

REPORT

or

THE POSTMASTER GENERAL.

POST OFFICE DEPARTMENT,
December 3, 1838.

SIR: The post routes of the United States in operation on the first day of July last were, as nearly as can be ascertained, 134,818 miles in extent. The rate of annual transportation on that day was about 34,580,202 miles, and its cost \$3,131,308, viz:

	Miles.	Cost.
By horse and sulkey - - - -	11,573,918	\$831,028
By stage and coach - - - -	20,593,192	1,889,792
By steamboat and railroad - - - -	2,413,092	410,488
Total - - - -	34,580,202	3,131,308

This is exclusive of transportation by steamboats and other vessels, under the fifth and sixth sections of the act of 1825, which costs about \$16,000 more.

The lettings of the present year have been at a considerable advance on former prices, except those of the express mails, which have been at a saving of about 29 per cent.

To avoid danger of embarrassment from the recent check on the revenue of the department, retrenchments and suspensions of service have been made to the amount of \$359,641 per annum. Great care has been taken to make them in service which was of the least value to the community.

The report of the First Assistant Postmaster General, herewith transmitted, furnishes interesting details as to the mail service.

On the 1st July last the number of post offices was 12,519, being an increase of 752 during the preceding year. The number established was 1,104, and the number discontinued 352. During the same year the appointments of postmasters were 2,068.

The number of post offices on this day is 12,553.

The number of contractors in service during the last year was about 1,947. Of this number 592 have been fined, or had deductions made from their pay, on account of delinquencies and omissions. The aggregate amount of fines and deductions, excluding remissions, was \$67,128 54.

The revenue of the department for the year ending June 30, 1837,		
was -	-	\$4,100,606 43
The accruing expenditures were about	-	3,303,428 03

Excess of revenue	-	<u>797,177 40</u>
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The revenue of the department for the year ending 30th June last is estimated to have been	-	\$4,262,145 00
The engagements and liabilities of the department for the same year were	-	4,680,068 00

Excess of engagements and liabilities	-	<u>417,923 00</u>
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The surplus on hand has prevented embarrassment from this excess of liabilities.

Compared with the preceding year, the revenue has increased about four per cent. This is an unexpected and most gratifying result.

The cash on hand on the 1st instant was as follows, viz:

In banks, available, or expected to be so after the 1st of January next	-	\$84 220 01
In draft offices, and due from the Canada post office	-	229,848 74

Total	-	<u>314,068 75</u>
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It will be seen that the surplus funds of the department, which at one time exceeded \$800,000, have been greatly diminished.

The determination of Congress not to reduce letter postages, as suggested in my annual report of 1836, was considered in the light of an instruction to apply the cash on hand and the increasing current revenue to improvements of the mail service. It was estimated that the 700 new routes established in 1836, and the improvements of service on many old ones, in conjunction with the usual annual increase of business in the country, would add at least 15 per cent. to the revenue for the last year, which would be maintained with a still further increase during the present year. The extension of mail service was accordingly carried far enough to consume this anticipated increase, and also, in the progress of a few years, reduce the surplus on hand to the lowest amount consistent with the convenience of the department. The general financial disasters of last year have not reduced the revenue, as might have been expected, but have prevented most of the anticipated increase, and thrown the department upon its surplus to sustain a large portion of its extensions. The indications now are that there will be a slight improvement in the revenue of the current fiscal year over the preceding; but not enough to produce any material effect. An advance somewhat greater may be reasonably expected next year, but not great enough to meet the increasing cost of mail service, and put into operation the new routes established at the last session of Congress. It will hence be seen that, for more than a year to come, the curtailment rather than the extension of service on routes now in operation is to be expected.

In general the accounts of postmasters are rendered, and the duties of contractors performed, with the utmost fidelity and precision. Indeed, the world may be challenged for any similar establishment embracing so much

intelligence, activity, and energy, and yielding to millions of mankind so much unqualified good. The chief obstructions which it has recently encountered in its career of usefulness have arisen from the deficiencies and unreasonable demands of corporate bodies which it had employed, or deemed it useful to employ, in the public service.

In managing its funds through the public agents, who are under bonds for their security and removable at will, and in dealing with the individual freemen of the States and of the United States in competition with each other, it finds all its operations easy, safe, and prosperous.

At their last session, Congress enacted "that each and every railroad within the limits of the United States, which now is or hereafter may be made and completed, shall be a post route, and the Postmaster General shall cause the mail to be transported thereon, provided he can have it done on reasonable terms, and not paying more than twenty-five per centum over and above what similar transportation would cost in post coaches."

