of its potentials the fulfillment of their vision of the "good society", whether this was in terms of national or local goals, or in terms of commerce or agriculture; at the same time, few saw any threat posed by a national government operating the postal system, unlike the threats to state government autonomy and personal liberties posed by a national bank or national military.

The national orientation established during this period gave the postal service an effectively broadened and malleable operational base, since: 1) the nation as a whole was a large physical area in which to operate; 2) the ability to operate on a national level allowed room for more integrated and unified action, less burdened by the more restrictive state government perceptions of interests; and 3) the national government was still in its infancy and developing an essential character, while the state governments were well-established in nature, and had a continuity which extended back into the colonial period.⁹⁴

The physical size of the new American republic provided unrivaled opportunities as well as restraints for the postal system. The restraints involved the physical features, of course, but more importantly the clamor for service to remote and newly settled areas. While putting a strain on the system itself (for new areas were often inaccessible, and served by poor roads), this also acted to justify the claims for additional funds, well understood and continually approved by Congress.

The size and possibilities for extension of postal services therefore allowed the post office fairly wide latitude in expenditures, in service provision, and in post office sitings.

The size of the American republic was an object of discussion between the Federalists and Anti-Federalists, most pertinently the ability for republican institutions to govern in an extended republic. The arguments of Madison and Hamilton were victorious, but regardless, the new nation was a large and resource rich country, with a potential wealth (agricultural and commercial) that would soon overwhelm Europe. The postal service, crucial to communications of the era, played a critical role in the development of this potential. Washington referred to its educational and political potential, and Hamilton to its role in facilitating commercial development, while Madison assured in The Federalist the harmlessness and the worth of a national post office.

The ability to operate as a national institution, free of state jealousies, gave the post office a broad policy base. The more "refined" view at the national level would produce a policy and service conducive to the national interest rather than the varied parochial state political environments. The postal service was not totally insulated from state and local influence as demonstrated by the Congressional role in postal policy. This fairly direct representative input was part of the general processes of Madison's national system, which was intended to provide for a more qualified, enlightened representative who could, even while immersed in his district's needs, contemplate some notion of national interest. Although influenced by local concerns, the postal service was nonetheless a national entity with the overriding

goal of a national postal system where each state and locality would be connected with every other, surely an orientation removed from localistic visions of postal service geared to the city or, at most, the state.

The national government was a limited government and a "new"⁹⁵ government, which meant that the postal service was unhampered by an "institutional memory" on the part of the national institutions. This stood in contrast with the state governments which, even considering changes and new constitutions, had an organic history which, had they power over postal operations, would most likely have put greater constraints on the post office.

Facilitator of commercial development.

By establishing an infrastructure of communication and roads, the postal system was providing two of the necessary conditions for economic success and commercial development. The United States was blessed with bountiful natural resources, relatively unused in contrast to the worn-out European continent. A spirit of energy had been unbound by the revolution, and coupled to the Protestant ethic which allowed for and even bolstered the development of a commercial spirit--in contrast, again, to the relatively limited conceptions allowed within the European political, social, and religious world--the United States had few impediments to development of a successful commercial tradition. Among the most trying was the isolation experienced by many citizens.

"Isolation" in an agricultural society, based in self-sufficiency, is not terribly vexing, at least if there is still some transmission of communication. But to a budding commercial society, isolation deprived

the businessman of markets, ideas, capital, and natural resources. Of course, the nation in the late eighteenth century and early nineteenth century was grounded in agriculture. Yet the purposes of early leaders were tied to the development of a "commercial republic." And the post office, from its early days, was not to fail in the promotion of commerce.

Facilitating commerce is but one aspect of a more general area of what Edward G. Daniel described as "non-postal functions." Those services, by Daniel's description, include, "the Post Office as a beneficent agent for the encouragement of railroads, ocean shipping, westward migration, and other non-postal aims."⁹⁷ Common to these 'non-postal' aims was the promotion of private commercial development. During the founding era, this consisted largely of the subsidization of private carriers and stagecoaches through their employment to carry the mail, rather than a strict reliance on public carriers.⁹⁸ A less direct subsidization was through building of post roads which facilitated westward movement.

As early as 1785, operating under the Articles of Confederation, the Postmaster General was authorized and directed to enter into contracts with carriers employing stagecoaches.⁹⁹ The act of May 8, 1794, also authorized the use of private stagecoaches to carry the mail.¹⁰⁰

Wayne Fuller explained that this was authorized

because the mail had already become too heavy for horseback riders to manage alone and because it was thought that the letters and newspapers would be better protected from robbery and weather in stagecoaches. . . . But it was also done--and this was typical of Congress's double use of the Post Office--to encourage stagecoaches, subsidized by postal money, to go

where they otherwise would not have gone and thus establish a transportation system throughout the young Republic.¹⁰¹

The postmaster evidently used his authority to so use the stagecoach lines and, except for a brief flirtation with the government line from Baltimore to Philadelphia, relied on and subsidized the private lines.

This underwriting of private commercial development is indicative of the postal service's role throughout its history, beginning at this early point. Carter Goodrich, in his volume The Government and the Economy, 1783-1861, picks out "one significant element of continuity," which transcends American history, which is

the deep-seated preference of the American people to employ the powers of government to influence the economy at strategic points needing special attention rather than attempt its operation in detail.¹⁰²

The post office was the legitimate national government agency which could stimulate private business without arousing any great cry of indignation: a perfect tool for the government influencing the economy towards a more commercial and private enterprise development. By 1816, even Jefferson indicated a more appreciative perspective in his letter to Benjamin Austin:

We must now place the manufacturer by the side of the agriculturist. . . . He, therefore, who is now against domestic manufacture, must be for reducing us either to dependence on that foreign nation, or to be clothed in skins, and to live like wild beasts in dens and caverns. I am not one of these; experience has taught me that manufactures are now as necessary to our independence as to our comfort.¹⁰³

By that time, the United States Post Office was promoting not only

stagecoaches, but steamships as well.¹⁰⁴

As early as 1791, in his report to Congress, Hamilton had written extensively about the need to provide the proper conditions to help stimulate the infant manufacturing abilities of the nation.¹⁰⁵ His closing sentences display the recognition of a need to help provide the capital necessary for "prompting and improving the efforts of industry." He wrote that:

In countries where there is great private wealth, much may be effected by the voluntary contributions of patriotic individuals; but in a community situated like that of the United States, the public purse must supply the deficiency of private resource.¹⁰⁶

In one sense, the postal service was the 'public purse' which 'prompted and improved' the conditions under which private commercial interests operated, for the subsidization of their efforts (through employing their private services as a means of achieving the public goal of postal service) was an important, if not determinant, boon to their development.

Hamilton also understood, "The Facilitating of the Transportation of Commodities," as being one of the "principal. . . means by which the growth of manufactures is ordinarily promoted."¹⁰⁷ Hamilton recognized the national government's power to construct public roads and canals, and wrote that, "This is one of the improvements, which could be prosecuted with more efficacy by the whole than by any parts of the Union."¹⁰⁸ He feared the sacrifice of the "general interest" to local interests, and argued against any such local "jealousies" as unwarranted. He then turned to an extensive quotation from Adam Smith to demonstrate that, "Good roads, canals and navigable rivers. . . are. . . the greatest of all

improvements."¹⁰⁹ Smith had written that even local opposition had been shown to be in error, in that when previously opposed turnpike roads were put in place, "Their rents however have risen and their cultivation has improved."¹¹⁰

This provides a basis for understanding the utility of providing infrastructure, capital, and promotional support for the development of more commercial ability in the United States. The Constitution allowed for this type of activity, and Congress supported this process in the form of a benevolent postal service (even if it opposed promoting commerce through a national bank). In the early years the operations of the postal service were not as wide-ranging as they would later be, or even as some proposed they should be at the time, but its role in that period as a growing public enterprise, a central visible and positive representative of the national government, and a promoter of private enterprise, is an indication of the enduring character of the United States postal service.

NOTES

¹Carl H. Scheele, A Short History of the Mail Service (City of Washington: Smithsonian Institution Press, 1970), 17.

²Ward L. Miner, William Goddard, Newspaperman (Durham, North Carolina: Duke University Press, 1962), 111; Harry M. Konwiser, Colonial and Revolutionary Posts (Richmond, Virginia: Press of the Dietz Printing Co., Publishers, 1931), Chapter 2.

³Konwiser, op. cit.

⁴Ibid.

⁵Ibid., 32.

⁶See: Miner, op. cit., and, Richard D. Brown, Revolutionary Politics in Massachusetts: The Boston Committee of Correspondence and the Towns, 1772-1774 (Cambridge: Harvard University Press, 1970).

⁷Miner, op. cit., 133.

⁸John C. Miller, Sam Adams: Pioneer in Propaganda (Boston: Little, Brown and Company, 1936), 298.

⁹Wayne E. Fuller, The American Mail: Enlarger of the Common Life (Chicago: The University of Chicago Press, 1972), 133-134. See the role of the newspapers in the revolution in: Arthur M. Schlesinger, Prelude to Independence: The Newspaper War on Britain, 1764-1776 (New York: Vintage Books, 1957). Schlesinger wrote that, "Of course, the colonists were later to be accused of sacking the mails themselves, and then printing the correspondence." (242)

¹⁰Wesley Everett Rich, The History of the United States Post Office to the Year 1829 (Cambridge: Harvard University Press, 1924), Harvard Economic Studies, Volume XXVII, 44-45.

¹¹Brown, op. cit., 181-182. Interestingly enough, Franklin was making a different argument in Parliament. He contended that the revenue for postal service was a payment for service which could be achieved through private deliveries, in contrast to the Stamp Acts which were a real tax (providing no service).

¹²Brown, op. cit., 181; Fuller, op. cit., 33.

¹³Miner, op. cit.

¹⁴Fuller, op. cit., 34.

¹⁵Brown, op. cit., 183-184.

¹⁶Library of Congress, Journals of the Continental Congress, Volume II, 1775 (May 10-September 20), (Washington: Government Printing Office, 1905).

¹⁷Ibid., 208-209.

¹⁸Ibid.

¹⁹Journals of the Continental Congress, Volume 5 (1776), 526+.

²⁰Fuller, op. cit., 35.

²¹Merrill Jensen, The Articles of Confederation (Madison: Wisconsin: The University of Wisconsin Press, 1966), 268.

²²Journals of the Continental Congress, Volume XXIII, October 18, 1782 (Washington: Government Printing Office, 1914), p. 670.

²³Journals of the Continental Congress, Volume XIII, p. 677.
Nathan B. Williams wrote that:

The conception of the early post was, generally, that of a means by which the officials of a country transacted public business, but about the fifteenth century it became customary to employ the service for the convenience of the general public. . . .

from: Nathan B. Williams, The American Post Office, A Present-Day Relation to Express Companies, 61st Congress, 2d Session, Document No. 542, p. 1. While technically correct, the "general public" was a still quite small segment of the population in Europe. In addition, the English (as well as others) system was geared towards producing a revenue surplus rather than a more explicit aim of producing a service. Rich, op. cit., 91, describes this change. See Also: Arthur E. Summerfield, U.S. Mail: The Story of the United States Postal Service (New York: Holt, Rinehart and Winston, 1960), 33, and Gerald Cullinan, The Post Office Department (New York: Frederick A. Praeger, Publishers, 1968), 20.

²⁴Clyde Kelly, United States Postal Policy (New York: D. Appleton and Company, 1931), 21.

²⁵It was not until 1794, though, that the first complete revision of the postal law was made, with the establishment of a permanent post office.

²⁶Merrill Jensen, The New Nation (New York: Vintage Books, 1965), 313.

²⁷Journals of the Continental Congress, Volume XXXI, p. 674.

²⁸In addition, the postmaster general was given power to demand

payment of postage "at the time letters were put into post offices." Journals, Volumes XXXI, p. 674.

²⁹Journals of the Continental Congress, Volume XXXI, p. 918 (October 31, 1786).

³⁰Papers of the Continental Congress, folio 391, on microfilm.

³¹Cullinan, op. cit., 21.

³²Letter of March 25, 1783, from George Mason to Arthur Lee in: The Papers of George Mason, 1725-1792. Robert A. Rutland, editor. 3 volumes (Chapel Hill: University of North Carolina Press, 1970), 767.

³³Fuller, op. cit., 38.

³⁴Journals of the Continental Congress, Volume XXVI (February 11, 1784), 82.

³⁵Lindsay Rogers, The Postal Power of Congress: A Study in Constitutional Expansion (Baltimore: The Johns Hopkins Press, 1916), 23. The vote concerning adding "and post Roads" to the "To establish Post Offices" occurred on August 16, 1787. The record states that, "It was moved and seconded to add the words 'and post roads' after the words 'post offices' in the 7 clause of the 1st section of the 7. article." Max Farrand, The Records of the Federal Convention of 1787 (New Haven: Yale University Press, 1966), Volume II, 303. The proposal passed 6-5. There was no debate indicated, and no further reference to the issue.

A precedence for including "and post roads" may have been set while writing the Ordinance of 1782. The Journals of the Continental Congress, Volume XXIII, p. 677, footnote 4, indicate that the original draft wording for delineating use of surplus revenue was to "be appropriated and applied to the establishment of new post offices and roads and the support of packets." 'And roads' was not in the final form, but perhaps this is a precursor of such an inclusion in the Constitution.

³⁶The Pinckney Plan was introduced by Charles Pinckney of South Carolina, but was not one of the documents the Convention worked with in formulating a plan of government. See: Max Farrand, The Framing of the Constitution of the United States (New Haven: Yale University Press, 1976).

³⁷Rogers, op. cit., 25.

³⁸The Federalist, Earle edition (New York: The Modern Library), 278.

³⁹The Complete Anti-Federalist, edited by Herbert J. Storing and Murry Dry. 7 volumes (Chicago: The University of Chicago Press, 1981). Letters of Centinel, Volume 2 (2.7.163; 2.7.165; 2.7.182-3), 195-196 + 204-205, "To the People of Pennsylvania." Also, Aristocratis, "The

Government of Nature Delineated or an Exact Picture of the New Federal Constitution," (3.16.17), Volume 3, p. 210.

⁴⁰ Storing, op. cit., Volume 2 (2.8.13), 229.

⁴¹ Ibid. Volume 2 (2.8.10), 229.

⁴² Ibid. Volume 2 (2.8.35), 239.

⁴³ Ibid., Volume 3 (3.14.18), 190.

⁴⁴ Ibid., Volume 5 (5.3.9-11), 82-83, Samuel Chase, "The Present Government of the United States: Reform of the Articles of Confederation."

⁴⁵ Article I, Section 8, of the United States Constitution.

⁴⁶ Pomeroy, Constitutional Law, 264, as cited in Rogers, op. cit., 25.

⁴⁷ Annals of the Congress of the United States. First Congress, Volume II (Washington, D.C.: Gales and Seaton, 1834), 2179.

⁴⁸ Ibid.

⁴⁹ Fuller, op. cit., 43.

⁵⁰ Journals of the Continental Congress. Volume XXIII, p. 677.

⁵¹ Fuller, op. cit., 45.

⁵² See following pages.

⁵³ See: James Sterling Young, The Washington Community: 1800-1828 (New York: Harcourt, Brace and World, Inc., 1966).

⁵⁴ The Writings of George Washington, John C. Fitzpatrick, editor (Washington: Government Printing Office), 39 volumes. Volume 31, p. 168 (December 8, 1790).

⁵⁵ Ibid., Volume 31, 402-403.

⁵⁶ Rich, op. cit., 68; Cullinan, op. cit., 27.

⁵⁷ Annals of the Congress of the United States, Volume II, 1640-1641.

⁵⁸ Ibid.

⁵⁹ Leonard D. White, The Federalists: A Study in Administrative History, 1789-1801 (New York: The Free Press, 1948), 77-79.

⁶⁰Ibid., 255.

⁶¹Ibid., 487; and James Madison, Letters (Congressional edition), Volume II, 89 (April 4, 1796).

⁶²White, op. cit., 487-488; and Thomas Jefferson, Works (Federal edition), Volume VIII, 226-227 (March 6, 1796).

⁶³White, op. cit.

⁶⁴Writings of George Washington, op. cit., Volume 31, 402-403 (October 25, 1791).

⁶⁵Ibid. (relating to free papers through the mail)

⁶⁶The Papers of Alexander Hamilton, Harold C. Syrett, editor, 26 volumes (New York: Columbia University Press, 1961). Volume XXVI, 640.

⁶⁷Carter Goodrich, editor, The Government and the Economy, 1783-1861 (Indianapolis: The Bobbs-Merrill Company, Inc., 1967), xxxiii.

⁶⁸Ross Allan McReynolds, History of the United States Post Office, 1607-1931 (dissertation, University of Chicago, Department of Economics, March, 1935), 61.

⁶⁹Annals of the Congress of the United States (Washington: Gales and Seaton, 1849), Volume 4, 1435. See Section 2 of "An Act to establish the Post Office and Post Roads within the United States." Also, Fuller, op. cit., 150.

⁷⁰Fuller, op. cit., 151.

⁷¹Fuller, op. cit., 152; White, op. cit., 184; Cullinan, op. cit., 30.

⁷²Fuller, op. cit., 152-154.

⁷³Ibid., 154.

⁷⁴See, for example, the acts of 1792 and 1794 in Annals of the Congress of the United States. This is not to deny the policymaking content of lower levels of administration of policies, however, that is an unavoidable effect of carrying out any set of procedures.

⁷⁵See, Theodore Lowi, The End of Liberalism (New York: W.W. Norton & Company, Inc., 1969), Chapter 5, "Liberal Jurisprudence," particularly 125-132. Also, see: Peter Woll, American Bureaucracy, 2nd edition (New York: W.W. Norton & Company, Inc., 1977).

⁷⁶Lowi, op. cit.

⁷⁷White, op. cit., 434-435.

⁷⁸Ibid., 449.

⁷⁹Young, op. cit.

⁸⁰White, op. cit.

⁸¹The Works of Thomas Jefferson in 12 volumes. Federal edition. Edited by Paul Leicester Ford (New York: G.P. Putnam's Sons, 1904). Volume I, 192, "Conversations with the President," February 28, 1792.

⁸²At least until postal reorganization in 1970.

⁸³Kelly, op. cit., 21; Rich, op. cit., 91.

⁸⁴The notion of public may be broad, including citizens across the political, economic, and social spectrum, who would be "improved" by and have access to the expanded communication potentialities, or, a more narrow conception of the relatively wealthy, industrious, and "proper" citizens (including farmers, creditors, and merchants). The public would, together with the new system of government, promote the commercial and political viability of the nation, and so a notion of the public good. Even in a more limited understanding of citizenry, the conception of "public" was far broader than previous efforts.

⁸⁵Rich, op. cit., 107; White, op. cit., 178; Fuller, op. cit., 49-50.

⁸⁶A new transportation device was initiated, steamboats being promoted as early as 1815; by 1823, "all waters on which steamboats regularly passed from port to port were declared post roads." Leonard D. White, The Jeffersonians: A Study in Administrative History, 1801-1829 (New York: The Free Press, 1965), 307-308.

⁸⁷Rich, op. cit., 169.

⁸⁸White, The Federalists, op. cit., 178.

⁸⁹Fuller, op. cit., 46. Fuller sees this period and property of the postal service as "one of the nation's best examples of democracy at work." The fact that Congress was so directly involved in identifying and establishing post roads and post offices, and that Congress was also so accessible through petitions, meant that "the American people, both collectively and in special interest groups, would more than any other factor shape the American mail system." Fuller, op. cit., 45.

⁹⁰See: Gordon S. Wood, "Democracy and the Constitution," in Robert A. Goldman and William A. Schambra, editors, How Democratic Is the Constitution? (Washington, D.C.: American Enterprise Institute, 1980).

⁹¹Frederick C. Mosher, Democracy and the Public Service (New York: Oxford University Press, 1968), Chapter 3.

⁹²This is a generalization which, although entirely defensible, does mitigate certain differences among the disparate views of Anti-Federalists. The strongest connecting tissue of Anti-Federalist thought probably resides in the anti-national, pro-state sovereignty character of those opposing the Constitution, but this being the case does not infer that those who were guardians of state prerogatives were also necessarily pro-democratic. That the House was a more pure democratic institution, then, to those who were not primarily concerned with democracy but with the rights of the states, was only important in the sense of retaining the rights of the individual states. And even this locus of power (Congress) was not to be trusted. Jackson Turner Main wrote that: the Antifederalists included two major elements: those who emphasized the desirability of a weak central government, and those who encouraged democratic control. The democrats at this time accepted the doctrine of weak government, but the advocates of weak government did not always believe in democracy.

Jackson Turner Main, The Antifederalists: Critics of the Constitution, 1781-1788 (Chapel Hill: The University of North Carolina Press, 1961), xi. Furthermore, even those who viewed the House as the most positive feature of the new government also saw the need for a closer relationship between those representatives and the people, through a greater number of representatives (fewer people for each representative), recall of representatives, etc.

⁹³Among the various interests who viewed the postal service on a national scale as having a greater utility were the whole range of political actors. Commercial interests welcomed the extension and improvement of the road network to facilitate commerce, but so did everyone else.

Wealthy farmers wanted to promote agricultural trade, and so saw road development as essential, especially those farmers located inland. Settlers moving westward demanded postal service to keep in communication with the society they had left behind. Those concerned with the political development of this experiment in republicanism, such as George Washington, thought communication essential for an informed populace, and so that the bulk of the population could have contact with and information about the national government, and so lessen the inherently pervasive distrust of centralized power. All in all, there was widespread support for a comprehensive and reliable postal service which would improve and extend the road system; this would materially improve the lives of almost everyone while being no threat of an substance. A national postal system brought with it the best of convenience from a general government without the baggage of threats to notions of sovereignty or basic rights.

⁹⁴See note 95 below.

⁹⁵The national government was "new" because it created a different organization and regime than what had gone before, under the Articles of Confederation. This distinction is clear. Martin Diamond went further by writing that before the Constitution there was really no national government at all.

Strictly speaking, neither the friends nor the enemies of the Constitution regarded the Articles as having created any kind of government at all, weak or otherwise. . . . Men referred then to the Articles as a kind of treaty, and, no more than any other treaty organization is thought to create a government, was it thought that the Articles had created one. . . . Under the Articles the United States had no being; its existence consisted solely in the congregation of envoys from the separate states for the accommodation of certain specified matters under the terms prescribed by the federal treaty.

Martin Diamond, "What the Framers Meant by Federalism," in Robert A. Goldman, editor, A Nation of States: Essays on the American Federal System, 2nd edition (Chicago: Rand McNally College Publishing Company, 1974), 29-30.

⁹⁶Young, op. cit.

⁹⁷Edward G. Daniel, United States Postal Service and Postal Policy, 1789-1860 (Ph.D. thesis, Harvard University, June, 1941), 62.

⁹⁸Carriers transported the mail from post office to post office.

⁹⁹Journals of the Continental Congress. Edited by Fitzpatrick (Washington: Government Printing Office, 1933), Volume XXIX (1785), 684-685 (September 7, 1785). "Previous to this time the mail had been carried by post riders under the employ of the Post Office. Thus at this early date the policy of contracting with private parties for the transportation of the mail was established." Daniel, op. cit., 11-12.

¹⁰⁰See: Fuller, op. cit., 150, and Annals of the Congress of the United States, Volume 4, 1431-1443.

¹⁰¹Fuller, op. cit., 150.

¹⁰²Goodrich, op. cit., xxxiv.

¹⁰³Letter to Benjamin Austin, January 9, 1816, in The Portable Thomas Jefferson, edited by Merrill D. Peterson (New York: Penguin Books, 1979), 547-550.

¹⁰⁴Fuller, op. cit., 158; Daniel, op. cit.

¹⁰⁵Report on Manufactures, December 5, 1791, in The Reports of Alexander Hamilton, edited by Jacob E. Cooke (New York: Harper and Row, Publishers, 1964), 115-205.

¹⁰⁶Ibid., 204.

¹⁰⁷Ibid., 177-179.

¹⁰⁸Ibid., 178.

¹⁰⁹Ibid., 178.

¹¹⁰Ibid., 178-179; Adam Smith, The Wealth of Nations, edited by Andrew Skinner (New York: Penguin Books, 1980), 251.

CHAPTER III

THE POSTAL TELEGRAPH

The history of the early post office is one of establishment and extension of the fundamental services expected of a postal service. The means employed were all toward a purpose of letter carrying, whether by horseback, stagecoach, steamship, or the emerging railroads. The post office played an important role in subsidizing the steamship and railroad industries early in their development, which in turn provided improvement in the post office's service, speed, reliability, and extent of operation. At the same time that the post office remained a political tool of Congressional prerogative, it became increasingly politicized through Andrew Jackson's appointment of William Barry as Postmaster General.¹

During the first year of the Jackson administration, an estimated 543 postmasters, or about 7 per cent of the more than 8,000 postmasters in the country were removed for political reasons. This figure may seem comparatively small, but it represents almost all the postmasterships worth bothering about. Most of the changes were made in New York and the New England states, the stronghold of the Eastern establishment.²

Leonard White cited a House Report from 1835 which stated that the Post Office was not "a political department. . . in the partisan sense of the word," but that, "Since the 4th of March, 1829, the removals of postmasters have not fallen much short of 1,300, and in a great majority of the cases without the assignment of any cause."³ That Barry represented

Jackson's interests in political appointments seems clear, but his apparently inept administrative activities and poor relations with Congress eventually caused his removal in 1835.

The greatest innovation in communication lay ahead and is the subject of this chapter--the introduction of the electromagnetic telegraph by Samuel F. B. Morse. The change of speed from that of horses or ships or trains to the almost instantaneous telegraph wire was a critical advance.

Communication had from the beginning of history been tied to transportation. Messages could travel no faster than the messengers. The limitation disappeared [with] the invention of the magnetic telegraph.⁴

Morse relied on government funds to prove his system practical in operation, and operated it under the Treasury Department and the Post Office in its initial stages. An analysis of why this revolution in communication was allowed to assume completely private ownership rather than public (postal) ownership will help clarify the attitudes toward public enterprise during the late 1830s and 1840s. The opportunity missed for successful government enterprise can be measured by the enormous subsequent success of the Western Union Company.⁵

The Post Office Department went through years of changing stewardship: Barry until 1835; Amos Kendall (1835-1840); John Milton Niles (1840-1841); Francis Granger (1841); Charles A. Wickliffe (1841-1845); and Cave Johnson (1845-1849). Barry's inept administration and patronage; Kendall's sharp business and administrative acumen; Wickliffe's "alarming" mismanagement; Granger's differences with President Tyler--

these personalities helped lead to the Act of 1845, which reformed postage rates (by weight rather than number of sheets), changed methods for contracting out mail routes, and established the star-route system.⁶

According to Cullinan, Cave Johnson

had little interest in the postal system as such. He was principally interested in using the Post Office Department as a base for his political manipulations. He was Polk's closest friend, personally and politically, and the President's liaison man with Congress.⁷

Postal policy concerning the telegraph grew out of this atmosphere of politically-minded administration, as well as of the economic conditions of the period. The general political trends toward less government investment influenced whatever public (and postal) policymakers attempted. In this sense, the larger arena of public policy conditions was important in assessing why the post office was not granted the logical power over the telegraph. The literature on the post office is brief and general in this area and calls for further development.

