RISC Report

Rural and Urban Origins of the U.S. Postal Service

Source: U.S. Postal Service Collection

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Executive Summary

Since it was founded, the United States has wrestled with the often-conflicting demands for postal services from rural vs. urban communities. There is an active debate today surrounding potential changes to the U.S. Postal Service and how those changes might affect urban and rural Americans. This report provides a historical perspective on how our country has dealt with these issues in the past. This research is part of a larger body of work examining rural and urban issues facing the Postal Service.

The U.S. Constitution gives Congress a key role in setting postal policy, and it has exercised that role in different ways over the years. This included setting postage rates and developing the initial high-level policy principles that the Post Office must be financially self-supporting and that it must use any surpluses to extend its service. However, much of Congress' historical role was more granular, particularly in rural America where Congress was involved in such things as setting the specific postal routes and appointing rural carriers. There was tension between Congress and the Post Office Department as they balanced the sometimes-conflicting goals of expanding service and covering costs.

Early on, the Post Office was successful financially, even as it expanded from 75 post offices in 1790 to more than 14,000 by 1845. After postage prices were cut substantially — by Congressional order — and stamps were introduced, mail volume soared, doubling in just seven years. With the lower postage rates, Congress acknowledged that the Post Office would no longer be able to fund itself and that tax dollars would have to be used to cover deficits. This was seen as worthwhile, given the significant benefits that came with broader use of and access to the mail.

In the mid-1800s, Americans still received their mail at PO boxes. With the boom in mail use, urban post offices, which were already overcrowded, could no longer serve the thousands of people coming in daily for their mail. So, in 1863, the Post Office Department authorized free home delivery in cities where the service was deemed cost effective — an enormously popular advancement.

Highlights

From its earliest beginnings, the Postal Service wrestled with conflicts between the needs of urban and rural communities.

Congress has played a key role in shaping postal policy throughout history, particularly in rural areas where it worked on granular issues such as the selection of specific delivery routes.

Congress has adjusted its position over time on the competing goals of expanding services vs. covering costs.

Rural areas have historically been more costly to serve, and did not get postal services at the same rate as urban areas. For example, while home delivery came to cities in 1863, rural areas did not get it until 1896.

The Post Office helped bring critical benefits to rural areas, including news and information, better roads, and access to more commercial and consumer products.

At that time, the costs to the Post Office Department of delivering mail outside of cities was seen as too high. Instead, rural areas saw a wave of new post offices, which increased from a total of about 29,000 in 1865 to more than 70,000 in 1895. However, rural Americans had been clamoring for home delivery. They finally got it in 1896 when "Rural Free Delivery" was rolled out. To get delivery, 100 families along a proposed route had to sign a petition, which went to their member of Congress for approval and recommendation. This procedure cemented a strong bond between rural congressmen and their constituents over local postal affairs, a relationship far stronger than that which prevailed in the cities, where delivery routes were coordinated without legislative intervention.

As the number of rural delivery routes exploded to 40,000 by 1909 (each with a Congressional sponsor), deficits soared. By 1914, the Postmaster General estimated that rural delivery ran a $40 million deficit that year. One reason for that deficit was that the political process for creating rural routes resulted in routes that were haphazard, overlapping, crisscrossing, and of highly varied length and transportation access. The Post Office sought to remedy this by working with Congress to consolidate routes. Also, the Post Office declared that residents within the town limits or within a quarter mile of a post office could not get home delivery. As a result, many rural communities opted to close their local post office in exchange for home delivery, sending the number of post offices plunging by nearly a third in 20 years.

As a range of other innovations swept the country, the Post Office played a key role in bringing those benefits to the countryside. For example, motorized delivery helped improve rural roads and the advent of parcel post brought the offerings of the Sears, Roebuck Catalog to the doorsteps of farm houses and small towns across America.

