

The number of post offices this day is 13,028.

The number of mail contractors in service during the last year, was about 1,838. Of this number, 489 have been fined, or had deductions made from their pay, for sundry delinquencies. The aggregate of fines is \$57,738 64, and of deductions \$22,066 04, excluding remissions, the whole amounting to \$79,804 68.

A great majority of the contractors have performed the service with the most exemplary punctuality.

The revenue of the department for the year ending the

30th June, 1838, was - - - - - \$4,235,077 97

The expenditures were - - - - - 4,621,837 16

Excess of expenditures - - - - - 386,759 19

This excess was made up by surplus funds of preceding years.

The revenue of the year ending on the 30th of June last,

was - - - - - \$4,476,638 56

The engagements and liabilities of the department for the

same year, were - - - - - 4,624,117 86

Excess of engagements and liabilities - - - - - 147,479 30

The surplus still on hand has prevented embarrassment.

The cash on hand, according to the latest reports of postmasters, is \$206,701 95. There is also remaining in banks \$33,453 72, of which only \$2,907 03 is available. More than half the available funds on hand will be required to pay balances due for the services of the last quarter.

Compared with the preceding year, the revenue has increased about 5½ per cent., and the aggregate increase was \$241,560 59.

From a comparative statement, embracing the returns of post offices yielding over \$100 per quarter, it appears that the revenue of the quarter ending the 30th September last, exceeded that of the corresponding quarter of last year about 8½ per cent. It is feared, however, that in consequence of the derangement produced by the suspension of payment by so many banks, this rate of advance will not be maintained through the year.

The accounts of postmasters are rendered with a promptitude which can scarcely find a parallel in the business of mankind. In a list of so many thousand post offices, there are necessarily many incidents, such as sickness, deaths, resignations, absences, removals, changes in mail routes, &c., &c., which prevent the regular rendition of accounts, the new appointments alone averaging last year 722 per quarter. Most of the accounts are forwarded to the department by the first mail after the termination of the quarter, and out of a list of 12,780 post offices, for the quarter ending 30th June last, there were but 217, the accounts of which were not received before the termination of the next quarter; and of this number about 40 had been very recently established, or had not been supplied with mails.

The moneys received by the postmasters are, in general, paid over with equal promptitude. It is believed that about 11,000 of the whole number pay over the proceeds of each quarter to contractors within two weeks after its close. Of that class of postmasters, the proportion of delinquents is remarkably small. The draft offices in general pay, when drawn upon,

with equal punctuality. Two cases have occurred, within the year, indicating the necessity of further legal restraints upon postmasters intrusted with large sums of money.

When it is extensively inculcated as a principle, that the public money, instead of being retained for the public service, ought to be made use of in private operations, it is not surprising that some of the postmasters, notwithstanding the utmost efforts of the department to prevent it, should practise upon the precept. Nothing is likely to make them all duly sensible of the heinousness of the offence but an act of Congress, declaring it to be a crime, punishable according to the magnitude of the sum thus applied.

Congress have heretofore fixed the maximum of compensation to be paid for the transportation of the mails upon railroads at \$300 per mile. It was obviously their intention, that, where the maximum of compensation is given, the railroad companies shall afford the public, in return, the best practicable mail accommodation.

Under existing arrangements, the great mail for the south and west is detained six to eight hours in Philadelphia. Desirous, in the renewal of the contracts, to take effect in January next, to put an end to this detention, the department offered the Philadelphia, Wilmington, and Baltimore Railroad company, the maximum of compensation allowed by law, on condition that they would carry two mails a day, one connecting with the night line from New York, and the other with the morning line. It is the night line which brings on the great mail, and to carry it forward without interruption, it would be necessary for this company to leave Philadelphia not later than one o'clock, A. M. This the company declined doing for the compensation offered, and were willing, for the \$300 per mile, only to continue the present service, running one daily mail, and that at hours most convenient for their other business. Deeming it essential to the interest of the public that a connected mail line should be had on this great thoroughfare, I have not felt myself at liberty to accept any service which would longer admit of the present injurious delay at Philadelphia. Minor considerations it was proposed to waive; but without effect. The consequence is, that the department may be deprived of the use of that road for the next contract term.

Railroads cheapen travel and the transportation of produce and merchandise, and no reason is perceived why they should not also cheapen the transportation of the mails under the same circumstances. When the mails are carried in stages or on horseback, the department exercises an absolute control over the hours. But the proposition of the company in question more than doubles the ordinary cost of such service, and denies to the department the control of the hours. If even the sum demanded were not the highest the department can lawfully pay for any railroad service, it would for these reasons be deemed much too high for the service proposed.