In any event, despite the requests for a public telegraph urged by central figures such as Samuel Morse, Postmaster General Johnson, and the House Committee of Ways and Means, the telegraph came into private operation. Leonard White described the prevalent mood of the time:

Laissez-faire triumphed. Congress not only would not buy the patent rights, it was indifferent to the regulation of the telegraph system. Both the "safety of the citizen" and the threat of disastrous competition to the post office by a private monopoly yielded to the predisposition of the time, [during] an age deeply committed to the less government, the better and to primary reliance on the states for what regulation seemed unavoidable.⁸

Robert Luther Thompson wrote that ultimately, despite Postmaster General Johnson's repeated appeals for public control of the telegraph in 1846, "The government, now busily engaged in prosecuting the war with Mexico, could not be bothered with anything so trivial as the telegraph."⁹

Wayne Fuller cited a sudden "lack of interest in government ownership of the telegraph"¹⁰ in 1846, attributed to apparent fears about the inefficiencies possible in government operation of a telegraph system.

Yet a more complete picture is warranted here to help explain the reasons Congress ultimately failed to create (or sustain) a postal telegraph in the 1840s. The economic histories about the period do not indicate an unwillingness for government to be involved in promoting improvements, although enthusiasm was dwindling, and the post office in particular was the foremost example of a willingness to extend operation as far and as wide as possible. What were the special conditions in the relationship of the telegraph technology to public operation, what was the general relationship of the government to private enterprise during the period in terms of developing improvements, and how can the decision to let private interests develop a telegraph system be understood within the context of American public policy?

The story of the telegraph in the United States is generally considered to be "so closely bound up with the life of [Samuel] Morse that the story of one can scarcely be told without touching upon that of the other."¹¹ Thus, most accounts do detail the Morse "connection," leaving others such as Joseph Henry, whose "discoveries were fundamental," by the wayside.¹² Alfred Still, in Communication through the Ages, con-

tends that asking, "Who invented the electric telegraph? . . . is rather silly."¹³ Each country has its own socialization process and values, which lead to a result wherein Morse is America's inventor of the telegraph; Cooke and Wheatstone, Britain's; von Semmering, Germany's, etc.¹⁴

In America, such questions are addressed to the child, because the child is more up to date and consequently more knowing than his elders. The American child, who learns at an early age that glorification of his country is his first duty, while veracity is largely a matter of expediency, promptly produces the name of Samuel F. B. Morse.¹⁵

While the contributions of various actors in the international scientific scene were obviously crucial, the fact that the most heavily pursued attempts to put a telegraph to public use in the United States were those revolving around Samuel Morse makes his contribution to public policy formation especially relevant.

As early as 1837 Morse advocated a government telegraph, in answering a circular letter sent from Secretary of the Treasury Levi Woodbury in compliance with a resolution of the House of Representatives of February 3, 1837. The circular was intended to procure "from the most intelligent sources, such information as would enable Congress. . . to decide upon the propriety of establishing a system of telegraphs."¹⁶ Secretary Woodbury, "from these communications, and such other investigations as the pressure of business has enabled me to make," was

satisfied that the establishment of a system of telegraphs for the United States would be useful to commerce as well as the Government. It might most properly be made appurtenant to the Post Office, and, during war, would prove a most essential aid to the military operations of the country.¹⁷

Morse's response, dated September 27, 1837, cited five advantages to the construction and operation of a postal telegraph

- 1) nearly instantaneous communication of the "fullest and most precise information" between points
- 2) the above at any time and in any weather
- 3) the process achieved in a fairly small space
- 4) the message recorded in a "permanent manner," and
- 5) the message made in secret.

He prefaced the argument for the development of a telegraph system with the reasoning that it should be under the auspices of the Post Office Department, because

The mail system. . .is founded on the universally admitted principle, that the greater the speed with which intelligence can be transmitted from point to point, the greater is the benefit to the whole community.¹⁸

Indeed, the history of the post office had been steeped in attempts to improve the speed and scope of mail service. Morse asked rhetorically, "The only question that remains. . .is, what system is best calculated, from its completeness and cheapness, to effect this desirable end?"¹⁹

The answer was the telegraph, and he wrote that,

if the perfecting of this new system of telegraphs. . .shall be thought of as public utility, and worthy the attention of Government, I shall be ready to make any sacrifice of personal service and of time to aid in its accomplishment.²⁰

Morse took his telegraph instrument and demonstrated it in Washington in February, 1838, and it

so impressed the House Committee on Commerce--especially its chairman, F.O.J. Smith of Maine--that an enthusiastic recom-

mentation was made for an appropriation of \$30,000 to permit the construction of an experimental telegraph line to test the practicability of Morse's invention. . .but the panic of 1837, the skepticism of Congress, and the pressure of other business intervened, and no money was appropriated.²¹

The Commerce Committee held Morse's demonstration in its meeting room and, "On February 21, President Martin Van Buren and his entire cabinet, at their own special request, visited the room and saw the telegraph in operation."²² But ultimately Congress did not act. It appears that economic conditions and skepticism ran ahead of Morse's enthusiasm, and that Congress felt that public monies for a questionable technology were no better spent than the private ones Morse had been unable to acquire. It was not until 1843 that Congress finally appropriated Morse the \$30,000 initially proposed in 1838.

The conditions in 1842-1843 had been altered by the enhanced image of the science of the telegraph. A report from the House Committee on Commerce, dated December 30, 1842, cited the international recognition which Morse's invention had received (particularly in France and Britain), and further promoted the American spirit, for

it is a matter of national pride, that the invention of the first electro-magnetic telegraph, by Professor Morse, as well as the first conception of using electricity as the means of transmitting intelligence, by Doctor Franklin, is the offspring of American genius.²³

The substance of the report develops the potential for the telegraph in terms of defense, commerce, and social relations.²⁴ Further, the potential for revenue from the operation of a telegraph system was apparently "so inviting" that to pass up the chance for the regulation or operation

of the system might lead to such development by a private company, and "might be used to the serious injury of the Post Office Department," and would be beyond interference because of considerations of "justice or public opinion."²⁵ The Commerce report introduced "A Bill to test the practicability of establishing a system of electro magnetic telegraphs by the United States."²⁶

A later report of Mr. Chappell, from the House Committee of Ways and Means, concluded that the constitutional basis and significance of the postal power allowed the post office to operate a telegraph. The Post Office had always seen its obligation to keep up with the newest of technologies, and it would have been

a gross and manifest dereliction to have permitted it to lag behind the improvements of the age, and to be out-stripped by the pace of ordinary travel and commercial communication. To be outstripped by private expresses, or by the ordinary lines of travel, is deemed. . .a thing. . .not to be permitted.

This great and fundamental principle upon which the departments acts [sic]. . .led necessarily to subsidizing the steam-engine into the service of the post office; and it must and will lead, with equal certainty, to a like adoption of any other newly discovered agency or contrivance possessing decided advantage of celerity over previously used methods.²⁷

The report emphasized that the sole question to be considered was whether the advantages of the telegraph were "of sufficient value to justify the expense of engraftment on the system."²⁸ The report also discussed the arguments for a telegraph, the foremost being the "rapidity of transmission" and its corollary benefits. Communications would be secret. They foresaw that the telegraph would soon be developed by private enterprise if not by the public, so that

then a state of things will immediately develop itself, which the people will never endure or tolerate the government in permitting to exist. The state of things would be that the post office, in its transportation of all correspondence and news, would lag not hours, but days, behind the transmission of the same things through another medium; and that, a medium belonging to private individuals, and controlled by private views and interests.²⁹

And the corollary of a private development of the telegraph would make it "manifest how greatly government and the people would lie at their mercy."³⁰ The report affirms in detail the power of the post office to develop the telegraph, and operate it in the public interest, and further states that the government has the power to establish the telegraph for its own use: "the committee deems the constitutionality of the matter incontrovertible."³¹ This seemed to resolve any constitutional or jurisdictional questions, although the telegraph was initially put under the Secretary of the Treasury instead of the Postmaster General.³² The resolution passed the House February 22, 1843, and then the Senate in the last hours of the session.³³

Morse, who had been unable to attract private capital to fund his experiment to demonstrate the practicality of the telegraph, had finally convinced the government to do so, after five years of effort. Whether Congress acted simply out of the failure of private enterprise to risk the funds necessary to provide for this pilot project or whether it was a more positive statement of policy, such as that embodied in the House report of December 30, 1842, cannot be readily ascertained. A broad indication, though, is that a mere three years later, after the line had been built, the practicability of the technology proven, and an ongoing (if somewhat erratic and curious) enterprise in operation, Congress did

not see fit to buy the patent for the telegraph from Morse and continue to operate a public line or system, but rather allowed the whole technology to be run privately. The commitment to a public system, operated for public rather than private benefit and under the control of the Post Office Department rather than its potential competitors, was lacking.

There were proponents of a public telegraph system, although they were ignored or rejected. These included Morse, Postmaster General Johnson, and the President of the Magnetic Telegraph Company and ex-Postmaster General, Amos Kendall. Morse was foremost among these. Having achieved success in the establishment of an operating line,

He felt that he had earned repose. To this end he sought to carry out his long-cherished idea that the telegraph should become the property of the Government, and he was willing to accept a very modest remuneration.³⁴

His offer of \$100,000 to be paid to him and the other proprietors was rejected.

Congress did not accept the repeated recommendations in 1845 and 1846 of the Postmaster General, Cave Johnson. Johnson did not envision an immediate profit in the establishment of the telegraph, but

Its importance to the public does not consist in any probable income that can ever be derived from it; but as an agent vastly superior to any other ever devised by the genius of man for the diffusion of intelligence, which may be accomplished with almost the rapidity of light to any part of the republic, its value in all commercial transactions, to individuals having the control of it, or to the government in time of war, could not be estimated. The use of an instrument so powerful for good or for evil cannot with safety to the people be left in the hands of private individuals uncontrolled by law.³⁵

Johnson feared that a partial government operation of the telegraph would

lead to skimming by private services, and that those private interests might use the telegraph to "perhaps become the most potent instrument the world ever knew to effect sudden and large speculations -- to rob the many of their just advantages, and concentrate them upon the few."³⁶ In 1846 Johnson again advocated the purchase of the telegraph, arguing that the Post Office

must necessarily be superseded in much of its most important business in a few years, if the telegraph be permitted to remain under the control of individuals. It is the settled conviction of the undersigned that the government should get the exclusive control of it, by purchase, or that its use should be subjected to the restraints of law.³⁷

But Congress neglected Johnson's counsel and Morse's wishes and offers.

The failure of the Government to appreciate the value of what was offered to them was always a deep source of regret to Morse. For, while he himself gained much more by the operation of private companies, the evils which he had foretold were more than realized.³⁸

The result was that, "Dozens of private telegraph companies were born overnight."³⁹

This period in the development of the telegraph illustrates both the extent to which the government would go in promoting a novel technology and the limits to which it would hold itself in operating a public enterprise. The time from Morse's letter to Secretary of the Treasury Woodbury (in 1837) to the "explosion" of private companies in the aftermath of Congress' inaction is an indication of how the government approached public service issues in the nineteenth century.

One interesting fact is that state capital was never sought by

Morse, and state telegraph operation neglected, despite increasing state involvement in capital funding and regulation during the Jacksonian period.⁴⁰ The regional (and then national) competition and the rapid growth of the private telegraph system may have inhibited the involvement of the states, but this surely contrasts with state involvement in canal and railroad construction. But since the government of the period was flexible in terms of subsidization, the need for national funding may have eclipsed a state role. George Rogers Taylor wrote, in The Transportation Revolution, about the limited perceived constitutional role of federal government during the period,

having to do with defense, the mails, Indian affairs, and interstate and foreign commerce. . . . With the exception of transportation, not many new fields existed where the federal government might easily have entered during this period. But where a real need for federal ownership of facilities appeared, practically no opposition to it seemed to have developed.⁴¹

The period in which Morse was developing the telegraph was one in which the national government was, in general, restrained in its powers and its role in promoting internal improvements. Why this did not translate into schemes for state and local funding of either Morse's development or the infant telegraphs system is probably due 1) to the primacy of the national government in postal affairs, or communications and 2) to an implicit understanding of the nature of communications technology, which required a national rather than piecemeal or state focus, something recognized since the founding period. The first point is addressed in Chapter II, where it was shown how there existed a remarkable lack of conflict between the states and the national government over the

complete monopoly of government postal functions given the national government.⁴² The second point is reinforced by the notion that the promotion of union, and feelings of national felicity, would be an important byproduct of a national postal service.⁴³ This was important to a nation which was, at the time of the founding, in danger of separation into many parts, and later was threatened by the increasing regional pressures afflicting ante-bellum society. In both cases, postal service and efforts for improving communications were important tools for helping to bring about moderation. Moderation would help to alleviate the pressures which factions would inevitably put on a democratic nation, and the flow of information to an increasingly "learned" society would help induce such moderation.⁴⁴

The most striking element of the development of public policy toward the telegraph is the relationship between the political tenor of the times and the approach to public sector activity. Until the 1830s, national government involvement had been viewed as legitimate in promoting enterprises which private capital could not promote.⁴⁵ But with the advent of the Jacksonian period, national government involvement became suspect in relation to state government action, and much activity devolved to state government. Debate centered around the propriety of national versus state action.⁴⁶

This switch to state government activity does not have a relevance to the issue of the telegraph, though, for there never was a question of state action, just as with the development of the postal service. What was at issue was national action versus leaving the field to private development. And although private capital was unwilling to fund Morse's

experiment, it is not at all clear that it was unable to do so, and in fact, as soon as the (potential and immediate) benefits began to be realized, investors jumped right in.

This falls in line with other examples of national promotion of commercial development, especially in the internal improvement projects concerning the canals, steamships, and railroads.⁴⁷ But,

Direct support to transport was less important after the 1830s. . . . One reason for diminished public involvement was the crisis of confidence in internal-improvement subsidies created by the Panic of 1837. Also, the conquest of the mid-western prairies in the 1840s and 1850s was less risky for private enterprise than the conquest of the Appalachian barrier, which took place largely before 1837. Finally, by the 1840s both capital markets and corporate structures had become better equipped to mobilize and manage the large units of capital required.⁴⁸

Although national government subsidization was on the decline by the 1840s, in relative terms, the telegraph was a new technology in need of a subsidy. It took five years for Morse to receive a subsidy, and the success in making the development of the first electric telegraph in the United States a project under purely public auspices was probably motivated by a number of factors, including: 1) the historical role of the government as a promoter of new technologies; 2) the national government's operation of the system of intelligence transfer or communication, which had up to that point included letters and newspapers, but was now apparently being expanded; 3) the unwillingness of private enterprise⁴⁹ to enter into a project which was, by all evidence, developing a technology which would revolutionize communications and society; and 4) the relatively small investment which would be required to finance Morse's

experiment, especially considering the potential benefits, to the public treasury, to commercial development, and to the prestige of America and its genius. So the willingness to fund an internal improvement was a national policy outcome given the specific policy area (communications-postal/transportation policy), and the type of promotion involved, i.e., "seed" money to insure that a telegraph would be built, not dissimilar from the use of stagecoaches, steamships, or railroads used by the post office. That this action was taken despite some hesitancy to use government where private enterprise could potentially develop was probably due to the long-term involvement of the national government in postal policy, postal subsidization, and so communication, all of which was uncontroversial. Added to this is the fact that although the effects of the Panic of 1837 were still being felt,

No other nation in modern history has experienced less difficulty in meeting its financial needs than did the United States in the years between the second war with England and the Civil War.⁵⁰

Finally, whatever the contrary trends within the period, the time between 1815 and 1860 has been characterized as one in which government (often at the state level) was active, for

in no other period of American history has the government been so active in financing and actually promoting, owning, and controlling banks and public works including turnpikes, bridges, canals, and railroads.⁵¹

The initial funding for Morse's demonstration project between Washington and Baltimore was undertaken, then, as a logical developmental step well within the scope of American public policy of the time. It

was consistent with what had gone before and what was still developing. But despite the logic of this investment in the telegraph, the Congress, ignoring pleas of the Postmaster General and Samuel Morse, refused to go further to operate or expand a public telegraph system under the direction of the Post Office. The relinquishing of this new and innovative system to the world of private enterprise provides several indications about public and congressional attitudes toward the role of government within the environment of the period.

The first is that, despite the government's willingness to provide some money where no private capital was available, it was not so gladly given within the political atmosphere of the period. Increasingly, private development was preferred, and increasingly it was able to be used. As W. Elliot Brownlee indicated, money was much more readily available in the 1840s and 1850s to be "mobilized and managed" to promote private development. At that, the telegraph technology was not as capital intensive as other improvements, while at the same time it offered "the most drastic change" in an era "of revolutionary developments in transportation and communication."⁵² Thus, for a relatively small outlay, potential receipts were enormous. As soon as this became evident,

Dozens of private telegraph companies were born overnight. Telegraph poles suddenly sprouted along the nation's roads and railroads as mile after mile of message-bearing wire were hauled aloft and strung from pole to pole, while down on the ground such confusion spread that a telegram from New York to the frontier town of Chicago would have to pass through as many as four companies.⁵³

And,

With the great extension of the lines, the original hesitancy to use the telegraph disappeared. The whole method of gathering news was rapidly revolutionized, and business, financial, and transportation interests soon began to make use of the new device.⁵⁴

Quickly, private development of the telegraph made a public monopoly on the patent almost irretrievable, as Morse had feared.⁵⁵ Discussion of making the telegraph publicly-owned continued, but the topic was pretty well closed by 1846, until the first World War.

The subsidization of the first Morse telegraph line (with \$30,000), and a later grant of \$8,000 to cover expenses and for structural reorganization within the government,⁵⁶ was all that the public sector, in the form of Congress, was willing to provide. One last appropriation of \$4,000 was made,⁵⁷ and "Congress authorized the Postmaster General to lease the line to any person who would keep it in operation for its earnings, or sell it under the direction of the President of the United States."⁵⁸ The Postmaster General did first lease it and then ultimately sell it to the Magnetic Telegraph Company.⁵⁹

Congress went as far as founding and operating the first significant telegraph line, but no further. Its role was dominant in postal policy, and it was able to determine the scope of Post Office activities. It had time to act when no private interests would adequately fund further development, but this time span was very short, and Congress did not act. Samuel Morse, Cave Johnson and Amos Kendall all urged the government to buy the patent to the telegraph system and run it as a government enterprise. Yet there was no action on this. Evidently, Congress could extend the post roads and order improvement in the postal

system without fully appreciating the importance of the telegraph as a communications device and its effect on the transfer of information through society.

The only protracted discussion in Congress concerning the merits of the telegraph in the 1843-1847 period took place in the Senate on February 28, 1845.⁶⁰ It indicates a reluctance to act, whatever the advantages. Whigs generally favored the telegraph, with some reservations (of Senator George Evans), while Democrats opposed it.

Senator George McDuffie, Democrat from South Carolina,⁶¹ asked, "What [will] this telegraph do? Would it transmit letters and newspapers?" Along with Senator Thomas Hart Benton's⁶² question as to whether "there was a call for it by the merchants of the country?", this indicated a concern as to the commercial viability of the proposed extension of the telegraph from Baltimore to New York. (Senator Benton was a Democrat from Missouri.) Senator Jabez William Huntington, a Whig from Connecticut,⁶³ said that "no petitions had come from the merchants in favor of that telegraph, because they thought its value and importance was too evident to require being brought to the notice of Congress."

Senator George Evans,⁶⁴ a Whig from Maine, wondered, "Why should the government wish to work the telegraph for the benefit of private individuals? If merchants wished the benefits of the telegraph between here and Baltimore, let them pay for it." Senator Alexander Barrow, Whig from Louisiana,⁶⁵ had earlier indicated that operation of the telegraph

erected by the government and controlled by the Post Office Department, would not only pay its expense, but be a source of revenue. He hoped to see the day when it would be extended to Boston and New Orleans.

However, Senator Evans' suggestion that the powerful interests would benefit through a government telegraph was not readily answered, and he seemed to reflect the general outlook of the period, as characterized by contemporary historians, such as Richard Hofstadter:

The Jacksonian movement grew out of expanding opportunities and a common desire to enlarge these opportunities still further by removing restrictions and privileges that had their origins in acts of government; thus, with some qualifications, it was essentially a movement of laissez-faire, an attempt to divorce government and business.⁶⁶

The maintenance or growth of public enterprise in order that the established interests might be served had a disquieting effect on the Congress of the time, so that both Evans and Benton might raise such an issue within an effective political atmosphere acting as a stage. Continued maintenance of the telegraph line, and extension of that line, would be a public subsidy to private business. The money for Morse's development of an experimental line from Washington to Baltimore was enough; if business wanted a telegraph badly enough, they could surely construct it.

There was no effective argument against that, for Huntington admitted that its value was evident enough, the implication being that business was waiting for the government to develop the telegraph. There was no indication that capital could not be raised, or that the risk was too great, so it appears that the line was rejected, in economic terms,

to lessen the benefits to private business. Further government subsidization was understood as simply allowing business to concentrate on its ongoing operations. What Senators Evans and Benton missed was the business potential of the telegraph itself, which Barrow understood to be a "source of revenue" for the Post Office Department. While the Post Office has throughout its history been just that, a subsidizer of commercial (as well as educational and political) expansion, senators now argued against further expansion through Jacksonian lenses: to be careful in exploiting the national government so that established interests, no matter what their fiscal (or moral)⁶⁷ integrity, would not retain the advantage.

Senator McDuffie worried that "the telegraph might be made very mischievous, and secret communication after communicated, to the prejudice of merchants."⁶⁸ However, Senator Huntington, "thought no danger would result from its establishment, owned as it would be by the government, and controlled by the Postmaster General."⁶⁹ As early as 1842, the House Committee on Commerce had voiced concerns as to how the telegraph, "if monopolized by a private company, might be used to the serious injury of the Post Office Department."⁷⁰ And the House Report Number 187, presented three days after McDuffie's Senate rhetoric, voiced the same fears of injury to the Post Office. Furthermore,

if the government shall not speedily embrace the project. . . he [Morse] will be necessitated to look elsewhere for his indemnification. And, should the arrangements into which he may find it necessary to enter with private individuals or associations, stipulate exclusive rights in their favor, it is manifest how greatly government and the people would lie at their mercy.⁷¹

McDuffie also asked, "Under what power in the constitution did senators propose to erect this telegraph? He was not aware of any authority except under the clause for the establishment of post roads."⁷² No one answered directly, although everyone presumed the power would be exercised by the Post Office Department, since this power was being used by the Post Office Department to operate the Baltimore to Washington line. But three days later, the House Committee of Ways and Means did answer McDuffie by detailing an argument of constitutional justification. The Committee found that the operation of the telegraph was legitimately a post office power. As the post office subsidized steamships and railroads, it could equally do so with telegraphs. In addition to the postal power, "the government undoubtedly possesses the authority to establish the telegraph for its own use in the transmission of official orders and communications." Together with the postal power, "the committee deem the constitutionality of the measure incontrovertible."⁷³ Whether McDuffie was aware of the report which was about to be released is not known,⁷⁴ but his line of argument was forcefully rebutted by the reasoning of the Committee of Ways and Means and by the practice already ongoing in operating the Baltimore-Washington line as part of the Post Office.

Congress took no further action, and the telegraph system was developed by private individuals. Whether Evans and Benton would have accepted "some system"--any system--is questionable. But the point is moot, since government deliberation was running a race with the rapidity with which private enterprise appreciated the implications of the telegraph as a revolution in communication. And as Congress failed to act,

Morse asked Amos Kendall to serve as President of what came to be the Magnetic Telegraph Company. The story developed from there is a private enterprise success. Although discussion of the public control of the telegraph system surfaced at times, significant action was not taken until 1918, when the exigencies of the first World War led to a government takeover of the telegraph and telephone systems.

As a public policy question, the failure of Congress to listen to those pushing for a telegraph system under the Post Office illustrates how the postal service as a public enterprise has been instrumentally operated to achieve certain limited ends. The subsidization of private enterprise has been central to postal policy throughout the existence of the postal service, but the ownership of stagecoaches, steamships, railroads, or the telegraph has been seen as undesirable. Subsidize business, but do not displace business or inhibit its development.

The main characteristic of the telegraph example is borne out in the nature of public enterprise in the United States as a subsidizer of commercial development. The government, specifically Congress, went as far as necessary to stimulate development. Whereas the post office had earlier used the stages, ships, or railroads as a means by which to deliver mail, in the case of the telegraph the post office more straightforwardly developed the technology. When this was done, the telegraph was set loose by Congress to develop and compete with the Post Office.

The warnings of Cave Johnson in his annual reports as Postmaster General (reports of December 1, 1845, and December 7, 1846) were not heeded. He wrote that,

It becomes, then, a question of great importance, how far the government will allow individuals to divide with it the business of transmitting intelligence--an important duty, confided to it by the constitution, necessarily and properly exclusive? . . . The use of an instrument so powerful for good or for evil cannot with safety to the people be left in the hands of private individuals uncontrolled by law.⁷⁵

Apparently Congress was willing to let the Post Office Department absorb the onslaught of the telegraph. Although the postal service still exists, this is an early indication of the way in which Congress would allow the post office to be inhibited in certain ways, developmentally (in terms of new technical possibilities) and financially, whereby Congress sets conditions allowing private enterprises to operate successfully against the post office and to skim profits (despite the first class mail monopoly). Thus, in the promotion of commercial development relating to the telegraph, Congress not only allowed but ordered the development of a technology which would ultimately compete with the Post Office, and yet could not be used by the Post Office. This public enterprise was therefore having its potential for qualitative improvement, profit-making, and public recognition and approval undermined. So public policy in this instance not only limited postal abilities and subsidized private commercial development, it subsidized and established a competitor to the very post office it operated. This is a very different endeavor altogether, for in the past the promotion of commercial development had to do with general economic growth, education, or transportation, while in this case Congress had subsidized and developed an alternative communication system. This introduced a new dimension into American postal policy. In this case Congress demonstrated to the

postal service that it favored private enterprise over public enterprise, and that it would not hesitate to allow competition in the communications field. The implications were immense for the United States Post Office in particular and for public enterprise in general. The "loss" of the telegraph, from the viewpoint of the postal service as a public enterprise, was significant.

NOTES

¹Barry largely fulfilled the demands for new postal routes which Congress had stipulated but that his predecessor, John McLean, had not yet put into service. He did this in a more political than strictly "administrative" manner, and as the first Postmaster General as a part of the Cabinet, can be tied loosely to the Jackson image.

²Gerald Cullinan, The Post Office Department (New York: Frederick A. Praeger, Publishers, 1968), p. 46. See also: Wayne Fuller, The American Mail: Enlarger of the Common Life (Chicago: The University of Chicago Press, 1972), and, Leonard White, The Jacksonians: A Study in Administrative History, 1829-1861 (New York: The Free Press, 1954).

³House Report 103 (1835), pp. 60-62, cited in White, op. cit., 266.

⁴George Rogers Taylor, The Transportation Revolution 1815-1860 (New York: Rinehart & Company, Inc., 1951), Volume IV: The Economic History of the United States, p. 151.

⁵Without any assumption that a government enterprise is as efficient or desirable as a private enterprise, it is clear what the potential was for any telegraph system given the advance in technology. And this holds true for the later introduction of another wired communication device, the telephone. Of course, conditions of operation for public enterprises are substantially different than those for private enterprise, especially the idea of the role of profits.