The Post Office Department was converted to the modern U.S. Postal Service in 1970, and no longer relies on tax dollars to fund its operations. However, financial challenges in recent years have raised tough questions about the sustainability of the agency's business model. Congress continues to advocate for rural postal services and has sought to ensure that changes to USPS do not disadvantage rural areas, which are often more dependent on the Postal Service than urban areas. This has echoes of previous public policy debates surrounding the role of the Post Office and the ever-present challenge of balancing service with covering costs.

Observations

Introduction

Urban and rural communities have been a part of the United States since its founding. As the nation grew, postal services in these communities developed along distinctly different patterns and timelines. The U.S. Postal Service has long wrestled with the often-conflicting demands of urban and rural customers. As the public debate about these issues continues, this paper brings a historical perspective on this important subject.

Congress Set Guiding Principles for Postal Services

Upon gaining independence from the British Crown, American colonists viewed mail service as a government function. The Continental Congress declared:

> *Communication of intelligence with frequency and dispatch from one part to another of this extreme continent is essentially requisite to its safety.... The United States in Congress assembled shall have the sole and exclusive right and power of establishing and regulating post offices, from one state to another, and exacting such postage as may be requisite to defray the expenses of such offices.... All funds above cost shall be expended in establishing new post offices and post routes so as to make the institution as useful as possible.[1]*

While the 1789 Constitutional Convention set the policy, it fell to Congress to flesh out the constitutional power with implementing legislation. After three years of prodding from President George Washington, Congress passed the Post Office Act of 1792, which established the office of the postmaster general, set postage rates, and outlined the rules and regulations under which the Post Office was to operate.[2] The Act of 1792 established three basic principles that were to govern the nation's postal policy throughout its history:

- The Post Office must be self-supporting.

- The Post Office must make no profit, but use its surpluses to extend its services.

- Congress must establish the nation's post roads.[3]

Each of these guiding principles has had a profound effect on the way service was extended from its small beginnings linking a few seaboard cities to reach the vast interior of the country as it was gradually populated. Each principle also contributed to the emergence of divergent conceptions of appropriate service between urban centers and the widely dispersed rural population.

In 1790, there were 75 post offices in the country — virtually all of them linked to each other by 2,000 miles of transportation routes along the coastal corridor between population centers.[4] The "service" consisted of transportation to and from these post offices, where addressees could pick up (and pay for) mail. From the beginning, the bulk of the mail was newspapers, the cost of which was heavily subsidized by very high postage rates on individual correspondence, most of it commercial in nature. Congress also saw to it that the mail it generated would be carried without cost to itself, and quickly understood that the "frank"— free postage for Congress — was a vital means of communication with constituents.[5]

Early Expansion of the Postal Network Was Financially Successful

From the outset, the Post Office was financially self-supporting, thanks in part to high postage rates ranging from six cents to 25 cents per sheet of paper, depending on the distance traveled.[6] This made posting a letter an expensive proposition. Since mail was generally paid for by the recipient rather than the sender, and since individual postmasters were paid by retaining a portion of the

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1. Clyde Kelly, *United States Postal Policy* (New York: D. Appleton and Company, 1931), pp. 20-21.
2. Wayne E. Fuller, *The American Mail* (Chicago: The University of Chicago Press, 1972), p. 43. While the modern-day Postal Service is an independent establishment of the executive branch, the Post Office Department was previously a cabinet-level agency.
3. Ibid.
4. Kelly, p. 41 and U.S. Postal Service, *The United States Postal Service: An American History 1775-2006*, Statistics: Pieces & Post Offices, November 2012, https://about.usps.com/publications/pub100/pub100_075.htm.
5. Intended to improve the flow of information across a vast nation, the franking privilege was Congress's ability to send mail by one's signature rather than by postage. Richard R. John, *Spreading the News: The American Postal System from Franklin to Morse* (Cambridge, MA: Harvard University Press, 1995), pp. 56-63.
6. Fuller, *The American Mail*, p. 43 and Kelly, p. 45.

