

# REPORT OF THE POSTMASTER GENERAL.

POST OFFICE DEPARTMENT,

September 4, 1887.

To the PRESIDENT of the United States:

SIR: Immediately after the suspension of specie payments by the banks in New York, in May last, a circular was sent out, directing all postmasters who had been instructed to deposit the proceeds of their offices in banks, to retain them in specie to meet the drafts of the Department.

To those who had been instructed to pay directly to contractors, another circular was sent reminding them of their duties and liabilities in reference to the moneys to be received and paid by them under existing laws.

Instructions have recently been prepared, directing the manner in which returns of cash on hand are hereafter to be made to the Department, and forbidding the loaning or use of the moneys belonging to the public for any purpose whatsoever. Copies of these papers are annexed, marked A, B, and C.

In relation to upwards of ten thousand of the post offices, these regulations make no change. The only change effected by them is, that about eleven hundred postmasters who formerly deposited their income in banks, weekly, monthly, or quarterly, according to its amount, now retain the money in their own hands till drawn for by the Department. To about nine-tenths of these, the new system is more convenient than the old, as it saves them the trouble of going or sending to the banks and procuring certificates of deposits; it is equally safe, as their entire balances will be drawn for as often as they are deposited; and it is more efficient, because some postmasters who might neglect to deposit will not venture to dishonor a draft.

The postmasters who will not close their accounts quarterly, will not, probably, exceed one hundred; and the balances in their hands, from quarter to quarter, are not likely, under a proper administration of the Department,

to exceed, in ordinary times, one or two hundred thousand dollars. As they are required to have their balances always ready in gold and silver, the Department will always have the means of meeting its engagements; and if a default in an individual case should occasionally happen, nothing like a general refusal to pay, as in the case of the late deposit banks, is ever to apprehended.

It will ever be the true policy of the Department not to have a large surplus; and, consequently, there will be little to intrust to the custody of postmasters or others. Moreover, the number of post offices now instructed to retain their funds, will be largely reduced upon an adjustment of the collection system to the mail service, as arranged within the last twelve months.

Though in some places contractors, banks are not necessary to the collection and disbursement of the funds of this Department. In reference to more than ten thousand post offices, the collections and disbursements are effected more expeditiously and more conveniently without the interposition of banks, than they could be with it. The contractors who are creditors of the Department, are its collectors from postmasters, and the collection and disbursement are but one operation. It is generally effected in a few days after the close of each quarter. The operation is the same where the postmasters pay to contractors upon the drafts of the Department, though it is more tardy. The few offices in reference to which banks are a convenience, are those whose receipts are large, and are not likely to be absorbed from quarter to quarter by the drafts of the Department. They have generally iron chests or safes where the specie is kept; and, with a strict supervision and careful attention to their bonds, they will seldom, if ever, be found in default.

The necessary transfers of funds are effected by the Department without inconvenience or loss. On the various mail routes, the expenditure is generally greater than the income; so that after the contractors have received the entire revenue of the office supplied by them, balances are still due. These balances are as readily paid off by drafts on the postmasters in the cities where the surplus arises, as they could be by checks on banks in the same places. The process is rendered the more easy from the fact that the heaviest surplus accrues at those points where funds are the most valuable, particularly at New York; so that the drafts of the Department to pay balances in the most distant parts of the Union are generally better than cash, being available for mercantile remittances. Thus, the necessary transfers of the Department are readily effected; and as this state of things is not likely to change, it would seldom, if ever, become necessary for the Department to transport specie from one point to another, if there was not a bank in existence.

Upon the suspension of the banks, efforts were made in some quarters to compel the Department to receive irredeemable and depreciated paper for postage. Law, justice, and public policy, required an inflexible resistance of these efforts. Gold and silver are the only constitutional and legal currency of the United States, and nothing but that currency, or its equivalent, can be legally offered to the public creditors in payment. All taxes and postage are imposed in this currency, and all contracts are made upon its basis. The public faith could be kept, and the public business successfully carried on, only by a strict adherence to the plain letter, as well as obvious spirit, of the law.