⁶Cullinan, op. cit., 58-59.

⁷Ibid., 59.

⁸White, op. cit., 456-458.

⁹Robert Luther Thompson, Wiring a Continent: The History of the Telegraph Industry in the United States 1832-1866 (Princeton, New Jersey: Princeton University Press, 1947), p. 34.

¹⁰Fuller, op. cit., 174.

¹¹Thompson, op. cit., 5. Thompson is perhaps the most often cited authority on the development of the telegraph system in the United States.

¹²Ibid.

¹³Alfred Still, Communications through the Ages: From Sign Language to Television (New York: Murray Hill Books, Inc., 1946), p. 69.

¹⁴Ibid., 70.

¹⁵Ibid.

¹⁶House Document 15, 25th Congress, 2nd Session (December 11, 1837), p. 1.

¹⁷Ibid.

¹⁸Ibid., 28-29. Letter from Morse to Woodbury, September 27, 1837.

¹⁹Ibid.

²⁰Ibid., 31.

²¹Thompson, op. cit., 12-13.

²²Samuel F. B. Morse: His Letters and Journals. Edited and supplemented by his son, Edward Lind Morse (Boston and New York: Houghton Mifflin Company, 1914), Volume II, p. 81.

²³House Report 17, 27th Congress, 3rd Session (December 30, 1842), p. 3.

²⁴Ibid., 1.

²⁵Ibid., 3.

²⁶Ibid., 4.

²⁷House Report 187, 28th Congress, 2nd Session (March 3, 1845), p. 3.

²⁸Ibid.

²⁹Ibid., 5.

³⁰Ibid.

³¹Ibid., 6.

³²Morse, Letters and Journals, op. cit., 193-194.

³³The story is recounted in several places how Morse left the Senate gallery late in the evening convinced the bill would not be brought up at all, only to receive the news the next morning from Annie G. Ellsworth (daughter of H. L. Ellsworth, the Commissioner of Patents), at first incredulously. See, Morse, op. cit., 199-200, and James D. Reid, The Telegraph in America: Its Founders, Promoters, and Noted Men (New York: Derby Brothers, 1879), 101-102.

³⁴Morse, op. cit., 232.

³⁵Senate Document 1, 29th Congress, 1st Session (December 1, 1845), p. 861. Report of Cave Johnson.

³⁶Ibid.

³⁷Senate Document 1, 29th Congress, 2nd Session (December 7, 1846), p. 689.

³⁸Morse, op. cit., 232.

³⁹Fuller, op. cit., 174-175.

⁴⁰Taylor wrote about how the period of his study, 1815-1860, "was especially remarkable for the degree to which state governments actually participated in economic enterprises, both through mixed corporations and by complete ownership and control." Taylor, op. cit., 361. Also see: W. Elliot Brownlee, Dynamics of Ascent: A History of the American Economy. Second edition (New York: Alfred A. Knopf, 1979), and Carter Goodrich, Promotion of American Canals and Railroads 1800-1890 (Westport, Connecticut: Greenwood Press, Publishers, 1974).

⁴¹Taylor, op. cit., 368.

⁴²Remember the extremely limited contribution of Maryland (if historically accurate) as the only example of a state opposing the establishment and operation of the Post Office as a completely national entity, and that occurring in the pre-Constitutional period, under the Articles of Confederation.

⁴³See George Washington, Alexander Hamilton, and others.

⁴⁴Of course, when statesmen such as Washington promoted such learning, it may be regarded as a call for educating the elite so that they may "lead" in a wise and prudent manner. Many elements across the political spectrum attack elitism (without adequately defining it) or, in a sense more applicable to Washington and the American founding, attack the existence (and effort to maintain that) of a body of men who could be cultivated for leadership. It is reasonable that such a "class" could be criticized for an unjust and inegalitarian project, but criticism of the result of such an experiment, considering the political and social conditions of the time, is more problematic. Who can doubt the skill of Washington in stilling the winds of sectionalism, at least to the point of enabling the new republic to enjoy a (relatively) peaceful beginning? It took much pressure over a long period of time for a dilemma written into the founding document to fester to the point of civil war; while this is a damning comment on the original compact agreed to at Philadelphia, it also reflects the skill with which a group which sought political moderation was able to institutionalize it.

⁴⁵Goodrich, op. cit., Chapter 2.

⁴⁶Ibid., 43-44.

⁴⁷Different sources estimate a different subsidy percentage for the various internal improvement projects. The point here is not necessarily how intensive (25% or 75%) the government subsidy was, only that it was not uncommon and that it was important to commercial development. The importance of (national and state) government funds for building canals and steamships was probably greater than that for railroads, for several reasons. Brownlee, op. cit., suggests 75% governmental investment for canals, and only 25% for railroads. (See Chapter 7.)

⁴⁸Brownlee, op. cit., 233.

⁴⁹The cause of the failure of Morse to receive private funding for the experimental telegraph line is not completely clear, but several factors seem to have determined this. First of all, Morse was busy demonstrating his invention, attempting to attain patents (in several countries, without success), improving his invention, and, without funds to adequately promote his telegraph was unable to approach public and private sponsors. Similarly, his associates (F. O. J. Smith, Alfred Vail, and Professor L. D. Gale) were unable to obtain or provide aid. (See Morse, op. cit., 150-152.) And the general business conditions of the times, following the Panic of 1837, were not terribly good. (See Morse, op. cit., Chapter XXVIII.) So Morse was not able to actively solicit private funds in any meaningful sense which, coupled with general reticence to provide capital and skepticism about an electric telegraph, shut out the private capital market. Thus, Morse concentrated on the national government because of private capital's weak condition, its apparently conservative sense regarding risk of a substantial nature, and the unclear use and profit which might result from a successful telegraph. Private capital was unable to provide, therefore, the funding necessary which led to activity in the public sector, as had and has been the case in so many other instances. Ultimately, after having in its possession a proven commodity, the Magnetic Telegraph Company and others rapidly raised private capital and spread telegraph lines and systems throughout the United States.

⁵⁰Taylor, op. cit., 354.

⁵¹Ibid., 383.

⁵²Ibid., 151.

⁵³Fuller, op. cit., 174-175.

⁵⁴Taylor, op. cit., 152.

⁵⁵Morse (and his associates) founded the Magnetic Telegraph Company with Amos Kendall, ex-postmaster general, as president. The first com-

mercial lines were then constructed from New York (more accurately, Newark, New Jersey) to Philadelphia, and then to Washington. Henry O'Reilly, leading the building of the telegraph to Baltimore (and then Washington) from Philadelphia, wrote on Christmas day of 1845 to Amos Kendall that, "It will be a memorable fact in telegraphic history, that, vast as are the advantages it promises, scarcely a merchant or capitalist in the great cities of New York, Philadelphia, or Baltimore, could be induced to take a dollar of stock to encourage the whole enterprise!" (O'Reilly to Kendall, December 25, 1845, O'Reilly Manuscript Collection I, cited in Thompson, op. cit., 49.)

By the close of 1846, though, the telegraph was well on its way to success, so that Kendall could write: "Our Treasurer thinks our net income now is 5 percent on the stock or 20 percent on the money invested." (Kendall to Smith, October 6, 1846, Smith Papers, XI, as cited in Thompson, op. cit., 56.)

It is interesting that the president of the first successful commercial telegraph company had been a past Postmaster General of the United States, and a successful one at that. Thompson indicated that, "Kendall's experience as Postmaster General had given him a thorough familiarity with the main commercial routes of the country. He proposed, therefore, to interest private capital in the construction of trunk telegraph lines along these routes, and then to build the numerous side or feeder lines necessary to serve the entire country." (Thompson, op. cit., 39.)

⁵⁶Thompson, op. cit., 31.

⁵⁷Ibid., 33.

⁵⁸Ibid.

⁵⁹Ibid., 56. During the period of 1845-1846 Kendall, while "working earnestly for the development of the telegraph by private enterprise . . . strongly favored the sale of the patent rights to the government." (Thompson, op. cit., 40.) Others involved disagreed, specifically former congressman F. O. J. Smith, who "had made up his mind that he would never again be a party to any application to the government to purchase the telegraph." (Ibid.) Kendall ultimately agreed to a time limit until which the government could buy the patent, a limit which passed.

⁶⁰Congressional Globe, February 28, 1845, 28th Congress, 2nd Session, p. 366. From: Sketches of the Debates and Proceedings, edited by Blair and Rives (City of Washington: Globe Office, 1845), Volume XIV. The following quotes in the text are taken from this debate of February 28, 1845.

⁶¹Senator George McDuffie was Senator from South Carolina, a Democrat who was representative of the Jacksonians, although his disagreements over the Bank of the United States and nullification left him displeased with the administration. See: Dictionary of American Biography, edited by Dumas Malone (New York: Charles Scribner's Sons, 1933), and

Biographical Dictionary of the American Congress 1774-1971 (Washington, D.C.: United States Government Printing Office, 1971).

⁶² Senator Thomas Hart Benton was Senator from Missouri, a Democrat. He was more representative of the Jacksonians, being Jackson's spokesman in the Senate, and Senate leader against the Bank of the United States. His ties to Jackson were intricate, including the fact that either he or his brother left a bullet lodged in Jackson's chest (in a brawl, of sorts), an incident they later let rest. Dictionary of American Biography, op. cit., Volume II.

⁶³ Senator Jabez Williams Huntington was Senator from Connecticut, a Whig. Biographical Dictionary of the American Congress 1774-1971, op. cit.

⁶⁴ Senator George Evans was Senator from Maine, a Whig (or "national Republican"). He is not being stereotyped as a Jacksonian, but only as reflective of the Jacksonian era which permeated national politics. Evans was a strong supporter of the protective tariff, of the United States Bank, and of internal improvements. He admitted during the debate that, "He was not hostile to the extension; and he thought it next to useless unless extended to New York. [My emphasis.] He thought, however, that some preliminary arrangements would have to be made before such an extension was authorized. It would be necessary to acquire the right to the land, and prevent the government from being overcharged by the owners. The telegraph was now on the railways, and no one could say how long the company might allow it to remain there." See: Congressional Globe, op. cit., 366 for quote; Dictionary of American Biography, op. cit., Volume X.

⁶⁵ Senator Alexander Barrow was Senator from Louisiana, a Whig. Biographical Dictionary of the American Congress 1774-1971, op. cit.

⁶⁶ Richard Hofstadter, The American Political Tradition and the Men Who Made It (New York: Vintage Books, 1974), p. 70.

⁶⁷ Matthew A. Crenson, The Federal Machine: Beginnings of Bureaucracy in Jacksonian America (Baltimore: The Johns Hopkins University Press, 1975), p. 24, wrote that: "Such things as internal improvements and the banking monopoly could be useful conveniences, as Jackson himself conceded, but he thought that the moral impediments of these conveniences outweighed their public utility. Internal improvements would inflame petty, parochial jealousies and might be 'resorted to as artful expedients to shift upon the Government the losses of unsuccessful private speculation, and thus, by ministering to personal ambition and self-aggrandizement, tend to sap the foundation of public virtue.'"

⁶⁸ Congressional Globe, op. cit.

⁶⁹ Ibid.

⁷⁰House Report 17, op. cit.

⁷¹House Report 187, op. cit.

⁷²Congressional Globe, op. cit.

⁷³House Report 187, op. cit.

⁷⁴Although a familiarity with the affairs of Congress in general might be expected, the fact that the Senate was engaged in an encompassing debate concerning Texas/Mexico evidently was taking attention away from other matters. The telegraph question, although "pressing" because of the inevitable push for private development in a very short interval (and as an indication of public policy sentiments) could not adequately compete with proposals concerning the Texas/Mexico situation. Thus, McDuffie may well have been quite unaware of the Ways and Means Committee report. However, it should be understood that Congress had put off this question for a long period, during which adequate attention might have been focused upon it.

⁷⁵Senate Document 1, 29th Congress, 1st Session (December 1, 1845), p. 861.

CHAPTER IV

RURAL FREE DELIVERY

The period between the 1840s and the 1880s was one of improvement of existing postal services, extension of their geographic scope and volume, and expansion of the postal service into new endeavors. Though outside the parameters of this work, events of significance occurred during these decades, beginning with the Act of March 3, 1845. This legislation created a new set of postage rates based on the weight of a letter rather than the number of sheets it contained, restricted the use of the franking privilege, and made the procedures for the bidding for transportation contracts more effective.¹ The use of adhesive postage stamps began in 1847, and compulsory prepayment of postage was mandated by the Act of March 3, 1855,² which also created a registration system for domestic letter mail. In 1860, the Pony Express began making its historic runs, but it was eclipsed (and discontinued) in October, 1861, by the completion of the transcontinental telegraph line.³

The Civil War period was one of innovation, as new services were added. Free city delivery began operating "in forty-nine of the larger Northern cities and towns" on July 1, 1863, through the Act of March 3, 1863.⁴ Domestic money orders were created by the Act of March 17, 1864, and a Railway Mail Service (by which Railway Post Offices sorted mail in transit) was established by the Act of March 25, 1864.⁵

Post cards were introduced in 1873, free franking privileges

abolished and redefined the same year, and special delivery begun in 1885, and extended to all classes of mail and all post offices in 1886.⁶ This series of reforms represented an improvement in the technical means by which postal service was achieved, and expansion of the actual services offered by the postal system. The growth of the postal service from the time of the founding was remarkable--by 1890 there were 62,401 post offices, with revenues of over \$60 million⁷--and the role of the Post Office was still central in the affairs of the nation.

The return of the Republicans to the White House, in the person of Benjamin Harrison, in 1889, also brought a new Postmaster General, John Wanamaker. Wanamaker was the successful Philadelphia businessman who headed the nationally famous department store, Wanamaker & Company, and he was an innovative merchant who used novel techniques and technologies in pursuing his business ends. He is credited with being the originator of the "Money-Bank Guarantee", and he successfully used advertising to promote his business. He employed electric lights in his store in 1879, and also installed steam heating, both of which were novel applications for these technologies. As a respected businessman, he was able to raise and coordinate capital for Harrison in the campaign, and was offered the Postmaster General position on the advice of Republican party leaders and, apparently, Harrison's personal friend (and first choice for Postmaster General), James Clarkson of Iowa.⁸

During his term of office, Wanamaker made four proposals which relate significantly to the role of the postal service as a public enterprise. They include rural free delivery (RFD), parcel post delivery service, establishment of a postal savings bank, and the public owner-

ship of the telegraph and telephone systems (as a part of the Post Office Department). Only the first of these, RFD, was a new suggestion by a Postmaster General, and only RFD became any sort of reality during Wanamaker's tenure. The experience with rural free delivery offers an example of how a successful extension of the Post Office's services provides insight into public enterprise in the United States.

The delivery of mail to individual houses or dwellings in cities had been a fact of life since the Civil War, but as of the late 1880s, farmers still had to travel to town to collect their mail. In many cases, this was an arduous journey, given weather and road conditions. In addition, the long hours a farmer worked made trips to town the exception rather than the rule, and so mail collected until the farmer could make the next all-purpose trip.

The importance of mail to farmers, while not to be overstated, was not as minimal as those of us with a late 20th century perspective might expect. Without the immediate proximity to friends and relatives, the mails brought important news and communication, and so the isolation of rural life was broken by the mail service. The prospects of outside commerce were limited. The only way one could order merchandise was through the express companies, which served only certain markets. Mail service opened up a whole new world.

Furthermore, as farmers were becoming involved in an increasingly nationalized (and even internationalized) economic structure, news of faraway events became evermore meaningful. Crop fluctuations, futures markets, national policies concerning currency--all had increased effect on the farmers' lives. Their need for information, and timely informa-

tion at that, outpaced their ability to collect the mail and news of the day at the 4th class post offices. And the increasing communication among farmers--as evidenced by the Grange and the Farmers' Alliances--may have stimulated a perceived need for better communication. At the very least, these relations did foster a common feeling that the farmers needed rural delivery, and deserved service that was equal to what city dwellers received.

John Wanamaker was the first public official to propose a rural delivery service, and the first person to do so who gained any widespread notice. John Stahl apparently originated the idea of rural free delivery in 1879, "But," as Wayne Fuller has written,

it was one thing to propose that the government carry the farmer's mail to him, and another to get such a service established. Thousands of people had to be enlisted in its support before Congress would consider such a plan, and until Postmaster General John Wanamaker began to agitate for rural delivery in 1891, few people had ever heard of it.⁹

Wanamaker, then, put RFD on the political agenda, and it was a proposal which farmers and many of their organizations quickly endorsed.

The National Grange endorsed it at its annual meeting in 1891, and across the land local and state Alliances passed resolutions favoring it. . . . The Greenwood Grange of Marshall County, West Virginia, Poplar Grove, Whitcomb, and Star of the West Granges of Indiana, Economy Grange of Mississippi, the Flat Rock Grange of Ohio, the Farmers' Institute of Connelsville in Lafayette County, Pennsylvania, the Elm Tree National Farmers' Alliance in Ohio, these and hundreds of other organizations, equally unknown but equally important, let their congressmen know that they wanted rural free delivery.¹⁰

Wanamaker actually began experimenting "to test the practicability of extending the free delivery system to farmers,"¹¹ by authorization of

a joint resolution of Congress of October 1, 1890.¹² Although the tests were apparently not conclusive as a tool for evaluation, by 1891

Wanamaker was telling the American people that the test had proven the feasibility of carrying the mail to rural areas and that a rural delivery service should be started at once.¹³

The support from the Grange, Farmers' Alliances, and citizens translated into rural delivery petitions, which Congressmen entered into the Congressional Record. Although these organizations were also supporting establishment of a postal savings bank and public ownership of the telegraph system, the petitions on behalf of RFD provided a more widespread, grassroots expression by farmers, and these demands for RFD were startling to Congressmen. Congressmen felt pressured to act, although there appeared to be little chance of establishing a nationwide rural delivery system.¹⁴ But by February, 1893, Congress appropriated \$10,000 to experiment in rural delivery. Though the amount was extremely small, especially in comparison to Wanamaker's requested \$6 million, there were great financial pressures on Congress at the time which mitigated against further expenditures.¹⁵ No comprehensive system was in place, but by the time Wanamaker left office some appropriation had been made, and a recognition of the demand for RFD for farmers was achieved.

The sponsor of RFD in the House of Representatives was Representative Tom Watson, Democrat of Georgia, who would be a Populist Vice-Presidential nominee in 1896, and the Populist Presidential nominee in 1904. Watson successfully guided the legislation through the House, with the support of the Democratic Chairman of the Committee on Post Offices and Post Roads, Representative John Steele Henderson of North

Carolina.¹⁶ The legislation "escaped debate in the Senate, was signed by the President, and became law."¹⁷ Watson frequently alluded to his sponsorship of RFD in later years, with every rural mail delivery box serving as testimony to the subsequent success of the program.¹⁸

But this \$10,000 appropriation in no way secured RFD's future for, besides being a miniscule sum for such a large-scale project, the new Postmaster General appointed by Grover Cleveland, Wilson Bissell, was unalterably opposed to using this money for any rural delivery experiment, saying that, "To inaugurate a system of rural free delivery. . . would require an appropriation of at least \$20,000,000."¹⁹

Bissell was an old friend of Cleveland's from Buffalo, and shared with him a "conservative temperament."

How the mail could be carried to the farmers every day he simply could not see; nor could President Cleveland. Bissell called in one of his subordinates, August W. Machen, the man who had been pushing the service. . .and lectured him sternly. Rural delivery would bankrupt the nation, he said, and he wanted to hear no more about it. Machen was to stop agitating the question.²⁰

Bissell retired in 1895, and Cleveland appointed William L. Wilson, a Democrat and ex-Congressman from West Virginia.²¹ Wilson began experimenting with a rural delivery system, for which Congress had appropriated \$40,000. The experiment began on October 1, 1896, during the election campaign of that year, in Wilson's home county in West Virginia.²² The election, however, proved unsatisfactory to the farmers and the Democrats, for both common and distinct reasons, and the Republicans returned to power with no permanent RFD plan in sight. The experiment had just started, and the future course was still uncharted.

Further, how much could the farmers expect of a McKinley administration? By 1897, whether because of the support for Bryan and his loss, or because of the general conditions surrounding the farmers' movements, the Populist surge was subsiding, at least on the national level.

William McKinley chose a Baltimore businessman, James A. Gary, to be Postmaster General. Gary resigned after little more than a year in office, in April, 1898, in opposition to the war over Cuba.²³ His main achievement, in terms of RFD, was his Annual Report of 1897, which "contained a detailed and glowing account of the [RFD] experiment" begun in West Virginia.²⁴ He concluded the report by writing that,

I think the reports of rural free delivery hereto annexed will prove conclusively that this experimental service has rendered benefits far in excess of the expenditures involved, and that, under wise restrictions, it can be continued and extended with great advantage to a class of our citizens who, rightly or wrongly, deem themselves neglected in legislation--the agricultural class--and without serious detriment to the revenues.²⁵

The push for RFD was carried on by the First Assistant Postmaster General, Perry S. Heath, and the Superintendent of Free Delivery, August Machen. Heath had been a close political operative of McKinley's during the Presidential campaign, and Machen had managed to remain in his position despite the change in administrations. Together they most likely "realized that the administration would gain the political loyalty of rural areas that were given a successful delivery service."²⁶ With an appropriation of \$150,000 for 1898, they were able to expand the scope of RFD.

Heath and Machen made a significant move in June, 1898, which put unique pressures on Congress to force the development of a full-fledged

rural delivery system. To help determine the demand for routes, and where routes were likely to be successful, and given their limited resources, Heath and Machen announced a new Post Office policy on June 30, 1898. The policy was published in the form of a circular letter, which was sent in response to all inquiries about rural mail delivery, and which read, in part:

The amount thus appropriated is obviously insufficient for the establishment of rural free delivery in every community where the necessity exists, and the Department has therefore adopted a plan of locating the experimental service where it seemed to be the most desired, and where the results promised to be the best. As a preliminary to the establishment of the service, it has usually required that the citizens of the district should forward, through their Representatives in Congress, a petition, setting forth the nature of the country, whether it is thickly or sparsely populated, the leading avocations of the people, the character of the roads, whether good or bad, and the distance which the petitioner has to travel or send under existing circumstances to receive his mail.

If the Member of Congress representing that district or the United States Senator residing therein, familiar with local conditions, should forward this petition to the Post Office Department with a favorable indorsement, a special Agent is then sent out to look over the ground, to map out a suitable route or routes, to select carriers for appointment, and to recommend the establishment of the service, if in his judgment it can be successfully and economically carried out.²⁷

As Fuller noted,

These directions proved to be the turning point in the development of RFD as Machen and Heath had probably foreseen. When word passed around among the farmers that all they had to do to have their mail delivered to their farms was sign a petition, the rush was on, and every new route established brought a demand for a dozen or so more. Once this began, Congress could have as easily stopped an Oklahoma tornado as have stemmed the demand for rural delivery.²⁸

The petitions put pressure on Congressmen to file the requests with

the Post Office Department, producing an opportunity of wide extent for the practice of distributive politics by Congress. Yet the control over this had somehow transferred beyond Congress to the administrative department. The Post Office Department defined the agenda, and Congress was given the financial burden and the political pressure. The Post Office Department had forced upon Congress an expansion of the ongoing experiment which resulted ultimately in a permanent RFD program, and then hired an extensive RFD bureaucracy to administer the program.²⁹

The potential financial repercussions were addressed by Congress. Senator Eugene Hale of Maine, a "self-appointed watchdog of the United States Treasury,"³⁰ believed that the RFD experiment would soon become permanent, as more routes were added each year. He led other Senators in trying to kill rural delivery in 1899,

and only the timely intervention of the Grange and interested Congressmen saved the service. Learning of the Senator's actions, the officers of the National Grange raised an enormous petition of some 75,000 names in support of rural delivery and presented it to Congress.³¹

A House-Senate conference committee restored the money, and the development of the service was never again seriously endangered.³² By 1902 there were eight thousand rural routes, and by 1905, thirty-two thousand.³³ Once unleashed, the farmers' demands for rural delivery service had resounded through Congress. Congress then acted to encourage the Post Office to promote RFD, while at the same time (implicitly) admitting that the expenditures would outweigh receipts in providing the service.

This victory of the farmers was of a paradoxical nature. To begin

with, the Post Office Department (through Heath and Machen) put the critical pressure on Congress to promote an RFD scheme, and it appears as though the Post Office Department did this by understanding the farmers' desires and frustrations, and by translating these into a political success, RFD. In providing a political victory for the farmers, who could point to little else as a political achievement in national politics, it was intended to draw this constituency into the Republican party, while at the same time damaging the Democrats and the third party movement.

But this incident also reflected an important change in the political balance. The Post Office Department had acted politically in a manner unthought of at the founding, in an effort to court popular favor. And it had done so by putting pressures on Congress which Congress was unable to resist, providing public benefits with relatively hidden costs (in the form of postal deficits in RFD service).

At the same time as being an apparent "success" in Congressional politics, it built an administrative presence which diluted Congressional prerogative and increased the federal bureaucracy in the form of the Post Office, both in Washington (to administer RFD) and throughout the nation (both to administer and to carry-out the program).³⁴ Thus, although RFD can be considered a victory of Congressional politics and of the sensitivity of Congressmen to constituent demands, it can also be interpreted as indicative of the emerging political order of the twentieth century.

RFD was a point at which Populism and Progressivism converged, in a way, so that although the demands of farmers were met, it was done so

within the developing Progressive framework. This is indicated by several factors.

The first was the manipulative aspect of the Heath-Machen policy, which not only produced an avalanche of popular demand for RFD, but then required an administrative entity to fulfill the service needs. This translated into a growth of administration, both in terms of discretion (e.g., in establishing rural routes, and identifying rural carriers) and influence.³⁵ This occurred during the same time period as significant growth in other vanguard areas.³⁶

Secondly, the influence of the Executive was growing relative to that of Congress. The McKinley victory brought Republican control of the White House and an increasingly active Presidency. Theodore Roosevelt was a strong President, whatever his political leanings, and he asserted himself in domestic regulatory and reform affairs as well as in foreign policy.³⁷ Though Taft's reputation is not as a Progressive per se, he did consolidate many of Roosevelt's actions. And by World War I, Wilson was able to motivate the national government in the pursuit of a large-scale war effort requiring great amounts of administrative coordination. In the meantime, Congress was stirring, and the 1910 deposing of Speaker Cannon marked the beginning of a long decline in Congressional influence vis-à-vis the Executive.

Thirdly, reform in the political system had begun to affect the postal service significantly, as extension of the Pendleton Act to the Post Office Department enveloped more areas. In 1885, only approximately 15,000 postal employees were covered by civil service rules. By 1896, the figure rose to over 87,000, although "of the 72,371 classifi-

able but unclassified jobs still left in government in 1896, 66,825 were fourth-class postmasters!"³⁸

Theodore Roosevelt brought about 9,000 RFD employees into the civil service in November, 1901,³⁹ admittedly after he was able to make significant Republican appointments, and "rural mail carriers were put under civil service regulations in 1904,"⁴⁰ soon after RFD became a permanent program. This acted to diminish patronage opportunities in the postal service. RFD made fourth-class post offices redundant, and (as the stated policy of the Post Office Department) they began to be discontinued as RFD routes proliferated. Congressmen were in a dilemma because initiation of RFD, a popular cause, meant discontinuing the fourth-class post offices, an unpopular act among the shopkeepers who housed many of these. So, "congressmen often induced the Department to establish the rural routes and close its eyes to the little post offices that stood in the way."⁴¹ In 1908, Roosevelt included "all fourth-class postmasters east of the Mississippi and north of the Ohio River," under civil service rules.⁴² Taft ultimately classified the rest of the fourth-class postmasters in 1912, though the regulations were amenable to (limited) political influence.⁴³ By the time Wilson took office, then, much of the Post Office Department was subject to civil service, bringing the postal service into the Progressive framework.