To avoid further trouble with the railroad companies on the main mail lines, it was determined to pay them, upon renewal of existing contracts, the highest price which this law would admit. But there was difficulty in fixing on that price. In the first place, it was to be ascertained what Congress meant by the phrase "*similar transportation*," and, in the next place, *what that transportation would cost in post coaches*. It was obvious that they could not mean a transportation *equal in speed*; for that would be impossible. They could not mean the *same* transportation; or the transportation of the *same* mail upon the *same* route; for, in that case, the word *same* would have been used instead of the word "*similar*." It seemed probable that they had reference to the *ordinary* post coach transportation in the same section of country, and to the points of similarity between that and railroad transportation, intending the additional 25 per centum as compensation for the increased speed. This construction would have given the railroad companies as liberal a compensation as they had a right to expect, inasmuch as it would have materially increased the cost of mail transportation, while in respect to passengers, produce, and merchandise, the cost is everywhere cheapened by them.

But upon a careful consideration of the words of the law in connexion with the mail service existing at the time of its passage, the department felt itself constrained to adopt a construction more favorable to the railroad companies. That the word "*similar*" should be construed as having *no* reference to speed, was a position which, according to legal as well as just rules of construction, could not be maintained. From New York to Baltimore the great southern and western mails are united in one. At the latter point they separate, one portion (believed to be the larger) going west, and the other south. It could not be doubted that the transportation of the Western mail was, in its *bulk*, its *weight*, its *importance*, and also in its *speed*, more "*similar*" to that on the main southern line than any other appertaining to the department. The department, therefore, felt constrained to take the cost of that transportation as its guide in fixing on the basis for the allowance to railroad companies on the main southern line, provided for by law. The average cost of this line from Baltimore to Cincinnati was found to be \$190 per mile. To this sum 25 per centum was added, and the aggregate, \$237 50, was offered to the railroad companies between Fredericksburg, Virginia, and the Roanoke river, as the highest compensation which could be allowed them by law. The same rule was intended to be applied to all

railroads under like circumstances. It was not doubted that this provision would be readily accepted as more ample than the railroad companies had a right to expect, and that this troublesome matter would have been forever adjusted so far as regards those roads. But the proposal of the department has not been acceded to, and not only is a higher compensation demanded, but conditions are insisted on as extraordinary as the concession of them would be impolitic and illegal. The department is, therefore, engaged in making provision for the transportation of the great Southern mail by other means after the 1st of January next, not being at liberty under the law, even if it were otherwise disposed, to accede to the terms demanded by the railroad companies. This cannot be done on the same line without public inconvenience in the loss of time; and although a rival line may be raised up in the course of a few months, fully equal in speed, yet it will not be so convenient to the department, or in all respects so useful to the public, as the one in question. But having offered all that the law admitted, and more than justice and good policy would have sanctioned had no law been passed, the department does not feel itself in any way responsible for the public inconvenience which may ensue.

These details have been given that Congress may correct the construction given to the law of last session if too liberal or too strict, or resort to such further enactments as the public interest may seem to require. The principle that Congress may constitutionally make roads for the transportation of the mails, once entertained by some, seems to be generally abandoned; but that they may use for that purpose all roads constructed under the authority of the States, has hitherto been universally conceded. The charters of railroads are granted for the public convenience, and in their construction they are considered so far public that private property is taken at a valuation for their use without the consent of the owners. Whether these roads are to form an exception as to the right of use vested in the United States by the constitution, is a question which it may soon become necessary to consider.

The valuable books and papers of this department are in constant peril from the combustible nature of the building now occupied. It has a shingle roof and much wood work within, and in the department and the Auditor's office there are daily about seventy fires. It is, perhaps, in greater danger from the proximity of stables and other wooden buildings, which could hardly burn, in some directions of the wind, without involving the whole structure occupied by the department in their destruction. The consciousness of this constant peril is one of the most painful incidents to the administration of the department, and I can only relieve myself from a weight of responsibility by requesting you to bring this subject to the serious attention of Congress.

With the highest respect, your obedient servant,

AMOS KENDALL.

To the PRESIDENT OF THE UNITED STATES.

ANNUAL STATEMENT OF THE FIRST ASSISTANT POST-MASTER GENERAL.

The length of post roads in operation in the United States on the 1st of July, 1838, was 134,818 miles; and the state of the mail service on that day indicated an annual transportation equal to 34,580,202 miles, at the yearly cost of \$3,131,308, as exhibited in detail in the following

Table of mail service for the 1st of July, 1838.