The undersigned is happy to state that all attempts to force the Department to receive depreciated paper were soon abandoned; that little difficulty has been experienced in collecting postage in specie, and none where the circulation of change tickets has been occasionally required; and that the credit of the Department has been preserved unimpaired. Nor is any difficulty apprehended, so long as

postages are collected in the constitutional currency of the United States. But should the Department be compelled to receive, and offer to its creditors, the depreciated notes issued by hundreds of embarrassed, failing, or bankrupt corporations or individuals, no sure calculation can be made as to the future; and there is reason to apprehend general discontent, extensive failures, and deplorable disorganization throughout the mail service. With what face could the Department insist on, and compel, a strict performance of contract obligations by contractors, when stripped of the power to perform the most vital part of the contract (so far as the interest of the contractor is concerned) on its own part? Justice and sound policy alike demand a strict adherence, in the mail service, to the standard of value, and the basis of contracts prescribed by the constitution, and strictly maintained, (except for a short period,) amidst the calamities of war.

On the whole, no legislation is necessary to maintain the credit of this Department, or enable it to manage its fiscal concerns, the existing laws being deemed ample for those purposes.

I have the honor to be your obedient servant,  
AMOS KENDALL.

A.

POST OFFICE DEPARTMENT,  
\_\_\_\_\_, 1837.

Sir: You will, until further orders, retain the proceeds of your office in your hands in specie, to meet the drafts of this Department.

I am, respectfully, your obedient servant,

Postmaster at \_\_\_\_\_

B.

POST OFFICE DEPARTMENT,  
Appointment Office, Washington, May 16, 1837.

Sir: I am instructed by the Postmaster General to call your particular attention to the fact, that the rates of postage, as established by law, are based upon the legal currency of the United States. The following extracts from the printed regulations and the law, will clearly show what are your duties and responsibilities in relation to the kind of currency to be received for postage, viz:

"You will receive nothing but specie, or its equivalent, for postage."—Instructions to Postmasters, chapter 5, section 62.

"All payments to the Department, whether upon its drafts or by deposits in bank, must be in specie, or its equivalent. No allowance can be made to postmasters for the depreciation of money received for postage, nor for losses by fire, robbery, or theft."—Chap. 28, section 245.

Extract from an act of Congress, approved on the 14th of April, 1836.

"Sec. 2. And be it further enacted, That, hereafter, no bank notes of less denomination than ten dollars, and that from and after the 31 day of March, anno Domini 1837, no bank notes of less denomination than twenty dollars shall be offered in payment, in any case whatsoever in which money is to be paid by the United States, or by the Post Office Department; nor shall any bank note, of any denomination, be so offered, unless the same shall be payable, and paid on demand, in gold or silver coin at the place where issued, and which shall not be equivalent to specie at the place where offered, and convertible into gold or silver upon the spot, at the will of the holder, and without delay or loss to him: Provided, That nothing herein contained shall be construed to make any thing but gold or silver a legal tender by any individual, or by the United States."

Hence you will perceive that, whatever you may receive for postage, you are responsible for gold or silver; and that it is unlawful for you to offer in payment to contractors, or others, any note of any bank which does not pay its notes in specie. As the **Postmaster General** has no power to release you from your responsibilities under the laws, and as, on the contrary, it is his duty to see them faithfully executed, he has deemed it expedient to give you this notice, that you may guard yourself against loss in the collection of your postages.

Very respectfully, your obedient servant,

**ROBERT JOHNSTON,**

*Second Assistant **Postmaster General**.*

C.

Postmasters, who may be under instructions to retain the proceeds of their offices until drawn for by the Department, will observe the following regulations, viz:

Those whose net proceeds are five hundred dollars or more per week, will **report** the amount weekly to the Department. Fractions of weeks at the beginning and end of quarters need not be reported separately.

Those whose net proceeds are not five hundred dollars per week, but amount to that sum or more per month, will **report** them monthly. The last month of each quarter need not be reported separately.

At the end of each quarter, all postmasters at draft offices will immediately ascertain the amount of net revenue accruing at their respective offices during the quarter, and **report** it forthwith to the Department, setting down the sums, if any, which may have been reported weekly or monthly, and deducting them, thus exhibiting the balance not reported.

All these reports must be by letter addressed to the **Postmaster General**, which must be sent separately; and not enclosed with the quarterly accounts, or tied to them, or to any other letter or packet on other business. Nor must it be delayed until the accounts are forwarded, if it can be sent sooner.

Postmasters will not be permitted to use or loan out any of the moneys belonging to the Department, but will keep them always on hand to meet its drafts. A violation of this regulation will be considered good cause for instant removal and prosecution. Every draft must be paid on presentation.

The travelling agents of the Department will be instructed to call occasionally on the draft offices, without notice, for the purpose of counting and reporting the cash on hand, and reporting also the manner in which it is kept.