Reform in the political system during this period encompassed more than just civil service classification. There were issues fundamental to the processes of democratic government which were debated and which led to action. The battle the farmers and their organizations had fought against consolidated power and for democratic institutions and

government was not subsumed by the pursuit of democratic procedural mechanisms within a political culture increasingly dominated by consolidated corporate and government power. Such issues as the referendum, the recall, the initiative, secret balloting, and direct election of Senators endured from the days of the Populists (who unsuccessfully pursued these aims) to the Progressive Era, when reforms were passed in "state after state."⁴⁴

Though many of these procedural remedies desired by both Populists and Progressives were similar or the same, the ends to be served were decidedly different. Populists hoped to democratize state government, and to increase access to government by the farmer and the worker⁴⁵ at the expense of industrial corporations and big businessmen. The Progressives sought the same or similar reforms, "all of which were aimed not primarily at giving the people more power as a matter of principle, but at breaking the power of political bosses."⁴⁶ (The Progressives did not aim at breaking the power of big business, but, at most, controlling the harmful externalities of big business as well as big government.) The contradiction goes to the center of the problem faced by groups proposing that the government serve democratic ends; the form was there, but not necessarily the substance. As RFD entrusted power to administration, at the expense of more directly "popular" power, so did the success of electoral reforms shaped by Progressive politicians.

The change was not simply one from Congressional to Executive power. Progressives (such as Woodrow Wilson) believed that a return to Executive fulfillment of administrative functions more closely resembled the founders' intentions than did the party politics of the latter

part of the nineteenth century. They understood the change to Executive direction of policy as a move toward administrative responsibility and to purposeful activity. The founders, after all, envisioned an energetic and responsible Executive as being central to the exercise of good government.

The difference lay, however, in the manner in which the Executive was tied to the polity. In the founding period, administrative responsibility would be ensured by identifying able men to carry out the policies of government. Those men would be rooted in communities, tying the national government to the various local situations in the nation.⁴⁷ Promotion of national purposes, whether those of commerce or of education, would be understood in meaningful local as well as national terms.

This contrasts with the Progressives who did not root their administrative power in the localities but in the national government, which was viewed as eliminating the politically debilitating effects of local politics.⁴⁸ The understanding of checks and balances on the Executive was altered. In the founding period, the political ties to community were much more evident. Administrators were the products of localities, and closely tied to those communities. Congressmen were elected in their districts, Senators were chosen by state legislatures, and Presidents were chosen by electors who were picked by state legislatures or conventions. This was a system dependent upon a multitude of local situations and the leaders who arose from this process would be responsive to those communities.

By the early 1900s, however, circumstances had changed. Administrators were members of burgeoning bureaucracies, and not identifiable

public figures in the localities. Congressmen were still elected in the districts, but Senators were directly elected, and Presidential electors were the product of direct elections also. This freed the Senators and Presidents from those local constraints, and allowed an identification with "the people"--as an undifferentiated whole--to provide a base of support (and potential check), rather than the reliance on local and state support.

In a similar sense, commerce had been freed from the constraints of the communities in taking on a national and even international character. Founding era commerce was based in the local merchants, farmers, and other respected figures in the community, while the new businesses of the twentieth century were divorced from the localities and increasingly able to ignore the communities in which they operated, and the pressures which the localities attempted to apply.

These changes represent a degradation in the understanding of politics. The effect was not simply a change from the politics of Congress to that of a bureaucratized Executive, but rather a change in the basis of the nature of government. As politics and commerce were increasingly insulated from local conditions, a system emerged which emphasized national administration and national business, absent meaningful local control or input. This was a sharp departure from the founding era understanding of the relationships among government, administration, and commerce, and paved the way for the development of a politics without clear ties to the polity, and commercial interests less interested in their effects on individual communities, a situation which has intensified throughout the twentieth century.

The increasingly broad coverage of postal workers under civil service classification generated a response of organization among postal workers. The National Association of Letter Carriers was organized in 1880 (August 30, 1889), and the National Federation of Post Office Clerks the next year (February 3, 1890).⁴⁹ They were among the earliest public employees to unionize, responding to the new administrative circumstances created by the Pendleton Act and civil service reform. The Post Office was changing from a more openly (and meaningfully) political organization to a professional, bureaucratic-oriented enterprise.⁵⁰ This was furthered by the decline in the number of fourth-class post offices, and their eventual classification (in steps) during the early twentieth century.

All this occurred in a society which was becoming increasingly centered around national entities, in business, education, government, newsprint, literature, transportation, communication, and politics. The Post Office, as the first national governmental institution, represented a department which was almost universally accepted as legitimate, and one in which administrative powers and reforms could be accepted. And in a more nationally-oriented society, the extended postal service could play a central role. RFD brought the farmers and rural residents into the mainstream of American postal affairs,⁵¹ and so the isolation of rural areas was breached. Thus, the transition to a more national consciousness was facilitated.

In a manner parallel to that of the failure of the farmers' cooperatives and the perceived need for government intervention at the national level, attempted through Macune's subtreasury plan,*⁵² the suc-

cess of RFD also relied on a national government presence, and looked to the administrative state which was emerging. The transition to a more active national government was reflected in regulatory activity, civil service reform, and the stirrings of a national structure for the Republican party growing out of the disparate state parties,⁵³ and understood the weakness of the farmers in maintaining their independence from the greater currents of national events. As the farmers gained RFD, there was a concurrent weakening of Congressional control over postal matters, as the Post Office Department enlarged its bureaucracy and began to practice greater discretion. With the inception of RFD, the Post Office Department for the first time began to establish the routes for post roads--a prerogative which had been previously guarded by Congress. Since

More money was spent, more men employed, and more paperwork done to lay out the rural delivery system than to establish any single extension of the postal system,

the Post Office Department ultimately created an

RFD bureaucracy that embraced eight rural divisions, with headquarters in every section of the country and at the height of its activity laid more than 9,000 routes in one year.⁵⁴

*Robert C. McMath, Jr. wrote that Charles Macune's sub-treasury plan was one which, "called for the establishment of federal subtreasuries along with warehouses and elevators in which farmers could store certain nonperishable commodities. Upon depositing his crop, a farmer would receive negotiable treasury notes equal to 80 percent of the crop's value." See Robert C. McMath, Jr., Populist Vanguard (New York: W.W. Norton & Company, 1975), p. 91. More complete descriptions and analysis are available in the books listed in footnote #52.

This was a significant administrative load, which pointed towards a transfer of activity to the Executive branch.

The Post Office of the period reflected these trends as well as the increasing influence of civil service, so that RFD as a permanent service came under civil service provisions, and the political usefulness of the Post Office declined. Thus, the program which embodied the avowedly political program of the farmers soon became insulated from such political influence, and was the focus of administrative control and growth.

All this fit into the increasing professionalization of American life, including the aforementioned postal workers' associations. Movements for good, efficient government followed the organizing of private associations in various fields, such as medicine, law, and social work. Burton Bledstein makes the point succinctly:

In its very idealism, the culture of professionalism bred public attitudes of submission and passivity. For instance, reformers in the late nineteenth century proposed to make American politics more attentive to the will of the individual citizen rather than to the desire of the venal boss. But a significant consequence of that democratic reform was to discourage the public's participation in its own political affairs.⁵⁵

Participatory movements gave way to Progressive politics (professionalized, concerned with efficiency and with an emphasis on good government), and this lessened the legitimacy of such a directly political event as the promotion of a rural delivery system by large numbers of farmers themselves acting toward specific political ends.

Establishment of RFD as a permanent program in such a relatively

short time indicates the possibilities as well as the limits of the post office as a public enterprise. Even considering the important features of RFD, such as 1) equality of service to almost all residents of the country, 2) extension of information and intercourse throughout society, or 3) facilitation of a greater market for goods and service (especially with the creation of parcel post service in 1913), there remains a question as to how RFD came into being considering the predominant business culture of the time.

RFD did not pose a great threat to anyone, and certainly not to any very influential and active groups. Some merchants in rural areas did view rural delivery as a possible threat, as farmers would no longer have to visit town for their mail. But their lobbying was confined mainly to trying to make sure that rural routes originated in their towns.

The other people who were vulnerable to displacement by RFD were the country postmasters, whose "little combination stores and fourth-class post offices. . . had been the heart of the old rural mail system from George Washington's day to the beginning of rural free delivery."⁵⁶ The post office was important because it drew trade to their stores. The dramatic decline in the number of post offices after the establishment of RFD is indicative of the effect this did have on small post offices. In 1901, there were 76,945 post offices, of which more than 70,000 were fourth-class post offices; by 1920, there were only 41,102 post offices in operation.⁵⁷ Though the fourth-class postmasters lost the overall battle, the local problems were often solved by the Post Office Department "overlooking" the particular post office's existence.

The other threat was to public finances, which Postmaster General Bissell envisioned to be severe. But since this threat was almost invisible, it was subdued by the potential for distributive politicking, and by early indications of financial success (e.g., by Postmaster Gary).

There were strong proponents of RFD, especially the farmers who had been generally frustrated in their political efforts. The issue of RFD was unique, though, because it required no political organizing and no political vehicle (party or otherwise) to go forward: the farmers only had to forward their petitions to their Congressmen. This was a relatively simple political act, and it generated an enormous response, putting great pressure on Congressmen to act. They in turn pressured the Post Office Department bureaucrats who, in the persons of Heath and Machen, were eager to act.

Postmaster General Wanamaker, successful businessman, gave a strong endorsement to RFD in business terms:

To the business man in town the extension of the free delivery would be of immense value. I have for years advised young merchants to get into earnest correspondence with persons whom they would like to do business with. It results in more correspondence, and that results in business. I suppose the exact benefit to the merchant, due to the regularity and dispatch with which mails went out from an office in the city and then went back into it, can not be calculated; but if this regularity and dispatch supplant the irregularity and sloth of the method of delivering and collecting the mails once or twice a week the benefits would surely be incalculable. The country is always tributary to the city; it makes the city. The extension of the postal facilities will make the business man more prosperous and enterprising.⁵⁸

In another sense, RFD broke no new ground: it did not require new technology, and it simply extended the basic service of the post office,

delivery of letters, newspapers, magazines, and small parcels (up to four pounds), to the whole nation. In this way it did not involve an expansion of postal activities into new areas, as did the proposed postal telegraph and telephone, did not generally threaten business, and did not engender constitutional objections. It was debated on financial grounds, but other issues did not intrude. (After it had been established as a permanent program, RFD carriers began to use automobiles on their routes, and in 1915, Postmaster General Albert Burleson established automobile routes where possible.⁵⁹)

Thus, RFD was, in policy terms, an expansion of an existing system of free city delivery. No newly established powers gravitated to the Post Office Department (with the exception of identifying post roads and choosing rural carriers), no great struggle over doctrine took place, and, essentially, the formal powers of the Post Office Department remained the same. What did change was the relationship between the Post Office Department and Congress, giving greater discretion to the executive department, a situation which was symptomatic of the times in the administrative departments of the national government.

Indeed, since RFD threatened almost nobody, and gave the postal service no great advantage in generating funds,⁶⁰ its enactment is consistent with the definition of public enterprise in the United States. The postal service gained new service responsibilities, but did not impinge on any profit-oriented activities desired by private interests.

In contrast to RFD, proposals for public ownership of the telegraph and telephone systems did not succeed. Since the original Post Office Department ownership of the telegraph in the 1840s, there had been

sporadic talk of a renewed government telegraph. Representative Elihu Washburne, Republican from Illinois,⁶¹ reintroduced the idea in 1868, but no significant action was taken. When John Wanamaker became Postmaster General, he brought the issue to the forum again, strongly advocating a postal telegraph, and now including a postal telephone. Yet his efforts were for naught, for no strong public movement expressed itself, and no part of the Post Office Department bureaucracy pushed for such a program, as had Heath and Machen with RFD.

Furthermore, a postal telegraph did certainly threaten vested interests, and powerful interests at that. Among the directors of the Western Union Telegraph Company, at the time of Wanamaker's Postmastership, were Jay Gould, Russell Sage, Alonzo Cornell, J. Pierpont Morgan, John Hay, Collis B. Huntington, Chauncey Depew, and other notables.⁶² Wanamaker claimed there was public demand for a postal telegraph at the same time as acknowledging private opposition:

There is a deep and far reaching conviction among the people that the telegraph service is by right a part of the postal service. To carry the postal system from pony-riders to stage-coach, and on to railroad service, and stop all further progress because three thousand owners of telegraph stock oppose, is not in accord with the genius of our people or the spirit of the times.⁶³

The postal telegraph proposal did have significant business opposition, and from some of the most important and powerful men of the era, at a time of the height of their power (as a group). In combination with the absence of any broad public support (such as large numbers of petitions), there was little impetus for Congressmen to risk their power in support of such a proposal, even if they thought it legitimate. And

the leaders in the Congress at that time were certainly not sympathetic to the control of private business in such a manner.⁶⁴ Although Wanamaker pushed the scheme, and therefore implicated the Post Office Department in this, there was no clear bureaucratic drive on the issue as there had been with RFD, and no great Presidential support.⁶⁵ And it was still early, before Progressive reforms had emerged, so that the latitude of operation was still great for big business and for Congress.⁶⁶

There were arguments against the postal telegraph which noted a contradiction between limited government and the extension of government ownership to a telegraph system, thereby potentially abridging freedoms of press and commerce.⁶⁷ Wanamaker believed the constitutional arguments vacuous, stating:

The courts of highest appeal have settled this question. Congress settled it, in advance of judicial action, by making the United States the owner, and the Post Office Department the manager, of the first line of wire constructed for commercial and public uses. The old government telegraph schemes were constitutional. . .and. . .the [new] limited telegraph plan . . .is constitutional.⁶⁸

Subsequently, on July 16, 1918, a joint resolution of Congress authorized the President to take control of the telegraph and telephone systems, an act Woodrow Wilson took six days later, on July 22, 1918, placing those systems under the Post Office Department.⁶⁹

RFD and the Wanamaker proposals for a postal telegraph and telephone differed in major ways. The first was the orientation of the operation: RFD was primarily considered a service provision to farmers and other rural residents, revenue considerations be damned; telegraph and tele-

phone service were debated mainly on revenue grounds, and the potential for government to efficiently run these enterprises for a profit, while servicing the citizens' needs. Those who were opposed to public ownership of the telegraph and telephone systems generally cited profit-oriented revenue reasons, threats to private business, and constitutional considerations; while Wanamaker debated those, he also emphasized the service benefits which would emanate, particularly to residents who would not be served by the private companies. He cited the history of mail service, where

No one believes that the mail service would have been so widely extended by any private corporation that had to pay dividends to its stockholders,

and the advantages of a public post, for

If the mails were only run to self-sustaining or profit-making points the extent of the service would be cut off 40 per cent. The postal system is not a scheme for profit. . . . The postal service is the Government's kind hand, promoting and protecting the correspondence of its people, and communication by telegraph as well as by mail is essential to its best development.⁷⁰

Thus, RFD was established as a postal service in unique circumstances, and centered around considerations of service, distributive politics, popular politics, bureaucratic finesse, and administrative growth. The postal telegraph was not enacted (except briefly during World War I), and was considered on issues of revenue-production potential, freedom of press and commerce, and only secondarily in terms of service.⁷¹ Its failure is one of not allowing the postal service, as a public enterprise, to act in a forthright profit-making role, at the

expense of private business profits, thereby helping to insure an inability of the Post Office to operate as a successful entity, both in monetary and related terms.⁷²

NOTES

¹Gerald Cullinan, The Post Office Department (New York: Frederick A. Praeger, Publishers, 1968), pp. 58-59; Carl H. Scheele, A Short History of the Mail Service (Washington, D.C.: Smithsonian Institution Press, 1970), p. 73.

²Cullinan, op. cit.; Scheele, op. cit., 77.

³Cullinan, op. cit., 72; Scheele, op. cit., 85.

⁴Scheele, op. cit., 91.

⁵Cullinan, op. cit., 81-82; Scheele, op. cit., 91-96.

⁶Cullinan, op. cit., 86-101; Scheele, op. cit., 97-106.

⁷Scheele, op. cit., 112.

⁸Herbert Adams Gibbons, John Wanamaker (New York: Harper & Brothers Publishers, 1926), Volume One. See, Wayne Fuller, RFD: The Changing Face of Rural America (Bloomington: Indiana University Press, 1964) for a somewhat different interpretation.

⁹Fuller, op. cit., 18.

¹⁰Fuller, op. cit., 24 + Chapter 2 in full; and, National Grange, Journal of Proceedings, 1891 (Philadelphia, Pa.: J.A. Wagenseller, 1891).

¹¹Fuller, op. cit., 197.

¹²See, Gibbons, op. cit., 278.

¹³Fuller, op. cit., 19; Postmaster General's Report, 1891, Serial set #2932.

¹⁴Fuller, op. cit., 25.

¹⁵Fuller, op. cit., 26; Congressional Record, 52nd Congress, 2nd Session, February 17, 1893, p. 1759.

¹⁶Biographical Dictionary of the American Congress 1774-1971 (Washington, D.C.: United States Government Printing Office, 1971).

¹⁷C. Vann Woodward, Tom Watson: Agrarian Rebel (New York: The Macmillan Company, 1938), pp. 245-246, and, Biographical Dictionary, op. cit.

¹⁸See, Vann Woodward, op. cit., and Fuller, op. cit.

¹⁹Postmaster General's Report, November 25, 1893, Serial set #3208.

²⁰Fuller, op. cit., 27.

²¹Ibid., 34.

²²See, Fuller, op. cit., 35, and, The Cabinet Diary of William L. Wilson 1896-1897, edited by Festus P. Summers (Chapel Hill: The University of North Carolina Press, 1957). Wilson's only reference to RFD occurs on September 29, 1896, when he wrote:

With the exception of some unimportant visitors, I had a quiet, lazy day at the Department, making up a few Presidential cases to send Mr. Cleveland, arranging with Mr. Machen for beginning the experiment of Free Rural Delivery in Jefferson, and signing the usual multitudinous mail of the Department. (pp. 146-147)

²³Dorothy Ganfield Fowler, The Cabinet Politician: The Postmasters General 1829-1909 (New York: Columbia University Press, 1943), and Cullinan, op. cit.

²⁴Scheele, op. cit., 115.

²⁵Senate Document No. 171, 55th Congress, 2nd Session, March 3, 1898, p. 7.

²⁶Scheele, op. cit., 115.

²⁷Postmaster General's Annual Report, June 30, 1898, Serial set #3755.

²⁸Fuller, op. cit., 42.

²⁹Ibid., 43. Of course, Congress was in many ways sympathetic to some type of RFD program, but the appointment of the RFD bureaucrats and carriers by the Post Office Department did remove power from Congress.

³⁰Fuller, op. cit., 52-53.

³¹Ibid.

³²Ibid.

³³Fuller, op. cit., 58.

³⁴This diminished Congressional prerogative and influence because it gave much more power to the Post Office Department to appoint postal workers such as rural carriers, and meant there were fewer opportunities for Congressional influence to be felt in districts as local post of-

fices closed.

³⁵This meant that for the first time the Post Office Department was establishing the routes for post roads.

³⁶Paul R. Van Riper, History of the United States Civil Service (Evanston, Illinois: Row, Peterson and Company, 1958). This also included civil service classification extension.

³⁷Though the purpose of regulation for Roosevelt was to ensure a moral and fair corporate world, and not to significantly limit corporate prerogatives, he nonetheless represents the emergence of the Progressive Presidency.

³⁸Wayne E. Fuller, The American Mail: Enlarger of the Common Life (Chicago: The University of Chicago Press, 1972), p. 312.

³⁹Van Riper, op. cit., 201.

⁴⁰Fuller, The American Mail, 324.

⁴¹Fuller, RFD, 87.

⁴²Since the fourth-class post office was a last refuge of patronage, the actions of Theodore Roosevelt and Taft greatly reduced the political use of the Post Office Department. Van Riper indicates some of the limits of classification as weak, such as the limit of removal from office. But this does not appear as significant.

Fuller, The American Mail, 324, and Van Riper, op. cit., 202. This, however, still "left unclassified almost 40,000 country postmasters, to say nothing of the presidential class." (Fuller, The American Mail, 324).

⁴³Fuller, The American Mail.

⁴⁴Forrest McDonald, The United States in the Twentieth Century. Volume I: 1900-1920 (Reading, Massachusetts: Addison-Wesley Publishing Company, 1970), p. 157.

⁴⁵For example, the Farmers' Alliances, Knights of Labor, and the Grange.

⁴⁶McDonald, op. cit., 157.

⁴⁷See, for example, Mosher's characterization of administration during the period of "Government by Gentlemen," from 1789-1829, in Frederick C. Mosher. Democracy and the Public Service (New York: Oxford University Press, 1968), pp. 55-61.

⁴⁸See, for example, Woodrow Wilson, Congressional Government (New York: Meridian Books, 1956). Wilson wrote that, "The government of a

country so vast and various must be strong, prompt, wieldy, and efficient. Its strength must consist in the certainty and uniformity of its purposes, in its accord with national sentiment, in its unhesitating action, and in its honest aims." (p. 206).

⁴⁹Cullinan, op. cit., 110-112; Fuller, The American Mail, 326; Van Riper, op. cit., 133, 156, 163-164.

⁵⁰Concerning the general professionalization of American life, see: Burton J. Bledstein, The Culture of Professionalism: The Middle Class and the Development of Higher Education in America (New York: W.W. Norton & Company, Inc., 1976).

⁵¹While extending mainstream culture to farmers, RFD also had a perceived impact on preserving the farm culture, in the sense of keeping rural children on the farm and from migrating to the towns and cities. By making rural areas more in touch with the greater world, farm spokesmen and proponents of RFD saw a chance to keep the farm alive. See, for example, Proceedings of the National Grange.

⁵²See, Robert C. McMath, Jr., Populist Vanguard: A History of the Southern Farmers' Alliance (New York: W.W. Norton & Company, Inc., 1975), and Laurence Goodwyn, The Populist Moment: A Short History of the Agrarian Revolt in America (New York: Oxford University Press, 1978).

⁵³Robert D. Marcus, Grand Old Party (New York: Oxford University Press, 1971).

⁵⁴Fuller, RFD, 43.

⁵⁵Bledstein, op. cit., 104.

⁵⁶Fuller, RFD, 84.

⁵⁷Ibid., 77.

⁵⁸Postmaster General's Annual Report, November 30, 1981, p. 85, Serial set #2932.

⁵⁹Fuller, RFD, 148. See Chapter 7.

⁶⁰However, Wanamaker, and later Gary, did claim that RFD would ultimately be financially successful.

⁶¹Dictionary of American Biography. Edited by Dumas Malone (New York: Charles Scribner's Sons, 1933). He was a Radical Republican, and an opponent of Johnson.

⁶²An Argument In Support of the Limited Post and Telegraph by the Postmaster General (Washington: Government Printing Office, 1891), dated September 25, 1890, p. 6.

⁶³Ibid., 3.

⁶⁴Referring to the year 1900, a time ten years hence, Fuller wrote about the Senate:

There, from the State of New York sat Thomas C. Platt, president even then of the United States Express Company. There, too, from the same state was Chauncey M. Depew, one of the largest stockholders of the American Express Company, former president of the New York Central Railroad, and still, as he sat in the Senate, a director of that railroad. And around these two men, led by shrewd Nelson W. Aldrich from Rhode Island, assembled as conservative a group of men as ever chilled the marrow in a reformer's bones. (Fuller, RFD, 205).

⁶⁵Though this was true of RFD also, the obstacles in terms of both private business and Congress were much less significant, and so Presidential support or endorsement would be that much more important as an impetus for action.

⁶⁶By 1910, e.g., public perception had markedly changed, as had the political field. In the case of parcel post, another proposal of Wanamaker's which had failed, the public's mood was different, which allowed for and encouraged action.

To begin with, the great express companies had so abused the public and its good will that they were ripe for either regulation or competition. (See, Fuller, RFD, Chapter 9.) This, together with general public impatience with business interests, and the onset of Progressive reforms, severely weakened the influence of their longstanding arguments against a postal parcel post.

Secondly, the "revolution" in the House had combined with the retirement of several key Senators (and their connections with the express companies, as cited above), to allow movement in the direction of parcel post legislation. And since RFD was now in full force, the nationwide aspect of parcel post delivery would be that much more attractive.

Parcel post was established in 1913. It is significant to note that this service, free of the taint of patronage and born at the height of Progressive reform, became (and is) the weakest link in the Post Office Department in the 1960s and 1970s.

⁶⁷See, Leon. Trousdale, The Postal Telegraph System (Memphis, Tenn.: Dalton and Price, 1869), and Norvin Green, "The Government and the Telegraph," North American Review, November, 1883. These were earlier criticisms of the proposed postal telegraph. Norvin Green was (in 1890) one of the directors of the Western Union Telegraph Company.

Their arguments were more than a straight constitutional question, for they were concerned with how a government might control information, to the detriment of freedom of commerce and freedom of the press, restricting knowledge and business.

⁶⁸Wanamaker, An Argument In Support. . . , 2.

⁶⁹Public Resolution - No. 38 - 65th Congress. Telegraph and Telephone Service: Orders and Bulletins (Post Office Department, revised to May 1, 1919).

⁷⁰Postmaster General's Annual Report, November 29, 1890, Serial set #2839, pp. 8-9.

⁷¹See number 66 concerning the parcel post issue. Unlike the RFD push by farmers and their organizations, parcel post received no great push.

⁷²Profit-making also implies considerations of research and development, and the purchase of new equipment, which then help to produce long-term success. By limiting public enterprise profits, these areas were also neglected, except in provisions suggested by the Post Office Department and appropriated by Congress.

But, as we have seen, Congress was much more willing to do the publicly visible, while underfunding the less visible and less glamorous. So, research and development and equipment procurement suffered, ultimately hurting the twentieth century performance of the Post Office during a time of unprecedented technological change. This became most apparent in the 1960s (e.g., the breakdown of the Chicago main post office in October, 1966, and difficulties with the parent post system), but this can be traced to earlier origins, and to the depoliticization of the Post Office Department, which meant that postal affairs were of less interest to Congressmen. This occurred at the same time as many other matters became part of the Congressional agenda. Thus, postal procurements in general suffered, and the least "important" areas suffered the most.

C H A P T E R V

THE NEW ERAL POSTAL SERVICE: CONTEMPORARY TIMES

Recent History of the Post Office

The Post Office stabilized after the turn of the century. Rural Free Delivery had been made permanent, and so the number of post offices peaked at 76,945 in 1901.¹ There were changes in the early part of the century, such as the introduction of parcel post in 1912, and regular air mail service, beginning in 1918, between Washington and New York. But until zip codes appeared in 1962 and reorganization effected in 1970, the Post Office changed little in terms of services offered or organizational structure.