States and Territories.	Length of roads.	ANNUAL TRANSPORTATION.			
		Horse and sulkey.	Stage and coach.	Steamboat and railroad.	Total.
Maine - - -	3,430	216,164	687,088	-	903,252
New Hampshire - - -	2,561	124,124	782,756	-	906,880
Vermont - - -	2,388	86,112	864,604	-	950,716
Massachusetts - - -	4,443	84,864	1,550,220	274,664	1,918,748
Rhode Island - - -	279	11,232	68,692	-	79,924
Connecticut - - -	2,134	104,634	611,416	29,120	745,160
New York - - -	12,416	951,600	3,151,824	542,360	4,645,784
New Jersey - - -	2,159	318,136	438,324	166,344	912,804
Pennsylvania - - -	10,603	981,448	2,089,412	176,472	3,247,332
Delaware - - -	607	27,144	140,712	24,232	192,088
Maryland - - -	1,708	268,372	273,468	136,968	678,808
Ohio - - -	10,154	922,272	1,414,608	32,032	2,368,912
Virginia - - -	10,253	906,880	943,384	113,308	1,963,572
North Carolina - - -	6,375	608,244	808,496	-	1,416,740
South Carolina - - -	4,147	425,724	607,984	92,924	1,126,632
Georgia - - -	6,260	588,276	778,128	-	1,366,404
Florida - - -	2,764	53,300	84,916	109,304	247,520
Michigan - - -	3,371	277,368	327,704	23,296	628,368
Indiana - - -	6,897	581,048	719,056	-	1,300,104
Illinois - - -	6,578	386,014	1,151,072	37,908	1,574,994
Wisconsin - - -	1,577	136,448	115,180	-	251,628
Missouri - - -	4,532	373,360	314,168	-	687,528
Kentucky - - -	7,009	616,516	752,804	230,880	1,630,200
Tennessee - - -	6,915	689,416	769,548	66,144	1,525,108
Alabama - - -	6,268	697,112	666,848	58,344	1,422,304
Mississippi - - -	4,726	568,776	313,768	188,240	1,070,784
Arkansas - - -	2,737	331,968	152,672	-	484,640
Louisiana - - -	1,547	207,376	15,340	110,552	333,268
Total - - -	134,818	11,573,918	26,593,192	2,413,092	34,580,202
Compensation - - -	-	\$631,028	\$1,889,792	\$410,488	\$3,131,308

The foregoing is exclusive of the conveyance of letters and newspapers by steamboats on Long Island sound, and Lakes Erie, Huron, and Michigan. under the 5th and 6th sections of the act of 1825, the aggregate length of which is about 1,229 miles, and the amount paid for which, at the rate of

two and three cents a letter and a half cent a newspaper, is about \$16,000 for the year preceding the 1st of July last.

The late annual letting of routes in September last was for the section embracing Virginia, North Carolina, South Carolina, Georgia, and Florida, the present contracts therein expiring with the present calendar year, except in a few cases in which they extend to the 30th June, 1839. Of the 557 routes of this section, 448 were then placed under contract for the ensuing four and a half years. They comprise 2,286,648 miles of annual transportation by horse and sulkey, 2,364,856 miles by stage and coach, and 193,648 miles by railroad and steamboat, at the annual compensation of \$474,915. The present cost of transportation in the section, as computed for the 1st July last, is \$585,546. There still remains to be put under contract in the southern section the following service: 299,208 miles of horse and sulkey mail, 688,324 miles of stage and coach, and 441,272 miles of railroad and steamboat transportation.

The average prices per mile for mail transportation in this section are—

	Horse and sulkey.	Stage and coach.	Steamboat and railroad.
As now paid - - - -	5 cts.	9 $\frac{1}{2}$ cts.	9 cts.
As let for the next term - - - -	6 $\frac{3}{8}$ "	10 $\frac{1}{8}$ "	12 $\frac{7}{8}$ "

The routes not let will raise this scale of prices, as they embrace a large portion of the most important and expensive transportation in the section; and the compensation asked bears a much higher proportion to the service than on the routes disposed of—so extravagantly high as to prevent, as yet, their assignment to contract.

The express mails are not embraced in the above statement of average rates. Those on the southern line compare as follows: As now in operation, 28 cents per mile; as contracted for the next four years, 19 $\frac{1}{2}$ cents.

As to the improvements of mail service, and the curtailments ordered since the 1st July, 1837, the balance of reductions down to the present time amounts to the annual sum of \$359,641.

But few of the new routes created by the act of Congress of July 7, 1838, have been put in operation; and, where done, it has been upon the condition that the revenue derived from the new offices on the route shall be received in full compensation for the service—a clause in the act authorizing a postponement of these routes till 1st July, 1839, unless offers are received to carry the mail upon them on the condition stated, and the want of surplus means at this time rendering such postponement necessary.

S. R. HOBBIE.

POST OFFICE DEPARTMENT,

Contract Office, November 28, 1838.

Transposed charts & statements, from p. 670-713, see separate card.