Nor is the sum of \$300 per mile deemed too small a compensation for the service required. The travel would still go with the mails as it does now, and many passengers who do not travel at all, or take the Pennsylvania lines to the west, would leave New York in the evening if this company would convey them to Baltimore by the next morning, there to take the established lines to the south and west. The department, therefore, asks them to do only what it is believed to be their interest to do,

Experience has proved that travel is increased in proportion to the reduction of its cost. This has been illustrated on steamboat routes. But railroads have an advantage over steamboats, because they can reduce the cost of travel without reducing their own charges. By running in connexion with each other, and enabling travellers to proceed on their way by night as well as by day, they save tavern bills to the traveller, and greatly reduce his expenses. A great increase of travel is the certain consequence. In this close connexion, therefore, consists their highest interest. All railroads in connexion with each other, will ultimately find their profit in considering themselves parts of one system, in submitting to the inconveniences of their respective positions, and in so arranging their hours of running as to make connected travelling lines, and not impose on travellers the necessity of stopping at intermediate points in their journey. And it is this close connexion, most favorable to railroads in reference to travel, which the department requires for the transmission of the mails. Ought the companies to ask, or the department to pay, exorbitant sums for that which it is their own interest to render?

Certain it is, that if the demands of railroad companies are to be satisfied, most of whom are not willing to serve the public as they serve individuals, and seem to think that the Government is bound to make their investments profitable, there will be little left of the means of this department to pay for the conveyance of the mails on other lines, much of the interior of the country must be deprived of them altogether, and the rates of postage, instead of being reduced, must be increased.

Hopes are entertained, however, that the company in question will yet accept the provision which Congress has made. It appears to be so obviously their interest to avail themselves of the additional travel which a well-connected line would bring them, and to prevent the withdrawal of a large portion of the western travel which would inevitably follow the organization of a line for the conveyance of the great western mail upon the Pennsylvania roads, that perseverance in their refusal cannot reasonably be expected. In the meantime, the department is proceeding to make the best arrangements it can, for the mail service, without reference to the use of that road, and with the determination in no event to make any contract with the company which shall not secure a close connexion with the mail from New York. If circumstances should hereafter require it, this matter will be made the subject of a special report.

A difficulty somewhat similar has arisen upon the steamboat route between New York and New Haven. Formerly, the mail was carried six times a week on that route, for \$4,000 per annum. At the last regular letting in that section, it was let for daily service at \$6,000, with a proviso that if the company should be dissolved, the contract should be at an end. Last spring they gave notice of dissolution to the department. Their successors refused to continue the service for less than \$30,000 per annum. The department offered \$6,000 for six times a week service, and \$8,000 for daily; but the new company would only reduce their exorbitant demand to \$15,000, with the privilege of selecting their own hours for the service. The department then withdrew its propositions, and made an arrangement for the transportation of its mails by land.

Subsequently, a temporary arrangement was made with a gentleman of great energy, to charter boats and put on another line for the purpose of conveying the mails. After making several efforts, he reported to the de-

partment, that although boats could be procured for any other service, so great was the fear of the principal owner upon the New Haven line, or so extensive a combination existed, that no suitable boat could be chartered on any terms, to run on that line in opposition.

The department is consequently powerless, under existing laws, to give the country the best practicable mail service in that direction, without submitting to palpable extortion. Rather than submit to the latter alternative, I have deemed it my duty to continue the mail upon the land route, and refer to Congress for a remedy.

In these days of combination and monopoly, that which exists on one steamboat route may be expected on others of more importance, unless prevented by timely precautions. An effective remedy in this case, and a preventive in all others of a similar character, may be found in putting it within the power of the department to run steamboats temporarily in such emergencies, to be discontinued as soon as reasonable contracts can be secured. The case in question shows that the department cannot rely upon chartering suitable boats. The only effective means appears to be, to authorize the Postmaster General to purchase, or build, two or three boats suited to the service, or direct the War or Navy Department to add a few such boats to their present force, with a view to aid the Post Office Department when occasion may require it. The existence of the power and ability of the department to put on a line of steamboats in cases of attempted extortion, would undoubtedly avert the necessity of its exercise.

Great difficulty is found in bringing to justice mail robbers in some cases, on account of the inadequacy of the present laws to secure the attendance of distant witnesses. The compensation allowed to them is not sufficient to pay their expenses, without reference to the value of their time. Cases of extreme hardship have been presented to the department, and allowances asked for out of its funds, but in cases where the process of the court could reach them, it has been decided that the department could not lawfully add to the allowance provided by act of Congress. It seems but just, that men who are required to devote their time to the public, should be paid not only their actual expenses, but a fair compensation.