The New Deal did not signal a period of postal expansion. In fact, the Economy Act of 1933 resulted in a 15 percent reduction in postal wages.² The focus of administration efforts was on minimizing deficits in the Post Office Department, and streamlining the department.³ This was intensified after World War II when a whole new range of programs, foreign and domestic, were competing with the postal service.⁴ There was no great demand for new postal services, and postal officials concentrated on efficiency and economy.

This put the Post Office Department in a tenuous long-term position, for its physical plant, its transport system, its letter sorting technology, and its administrative structure were increasingly out-of-date. In addition, postage rates remained the same; and so, in order

to minimize growing deficits, officials reduced service and spent little on capital investment. By the late 1940s, the postal system was apparently ripe for reorganization, which was the central concern of the Hoover Commission in 1949.⁵

The Hoover Commission.

The Hoover Commission began with certain questions in mind, from which the eventual recommendations grew. When the Commission asked, "What Is Wrong With the Post Office?"⁶ they made several points. In summary, these points dealt with: 1) administrative structure and organization, 2) ratemaking and rate structure, 3) political appointments, and 4) budgeting. Specifically, the Commission thought the administrative structure to be outdated and cumbersome as well as "obsolete and overcentralized. . . . Although the Post Office is a business-type establishment, it lacks the freedom and flexibility essential to good business operation."⁷

Rates had not risen with costs, and the Congressional ratemaking procedure created pressures to limit any rate hikes. This occurred at the same time as subsidies (from class to class as well as between services) were hidden within the rate structure. And this had led to years of deficits, with alarmingly large recent and projected deficits.⁸

Meanwhile, "Political appointment of first-, second-, and third-class postmasters and certain other officials produces inefficiency and militates against the incentives of promotion."⁹ In other words, politicians managed the post offices, people who were assumed to be unskilled in a business sense and tied to the primacy of political considerations,

while at the same time the career postal officials (who, it was implicitly agreed, would manage the post offices well) were kept from advancing, and so were unmotivated.

Finally, the budgeting system was cumbersome and inaccurate, and made "impossible the most economical and efficient conduct of the service."¹⁰ Since the Commission assumed that the Post Office was "of a business nature [and] revenue-producing and potentially self-sustaining," proper budgeting would be crucial to its successful performance.¹¹

These assumptions ground the first Hoover Commission in the mold of administrative responsibility, rational administration, and attempts to organize the administrative agencies in an efficient and orderly manner. Within these assumptions lay an altered view of politics, and its role in governmental administration. The role of administration was being expanded at the same time as Congressional politics, being by its nature the embodiment of conflicting goals and dilemmas, was an inhibiting factor to efficient administrative performance.

The Commission stated in its first report that

the foundation of good departmental administration is authority from Congress for the Postmaster General to organize and control his Department. Separate authorities to his subordinates should be eliminated.¹²

The Commission believed that a clear line of administrative authority, headed by and lodged in the Postmaster General, was necessary. This would combine with the restructuring of the department to provide for a better organized and more responsible Post Office Department, which would then be given greater prerogatives with which to carry out its

mandate.

The administrative restructuring would be achieved by:

- 1) taking the politics out of the Postmaster General position by providing that he not be a political party official, and changing his mandate so that he would be responsible for defining general departmental policies, rather than running the Post Office Department's daily operations, although he would remain a Cabinet officer selected by the President;
- 2) appointing a Director of Posts, who would be the operating head of the department. He would be chosen by the President and confirmed by the Senate, but with no definite term, the object being a long-term director who would bring managerial stability to the department;
- 3) creating a board of seven advisors who would be appointed by the President, serve part time, and represent "the different elements of the public."¹³ Along with the Director of Posts and Postmaster General, they would advise on Post Office Department policy orientations.

These three actions were intended to change the nature of management to more closely resemble that of a proper administrative model with clear lines of authority and a board of directors (later adopted in the Postal Reorganization Act of 1970). In addition, the Commission suggested a decentralization of the Post Office Department into fifteen regions. This would allow for more flexibility in management and adaptability to regional and local conditions and needs. This was in reaction to the almost legendary centralization of the Post Office Department, epitomized by the Postal Manual.

In line with the lessened political orientation of the Postmaster General, and the depolitization of the rest of the top management (removal of politics and an infusion of business/organization aptitude), the Commission proposed that Senate confirmation of Postmasters be ended.¹⁴ "The primary responsibility for personnel selection and

management other than the Postmaster General and the Director of Posts should rest in the service."¹⁵ Thus, the appointment power should rest in the Executive department, based on civil service criteria.¹⁶ Together with reorganization of the top management structure, this would temper political demands on the Post Office Department by interest groups and Congress. Therefore, administrative responsibility and efficiency would dominate the department rather than more direct political expediency and responsiveness.

The department would also change its budgeting procedures and adopt a "business form" of budget accounting and audit which would both simplify its operations and provide more flexibility to the department. This would also help identify costs so as to better set rates which would continue to be set by Congress. However, the Commission suggested that Congress instruct the Postmaster General to make rates for certain special services sufficient for self-support. These included registered mail, insured mail, money orders, post cards, postal notes, special delivery, and postage due mail. In addition, subsidies for services (to common carriers, such as railroads and airplanes) would be made by direct Congressional appropriation rather than being hidden in the mail rate structure. (Of course, the Post Office Department had a long history of such subsidies, from the time of the stagecoach.)

Some of the Hoover Commission recommendations were acted upon,¹⁷ the most conspicuous being Postmaster General Arthur E. Summerfield's attempt to decentralize the Post Office Department, beginning in 1953.¹⁸ Congressional resistance was evident, and the Post Office Department plugged along, not much changed, still woefully unprepared to meet the

challenges of the second half of the twentieth century. Its physical plant (post offices) was aging and inappropriate both for the new transportation demands posed by trucks and truck docks and for mechanization; it was slow to respond to the change from railroads to highways as the chief arteries of travel; and it was either unwilling or unable to mechanize and modernize its letter sorting methods. The blame was increasingly focused on the nature of its organization, specifically its administrative structure and political basis.

The Kappel Commission.

If the Post Office is given a single goal of providing the nation with a superb mail service, and given as well the management capacity and operating freedom to achieve that goal, the energies of workers and managers can be turned to the creation of a postal service appropriate to a vigorous economy, an innovative society and a purposeful nation.¹⁹

The 1960s were a time of conflicting agendas and action. The nation experienced four different presidents: Eisenhower, Kennedy, Johnson, and Nixon. There were civil rights marches, landmark domestic legislation, foreign intrigue, intervention, the Vietnam War, and domestic turmoil. Through this period, the Post Office muddled, at least until the "collapse" of the main Chicago post office in October of 1966.

The 13-story, 60-acre Chicago Post Office was flooded with a monumental pile of unprocessed mail; railroad cars and trailer trucks full of mail clogged the roads to the post office, delaying millions of cross-country letters and parcels. Ten million pieces of mail, most of them advertising and circulars, were simply shoved aside and neglected for weeks.²⁰

This led to the organization of a Presidential Commission (Execu-

tive Order 11341 of April 8, 1967), at the urging of the Postmaster General Lawrence O'Brien. The Commission, named the Kappel Commission after its chairperson Frederick Kappel (who was the retired Chairman of the Board of the American Telegraph and Telephone Company), reported its findings in June of 1968. The basic suggestion was that the Post Office Department be eliminated and replaced by a government-owned public corporation.

The professional credentials the members of the Kappel Commission brought with them are instructive as to the type of expertise which was seen as being germane to evaluating the postal service. In addition to the Chairman, Frederick Kappel, the other members were: George P. Baker, Dean of the Harvard University Graduate School of Business Administration; David E. Bell, Vice President of the Ford Foundation; Fred J. Borch, President of General Electric; David Ginzburg, of the law firm Ginzburg and Feldman; Ralph Lazarus, Chairman of the Board of Directors of Federated Department Stores; George Meany, President of the AFL-CIO; J. Irvin Miller, Chairman of the Board of Directors of Cummins Engine Company; W. Beverly Murphy, President of the Campbell Soup Company; and Rudolph A. Peterson, President of the Bank of America.²¹

The Commission's report immediately identified what it thought was the main problem of the Post Office Department:

Although the Post Office is one of the nation's largest businesses, it is not run as a business but as a Cabinet agency of the United States Government.²²

The crux of the matter was considered to be that while the Post Office Department was being operated as an "ordinary Government agency. . .in

what it does [it] is a business."²³ Implicit in this is the belief that a government agency, dependent upon Congress, cannot meet business-type challenges adequately. The political process is not sufficiently rational to allow for an efficient exercise of responsibility. The Kappel Commission maintained that since the Post Office Department was providing service for a fee, it should therefore operate as a business does.

This makes two rather large assumptions: first, that managerial and economic efficiencies will lead to the goal of good (or in the Commission's words "superb") service, and second, that economic acumen is more important than political judgment, i.e., that the economic realities of a self-supporting "business" enterprise are primary, and the social purpose of the activity of postal service is secondary. As the Commission later stated, the Post Office "is far more important as an economic activity than as an instrument of public policy."²⁴ The implicit is later made explicit:

If the postal system had begun after the country had reached an advanced stage of technological, social and economic development, it would in all likelihood have emerged as a private industry suitably regulated to ensure satisfactory service levels and fair prices. Most members of this Commission would favor an investor-owned postal system.

We recognize that formidable barriers stand in the way of a transfer of the existing postal system to private ownership. The Post Office has had two hundred years as a Government operation. Time had nurtured the attitude that the postal service must be a Government responsibility.²⁵

This statement ignores much of what transpired in the Post Office's history. First of all, much of the technological, social, and economic development that occurred was a direct consequence of Post Office activity and subsidy. Although it may not have been inevitable for the

postal system to develop before the automobile or the computer, one does not have to resort to historical determinism to state that the postal system is an integral part of societal development (cross-culturally in western civilization) which did occur because of certain needs which arose in civilized societies. This historical role cannot be ignored or uprooted.

Secondly, the Commission's argument assumes the regulatory method to be the appropriate response to the operation of such service operations. Thus, if a postal system landed in twentieth century American society, it would of course be an investor-owned postal system, "suitably regulated."²⁶

The Kappel Commission based its recommendations for reorganization on several aspects of Post Office Department performance. The first was the poor quality of service received by postal consumers, and the lack of sensitivity to the public's service needs. Second was the postal employment scene, including methods for hiring employees, the working conditions and chances for career advancement, the adherence to the Postal Manual, and the lack of positive labor/management relations.

The third identified area was the financial picture, beginning with the growing deficit, the high cost of service, the lack of increases in productivity, including savings possible through mechanization and managerial efficiency, and the "irrationality" of the postal rates.

In essence, the Commission concluded that

the Post Office's principal failure is one of management. . . .
The organization of the Post Office as an ordinary Cabinet de-

partment guarantees that the nominal managers of the postal service do not have the authority to run the postal service.²⁷

The main reasons given were the dependence on Congress for financing, the lack of executive prerogative in management, and the political nature of postal management. These sound much like the Hoover Commission's basis for restructuring the Post Office Department, although whereas the Hoover Commission connected reorganization to administrative responsibility within the Executive branch, the Kappel Commission sought to remove the Post Office from direct governmental input.

Congressional budget authority meant that capital needs were not being met, that managerial autonomy was severely limited, and that the Post Office Department did not have to be consumer-oriented. The third item is of particular interest, for the Commission stated that, "Treasury financing [means that] there is little need to be concerned with customer desires if all costs are paid regardless of customer satisfaction."²⁸ This ignores the role of Congressmen as political representatives of the broad constituency of postal customers. The political process is the mechanism of accountability rather than the market or regulatory procedures. Though cumbersome and inexact, the political process provided for responsiveness to consumer service needs as well as to interest group demands, even if these were difficult for an administrative department to meet.

The lack of executive management prerogatives was evident in the rate-setting function of Congress. The Commission noted that, "Authority for pricing is a necessary attribute of a management to be held responsible for performance."²⁹ Secondly, post office labor relations

were identified as undermining postal management autonomy, since postal worker organizations were so successful in lobbying Congress on their own behalf at the expense of postal management control. (Indeed, the postal wage bill was one of only two overrides of Presidential vetoes during the eight years of the Eisenhower administration.)

The variety of political inputs needed to be reduced from the Postmaster General down, according to the Commission. For example, at the local level limits on residence as well as political affiliation were seen as limits on good management.³⁰

Management within the Post Office Department was considered both fragmented and unduly centralized. The basic complaint was that local management was afraid to initiate, yet was unable to use standardized guidelines to fit the myriad of physical and organizational conditions they faced.

Ultimately, the promotion of a government-owned public corporation by the Kappel Commission was a much greater change in political emphasis than that suggested by the Hoover panel. What were the reasons for the change from the one to the other?

One was the further erosion of postal service in the mid-1960s. Although Gerald Cullinan indicated that

in many informed circles, the belief remains that the postal crisis of 1966 would never have reached disaster proportions if the capable Postmaster General [Lawrence O'Brien] had been allowed to devote more energies to the postal service and less to the promotion of non-postal administration programs on Capitol Hill,³¹

the difficulties of the Post Office Department were apparent. It needed

to modernize, to improve delivery service, to deal with competition (such as the United Parcel Service), and somehow articulate reasons for, or solutions to, the growing deficit.

In concert with this was the increasing competition for funds in Congress, and the lack of attention from Congressmen who had many new programs for which to appropriate money. Also, this was occurring during a period when there was a reduction in the domination by rural congressmen; rural congressmen had always been the champions of a strong postal service.

By the 1960s, the government corporation idea was more accepted than when the first Hoover Commission reported, so that the Kappel Commission could refer to a model of governmental organization which had been tested and justified as a solution to the burgeoning demands on government. In addition, the move toward business efficiencies in government was strong, and the reorganization along principles of business organization was consistent with the introduction of more advanced accounting and management methods in government.

In this atmosphere, the Kappel Commission made its recommendations. They included:

- 1) Establishing a postal corporation owned by the government to operate on a self-supporting basis.
- 2) Vesting management responsibilities in a Board of Directors.
- 3) Improving the quality and kinds of service offered, how the service was provided, and work conditions.
- 4) Making all appointments on a nonpolitical basis.
- 5) Transferring employees to a career service within the postal service (from the Civil Service Commission).

- 6) Giving rate setting power to the Board of Directors, after hearings by Rate Commissioners, subject to a veto by Congressional concurrent resolution.

Much of what the Kappel Commission suggested was legislated, although Congress lost its authority over rate making (to the Board of Governors and a Postal Rate Commission). The Postal Service was made a government corporation, with a managerial autonomy far greater than under the old Post Office Department. And this is the postal service with which we now live, the central subject of this chapter. Its organization, service delivery performance, organizational goal orientation, and future direction are the concerns to be addressed.

The Postal Reorganization Act of 1970.

The Postal Reorganization Act (PRA) was signed into law on August 12, 1970, with a newly organized United States Postal Service (USPS) effective July 1, 1971.³² The PRA provided for an organization which would no longer be an Executive department of government, but a government corporation. The Postmaster General was not to be appointed by the President and confirmed by the Senate, but be a creature of the new Board of Governors of the USPS.

Specifically, the policy orientation of the postal service was to be determined by an eleven-member Board of Governors. Nine members, with no more than five from one political party, were to be appointed by the President with Senate confirmation, for nine-year, staggered terms. These nine choose a Postmaster General, and the resulting ten choose a Deputy Postmaster General, thus creating the eleven-member Board.

In this way, managerial authority was vested in a corporate form,

with the Postmaster General and Deputy Postmaster General using their grant of power to determine postal policy on a daily basis. The absence of any significant Congressional role is noteworthy.

The PRA created a Postal Rate Commission (PRC) to oversee postal rate deliberations, and make recommendations subject to review by the Board of Governors. The PRC was to be composed of five commissioners, appointed to six-year, staggered terms, with no more than three from one political party. There was no mechanism for Congressional review of rate making (as had been suggested by the Kappel Commission); the rate making powers of the USPS and the PRC were insulated from Congressional purview. Criticism of this mechanism has been widespread.

The PRA mandated that postmasters be appointed on a nonpolitical, managerial basis. It established a postal personnel service to be based on merit selection, withdrawing personnel functions from the Civil Service Commission. The PRA provided for collective bargaining between the postal unions and postal management.

The act changed the financial management of the Post Office so that the USPS

was authorized to retain and use its revenues without going through the usual executive and congressional budget. In addition, it had the power to borrow up to \$10 billion. . . .³³

This mandate brought with it a gradual diminution of Congressional support, so that the USPS was expected to be self-sustaining by 1984.

The PRA had clearly moved the postal service toward a business orientation. Congress was removed effectively from any ongoing involvement with postal activities so that oversight occurred only during a

perceived crisis situation. The Postmaster General's access and responsibility to the President, or to the political party, was abrogated. Thus, the notion of administrative responsibility (as opposed to administrative efficiency) disappeared. The politics of the Post Office had been redefined. Clearly, the USPS was heavily politicized as an agency 1) based on a corporate model, 2) responsive to the criteria of economic efficiency and attention to large customers, 3) insulated from direct public input, and 4) vulnerable to the available forms of political input, such as PRC hearings, the exchange of top management between business and the USPS, and the philosophical foundations of considering the postal system in light of a primary ethic of self-sustenance rather than one of entrenchment in Congressional politics. .

Evaluation of the United States Postal Service

Several books and articles have evaluated the postal service since reorganization, from broad, comprehensive standpoints to narrow, specialized characteristics. The purpose here is to describe the condition of the postal service today, and to evaluate it in terms of the history of the Post Office Department which has preceded it. What about the USPS gives us a better understanding of how American politics has shaped public enterprise, and what behaviors does this modern public corporation exhibit which define the contemporary approach to the provision of public sector services? The debates in specific service areas or management areas are part of this whole, but do not define the success or failure of postal service as much as the critics and supporters would like. Reduced service in certain areas does not prove a failure, much

as financial deficits throughout the years did not necessarily mean that the Post Office Department was a failure. Indeed, finance deficits may have held the clue as to why, in many people's eyes, the Post Office Department was considered a success.

Of course, the very nature of the corporate model implies certain measures of success if one views the form of organization as the determinant criteria. The fact that the USPS is 1) a public corporation, 2) created as a government service, and 3) intended to meet the service needs of the citizenry, makes for a ready distinction between it and a regular business corporation. And in evaluating a public corporation, it must be kept in mind that goals are multiple. Although the Kappel Commission was able to recommend a corporate form (and the PRA institutionalized it), and even stated that it preferred a private, investor-controlled system, its intentions did not completely define the character of the present postal system.³⁴

Even in establishing a postal corporation, Congress also made sure that broader social goals would be part of postal considerations, such as by guaranteeing that rural delivery service would be continued. Thus it is evident that Congress understood a public postal corporation to contain a large measure of public service goal commitment. In years subsequent to the passage of the PRA, Congress has proven, even in its severely limited oversight of the USPS, its concern with services which touch the public, through legislation dealing with the maintenance of six-day delivery (at least through Fiscal Year 1984), rural post offices, and the preservation of local postmarks (if not local postmarking!).

How much of this the USPS has internalized has been questioned by various critics. In this vein, it is fascinating that the most recent edition of The History of the U.S. Postal Service 1775-1981,³⁶ published by the USPS, does not list any service goals in its "Summary of Provisions" of the PRA.³⁶ Of course, business considerations, public scrutiny, Congressional pressure, and interest group lobbying force postal officials toward acknowledging the service area generally.

The material concerning the evaluation of the USPS tends to concentrate around certain categories of measurement, similar in many instances to those criteria for reorganization put forward by the Kappel Commission. Thus, researchers and others discuss the USPS in terms of 1) managerial restructuring and autonomy, and institutional decentralization and flexibility, 2) economic efficiency, including budgetary freedom, 3) personnel policy, including labor/management relations and safety/health considerations, 4) rate structuring and rate setting procedures, 5) research and development, including consideration of coming technologies, such as generation III electronic transmission capabilities, and 6) service characteristics.*

*Although the USPS contains "service" in its name, and many of the evaluations begin with an implicit recognition of the corporation's main role being that service, the analyses are generally lacking in more than superficial considerations of service. (This is not to say that service measurement figures are not included, or that attention is not paid to service, only that understanding of the depth of the service role(s) is generally lacking.) The Postal Precipice,³⁷ written with a consumer perspective in mind, is the major exception in its emphasis on service as primary rather than an inevitably dependent variable.

Managerial restructuring and autonomy, and institutional decentralization and flexibility.

The first two criteria, managerial restructuring and autonomy, and institutional decentralization and flexibility, reflect on issues of administrative efficiency and the attempt for government to mimic private corporate models. The Hoover and Kappel Commissions certainly viewed these (to varying degrees) criteria as crucial to a successful Post Office, given the modern conditions under which it operates. As John Tierney writes in Postal Reorganization,

The reorganization of the Post Office Department in 1971 was, above all else, an effort to increase the managerial autonomy of the mail agency. The architects of the reorganization believed that the mail delivery system was essentially a business operation that could be managed more efficiently and effectively if it were converted. . .to a government corporation.³⁸

Application of business-like management was viewed as a solvent for the accumulated grime of governmental managerial lethargy. A corporate structure geared towards cost efficiency and economic self-sustenance would better control expenditures than a line agency with the gilded pockets of Congress at its disposal. The Kappel Commission certainly identified needed managerial improvements ensuring better service and more economic efficiency.

Likewise, decentralization was viewed as crucial for postal flexibility in changing times. The ability of regional and local postmasters to react to demands of their particular conditions was deemed essential, as was the ability to move mail from urban bottlenecks to more suburban locations. (Many urban post offices were built near railroad lines,

based on earlier transportation patterns, and were as ill-equipped to receive tractor-trailer trucks as were the increasingly crowded streets to receive the level of automobile traffic then occurring.)

But the assumptions made in the PRA (and the Kappel Commission and its background reports) may have been inaccurate in the sense that government corporations might not actually provide the relief sought by reformers. As Tierney indicated, the conditions under which a public postal corporation operates are much different than those of a private corporation. Although government corporations "occupy an area in which the distinction between governmental and business activities become hazy," and they are "Theoretically freed of the direct control of political institutions [and] expected to use efficient, businesslike procedures in carrying out their chartered activities,"³⁹ their mandates are still political and governmental, and so provide the corporation with conflicting goals and a need to prioritize among those conflicting goals. Since the nature of the structure and goal orientation concentrates on "businesslike" goals, and the original impetus was for a movement to such an orientation, postal managers will tend to act in a manner emphasizing the businesslike. A political postal service dominated by Congress and direct political responsiveness had been rejected.

So, although it may be true that managerial autonomy has increased through restructuring, the object of that autonomy has been concentrated on economic and cost-related goals rather than on fulfilling political demands of various interests. As the National Association of Public Administration stated recently in the Evaluation of the United States Postal Service:

Management has given first priority to PRA mandates to operate in a more efficient, cost-conscious manner. These efforts have occasionally run counter to the perceived interests of the public, Congress, postal customers, and postal employees. When serious conflicts have resulted, postal management has either retreated voluntarily or been forced to withdraw. The record of the period does not disclose any instance in which USPS has been publicly criticized for continuing to render a service which might be reduced or eliminated in the interest of cost reduction. Hence, postal management's defeats have been exclusively the result of advocating a more "business-like" operation of the postal system.⁴⁰

In addition, the removal from the avowedly political Congressional world to the more autonomous world of the public corporation only frees the managers from the purview of the Congress to the wider world of business-like politics. An evaluation concerned with modern management techniques, managerial autonomy, and nonpolitical appointments assumes emphasis on efficient administration removed from the greater political conflicts of society.

But the truth is that the political world of the contemporary United States includes the great business-like operations in society. The interaction between the state and the corporations is a defining characteristic of modern capitalist society.⁴¹ And even in a more mundane fashion, the traffic between government agencies and their corporate relations has traditionally been heavy. So it has been with the USPS.

The autonomy of the management structure, then, can be understood to be autonomy from government control and even Progressive notions of responsibility and not from the constraints of the society within which the service operates. To understand this as autonomy is to limit the focus in an artificial fashion, for although it may be true that freedom from government controls has certain benefits, it also provides a

greater dependence on the existing corporate structure of the society.

Economic and administrative efficiency.

This switch to the corporate model brings with it a hierarchy of values concerning economics, product provision, the role of labor, and business relationships. Managerial autonomy does not operate in a vacuum of business-like flow charts, but in the real world of corporate relations, much as the Senate does not debate (often) in the oratorical style of its heights but at the visceral level of its political needs and desires.

Thus, when the National Academy of Public Administration states that the USPS has consistently favored business-like cost-consciousness, this is merely a reflection of the general goal orientation of a corporate structure. However, even if management is successful in this manner, there is no guarantee that service to the public will improve or that overall finances will improve. The only guarantee is that the organization will act in a way to maximize the financial side, with varying results.⁴²

The inability of local postmasters to deal with local situations was considered an impediment to efficient operations. "Managing for economy was impossible at the local level because no information existed on the costs of operating individual post offices, and there was no incentive to reduce costs."⁴³ There were even incentives to employ more workers, for "a postmaster's salary was set according to how many employees were at his facility."⁴⁴ Presently, however,

The local postmaster is less bound by the rigid dictates of the organization's rules and regulations. He is encouraged to experiment and introduce new methods--in short, to manage, finding ways to hold down costs and improve service.⁴⁵

The emphasis is on financial considerations, as is consistent with the PRA intentions. Postmasters now are more independent in terms of minimizing costs, but this then permeates their attitudes toward general improvements. In addition, postal service "regional centralization" has limited many service options. The following attempts to delineate this result.

First of all, I believe USPS's term "decentralization" to be, in some ways, a misnomer, and so prefer the characterization "regional centralization." For instance, mail has increasingly been routed to fewer offices for cancelling, sorting, and shipment, to take advantage of economics of scale, mechanization, employee work shifts, and other organizational efficiencies. Thus, (most) mail from Amherst, MA to Amherst, MA goes to Springfield, MA to be cancelled, sorted, and then delivered back to the Amherst Post Office. This regional centralization removes employees from smaller local post offices, and replaces them with employees or machinery (or a combination) at these regional post offices (Area Mail Processing centers). Thus, options concerning employment, sorting activities, and mail delivery and pick-up schedules are actually more removed from the control of the local postmaster. Costs, then, can be cut, but they must be cut from a reduced number of options. Often these reductions translate to reductions in service, or to resistance to an increase in service when an area grows.

The USPS's computer forwarding program also fits into the regional

centralization design. The postal service indicates that "As of October 1981, there were 1,124 computers at 171 sites nationwide. These units processed 1.4 billion pieces of mail during fiscal year 1981."⁴⁶ The postal service also indicates that it has done tests on advanced computer models, and plans to introduce these models into fifteen large post offices. Kathleen Conkey believes that this could be causing slower mail service and more missent mail. She writes that

Before the centralized computer system, carriers each day marked up the forwarded mail for their routes. They were the best people for the job because they recognized names and addresses and noticed changes. If a piece of mail was mistakenly placed in the wrong carrier's load, that carrier could pass it on to the correct carrier. Now, carriers cannot correct addresses even if they know where a piece should go. Instead, they must send it to a computer center which for some post offices is miles away, so the letter can be processed with a computerized address sticker. Then the letter is trucked back to the destination post office and delivered. This procedure is followed whether the customer has moved a block or across the country.⁴⁷

Locally, customers at the Florence, Massachusetts postal station have petitioned for the return of their own zip code and their old post office hours. (See page 190.) The Northampton postmaster (who runs the Florence station as part of the Northampton post office) has rejected the request because there would be no saving for the post office.⁴⁸ What appears to the public is that cost minimization is a more important goal than convenient service for the average customer. What this illustrates in the context of regional centralization is how a local postmaster's ability to frame postal service to local conditions really translates into a more negative function, i.e., where to cut costs if possible.

Perhaps more important is how flexibility and decentralization are implicitly defined. These concepts hold their meaning within the greater context of the primacy of cost reductions and minimization or a more homogeneous managerial approach, and only secondarily in terms of meeting local conditions. That is, the organizing philosophy is economic efficiency and managerial autonomy, and the structuring of local service around that goal is the driving force for that decentralized decision-making. In an important sense, this "decentralization" is really more centralizing a motivating force than the previous system, because it is a concept of postal service which must be applied whatever the local conditions.

In contrast, the political postmaster was the epitome of decentralization. It was the force of this outward pressure (towards decentralization) that over the years led to the increasingly stringent and comprehensive Postal Manual, and the Postal Inspectors. This political input, though, guaranteed an attention to local conditions, desires, and the potential for growth of services in the community. The political element was important to the identity of the community, and the presence of an active and service-oriented post office was both a result of and a positive presence of the national government in the local community in a decentralized, i.e., meaningfully local and noncoercive manner.

Now this and other actions of the old Post Office Department were perhaps inefficient. Larger numbers of employees to provide service to a constant number of postal customers would lower productivity, given a constant amount of mail, and be the bane of anyone attempting to control costs.

But the greater number of postal employees will have other residual effects. It will put more money into the locality (or the general area), as the employee shops, pays taxes, etc. This will be a stimulus to business, and will increase local, state, and national tax revenues. It can also improve service, or the customer's accessibility to service, which will improve the image and legitimacy of government enterprise. This, in turn, might lessen antagonism towards taxation, and transform the image of government as a burden to that of government as a service provider. Increased political responsiveness rooted in the community and attention to local needs also help enhance interrelations and lifestyle, which many people feel have been lost in the increasingly depersonalized, mechanized, businesslike corporate world. Many people remember with fondness the mail carriers on their routes who, at a leisurely pace, could pay more attention to delivery needs and also provide social relationships in terms of neighborliness and familiarity. This is, in many instances, assumed to be part of a bygone era, unrealistic in a modern age, but it may in fact be the result of the conscious and unconscious choices made about our public services. By consciously narrowing the postal function to better approximate a business function of service for fee, the nature of our community changes. The workplace, for the mail carrier and mail clerk, is altered. And "decentralization" as a managerial concept begins to better approximate homogeneity of result as post offices, physically and in service terms, begin to more and more often resemble each other.

Again, narrow economic efficiency criteria would mitigate against more costly service delivery. But a broader interpretation of the

postal mandate would include longer terms of measurement, and effects beyond the immediate postal balance sheet.

The interpretation of what goals are embodied in a public corporation, and what the particular organization should be mandated to perform as regards the public benefit, does not end in an analysis of rather narrow and artificial bounds as laid down by the PRA. The fact that broader economic considerations did not receive analysis (except in terms of business and consumer costs) does not delegitimize this type of perspective. In fact, the history of the postal system in the United States practically demands it.

Postal deficits have historically been one factor which assisted in the building of societal infrastructure for private business to grow upon; this deficit spending also stimulated the growth of new private industries (stagecoaches, steamships, railroads, and airplanes). These developments returned benefits, many times over, both to the society and the postal system,⁴⁹ including economic as well as other social benefits. Among the latter might be better roads, development of frontier territories, a more educated citizenry, and a belief in government and politics as a potentially positive force in society. The government in general has not abandoned this role, two modern examples being the development of the interstate highway system and the extensive subsidization of the nuclear power industry.⁵⁰

Personnel policy.

Thus, returning to employment, we might interpret higher employment as socially productive and positive rather than the "horror" many find

it to be. The Post Office Department employed approximately 740,000 workers at the time of reorganization; today's USPS employs approximately 670,000. Together with increased mechanization, regional centralization, and presorting by mailers, productivity has increased.⁵¹ USPS has thus decreased the number of workers while at the same time increased the volume of mail sorted, an impressive gain for postal management.⁵²

But is this really the gain it appears to be? Many changes had to take place, some of which were partially initiated before reorganization, in order for this success story to occur. Probably the defining change had to do with mechanization. Changing the nature of the postal worker's work environment will, most often, change job satisfaction levels, service provision, and wage demands. Kathleen Conkey recently wrote about some of the effects mechanization has had in postal service:

"Boring, boring, boring," is how a Chicago letter sorting machine operator once described her work. She sits at a letter sorting machine (LSM) all day long typing ZIP codes onto a keyboard, as once every second, 60 times a minute a letter passes into view.

If monotony were the only problem with working on such automated equipment, it might be difficult to sympathize with postal employees who earn more than \$20,000 a year at this work. But the rapidity of the changeover to mechanization has caused more tangible problems. When the postal corporation began operating in 1971, it used 282 LSMs in the entire country. But by 1981 it used 1,240.⁵³

The results of the concentrating of mail sorting, mechanized and stultifying, are adverse health effects, increased misdirected mail, and the general dehumanization of the workplace.⁵⁴ Dissatisfaction with the nature of the work alters the perspective which employees bring to the job, and to the postal service as a service industry. As industrial and

factory workers have reacted against the demands of the assembly line, so postal workers have reacted against analogous postal operations.

This type of work is done in large post offices, allowing tremendous volumes of mail to be massed at larger, more industrial type plants.⁵⁵ The loss of feeling for community, or attachment between the customer service aspect and the inside work, can readily be seen. In exchange for the deteriorating nature of work, wage demands have increased while service interest has receded.

The mechanization of postal sorting and regional centralization necessary to make the sophisticated equipment cost-effective have required alteration of pick-up and delivery schedules. Mail has to be rounded up from various locations to reach a central point in order that it may then be sorted and dispensed again for delivery. With local post offices generally not sorting mail any longer, the trip to the sorting spot is further. One result is that mailings later in the day or in the evening must then wait 12-24 hours to be picked up at the collection boxes. The mechanization has made sorting more cost-effective (although even this is questionable), but it has changed consumer expectations, employee working conditions, attitudes and satisfaction, and local postal presence, thereby having effects on many aspects of community life and on the societal view of public sector performance.

When the Kappel Commission promoted a postal corporation based on business organization principles because they believed the post office to be an essentially commercial enterprise, they betrayed an antipathy to the public role of the postal service and to government services. By ignoring the broad societal and community implications, such as loss of

confidence in public service provision and turning away from the public sphere as the arena of conflict resolution in the society, the ethic of reorganization degrades the public sector and so promotes private avenues of procuring service satisfaction. (This would be consistent with the Commission view that the major part of the postal mission could be served by private enterprise.) The business ethic brought to a public service, held to different expectations and measures by a citizenry viewing the public organization as the embodiment of democratic process, thus tears at the very fabric of public life. Mechanization is only symptomatic of this view, for many would agree that labor-saving machinery will beget efficiency which will in turn free revenues for better service provision. However, the broad implications of the human displacement involved is something not addressed by the present USPS.

Reorganization brought with it a change in labor/management relations. Collective bargaining was included in the PRA, so that postal management could deal directly with postal workers and their unions, thus taking Congressional politics out of the process and concurrently increasing managerial autonomy. John Tierney contends that the collective bargaining process has been destructive of post office solidarity, so that the postal workers are now "union members first and postal workers second."⁵⁶ The nature of the political conflict has changed, with Congress removed from the picture, but this has generally caused divisiveness in the postal service.

Whatever the defects of the pre-organization method of setting postal wages, the system had its virtues. The presence of third-party decision makers (Congress, the President, and the Bureau of the Budget) tempered relations between management

and the rank-and-file employees. Now, however, the unions and management face each other across the bargaining table without the luxury of intermediaries on whom responsibility devolves. Whereas before the reorganization both parties saw themselves as constituent parts of the same service agency, they now see themselves more as independent adversaries.⁵⁷

Political creatures thrive on the ability to diffuse situations of built-in conflict. Congressmen especially are masters of the political compromise, so much so that they are attacked for lacking principles. It seems evident that they, as representatives of the public and providers of the nation's services, would be well-suited to compromise the demands of postal workers against those of postal administrators. And a Postmaster General, appointed by the President, also has an abiding interest in a satisfactory resolution of labor problems. Further still, the Postmaster General had by tradition been the head of the victorious party, master politician at the height of triumph. Between his skills and those of the Congressional committee chairs, corporate-style management must pale in comparison. It is no wonder that the amount of conflict has increased under reorganization, despite large pay increases.

The adversary relationship is also a reflection of the managerial authority now lodged in the postal service. This authority leads to the emphasis on cost control, at the possible expense of worker job satisfaction and worker safety. Thus, issues of worker boredom at LSMs or dangerous working conditions at Bulk Mail Centers (a creation of the reorganized postal service) are indicative of the idea or rationale of managerial prerogative checked now only by collective bargaining rather than by Congressional oversight and political pressure.

When talking about the general "Effects of Management by Legis-

lature," the Kappel Commission reported that

the legislative process makes most managerial decisions for the Post Office--it sets rates and wages, approves postal facilities and decides many other postal matters. When key business decisions are made in this way, they do not necessarily bring about what is best for the postal system and its customers. This process. . .is simply not a substitute for sound decision-making in a business context. . . . The mission of the Post Office is simpler and narrower than that of most other Federal activities. It is by far more important as an economic activity than as an instrument of public policy. [My emphasis.] For this reason, and even leaving aside management considerations, we cannot help raise the question as citizens whether the Congressional and Executive energy devoted to the details of postal affairs represents the most productive use of the talents of our national leadership.⁵⁸

However, the experience since reorganization has pointed up an interesting comparative perspective on labor relations in a public corporation as opposed to the politicized relationships of Congressional and Executive involvement in labor relations.

To begin with, the adversary relationship has apparently produced more contentious labor relations, as described by Tierney. In addition, average postal wages rose from \$8,030 in 1969 to \$22,849,⁵⁹ partly because of the unique economic conditions of the 1970s and because of the political agreements made with the unions for support of the PRA (i.e., for large wage concessions). Despite this, many postal workers believe that their working conditions have deteriorated, whether they are those of the clerk who sits before a LSM or the carrier whose workload has been rationalized.⁶⁰ And many members of the public remember the old Post Office Department with fondness, whether the memories are warranted or not. Although the picture is not clear, there is at least some basis to ask whether the reorganization has actually improved the labor situa-

tion for either postal management or postal workers.

Rate structuring and rate setting procedures.

Almost everyone has criticism for the USPS in terms of its rate structuring and rate setting procedures. The relative rates between classes are viewed as inappropriate with the first class mail users bearing a greater burden than costs justify.⁶¹ The PRA set up a Postal Rate Commission (PRC) to monitor the rate setting process. Its role is to hold hearings on proposed rate changes made by the USPS and to make recommended decisions to the USPS on the changes.* The decision then goes back to the Board of Governors of the USPS, who may approve the decision, allow it under protest, or reject the decision.

If the governors allow the decision under protest or reject it, it goes back to the PRC for a further recommended decision. When the governors get the second PRC decision, they can, with an unanimous vote, actually modify the decision after meeting certain minor criteria.⁶²

This is exactly what happened in the most recent rate change case, when the USPS Board of Governors raised the first class postage rate to twenty cents despite the PRC's decisions that eighteen cents was more appropriate.

There are several weaknesses in the process, which was aimed at taking the plethora of interest groups out of the postal rate change process by removing it from Congressional control. First, the PRC has

*In the literature it always seems to be termed rate "increases" rather than changes, although, in fact, the PRC has at times recommended reductions, such as in third class mail rates.

no independent ability to conduct investigations or audits, thereby making it reliant on the USPS for its information used in the hearings and decisions. And although the Kappel Commission suggested that Congress have sixty days to veto any rate changes by concurrent resolution⁶³ (the House of Representatives pushed for the same condition), the PRA deleted this check on the rate changing power of the USPS.

The hearing process has become more technical and involved in detailed legal and economic considerations, in contrast to the legislative methods in place prior to the PRA. Thus, although the hearings bring together the USPS officials, mail user groups, and an Officer of the Commission (OOC, to represent the broad public of mail users), the hearings are by their very nature conducive to the large organized interests, at the expense of the general public. These interest groups also promoted their causes in Congress, prior to the PRA, but at that time the decisionmakers were representatives, subject to the whims of their constituents, and access to Congressmen by a larger variety of interests was more evident. By being put in an administrative atmosphere, rationalized and professionalized, they have also become removed from the public forum of Congressional politics. The hearing process of the PRC in rate cases is held

under strict administrative procedures. To participate is an expensive process requiring expert knowledge of rate methodologies, court procedure and law. As many as 125 businesses and associations participate and a core group have regularly appeared since the first case. . . . Under the circumstances it is not surprising that individuals only rarely participate.⁶⁴

And the OOC, "As an employee of the PRC. . . is in a difficult position

to criticize Commission decisions. As part of the PRC, he is also subject to all its limitations and weaknesses."⁶⁵

John Tierney has noted the extensive change in rate making since the implementation of the PRA:

Before the reorganization, the [rate] hearings were handled in an informal, hail-fellow atmosphere in which political maneuvering was the rule. . . . The new process with its formal, depoliticized, legalistic, adversary hearings, is designed to inject more rigor and professionalization into setting postal rates.⁶⁶

This means that, "Economists and cost analysts are now especially prominent in the revised proceedings," but also that, "the lawyer's role. . . has been most enhanced."⁶⁷ Together with dramatically increased costs in the rate hearings, information has gained a crucial role, resulting in a position of increased importance for the USPS in the rate setting process.⁶⁸

But the procedures remain highly political, only the arena of politics and groups participating have changed. The autonomy of management has increased, although the regulatory procedures frame a rather weak control over the USPS in the process. Thus, a public corporate entity, unbound from the political controls of President, party, or Congress, evidently enjoys greater control over rate setting than did the Post Office Department. This is in contrast to earlier reformers, who envisioned Executive control and responsibility central to performance and accountability.

In this context, nine criteria must be considered (by the PRC) in the rate case process, these to guarantee the role of the postal system

as a public servant. They are:

- 1) that rates and classifications are fair and equitable,
- 2) the value of service actually provided each type or class of mail service to both the sender and the recipient,
- 3) the requirement that each class of mail bear the direct and indirect costs attributable to it, plus a portion of all other costs reasonably assignable to it,
- 4) the effect of rate increases on the general public, business mail users, and private enterprises engaged in delivering mail matter other than letters,
- 5) the available alternative means of sending and receiving letters and other mail matter at reasonable costs,
- 6) the degree to which a mailer has prepared a mailing before it enters the postal system, and its effects on reducing Postal Service costs,
- 7) a simple structure for rates and classifications, and simple, identifiable relationships between rates charged the various classes for service,
- 8) the educational, cultural, scientific, and informational value to the recipient,
- 9) other factors the Commission deems appropriate.⁶⁹

The guidelines provide for a wide latitude in interpretation, so that while in writing the law Congress attempted to inject certain rather political considerations into the rate making process, they removed the most appropriate political forum, Congress. It is interesting that in much the same way that Congress's absence has caused increased confrontation and rancor in labor/management relations, its absence in rate making has caused almost universal displeasure, certainly to a much greater extent than in pre-PRA days.

Congress was notoriously successful in keeping rates down, even to the point of perhaps hurting the Post Office Department's capacity for

research and development and capital improvement.⁷⁰ (However, revenues were not so determinant in appropriations in Post Office Department days, since the budget derived from the general treasury.) Nonetheless, for all classes of mail, Congress provided low rates for mailers. First class rates were two cents at the turn of the century, and only six cents by the time the PRA passed. (Rates were raised from six to eight cents on May 16, 1971, partially as a result of large wage increases given to the labor unions in exchange for their support for reorganization.) The fact that the rate structure was so open to pressure allowed for a public free-for-all, even if weighted in favor of organized interests, and a public perception of political compromises. The political skill of politicians is in reducing conflict, and in trying to either accommodate all parties or make the losers understand the reasons for their loss. And the losers always had the recourse to other legislative attempts and strategies, and ultimately the ballot box.

This has largely disappeared with the new rate mechanisms. Highly professionalized, the process excluded most people, and so allows the organized interests--and the postal service itself--to make public policy largely untouched by greater political consequences. Progressive-type reform (in professionalism and administrative efficiency) mated with notions of managerial autonomy and a private corporate model has borne a rate process out of public control, but with all-inclusive public effects. That is, despite the loss of visible political control, the public still bears the effects of rate changes, producing a damaging relationship with the government, for despite all else the USPS is a public corporation and is still considered the embodiment of the public--the

government--for most people. This feeds on the feeling of political helplessness, for the increasingly frequent rate hikes occur, unimpeded by voting (i.e., Congressional oversight, and a tie to one's ballot), in an increasingly privatized manner, or outside the public scrutiny. A rate hearing in Congress would provoke the best of political rhetoric--public, visible, noteworthy, targeted for constituents--thereby "informing" the public about public policy decisions concerning the most public of agencies, the Post Office. Now, even if the news media present summaries of PRC meetings, nothing newsworthy would occur except the final statement about the rate decision. The public discussion, rich with political maneuvering as well as political substance, is lost. And from that loss stems different types of decisions, which have ultimately, under the USPS, led to frequent rate hikes and intense displeasure.

The Kappel Commission believed that the argument as to

Whether every class pays its "proper" rate is a long-standing controversy which cannot be resolved in the absence of functional cost data which the current cost system [a Cost Ascertainment System] does not generate. . . . Postal management . . . needs a modern cost accounting system, one that shows, by each postal function, how costs vary with each class of service, how each class contributes to peakload and the size of the remaining pool of institutional costs.⁷¹

Criteria number three (page 166) mandated by the PRA directed the USPS to change the cost ascertainment system. But it did not specify the methods for gauging costs, and left that decision to the USPS.⁷² The ways in which the USPS has attributed costs and prices have generated significant amounts of criticism. Almost no one seems satisfied with their methods or the results. Varied interests all find fault with the

relative costs for the different classes of mail.⁷³

Cross-subsidization between classes, a criticized practice of the Post Office Department, was supposed to be ended by the PRA, with the mandate of the above criteria. But since everyone involved, including the PRC, has criticized USPS costing and pricing methods (and it would be expected that relative changes would bring about great amounts of controversy), a political scientist might assume costing and pricing not to be a technical economic problem but an inherently and blatantly political one, not resolvable by methodological tinkering. It is the misunderstanding that removing Congress and the executive would solve political problems which leads to groping for more accurate measurements, more fair or honest processors, and less interest (in terms of political pressure) in the whole matter. The rate setting process is probably never susceptible to stable, accurate pricing, fulfilling the dream of a decade-long postage rate based on such principles, since the institution of any such rate along with the subsequent unforeseen events and changes in society will alter the figures, and so (mechanically) demand new price structures. It was only, in the highly politicized atmosphere of Congressional appropriations, rate setting, and influence that the three-cent stamp lasted for twenty-five years.

In a postal business that is supposed to make prices reflect costs in the different classes of mail and operate with little or no outside financial assistance, the impetus will be to compromise between the realities of pricing according to cost and the ability of each class to absorb the "true" cost (as closely as can be ascertained). For example, fourth class mail may in fact be underpriced if strict economic criteria

and measurement are applied, yet other forces operate to mitigate the rise in prices.* If it is conceded that parcel post is underpriced (relative to the cost structure), then should not parcel post rates be raised? Alan R. Sorkin argues, e.g., that

Although cost-based rates would probably cost the postal system to lose some mail volume in classes such as parcel post, such an approach would also tend to reduce losses. The reason for this is that much of the business is being retained only because rates are set below the average cost of providing the service.⁷⁴

The problem with this reasoning is that USPS losses would be in parcel markets with the most readily available competition, and not in the markets which are most costly to service (such as rural areas, single-parcel customers, and items private carriers will not carry).⁷⁵ Full-cost rates would tend to drive off the more profitable business to private firms, which in turn would require even higher rates on the remaining, low-profit mail. The problem is not solved by Sorkin's advice, unless there is no parcel business at all. So there are reasons why the USPS must moderate rates, despite cost analyses, because USPS is not truly analogous to a private corporation, which can leave service areas it does not consider profitable.

In terms of comparing the USPS in parcel post to United Parcel Service (UPS), Kathleen Conkey writes that:

*Prices for all classes of mail have risen, dramatically, since reorganization. See, for example, Table 4-2 in Alan R. Sorkin, The Economics of the Postal System (Lexington, MA: Lexington Books, 1980), p. 57.

A comparison of UPS-USPS parcel rates reveals that the Postal Service actually holds the rate advantage in the vast majority of weight and distance zones. However, UPS holds a definite advantage on parcels weighing 12 pounds and under, and . . . the advantage in those particular weights are a convenient umbrella because the average parcel weight for UPS is 11 pounds and for USPS is 6 pounds. [Senior Assistant Postmaster General] Jellison claims that the United Parcel Service intervenes in Postal Rate Commission hearings to convince the PRC to put more costs on parcel rates, "Then their rates are set by the Interstate Commerce Commission and they're able to use more of a pricing strategy by planning their prices for the different breaks."⁷⁶

Third-class mail (commonly referred to as bulk-mail or junk-mail) is generally attacked as being underpriced and a major cause of high first class rates. Defenders are many among bulk mailers, few among those who write about the Postal Service. Yet there are arguments which justify an "underpriced" third class rate, one of them being their (general) lack of time sensitivity.⁷⁷ Thus, much third class mail can be sorted at non-peak times, when underutilized personnel and equipment can perform this secondary work.⁷⁸

Another justification of lower third class rates has to do with the nature of the organizations which raise money by third class non-profit rates. Congressional cutbacks in subsidies last year threw

many non-profit organizations into turmoil. This sudden loss of expected funds hurt not only the non-profit groups that depend on the [revenue forgone] subsidy but the many Americans who depend on those groups. . . when non-profit third-class rates jumped from 3.8 cents to 5.9 cents in less than a month, the postage bills sent many charity groups scrambling to stay on the tightrope [over the safety net].⁷⁹

Since many of these non-profit organizations rely heavily on contributions in response to their mailing efforts, cutting back will mean

reduced contributions, less money for their causes, and less for the individuals who benefit from their research or service (e.g., from the activities of the American Lung Association or the Salvation Army). Attributing a "fairer" share of the burden to some of these non-profit mailers may be detrimental to those already suffering from a general societal misappropriation of resources.

Some critics view subsidization of these "interest groups" as inequitable within a liberal society, where each user should pay the proper costs of the service they receive. What this ignores, given the context of a pluralist society in which groups compete for a piece of the pie, is that the less powerful or influential groups may be properly subsidized in the public interest, by the public sector, because they are often shut out of alternative means of fund-raising. This is not the promotion of one group over another, but only provision of access to all groups, many of which are unable to participate in the more costly environment of the private sector.

Second class mail has historically been accorded subsidies in the mails, beginning with Benjamin Franklin's free delivery of newspapers. The educational, social, and political benefits have been considered as crucial components in a liberal democratic culture, worth underwriting as costs to society in order to promote a free exchange of ideas. This is done through the postal system, in the least costly and noncoercive way possible.

Critics contend that by subsidizing second class mail, we are supporting publishers and their readers who should be openly competing in the market place of communication.

If we subsidize certain classes of mail because of their educational, cultural, scientific, and informational value to the recipient, why do we not subsidize all educational, cultural, scientific, and informational transmissions.⁸⁰

In reply, there are significant differences between printed material and broadcasting which are rather evident, such as control over editorial content, the permanence of the transmission, and the role of the public in providing the transmission. Most importantly, the fact that there can be a public role in promoting all publications for a vibrant, educational, cultural, and social existence, is almost alien to those who would "directly subsidize publications, not the costs of mailing them, and. . .subsidize only those that are small, unprofitable, and below efficient scale."⁸¹ For critics concerned with government overinvolvement and its coercive power, this is manifestly a much more unlikely, coercive, and irrelevant prescription, given the nature of postal service. The intent, again, is not support of particular specialized interests, but of the mail class of interests, which stimulates entry into the market, survivability, and the genuine governmental role in promoting values of education, of culture, of ethics, of politics, and of commerce, in an undifferentiated manner. When Benjamin Franklin allowed his competitor's products--i.e., newspapers--into the mails as freely as his, it indicated the type of commitment the postal system has made ever since to promote certain social values. The issue may be that cross-subsidization is not the proper tool for achieving this, although given the present form of organization it is the primary tool.

First class mail is the focal point for much of the discussion concerning the skewed rate structure. Almost every commentator agrees that

too great a part of the costs are apportioned to first class, and so first class rates are priced too high. This is also the judgment of the Postal Rate Commission, which twice rejected USPS claims that they needed a twenty-cent first class stamp. This has been an issue since before reorganization, and was addressed by the Kappel Commission.⁸² The reforms in the PRA have not solved the problem. Although all classes of mail have had increased rates, first class rates have gone up the most.

One reason for this is the procedure used by the USPS to determine costs and so set the basis for pricing. Explicitly used in earlier rate cases, and still implicitly used,⁸³ the inverse elasticity rule leads to apportioning a greater amount of institutional (unapportioned) costs to the class of mail with the greatest inelasticity. Because of the postal monopoly on first class mail rooted in the private express statutes, first class mail has been accorded an inordinate amount of institutional costs. The pressures of competition, and other criteria (subsidies, strong pressure groups, etc.), have moderated the rates in other classes. Observers prod the USPS to more properly apportion costs, which would result in lower first class rates.

One problem connected with so controlling first class rates is the mission of the USPS: self-sustenance. To move toward this goal, the USPS has had to increasingly apportion deficit-costs (which were borne by Congress) to the different classes of mail. Each class has felt the increases in varying intensities, and users have complained. But, as the USPS argued earlier and now implicitly posits, the elasticity of first class mail has allowed for a greater apportionment to that class

without necessarily harming postal service business or receipts, which is not true in other classes. A goal of economic efficiency moves postal management into a strategy of focusing greater increases on first class mail.

The PRC, in its first recommended decision for an eighteen cent stamp (on February 19, 1981), conceded that "demand for first class mail was becoming more elastic because of electronic alternatives."⁸⁴ Ultimately the USPS overrode the PRC, and kept the twenty-cent stamp. The long-term implications may prove the increasingly elastic nature of first class mail, but the short-term demands of economic results evidently pushed the postal service in the continuing saga of a high first class rate.

Research and development.

There are other reasons for the rate structure being as it is, such as the privacy of the sealed envelope, the timeliness in which it is (supposed to be) delivered, and the pick-up stations maintained. But those who study it carefully, whether in the 1960s or 1980s, criticize the postal management for overcharging first class mailers.

Observers agree that research and development of new equipment and service was neglected in the Post Office Department and that it is still inadequately funded and promoted in the USPS. The area on most everyone's mind is electronic communications. The National Association of Public Administration study sets out three types of systems presently in use:

- 1) Generation I: Hard-copy mail or messages are translated

into electronic form for transmission, and then retranslated to hard copy for delivery to the recipient. Telegrams are characteristic of this type of system.