The radical change in the rates of postage on letters, recently adopted in Great Britain, has attracted much attention in the United States. To enable me to furnish Congress with information on that subject, and all others connected with the post establishments in several of the most considerable European countries, I have despatched one of the special agents of this department to Europe, with instructions to visit them in person, and furnish me with minute details of their organization and operations. Many documents, and some interesting particulars, have been received from him, but he has not as yet been able to prepare himself to make a detailed report. As soon as such a report shall be received, it is intended to submit to Congress all the information it may contain, for their consideration.

With the highest respect,

AMOS KENDALL.

To the PRESIDENT OF THE UNITED STATES.

POST OFFICE DEPARTMENT,
Contract Office, November 28, 1839.

Sir: The following is a table of the mail service for the year preceding the 1st of July, 1839. Its exhibits by states the length of the routes, and the annual transportation and cost of each of the three grades of mail conveyance, as nearly as the same can be ascertained from computations, based on the state of the service at the close of the year.

Table of mail service for the year preceding the 1st July, 1839.

States and Territories.	Length of routes.	Annual transportation and cost.						Total.	
		Horse and sulkey.		Stage and coach.		Railroad and steamboat.			
		Miles.		Miles.		Miles.		Miles.	
Maine	3,674	262,004	\$15,875	738,312	\$78,669	-	-	1,020,346	\$94,538
New Hampshire	2,665	116,532	5,687	807,466	63,643	-	-	923,998	69,331
Vermont	2,532	98,617	4,315	766,950	56,667	-	-	865,567	61,178
Massachusetts	4,013	120,848	7,029	1,409,399	114,996	338,208	\$24,135	1,877,455	146,160
Rhode Island	408	6,340	478	124,759	9,020	57,159	2,520	188,157	12,018
Connecticut	2,155	133,354	6,664	602,955	45,578	43,439	3,630	779,748	55,872
New York	13,649	1,007,217	55,483	3,253,796	277,346	516,964	54,199	4,778,057	387,227
New Jersey	2,041	112,558	5,653	411,567	18,915	134,543	24,785	658,667	49,353
Pennsylvania	11,010	959,979	42,879	2,018,798	139,265	309,416	23,875	3,346,193	195,959
Delaware	440	22,522	1,284	105,911	5,034	17,654	6,675	146,120	13,193
Maryland	2,153	218,925	12,303	305,072	56,328	221,090	39,016	745,087	100,647
Virginia	9,366	910,592	49,011	923,879	81,131	367,539	57,391	2,382,010	190,543
North Carolina	6,862	561,946	42,188	734,455	79,791	268,234	41,616	1,548,435	163,795
South Carolina	4,263	438,874	60,427	523,634	70,602	100,364	27,600	1,062,872	158,629
Georgia	6,196	654,388	85,265	694,915	94,778	72,410	21,763	1,490,743	199,606
Florida	1,101	70,488	8,579	62,618	14,000	47,147	18,000	180,283	40,579
Ohio	10,196	914,064	41,488	1,353,854	107,979	41,011	2,333	2,338,929	151,799
Michigan	3,233	289,149	20,552	271,843	16,745	36,470	1,793	367,462	39,090
Indiana	6,090	561,090	33,865	690,773	57,507	31,668	7,143	1,282,539	96,515
Illinois	6,550	326,503	26,297	991,877	109,231	69,576	9,393	1,387,956	144,921
Wisconsin and Iowa	1,548	135,200	13,274	95,160	11,755	-	-	230,360	25,029
Missouri	4,361	345,674	24,536	305,810	35,779	10,556	2,381	659,970	69,696
Kentucky	6,449	579,842	37,468	652,791	63,322	169,968	23,428	1,403,621	123,216
Tennessee	6,517	594,493	36,356	703,875	71,441	25,336	5,714	1,323,704	115,511
Alabama	6,678	536,937	111,593	733,444	96,219	66,900	33,000	1,657,281	243,192
Mississippi	4,062	587,350	61,903	207,350	94,853	101,339	22,857	894,056	179,613
Arkansas	3,120	318,830	26,266	130,832	26,728	91,416	21,150	541,078	80,144
Louisiana	2,056	223,904	27,350	11,450	3,878	177,630	64,048	419,984	86,276
	139,999	11,447,147	584,569	19,653,670	1,900,451	3,396,055	590,603	24,496,878	2,935,693

The above is exclusive of the conveyance of letters and newspapers, under the fifth and sixth sections of the act of 1825, by steamboats on Long Island sound, between Boston and Portland, on James river, and on the northwestern lakes; the aggregate length of which service is about 1,450 miles, and the estimated cost about \$16,300, for the year aforesaid.