- 2) Generation II: Information already in electronic form, generally from computer information systems, is electronically translated to a delivery service, where it is converted into hard copy for delivery to the recipient. USPS's Electronic Computer Originated Mail (E-COM) is an example of this type of service.
- 3) Generation III: Information from one electronic source is directly transmitted to a recipient's electronic terminal.⁸⁵

The possibilities for future developments are boundless, ranging from USPS estimates that their workload will continue to increase to some analysts predicting drops in Postal Service business, leading to higher prices and eventually the system's collapse.⁸⁶

The Postal Service has become involved in Generation II services, such as INTELPOST and E-COM, despite vocal opposition and FCC claims of regulatory jurisdiction.⁸⁷ It has principally relied on serving large volume customers, although the original Electronic Mail Service System (EMSS) was to have had the capability

to deliver first and third class letter mail to its destination mail box within one to four hours, for priority mail, or overnight for non-priority, anywhere in the United States.⁸⁸

But because of uncertainties over the USPS role in the field of electronic communications, work on EMSS stopped, and only the spin-off, E-COM, was retained.⁸⁹

It seems that for short- to mid-term success, the USPS must aggressively pursue Generation II electronic mail service, including services for individual mailers as well as large-volume mailers. Even in going

this far, the opposition is (and will be) quite fierce, for opponents

fear that USPS will use these [Generation II] services as a stepping stone toward a more extensive use of electronic communications, including generation III systems. Representatives of the telecommunications industry fear that the USPS will be pushed in this direction by a rapid and substantial diversion of First-Class Mail to Electronic Communications systems.⁹⁰

The issues abound in this new area, since it is evidently the wave of the future. Electronic communications will increasingly permeate American society and the definition of the postal service's role is not yet clear, although it is being actively framed in a back door manner. The Postal Service itself is eschewing involvement in Generation III communications, even if this is eventually detrimental to its existence.⁹¹

This is especially important because of the more traditional issues of the postal service as a public service which inhabit the coming electronic world. The postal system has proven to be remarkably successful in insuring privacy of the mails, in providing universal mail service, free flow of publications through the mail, and international postal exchange. The electronic future, if not under as keen a service referee as the postal service, might present some quite serious threats.

As the private control of the telegraph was feared for its value in terms of speculation, "the new electronic communications offer a field of speculation to profit-seekers--the field of communication barter."⁹² Possible barriers to access to information would be lack of universal service capabilities, educational handicaps, and insufficient financial resources.

But probably the most important key to gaining access will be what institutions an individual happens to be allied with. Large corporations, government agencies, military complexes, major universities, libraries, news services and publishers will control electronic information and provide access to their staff and clients.⁹³

How, then, can dissidents (from the large and acceptable institutions of society) gain access to information? Non-profit organizations might lose their privileged status (albeit, an often attacked one) on special rates. The privacy of the mails would be threatened, and freedom of the press might be further endangered by everconcentrated corporate power (in electronic communications). The very privacy of the total of one's life might be threatened by computer knowledge, through two-way interactive systems, of what you read, where you shop, what you eat, when you shower, etc.

Finally, what are the implications for democracy in a nation where shopping, banking, reading a book or newspaper, or even working can be done from the home?⁹⁴

As was the case with the telegraph (see Chapter III), the USPS is letting its role be defined by others in not aggressively pushing into new technologies. This appears to be a reflection of two major elements of the USPS and the postal system's institutional history (as the Post Office Department and USPS): 1) the belief of the USPS in the corporate model which narrowly defines the public role of postal service in this burgeoning field, although theoretically allowing for more aggressive entry into electronic communications; and 2) the historical circumstances wherein the postal system has had the limited role of helping to develop new technologies, but only until the private sector was able to fund the

necessary development. Thus, although Mr. Morse developed the electromagnetic telegraph under the auspices of the Post Office Department, the public realm hesitated, and private enterprise still operates the telegraph lines. In 1959, Speed Mail was put into development, only to be killed in January, 1961, when J. Edward Day became Postmaster General.

Speed Mail would be prepared on a special post office form and sealed. A machine would open the letter, scan it, transmit it to the receiving post office where it would be reproduced, folded, sealed, and delivered.⁹⁵

It is not just research and development which the postal service lacks (or has lacked), but also the ability to act upon the developments it makes. Repeatedly, the Post Office is restricted in its role, which later undermines its service capabilities. Whether electronic communications will be the ultimate threat to USPS survival will be seen in the next few years.

There has been a gap between the promises of service delivery improvement made by the promoters of reorganization and that actually delivered. The Postal Reorganization Act itself states that:

The United State Postal Service shall be operated as a basic and fundamental service to the people by the Government of the United States, authorized by the Constitution, created by Act of Congress, and supported by the people. 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 services to all communities. The costs of establishing and maintaining the Postal Service shall not be apportioned to impair the overall value of such service to the people.⁹⁶

Critics point out not just the lack of improvement in postal service but

the deterioration which has occurred.

What is the best example of something in this country that doesn't work as well as it once did? It's a tough choice, but for lots of people the answer is the Post Office. With the arrival last month of the 20-cent stamp, first-class postal rates have increased more than 150 percent in the last 10 years--better than double the decade's inflation rate--and poor service is increasingly annoying to millions.⁹⁷

From the Kappel Commission's recommendations, which were based on bringing a "superb service" to the American people, to PRA promises of a reliable and efficient service, to the widespread dissatisfaction with the service the USPS provides: why is there such disparity? Jonathan Alter wrote that, "After all, despite its name, 'service' is no longer its priority: money is."⁹⁸ John Tierney attributes perceived failure to "unrealistic expectations. . .inflated by the rhetoric of enthusiastic reformers who needed to convince others of the reorganization's virtues."⁹⁹ The National Academy of Public Administration apparently believed that perceptions are dependent upon your contact with the USPS (as an individual mailer, a business, a postal worker, USPS management, etc.), and that both service delivery and perception of such can be improved. Kathleen Conkey wrote that:

When people want to denigrate government, the Postal Service is often their example, not only because it is familiar, but because service deterioration has been steady and visible.¹⁰⁰

The Postal Service defends its service delivery, at least to the point of stating that, "The Roper Report. . .finds that consumers continue to rate postal service highly."¹⁰¹ Analysts have been skeptical, since

there is some question if a five-fold choice of opinion with "good" as the central category (and most frequent choice), a position usually designated by a neutral term of expression such as "neither good nor bad," affords an adequate and objective test of public opinion.¹⁰²

What are the service characteristics of the USPS? Firstly, there is delivery performance. This is what much criticism centers around: the reliability and speed of the mails. If you mail a letter or package to some distant spot, how soon will it be delivered--or will it be delivered?

The USPS instituted a new measurement device, called the Origin-Destination Information System (ODIS), to better evaluate its stamped, first class mail service. The standard for delivery success is 95% within its overnight, two-day, and three-day delivery areas. The overnight boundaries are locally determined, two-day delivery is expected within a radius of 600 miles, and three-day delivery is expected everywhere else in the United States.

<u>Standard</u>	<u>1973</u>	<u>1977</u>	<u>1981</u>
Overnight	92%*	95%	95%
Two-day	80%	90%	86%
Three-day	81%	91%	87%

The figures above are representative of the earlier rise and then deterioration of the service delivery performance in the years since ODIS was first instituted. Thus, even within USPS's own goal structure,

*Percentages are the portion of mail which met the delivery standards.¹⁰³

the Postal Service is failing in its delivery performance. This is unwelcome news to consumers, aggravated by the fact that the measuring devices of overnight, two-day, and three-day service do not mean that a letter has to actually be delivered in those spans for it to meet the standard. Why? Because the USPS does not include Sundays or holidays as days in which the letter is in the mail, and because the time measurement is only from the point a letter is face cancelled (at a sorting post office) to the time it reaches the last delivery unit.¹⁰⁴

The reasons for the poor performance of the USPS include the amount of misdirected mail, due to operator error on the LSMs (without a recall key), machinery error, computer forwarding delays, massing of mail and regional centralization, and changes in airline schedules. Promises of improvement stem from the installation of optical character recognition equipment¹⁰⁵ and bar code readers, which will increase productivity and give more accurate sorting. (With 58 billion letters sent per year, a 1% error rate means 600 million missent letters.) Regardless, the delivery system is falling short of the goals established by the Postal service itself, and the public is aware of this performance.

The centralization of mail delivery is also perceived as a deterioration of service. Beginning in 1978, the USPS issued new regulations which mandated use of curbside boxes or central locked boxes for residents in new housing.¹⁰⁶ Interestingly enough, businesses (because of their mail volume, presumably) still have the option of to-the-door delivery.¹⁰⁷ The new regulations were designed primarily for economic savings. (Cluster boxes or centrally located boxes cost about half of what front door delivery costs, with curbside delivery somewhere in be-

tween.) The Postal Service is enthusiastically promoting this trend:

In a move to promote the growth of centralized delivery, the Postal Service in April 1981 modified its regulations to authorize the purchase, installation, and maintenance of neighborhood delivery and collection boxes and parcel lockers. The most cost efficient of all delivery methods, centralized delivery, serves apartments and groups of curbside boxes as well as neighborhood delivery and collection boxes. Of the 68.5 million deliveries served by city carriers, approximately 23.3 percent are now centralized, while 49.5 percent are door deliveries and 18.9 percent are curblines.¹⁰⁸

Collections at collection boxes have been curtailed also. "The number of collections, especially evenings, Sundays, and holidays, has declined; so has the number of collection boxes, from 355,000 in 1973 to 275,000 in 1980."¹⁰⁹

Routes for mail carriers have been more rationalized, i.e., tightened up, so that the number of mail carriers has declined while the number of delivery points has increased. This means that the carriers have less time to spend at each address, especially with increasing delivery centralization; consequently, there is less of a social presence by mail carriers in the neighborhood. Since mail carriers may be understood to serve more than a simple mail carrying role, this is a social service loss to the community. A letter carrier, for example, may be an informal authority presence, cognizant of the neighborhood and its residents, and of any abnormal conditions, and serve as a substitute for the more coercive police presence in a neighborhood. This is lost as the carrier loses contact with the people in the community, and as he rushes through his mail route.

Post office hours have been curtailed, so that post offices are no

longer open the whole day on Saturday, but only until noon. Staffing has been cut, as well as hours. This may be an entirely defensible way to run the Post Office, but it brings with it problems because of expectations for certain levels of public service.

Six-day mail delivery has been threatened several times, although customers are presently protected through Fiscal Year 1984 from cuts to five-day delivery.¹¹⁰ As recently as April of 1980, Postmaster General Bolger warned that cuts in subsidies would necessitate service cutbacks, among these, possibly, curtailing six-day service.¹¹¹ And the National Academy of Public Administration's study concludes that

In spite of the political problems involved, the potential savings from reduced deliveries are too great to be permanently discarded. USPS should periodically reevaluate its present delivery schedule in light of current political, operational, and budgetary conditions.¹¹²

No doubt the Postal Service will review the potential savings, and again push for service delivery reductions. This is in line with a decrease in delivery frequency over decades,¹¹³ and not just under the USPS.

The closing of small post offices has continued, though at a rate moderated by Congress. The small post offices, vulnerable to the rationalization process, were targeted in a 1975 GAO report, which suggested that great savings and no service loss would attend the closing of 12,000 small post offices.¹¹⁴ Postmaster General Benjamin Bailar, despite Congressional resistance, closed two hundred post offices within a three-month span, and reviewed closing many more.¹¹⁵ Congress reacted by stopping the closings through the Postal Reorganization Act of 1976.

The 1976 amendments were a clear and substantial victory for rural America, and postal customers in general who were willing to fight the corporate machinery of the new Postal Service.¹¹⁶

At the same time as these service trends occurred generally, the USPS has paid increasingly close attention to business needs. Programs for cost-reduction for pre-sorted mail, suggested to be in excess of actual pre-sort costs at times, have grown since their first introduction under the USPS. Programs such as INTELPOST, E-COM, optical scanning readers, and ZIP Code + 4 are aimed specifically at the large volume mailer and include discounts. The Postal Service claims this attention is dictated by the fact that businesses are the main users of the mail, that money is easier to save here (e.g., through presorting), and that in second-class, third-class, and fourth-class mail there is competition which threatens the postal system's market.

So the USPS has been more visibly attentive to business while service delivery expectations have changed. This experience reflects on the government, for the USPS as a governmental enterprise is considered a part of the government. There has been no explicit acknowledgement, though, that the Postal Service is or should be a service-for-fee organization. Such an explicit statement, legitimated through the political process in some form, might diffuse concern over changes in postal services.

Conclusions.

The modern USPS is a much different organization than the old Post Office Department. It provides a different type of postal service des-

pite the fact that it still delivers letters, parcels, newspapers, magazines, fruit trees, and various other products.

Evaluated by the terms of the Kappel Commission intentions and the PRA, the USPS has been a limited success. As a positive public enterprise, incorporating social, cultural, educational, and political values as well as organizational and economic ones, it is a break with more traditional understandings about a political institution.

The Kappel Commission was interested fundamentally in producing a mail system as close to the private corporate model as possible. Indeed, "most members" favored a privately controlled postal system. The goals of increased managerial autonomy, a clear line of responsibility, depoliticization, and budgetary and rate making control were intended to let the postal service act in a much more privatized manner. In very many ways, the success of the Kappel Commission has led to certain failures of the postal system. There are several reasons for this.

The historical role of the Post Office has been to provide services to the public in terms of delivery the mail as efficiently and quickly as possible. Mail delivery (and various associated services) was the primary goal; and the political connections to the general public, through Congress, insured a certain amount of responsiveness. This was most vividly apparent in the success of Rural Free Delivery.

The Post Office Department was also a limited service, able to subsidize new industries but not to operate those industries itself. This meant that, in general, it was an important factor in the development of the infrastructure necessary for the commercial and industrial growth of the country. Without challenging business, it promoted business develop-

ment. Thus, although there have been sporadic calls for limiting its mandate, particularly the private express statutes pertaining to first class mail, these have been isolated and unsuccessful.

The problems the Post Office Department accumulated in the twentieth century did not mean that it was moribund, and the transition to a public corporation was not necessarily the best or only answer for these difficulties. More attention to the Post Office Department's capital needs and to modernization, by Congress and the Executive, and some reorganization and budgeting changes could have been instituted, perhaps being a less expensive and less dramatic move. Identification of these needs at the point in time after Chicago's post office "seizure" might have been an acceptable response to bring about Congressional legislation. After all, the problem was visible, identified (through President Johnson's appointment of a Presidential Commission to study the Post Office Department), and ripe for legislative recommendations. But the Kappel Commission was a panel representing business interests and primed to interpret the needs of the postal system from such a perspective. And the period was one in which business methods were increasingly being applied to government agencies (e.g., PPBS), and when the success of government corporations, at all levels of the federal structure, was being acclaimed.

Whatever the ifs (a distraction common to sports fans), the Kappel Commission's recommendations were largely instituted by way of the PRA. The present USPS is its child; in Kappelian terms it is successful.

The USPS has reached almost unimagined heights in managerial autonomy, including the 1981 Board of Governors' overruling of the PRC

recommended rate decision, and the subsequent introduction of the twenty cent stamp. Management has been able to set its own agenda, and act on that agenda, to a much greater degree than the old Post Office Department ever could. Emphasis on business-oriented customers, benefit-cost analysis, and limited Taylorism and automation in the workplace all have been part of the management agenda. Responsibility has also been more centralized in the Postmaster General and the Board of Governors, without distracting separate authorities as in the Post Office Department.

But this has had the consequence of making the USPS aloof from the broad public interest in mail delivery. It has given the USPS a much closer identification with business management, and generated a poor public image of responsiveness. It has caused the social, educational, and cultural goals cited by Congress to decrease in importance relative to the economic, marketing, and organizational goals favored by management. It has, in some important ways, undermined the Postal Service's public character.

This has been helped along by the depoliticization of the postal establishment. By removing the influence of Congress and the executive almost completely, the USPS is able to operate in its own quasi-governmental world, largely unscathed by public input except when it runs across opposition from regulatory bodies such as the PRC or the FCC, or in rare cases a perturbed Congress. This is in contrast to a Congressionally controlled Post Office Department or to a Post Office Department designed to be run by the Executive with significant authority but also tied to notions of administrative responsibility. The limitations are not insignificant ones, but they remain tangential to daily opera-

tions. However, politics is not limited to the area of government action; by insulating decisionmaking in a public corporation from Congress, power is really being transpoliticized, in this case to the management structure and the interest groups they derive from and interact with. In the case of the USPS, this translates to the nation's businesses and heavy mailers.

Reorganizing the Post Office Department "removed it from politics" only in the sense that it became much more difficult for the congressional committees to control. (Before the reorganization, the House committee was particularly influential.) The first board of governors of the Postal Service came from the nation's business leadership, and the executive came from industry as well.¹¹⁷

"Politics" did not disappear, but a change did occur in the locus of operation and the actors involved. The loss of public accountability through the loss of Congressional influence may have been the largest negative of the reorganization. Relevant to this is the inability to realize local and national public needs through politics and the post office. Government problems as a whole are now divorced from USPS problems. Thus, "The total number of Postal Service workers was reduced [after reorganization] while new public service jobs were being financed by Congress."¹¹⁸

Similarly, rates have risen with unprecedented speed under the USPS. By removing the political element and direct Congressional control over rates, the PRA made rate setting a professionalized administrative chore.

The Postal Service has achieved some success with its new budgetary authority, creating a \$612 million surplus for Fiscal Year 1982.¹¹⁹

Whether this is the short-term result of the twenty cent stamp or the beginning of a longer term trend is unclear, though unless the USPS more aggressively pursues new technologies while at the same time addresses its image and service problems with the general public, the deficits may yet be record in this decade. Indeed, some analysts conceive as a realistic possibility the collapse of the postal system within fifteen years if electronic communication evolves as expected. Yet this is certainly a tentative conclusion.

Societal goals can be related to the present USPS in two areas, postal centralization and carrier mail delivery. Though not completely separable, they allow for an understanding of both what is and what could be.

Postal centralization has been brought about for efficiency and economy reasons. Better service within the centralization schemes of the postal service means moderated rate hikes and more efficiency because of mechanization, closing of small post offices as well as limited hours at many of those remaining, the massing of mail for certain sorting times, less employees, and a change in how mail is collected, routed, and delivered. But this has other social effects beside the change in these specific activities.

The manner by which mail is distributed has further implications for the local community as well as the region. Under Post Office Department rules, postmasters had to live in the area served by the post office; the PRA abolished this rule. Presently, sorting is likely done at a distant post office, and employees there have no familiarity with the original locality. The local post office cuts down hours, and be-

comes, increasingly, an economic liability, subject to economic scrutiny by the USPS management. The Florence post office story, referred to previously, is a good case in point.

"01062? Florence merchants seek own zip code," relates the story of local merchants and others who want their old zip code back, and the old hours at their substation reinstated. One reason for the change is that there is a Main Street, Florence, and a Main Street, Northampton, with many buildings having common addresses as well as a common zip code of 01060. Merchants and businessmen in both Northampton and Florence complain of frequently receiving missent mail, although Northampton Postmaster Alfred T. Healy maintains that "We are getting very few complaints on mail in Northampton."¹²¹ The article reports that:

At one time Florence had the zip code 01062, but it was later revoked as the postal service began streamlining its operations.

And the Florence Business and Civic Association wants the Florence post office open from 8 a.m. to 5 p.m., as it was before its hours were cut back last year [to 8:30-1 and 2-4:30].¹²¹

They have gathered a petition of more than five hundred signatures.

Postmaster Healy was quoted as saying that, "By giving Florence a zip code, it would do nothing for our office. No savings for us."¹²³ Further, Healy indicated that the business volume is not sufficient in Florence to justify keeping the postal station open all day.

The story indicates the gist of postal service policy in centralization and cost efficiency at the expense of local customer service. What is in it for his post office? Nothing, evidently, but unbalanced books. There is no place for significant public input, whether to rati-

fy the arrangement or to adjust it to meet public determined needs.

Something as seemingly mundane as the type of delivery service present in a community can have an effect on its social character, relating to neighborliness, safety, and appeal of the neighborhood. For instance, the difference between having a carrier walk a route and either drive or deliver to cluster boxes can be significant.

A familiar face in the neighborhood changes relationships in the community, and gives people a chance for social intercourse, whether they are elderly people confined at home or children playing in the yard, to whom the mail carrier presents an outreach to the larger (public) world and a positive social image. The friendly postal carrier is a character of legend, and not too closely related to the more modern breed, glued to the car seat or walking briskly through the rounds.

Further than neighborliness, though, the postal carrier provides a noncoercive, informal authority presence who is aware of the normal conditions in the neighborhood and who notices abnormal conditions.¹²⁴ This is in contrast to the policeman who drives the beat in the car with his rifle or gun.

It is true, modern communities are in many ways not closely related to the neighborly communities of the past. But is the postal system a reflection of this or a cause? Is there not social value in reaching for positive elements of social existence? The appeal of a friendly, informal and yet safe neighborhood, with a governmental employee at ease, concerned about the community, and a positive representative of government surely contrasts with our current image of the Postal Service.

In sum, the USPS has recently achieved a short-term (FY 1983) finan-

cial success, but with significant change in the understanding of a public service's political responsiveness. This is a failure of the corporate model of public enterprise as measured in one sense, but should not be considered a failure of the possibility for positive public enterprise. It is, in a sense, an abdication of political will by Congress, although one can understand how the constraints on Congress' role may have lead to the willingness to release the Post Office to a more rationalized corporate form. One columnist, in asking who is to blame for a postal service which concentrates on balanced books at the expense of service, wrote:

The politicians in Congress, but not for the predictable reasons. The real reason that they're to blame is that they don't respect their own profession enough. That's right, the politicians took politics out of the Post Office, and we're all suffering because of it.

The Post Office worked best before World War II, when it was entirely [not entirely] political. In those days, the local postmaster was appointed by the local congressman. That was patronage, all right, but a kind of patronage that we could learn a lot from today. If the congressman appointed his drunk brother-in-law, he had to face the wrath of his constituents. So the appointments were usually good.¹²⁵

NOTES

¹Wayne E. Fuller, The American Mail: Enlarger of the Common Life (Chicago: The University of Chicago Press, 1972), p. 77.

²Ibid., 347.

³Evaluation of the United States Postal Service: July 1, 1982. Report by a Panel of The National Academy of Public Administration (Washington, D.C.: National Academy of Public Administration, 1982), p. 219--Appendix II.

⁴Ibid., 220.

⁵Hoover Commission on the Organization of the Executive Branch of the Government. Volume II, Numbers 28-38 (Washington, D.C.: Government Printing Office, 1949). Numbers 31 and 32 "The Post Office" (February, 1949).

⁶Ibid., 3.

⁷Ibid., 3.

⁸Ibid., 3-4.

⁹Ibid., 3.

¹⁰Ibid.

¹¹Ibid.

¹²Ibid., 7.

¹³Ibid., 9.

¹⁴Ibid., 10.

¹⁵Ibid., 10.

¹⁶Ibid., 10.

¹⁷See: Gerald Cullinan, The Post Office Department (New York: Frederick A. Praeger, Publishers, 1968).

¹⁸Ibid., 210-212.

¹⁹Towards Postal Excellence: The Report of The President's Commission on Postal Organization. June 1968 (Washington, D.C.: United States Government Printing Office, 1968), p. 6.

²⁰Kathleen Conkey, The Postal Precipice: Can the U.S. Postal Service Be Saved? (Washington, D.C.: Center for Study of Responsive Law, 1983), p. 37.

²¹Towards Postal Excellence, op. cit., ii.

²²Ibid., 1.

²³Ibid.

²⁴Ibid., 42.

²⁵Ibid., 53-54.

²⁶Suitable to who? The investors, the public, or the postal system? As the Commission did not represent a broad spectrum of societal interests, "suitable regulation" may connote a business-specific orientation.

²⁷Towards Postal Excellence, op. cit., 33.

²⁸Ibid., 37.

²⁹Ibid., 39. The Commission acknowledged limits to this pricing function because of the nature of postal service, but still identified the need for management to have initiatory control of pricing.

³⁰Of course, "good management" in this sense means (perhaps unwanted) transfers for managers, and the lack of ties to the community. The importance of community identification and postal service will be developed later.

³¹Cullinan, op. cit., 181.

³²Public Law 91-375.

³³Evaluation, op. cit., 11.

³⁴It is interesting to realize the distinctions between the Hoover Commission report in 1949 and the later Kappel Commission report. While the former suggested organizational reforms which would make the Post Office Department more administratively effective and responsible, within a broadly Progressive framework, the latter substituted a notion of privatization of the public sector, as well as managerial reorganization. As suggested earlier, this was a reflection of the political times, and the growth and acceptance of the public corporate ideal even by conservatives, who evidently saw a chance to form government corporations close to the ideal of the private corporation. Part of this is reflected in the constraints the Eisenhower administration imposed on the Tennessee Valley Authority. The PRA seems, in an historical perspective, to be in the vanguard of a trend evident in the (Carter and)

Reagan years towards (1) deregulation of regulated industries, and (2) privatization of government activities.

³⁵The History of the U.S. Postal Service 1775-1981. Publication 100, March 1982, United States Postal Service.

³⁶Ibid., 8-11.

³⁷Conkey, op. cit.

³⁸John T. Tierney, Postal Reorganization: Managing the Public's Business (Boston, Massachusetts: Auburn House Publishing Company, 1981), p. 1.

³⁹Ibid., 5.

⁴⁰Evaluation, op. cit., 25.

⁴¹See, for example: James O'Connor, The Fiscal Crisis of the State (New York: St. Martin's Press, 1973); Ralph Miliband, The State in Capitalist Society (New York: Basic Books, Inc., Publishers, 1969); Michael H. Best and William E. Connolly, The Politicized Economy. Second edition (Lexington, Massachusetts: D.C. Heath and Company, 1982); Robert L. Neilbroner, Business Civilization in Decline (New York: W.W. Norton & Company, Inc., 1976).

⁴²The best of economic intentions does not guarantee economic success, either in business or in government.

⁴³Tierney, op. cit., 34.

⁴⁴Ibid., 35.

⁴⁵Ibid., 41.

⁴⁶Comprehensive Statement on Postal Operations. January 1982. United States Postal Service, p. 31.

⁴⁷Conkey, op. cit., 306.

⁴⁸Keith Stone, "01062?: Florence merchants seek own zip code," Daily Hampshire Gazette, February 12, 1983, pp. 1-2.

⁴⁹Although many times richly rewarding the owners and operators of the private services.

⁵⁰See, for example: Irvin C. Bupp and Jean-Claude Derian, Light Water (New York: Basic Books, 1978); M. Elliot Vittes, "Transcendent Nuclear Energy," paper, 1980.

⁵¹Some note that presorting by mailers, where the mailer then receives a discount, is really contracting out work and does not result in a productivity increase, as the USPS measures it.

⁵²It is interesting to realize the breakdown in managerial employment "(headquarters and field management, inspectors, postmasters, supervisors)" and "rank and file employees (letter carriers, clerks, maintenance and substitutes). By 1981, the payroll has been cut by 70,977 positions. How? By dropping 72,471 rank and file employees. . .and adding 1,494 management positions." [Conkey, op. cit., 112]

	<u>1970</u>	<u>1981</u>	<u>+ or - change</u>
Management	78,749	80,243	+ 1,494
Rank and file	662,467	589,966	-72,461

⁵³Conkey, op. cit., 156.

⁵⁴Ibid., 156-157.

⁵⁵Ibid., 156.

⁵⁶Tierney, op. cit., 99.

⁵⁷Ibid.

⁵⁸Towards Postal Excellence, op. cit., 42-43.

⁵⁹Conkey, op. cit., 155.

⁶⁰See: Tierney, op. cit., 65-66, concerning the Letter Carrier Evaluation System (LCRES), which is an example of an attempt to apply Taylorism to the carrier's route. It was ultimately abandoned in arbitration in 1976, but some carriers suspect it is still being used.

⁶¹In the telephone monopoly, until recently, it is well-known that long-distance calls have been subsidizing local service. It is only with telephone reorganization that the costs are being more closely attributed.

⁶²Conkey, op. cit., 208. See chapter 6.

⁶³Towards Postal Excellence, op. cit., 61.

⁶⁴Conkey, op. cit., 255-256.

⁶⁵Ibid., 256-257.

⁶⁶Tierney, op. cit., 112.

⁶⁷Ibid., 112-114.

⁶⁸Ibid., 112-117.

⁶⁹Ibid., 111; Conkey, op. cit., 206-207; United States Code, Title 39, section 3622.

⁷⁰Indications are that much of the research and development that has led to successful USPS capital improvements was initiated and put into place by the old Post Office Department. (Other "improvements" such as the disastrous National Bulk Mail Center system, were the creation of the USPS.) Capital improvements did lag in the Post Office Department, but this appears to be a problem that could have been directly addressed without any major reorganization, perhaps with simply a coordinated and sophisticated political effort by the administration in Congress. And the Post Office Department historically has had the type of political leadership which should be good at such a job.

⁷¹Towards Postal Excellence, op. cit., 30-31.

⁷²Tierney, op. cit., 122.

⁷³See discussions concerning allocation of costs and prices in: Tierney, op. cit., chapter 6; Conkey, op. cit., chapter 6; Perspectives on Postal Service Issues. Edited by Roger Sherman (Washington, D.C.: American Enterprise Institute for Public Policy Research, 1980), chapters 2-5; Alan L. Sorkin, The Economics of the Postal System (Lexington, Massachusetts: Lexington Books, 1980).

⁷⁴Sorkin, op. cit., 57.

⁷⁵Conkey, op. cit., 361.

⁷⁶Ibid., 360.

⁷⁷It should be understood that each class of mail has subcategories of mail which are subject to differing postage rates, packaging or preparation conditions, and different delivery schedules.

⁷⁸Although there are claims that this is an exaggerated occurrence, my own personal experience in the postal service--admittedly a decade ago--generally confirms it as true. The third class mail went when there was time, i.e., when everything else was gone.

⁷⁹Conkey, op. cit., 248.

⁸⁰Leonard Wasserman, "Pricing Principles: How Should Postal Rates Be Set?" in Perspectives on Postal Service Issues, op. cit., 21.

⁸¹Ibid., 23.

⁸²Towards Postal Excellence, op. cit., 29-31, 39.

- ⁸³See: Conkey, op. cit., and Tierney, op. cit.
- ⁸⁴Conkey, op. cit., 230-231.
- ⁸⁵Evaluation, op. cit., 169.
- ⁸⁶A stimulating discussion of the possibilities involved in the "Electronic revolution" is contained in Conkey, op. cit., Chapter 9, "Facing the 21st Century."
- ⁸⁷Conkey, op. cit.
- ⁸⁸Ibid., 428-429.
- ⁸⁹Ibid., 429.
- ⁹⁰Evaluation, op. cit., 181.
- ⁹¹Conkey, op. cit., chapter 9.
- ⁹²Ibid., 459-460.
- ⁹³Ibid., 461.
- ⁹⁴Ibid., 465.
- ⁹⁵Ibid., 423.
- ⁹⁶United States Code, Title 39, Section 101, "Public Policy."
- ⁹⁷Jonathan Alter, "Try a little patronage to zip the mail," The Boston Globe, February 8, 1982, p. 19.
- ⁹⁸Ibid.
- ⁹⁹Tierney, op. cit., 175.
- ¹⁰⁰Conkey, op. cit., 279.
- ¹⁰¹Comprehensive Statement, op. cit., 1.
- ¹⁰²Evaluation, op. cit., 114.
- ¹⁰³See: Comprehensive Statement, op. cit., 19; Conkey, op. cit., 286.
- ¹⁰⁴This has "Newspeak" implications as a measuring too, since a "one-day" delivery performance can be achieved by a letter which, mailed Wednesday, arrives the following Monday.

Mailed at mailbox 4 p.m. Wednesday.
 Picked-up 1 p.m. Thursday.
 5 days = Cancelled 1:30 a.m. Friday. = one-day delivery
 Received at last postal unit 10:30 a.m.
 Saturday.
 Delivered Monday morning.

¹⁰⁵In terms of optical character readers the Postal Service published a notice entitled, "Addressing for Optical Character Recognition" (Notice 165 June 1981). There are seventeen conditions included in this --intended for business and their large volume of mail, as is Zip Code + 4, pre-sort discounts, and other USPS programs. These ignore the individual mailer and her or his needs.

¹⁰⁶Evaluation, op. cit., 98; Conkey, op. cit., 318.

¹⁰⁷Conkey, op. cit.

¹⁰⁸Comprehensive Statement, op. cit., 22.

¹⁰⁹Evaluation, op. cit., 98.

¹¹⁰Comprehensive Statement, op. cit., 22.

¹¹¹The New York Times, April 2, 1980, p. 23.

¹¹²Evaluation, op. cit., 103.

¹¹³Two deliveries a day had been reduced to one delivery a day to households by the time of reorganization. In 1970, there were eleven deliveries a week to business; in 1973, these were cut to six (or five if the business closed on Saturday). Evaluation, op. cit., 98.

¹¹⁴Evaluation, op. cit., 100; Conkey, op. cit., 330-335.

¹¹⁵Conkey, op. cit., 332-333.

¹¹⁶Ibid., 334.

¹¹⁷Annmarie Hauck Walsh, The Public's Business: The Politics and Practices of Government Corporations (Cambridge, Massachusetts: The MIT Press, 1980), 297.

¹¹⁸Ibid.

¹¹⁹Conkey, op. cit., 199.

¹²⁰Keith Stone, "01062? Florence merchants seek own zip code," Daily Hampshire Gazette, February 12, 1983, pp. 1-2.

¹²¹Ibid., 2.

¹²²Ibid., 1.

¹²³Ibid.

¹²⁴The "Early Alert" program does this in a very limited sense. "A red sticker inside the mailbox of an enrollee alerts the carrier to watch for possible problems. If mail is not collected within a reasonable period, the carrier notifies the Office of the Aging, which, in turn, takes steps to gain access to the enrollee's quarters." History of the U.S. Postal Service, 1775-1980 (Washington: USPS, April 1981), p. 16.

¹²⁵"Try a little patronage to zip the mail," op. cit.

CHAPTER VI

CONCLUSIONS

The history of the United States Post Office shows how the fulfillment of a public service function, and perceptions concerning the success in that role, has been shaped by the American political process. The Post Office allows for a unique comparison of how differing organizational structures relate to the public service function, because it has been both a department of government (as the Post Office Department) and a government corporation (as the Postal Service). The history of postal policy has been characterized by four themes which are conceptually distinct but overlapping in practice: 1) the Post Office as a national institution, 2) the Post Office as a service-provider, 3) the Post Office as a subsidizer of commercial development, and 4) the Post Office as an institutional example of the change in the nature of the understanding concerning the relationship between administration and politics. This chapter will develop these themes.

The first characteristic of the postal service is that of a wholly national entity, whose comprehensiveness had never been seriously attacked. From the first conception of a postal system, this implication has been apparent, beginning with the Revolutionary Era's Committees of Correspondence and continuing to the present time. Even those who presently attack retention of the private express statutes by the United

States Postal Service (USPS) still envision postal service as a comprehensive service to all citizens. (One may question, however, whether the economic underpinnings of their argument might not undermine the comprehensive role, and finally the universal service feature of the postal system. By allowing the marketplace to function freely in the area of postal service, the Post Office would be put in the position of having to provide service to the least economically viable patrons while private business could "skim" the most profitable portions of the postal business. This would undermine the universal feature of postal service as well as lead to further attacks on the nature of governmental operation of public services.)

In a country which prides itself on its federalism and the division of responsibilities and functions among the various levels of government, the postal service appears to be a major exception to that sharing of powers. States do not retain their own postal systems as they do their own militias. They do not provide a portion of the operating costs of the national postal system as they have and do for developing and maintaining the interstate highway system. So, as almost any example illustrates, from regulatory activity over electric rates to distributing food stamp benefits, the postal function is a rare instance of a purely national power and service.

Yet in an important sense, this national power had not meant, at least until recently as a result of the Postal Reorganization Act (PRA), that the postal power operated at the expense of local government, a general condition expected by Antifederalists concerning national/state relations. In fact, the Post Office Department was uniquely responsive

to the needs and desires of the citizenry through its necessary connection to Congress and to the local postmasters who provided a local presence and tie to the community.¹

As the country grew, post offices sprouted in reaction to demands for mail service. The parallel development of roads, railroads, steamships, etc., was a boon to the developing nation. As farmers demanded Rural Free Delivery (RFD), Congress and the Post Office responded. Though the system was not perfectly responsive, and certainly did operate within the constraints of the peculiarly American political culture, the Post Office was generally a success story. And its service characteristics continually improved, well into the twentieth century.

In a real sense, the postal service was a facilitator both of local development and the ability of diverse communities and states to be apprised of national politics and to influence those politics to their own advantage. Prerogatives were enhanced rather than limited. No one questioned the benevolence of the national postal power in a rapidly growing society, except its expansion into new service areas such as the telegraph or banking functions. But even these were not seen as threats of national government dominance over local political units, but rather as threats to private development. Accordingly, postal service was limited in certain meaningful ways.

The national Post Office has been a representative of positive national government activity since the founding of the nation.² No one suggests giving this power to the states for the history and nature of the postal mandate mitigates against this. The perceived successes and failures of the postal service are considered against the standard of a

national government's ability to act in a positive, beneficial manner.

But a corollary must be added because, since reorganization in 1971, the nature of the mandate has changed. Although the USPS is still understood to be a part of the national government in its guise as a "government corporation," its very structure and service orientation, and so its essential nature, has changed.³ The USPS remains a national service, but it is no longer a department of government and no longer a direct national government function. It is often referred to as "quasi-public," which is as close as many can come to an accurate characterization. (When a success, it is often characterized as a private corporation, but when it is a failure, the USPS often "reverts" to governmental status and a governmental role. Thus, it makes money as a corporation, and it provides poor service as an example of government inefficiency.) The national service orientation is retained by universal service and subsidization of certain classes of mail, but the nature of that service has been changed because of the transformation concerning the political basis of its mandate, from one of Congressional politics or Executive responsibility to that of a public corporation.

The second characteristic of the Post Office is that of a service-provider rather than a revenue-producer throughout most of its history. This has been debated over time and severely moderated by the PRA in 1971, so that now the USPS is in a netherworld of being both or neither. The entire history of the U.S. Post Office demonstrates the subordinate role of economic considerations as compared to the operation of a private organization.

Although early in its history proponents viewed revenue-production

as a possibility (and ever since, many political figures have attempted to so shape the Post Office), Congress has rather willingly expanded service and incurred deficits, despite the rhetoric. This is evident beginning with the earliest period, when Congress mandated that any leftover funds were to be allocated to new post offices and new postal facilities. And this continued until reorganization.

With the Postal Reorganization Act, the USPS still was not mandated to make money (i.e., profits), but rather to reach "self-sustenance," thus putting the Postal Service in a corporate mold without availing it of similar benefits of profit generation. The critical step of reversing the long-held mandate of service primacy over fiscal responsibility was accomplished.

The reasons for this had to do with the ever increasing Post Office deficit, the perceived deterioration of service, the saturation of the nation with traditional postal services, the fiscal problems of the nation generally, the growth of competing national programs (in terms of allocating funds), the desire for administrative responsibility, the growth in legitimacy and political expediency of the government corporation, and the rising influence of the business-corporate ethic in the provision of government services. All this allowed for a narrower measure of the goals and benefits of postal service provision. Thus, the perceived needs of the national government and inclinations of those legislating policies coincided to transform the purpose and political meaning of the Post Office without, in some ways, realizing the transformation thereby generated. A corporate model would, while paying attention to service and legislated mandates to provide such service, em-

phasize certain considerations while at the same time cater to the major customers of postal services, the large businesses and corporations in American society. And this would appear to be natural in a society increasingly shaped by the power and political influence of business.⁴

In a tangible way, though, the USPS is caught in a realm peculiar to the public corporation form. Although it espouses self-sustenance it is restricted in how it may operate, e.g., into what areas of new technology it can expand (just as the Post Office Department had always been limited). When the USPS chose to enter the electronic communications field, important elements of the society rose to block its entry and limit government enterprise in significant ways. Delays in entering such areas have usually been sufficient to allow private sector development of the field which then serves to delegitimize a public (postal) "takeover" of private industry.

This relates to the third characteristic, that of a limited postal service which serves most essentially to promote commercial development and not to displace it. In this sense, the Postal Service has always bought services which would promote private development of new industries but has always met with unyielding resistance to its own efforts to enter those fields. This is the case with E-COM where the USPS uses RCA to electronically transmit messages which the USPS then delivers as hard copy.

While highlighting the unchanging nature of the support for commercial development which the Post Office has played (and does play), attention should be drawn to a change which may be occurring under the USPS. This change has to do with the lessened degree of oversight of

postal activities in the reorganized Post Office, and so the ability of the USPS to expand its activities into areas which previously would have been defined as illegitimate by the prevailing political culture.

This tentative step is tolerated because of a narrowly-defined corporate argument which construes entry into a portion of a market as conducive to its economic interests. An advance in the sense of pursuing possible new roles, it is also a regressive step away from a public accountability.

This suggests a critical weakness of the public corporation model. Although it is freer to initiate new activities because it is more detached from public control, this freedom represents a lack of identification with public needs and desires, except in a marketplace-responsive sense. The process means that the public corporation model may lead to a loss of public purposefulness when compared to activity based on direct government attachment. Historically, for the Postal Service, governmental involvement has meant a broad public service orientation coupled with a purposeful support of commercial development and a limited mandate in terms of development as a public industry. The reorganization in some ways loosens the constraints on the latter feature, but in other ways it ties the USPS into the dominant corporate model, so that any novel developments occur within that rather limited conceptual framework.

Furthermore, this indicates a change in the creation of public policy. In earlier times, the Post Office was a tool of active public policy, controlled by Congress and Congressional politics. Congress funded the Post Office Department, and it put constraints upon the Post

Office which were consistent with the political view concerning the role of government and its institutions. While this meant that the Post Office was limited to a role of helping to promote commercial development (and not becoming a manufacturing industry itself), this was largely consistent with the direction of mainstream American public policy. The loosening of these constraints by the lack of Congressional oversight and active involvement in Post Office policy does potentially allow greater leeway by the Postal Service, but it also removes the Post Office from the context of Congressional and public policymaking.

This inhibits the possibility of changing public conceptions concerning the nature of public enterprise. As a result, attempts to promote other positive public goals are sidelined. This not only affects current service but also, perhaps more importantly, the conception and implementation of new postal service mandates in a rapidly changing era. Not only do broad considerations of employment get removed from governmental consideration, but other questions of what new public purposes can be met by an established public entity are obscured. Therefore, the notion that the Post Office might serve certain social functions, e.g., visiting elderly people to help them fill out forms, check their needs for medical and food supplies, or even provide company for them, similar to what rural postmen do in Sweden, would not only be limited by our cultural predilections (as in previous times) but now by the limited notion of public service which the USPS carries with it. The "freedom" of a public corporation thus plays a significant role in restricting the possibility of public purposefulness in the Post Office.

Thus, the postal system operates in a changed political context

which, although allowing for a greater amount of postal organization initiative, does so subject to systemic constraints perhaps more significant than the freedom it now enjoys. And this prerogative coupled with purposelessness relates to the central problem of any positive governmental promotion of public goals. Government has so farmed out its essential functions and made disparate its national, centralizing potential, that a new public philosophy based on public purposefulness would have a tremendously difficult job of translating that goal into institutional activity.

The fourth characteristic is the change in the Post Office from a government agency rooted in Congressional prerogative and responsible and effective administration⁵ to a public corporation based on principles of corporate organization and related administrative techniques. The result is a postal service which has a changed orientation, albeit in a changed society.

The early period of the Post Office shows a public service controlled by Congressional politics and prerogatives. The Post Office was administered by the executive with the goal of "good" administration, coupled with the impetus for postal decisionmaking and drawing of broad public policy in Congress. Congress had an integral part in appointing postmasters and identifying post roads. Congress controlled rate making and determined (in most instances) where the line lay between "legitimate" public enterprise and the realm of private enterprise, such as in the case of the telegraph system.

The rapid physical growth of the United States in the nineteenth century was conducive to distributive Congressional policymaking. The

push toward the frontiers with concurrent demands for postal service put pressure on Congressmen to deliver postal services, and Congress obligingly did so.

At the same time, the Post Office became a policy vehicle for patronage. The Post Office was "politicized" markedly with the advent of the Jacksonians. As a significant part of the national government and a presence in every state and locality, the Post Office was a readily available and useful tool for patronage needs and demands.

Changes in the American political world at the turn of the century were reflected in the Post Office. Several events contributed to the change from the earlier Post Office heavily influenced by Congress to the twentieth century Post Office which was increasingly dominated by the Post Office Department. The Pendleton Act of 1883 regarding civil service reform, the "closing" of the frontiers, party realignment in 1896, Rural Free Delivery, increasing professionalization in society, and the development of a big business economy all played a part in that change. The result was a Post Office which was less tied to the exigencies of Congressional policymaking (and former ideas of administrative effectiveness) and one more immediately responsive to the developing bureaucratic emphasis in government. (In a certain way, this made for a postal service which was more removed from Congress yet at the same time even more sensitive to its actions concerning the Post Office, for less attention in policy terms could also mean less attention in financial terms.)

The establishment and growth of RFD signalled such a change in the Post Office Department. The Post Office became more heavily bureau-

cratized as the century wore on. The shortcomings of the Post Office became more evident and calls for reorganization developed, bringing with them recommendations for rationalized administration. The result was ultimately a USPS which was "depoliticized," being not only removed from Congressional policymaking and politicking but also from the taint of any meaningful political input by the executive branch. Thus, the political Post Office Department whose reputation is perhaps without equal as an example of patronage and politics in government has been gradually transformed into a public corporation which is largely removed from national government politics and which is managed on the model of a private business corporation.

The example of the Post Office makes clear that within the American political culture a public corporation is limited in its activities. This brings with it advantages and drawbacks. The USPS is attentive to service demands, but within a context of market surveys and associated measures rather than through an actively political process of determining service needs. It cannot threaten to displace private enterprise, but only help in its development. It is removed from the main political arena, Congress, and so is viewed as isolated from the vagaries of political infighting, party spoils, and undue public influence. In fact, a modern corporate form is considered desirable because it is insulated from public control. And given the size and nature of modern bureaucratic enterprises, whether public or private, the ability to act in such a politically "disdainful" manner is evident.⁶

While this is descriptive of the contemporary USPS, it is in many

respects at odds with the larger history of the Post Office. The legendary political influence in the Post Office Department meant that the attention to public demands, to party affairs, and to the "basic realities" of political intercourse were the staple diet of the Post Office. The Post Office Department had to internalize the vagaries of electoral politics, of local demands, of Presidential leadership, and of a nonrationalized administration, rather than be aloof from public intervention and a political context. Although the Post Office Department did not enjoy managerial autonomy or operation by strict economic efficiency, it certainly was encouraged to focus on public satisfaction and the political capital which service success generated.

Public corporations are an effort to retreat from this historical model of public service and achieve public service goals in more market-oriented ways. They purposefully resemble business operations, with the important qualifiers that their goal structure is not so clear (because of the inclusion of public, statutory goals which conflict with their organizational goals) and that they do answer some public desires (if only in terms of catering their public images). This changes the nature of their public service role.

Public corporations are institutions designed to deliver services based on a recognition of public needs and desires. These publicly recognized goals have been legislated, so that an institutional structure represents those basic societal attempts to address certain issues. The foundation of these modern institutions, then, is laid in explicitly political action focusing on issues of political substance.

But in the process of establishment, they have been removed from

much further political influence. Their original mandate derives from a political solution, but ongoing operations revolve around more insulated mechanisms. Thus, the definition of and movement toward a public purposefulness is undermined by the lack of any well-structured understanding of publicly determined or identified goals.

This change in postal service reflects a lack of political acumen and sensitivity because public corporations cannot operate in a political vacuum, since their mandates and so political impetus derive from the political structures and actors with which they interact. Narrow but important service orientations are presently being given to largely unaccountable agencies and authorities, while the most accountable parts of the political process shun the "political" fulfillment of avowedly political needs through aggressive mandates. Political actors instead attempt to fulfill the needs of society in the form of public corporations, such as the USPS, so that the needs are addressed on one level (symbolically) while they may be inadequately fulfilled on a service or political level. Thus, although the political system has identified a problem area and acted, the "solution" provided through a public corporation may be inadequate or irrelevant, given that the problem area may require different types of political solutions to the dilemmas which occur.

This is not a case of simply identifying problems in implementation and rectifying administrative feedback processes. The nature of a public corporation like the USPS is to insulate politicians from the dynamics of the political world,⁷ as well as to rationalize its bureaucratic structure. The politicians apparently prefer to not deal with the dilem-

mas which may not be solvable; they would rather "solve" problems, win votes, and secure stability.

What this means for the postal service is that how it is structured and expectations of how it performs will parallel dominant political moods. Public corporations are not intended to provide access for political dialogue and change, and people often feel powerless, disenfranchised, and unable to effect political change through traditional political channels.

From time to time, critics do charge that public authorities are autocratic, beyond the reach of the people, or unresponsive to public officials, but these criticisms focus on the very characteristics that advocates of government corporations regard as virtues. Public authorities provide a relatively independent base of operations for entrepreneurs in the public sector, providing managers with administrative power that is greater than that usually found within the regular hierarchies and bureaus of government. The corporate form of public authorities permits jobs to be done and projects completed without the clamorous debates, recurring compromises, and delaying checks and counterchecks that characterize the rest of American government.⁸

These very strengths of administrative autonomy, efficiency, and political aloofness mean that political frustrations may build, since they are not debated, compromised, checked, and so dealt with or fulfilled. The purposes of a political system are undermined, in that the issues which are important to individuals and groups in the society are addressed, if at all, in a cavalier fashion.

The expectations of what a public enterprise can do or should do are restrained:

Ideologies of laissez-faire, localism, autonomy, and limited politics converge to limit the forms and ambitions of public

enterprise, to preserve the power of groups with narrow and specialized aims, and to relieve the enterprises themselves of obligations to respond to broader interests.⁹

The public, therefore, receives little in the way of participation in or benefits from a public corporation; public corporations carry the labels of being inefficient and unresponsive. They "prove" the shortcomings of government service provision. The fact that public corporations are by their very structure and purpose not intended to provide political sensitivity as the primary focus is not generally recognized.

Despite being a wholly national entity throughout its existence, the goals and environment in which the Postal Service operates have changed. The Post Office Department was essentially a political vehicle of Congress and the Executive while the USPS is a public corporation geared towards self-sustenance. The Post Office has always been a promoter of commercial development, but the nature of that commerce has changed so that in the modern era not only does the USPS promote the business of large corporations but it also pursues its goals within an environment increasingly determined by, and conceived by scholars as, the corporate state. And the USPS is structured on a corporate model as well. This is a significant difference from the world of eighteenth and nineteenth century America.

Viewing the Post Office as a public service measured by service criteria and political responsiveness rather than managerial or corporate criteria leads to certain conclusions about postal service in United States. To begin with, the bulk of postal history has included a service

measurement "internally" within the postal system, through the role of politics and thus the Post Office's relationship with Congress and the public. Beginning with Rural Free Delivery and working through the twentieth century, the Post Office was considered increasingly by the criteria of administrative and managerial efficiency.

The political and service responsiveness of postal service to the general public has declined, though specific interests have received more attention to their needs than was the case in the past. Since this is in line with the Post Office's mandate, it is not unexpected. However, this result ties into public feelings about the effectiveness and legitimacy of government. It is in this context that the case study of postal service points out the reasons for the failure of the delivery of adequate public services and the possibility that this trend can be reversed by conscious policy choices and political action. This is a first step in conceptualizing the nature of the problem and so a beginning in building foundations for deliberation and change.

NOTES

¹This is not to say that the Post Office Department itself was responsive, for in many cases it resisted expansion of service and growth because of economic and/or organizational reasons, but that with Congress also involved the postal system was a responsive institution.

²Positive in the sense of active, and through most of our history it has also been a relatively positive experience, despite complaints from Mason, Washington, and Jefferson, and all through the nation's existence.

³See Chapter V.

⁴Martin Carnoy and Derek Shearer, Economic Democracy: The Challenge of the 1980s (Armonk, New York: M.E. Sharpe, Inc., 1980), p. 21; Charles E. Lindblom, Politics and Markets: The World's Political-Economic Systems (New York: Basic Books, Inc., 1977).

⁵Effective or "good" administration was an important goal of the founders, presenting a contrast to the government of the Articles of Confederation. This idea of effective or "good" administration would be related to the ideas of statesmanship (Herbert J. Storing, "American Statesmanship: Old and New," in Robert A. Goldwin, ed., Bureaucrats, Policy Analysts, Statesmen: Who Leads? (Washington, D.C.: American Enterprise Institute, 1980), leadership qualities (James W. Ceaser, Presidential Selection: Theory and Development (Princeton: Princeton University Press, 1979), and the search for able personnel at the levels of policymaking and "service" (Leonard D. White, The Federalists: A Study in Administrative History 1789-1801 (New York: The Free Press, 1948). The understanding of "good" administration in the founding era, then, incorporated the qualities of administrators as being moral, civic-minded, and public spirited, while also checked in their activities by the political process and Congress. This contrasts with later ideas about administration, which center more around efficiency, rationalization, and scientific management (Frederick Moser, Democracy and the Public Service (New York: Oxford University Press, 1968)).

⁶Bureaucratic politics is a part of the whole mind set which dictates a style of decisionmaking. Ralph Hummel, when writing about bureaucracy and its influence on politics, strikes a relevant note:

In bureaucracy, administration replaces politics. Not politics as the decision-making center of society--bureaucracy increasingly makes the central decisions that govern public and private life--but politics as the participatory activity of citizens cooperating and fighting with one another to work out solutions to public problems.

Politics of this sort is replaced by purportedly "apolitical" decision-making of the managerial few. The only thing

apolitical about such decision-making is that the public is excluded from the process. The rest of this bureaucratic "apolitics" is as political as traditional politics used to be in the sense that through it are determined the ways in which we live our lives. Apolitics, in short, is hidden decision-making which decides the fate of the public but excludes the public from the process.

Ralph P. Hummel, The Bureaucratic Experience (New York: St. Martin's Press, 1977), p. 165.

⁷Ibid.

⁸Annmarie Hauck Walsh, The Public's Business: The Politics and Practices of Government Corporations (Cambridge, Massachusetts: The MIT Press, 1980), pp. 3-4.

⁹Ibid., 6.

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