The foregoing tables are made up from the contracts. The annual cost, as represented by the payments made in the same year, will vary from that exhibited in the tables; on the one hand it will be less, by the amount of deductions and fines imposed in the inspection office, and the difference between the actual net proceeds of the offices on private routes, and the maximum price at which that service is stated in the tables; and on the other hand, it will be more, by a sum equal to the extra month's allowances on discontinued service, and the enhanced expense of substituted special service in all cases of abandonment of route by the contractor. But there is another more effective cause of difference; the payments made in a quarter are for the service of the preceding quarter, and any former arrearages; the payments made in the year ending 30th June, 1839, represent no part of the cost of service of the last quarter of that year, and exhibit the cost of a service not embraced in the tables, that of the corresponding quarter of the preceding year and arrearages for former quarters. It should be stated in further explanation, that on the pay books the cost of the route appears under the head of that state, to which its number belongs; but in these tables, its cost, as well as length and transportation, is distributed among the States through which the route runs according to its recorded length in each.

It is not to be expected that these annual tables should present the same extent of mail service and cost as in preceding years, even in the States where the service continues over, under the same contract term. Continual changes are going forward at all points, varying the length of routes, the mode of conveyance, and the frequency of trips, under orders of the department, made in anticipation of the periodical renewal of contracts, to meet more promptly the ever-pressing demands of the public necessities and improvements, and to provide by timely curtailments for the exigencies of the service. And even where the service remains the same, the tables will differ in consequence of the more correct knowledge of distances, which the department obtains from time to time. In the new states especially, this circumstance varies materially the tabular statements of transportation from year to year.

In the southern section, which is composed of Virginia, North Carolina, South Carolina, Georgia, and Florida, the above tables present the service of the first entire year of the present contract term. Laying out of view the express mails, which ceased partially with the contract year of 1838, and entirely with that of 1839, it appears that the mail service under the present contracts in this section, is increased nine per cent. in transportation, and forty-nine per cent. in cost. This advance arises chiefly on the railroad routes, there being in the railroad and steamboat mails, the extraordinary increase of 171 per cent. in transportation, and 334 per cent. in cost. The comparison is brought more distinctly to the eye, by giving the respective amounts of the two years. Excluding express mails, and they stand:

Years.	Horse and sulkey.		Stage and coach.		Railroad and steamboat.	
	Miles.	Amount.	Miles.	Amount.	Miles.	Amount.
1838	2,051,750	\$85,899	3,223,908	\$314,560	315,536	\$38,984
1839	2,290,506	148,972	2,942,561	341,352	855,694	166,329
1839	more 238,756	63,073	less 250,347	more 26,792	540,158	128,045

The average prices for the different classes of service in this section, appear to be about 6½ cents a mile for horse and sulkey mails; 11½ cents for stage and coach; and 19½ cents for railroad and steamboat. In the last two grades they range considerably above the general average for the whole United States; but in the horse and sulkey service, they fall below, owing to there being so large a proportion of that description of service in the cotton-growing States beyond this section, and for which the highest rates of compensation are paid.

The curtailments required by the falling off of revenue in the late commercial and monetary derangements, and the necessity of providing for the new routes created by Congress, ordered during the last contract year, amounted to \$323,289 per annum. A large portion of them, however, did not take effect till the 1st July, 1839. \$213,090 were on account of express mails; and \$34,517 were saved by a six months' suspension of a part of the trips on many of the tri-weekly routes. The period of this suspension expired before the close of the last contract year, so that the full service, with its cost, except on a few of the routes, was restored before the 1st July, 1839.

The necessary alterations in existing contracts, which resulted in additional cost, ordered during the same year, amount to \$20,545, a part of which did not take effect till 1st July last. There are instances of some contracts expiring and others being annulled, pending a contract term, and new ones being made on advertisement or otherwise. The amounts so saved or incurred, I have been unable to obtain for this summary; their effect is exhibited in the tabular statements.

With the exception of two or three new railroad and steamboat routes, the new routes created by the last post-road act of Congress, did not go into operation till the 1st July last. These do not of course appear in the foregoing tables; and some remain to be let to contract for want of suitable proposals. The cost already incurred for transportation on the new routes under the act of Congress, is \$136,963 per annum; and there are no doubt, some portions of the new routes covered by extensions of the old service, which are not embraced in this sum. A portion of the expense on the new routes from Weldon, in North Carolina, to Charleston, and from Cammack to Greensborough in Georgia, should be set down to the account of the great southern mail. But for its transit over those lines, so large an expenditure as \$48,787 per annum, would not have been incurred upon them.

The recent letting of the routes in the middle section of the United States for the next term, to commence with the ensuing year, is too incomplete to admit at this time of a satisfactory statement of results. The

contracts already made, embracing all the service excepting most of the railroads and some depending stage and coach routes, indicate a moderate advance upon the prices of the last term.

Most respectfully, your obedient servant,

S. R. HOBBIE,

First Assistant Postmaster General.

HON. AMOS KENDALL,
Postmaster General.