revenue they collected, the system incentivized them to be diligent about collections.[7] Postmasters general were also judged by their success at generating a surplus, and for the most part they succeeded. There were occasional years of deficit, which often resulted in congressional investigations aimed at inefficiency and contract manipulation. Nevertheless, between 1789 and 1851, the Post Office collected a total of $113.7 million while expending $111.8 million, resulting in an overall surplus of nearly $2 million over 63 years.[8] At the same time, it expanded its network from 75 post offices to more than 18,000.[9] To put that into perspective, there was about one post office for every 52,000 people in 1790. By 1850, there was about one post office for every 1,250 people.[10]

> *High postage rates made letter writing an expensive proposition.*

Congress Played an Important Role in Growing the Network

Early postmasters general realized that the enterprise thrived by linking urban centers through the expansion of post offices, post roads, and new postal routes. But their efforts to use commercial criteria to select expansion routes ran afoul of Congress, and specifically of the Act of 1792's provision that Congress itself, and not the Post Office, would designate post roads.[11]

Congress' role in determining the location of postal routes and roads proved to be consequential for the future of the postal system. It was an arrangement by which elected officials, in close collaboration with their constituents, directed expansion of the postal network at the granular level. This arrangement generally began with a group of citizens generating a petition to their member of Congress asking that

a post road be established to bring service to their community. The congressman would then sponsor a law designating a post road and the precise route it would take.[12] For example, one such statutory provision specified that a route in Tennessee run "from Newmarket, in Jefferson County, by Blaine's crossroads, Lea's springs, Powder Spring Gap, and Joseph Beelor's, to Tazewell, in Claiborne County."[13]

Missing was any consideration of the principle that service was to pay for itself, since the new routes to more rural areas rarely could be expected to generate revenue to justify the cost of service on those roads. By the 1830s, the demand for new post roads became so overwhelming that postal deficits became an issue.

> *Communities gained postal services by submitting a post road petition to their congressman, who sponsored a law to establish the specific route.*

Balancing Rural Demands for Expansion with Financial Pressures

Congress struggled to balance the demands from rural communities for additional post roads with the interests of urban Americans, who already had ample post roads and resisted the idea that tax dollars should subsidize uneconomic rural expansion. This was the beginning of an enduring tension between urban and rural interests. In cities, mail was a commercial tool fully capable of financing itself. The ever-expanding rural areas sought comparable (or at least minimal) access to the mail system, but had less likelihood of covering the costs of that service.

7   John, pp. 121, 160 and Louis Melius, *The American Postal Service: History of the Postal Service from the Earliest Times* (Washington DC, 1917), p. 21.
8   Kelly, p. 60.
9   U.S. Postal Service, *The United States Postal Service: An American History 1775-2006*, Statistics: Pieces & Post Offices.
10   In 2018, there was one post office for every 10,445 people.
11   Fuller, *The American Mail*, p. 45 and Melius, p. 31.
12   Winifred Gallagher, *How the Post Office Created America* (New York: Penguin Press, 2016), p. 35.
13   Fuller, *The American Mail*, p. 56.

Postage Price Cuts and Introduction of Stamps Spur Mail Boom

By the middle of the century, the constraints of the self-supporting model were becoming more burdensome. In 1844, Congress appointed a Postal Commission to examine the real purpose and value of the Post Office. The Commission found that mail was an essential tool of democracy that should be available to the common citizen. Congress acted in 1845 to reduce postage costs substantially, spurring a major increase in usage from 38 million letters in 1844 to 83 million in 1851.[14] Congress also enacted the Private Express Statutes, the main purpose of which was to preserve the postal monopoly in the cities as a means of protecting the rural cross-subsidy.[15]

> *Mail volume more than doubled in just seven years after a congressional commission recommended postage price cuts.*

Congress Moves Away From Financial Sustainability Principle

In 1847, postage stamps were authorized, which greatly enhanced the efficiency of the Post Office.[16] The move also was popular with the public, and in 1851, rates were reduced even further to three cents for distances up to 3,000 miles.[17] With this change, Congress tacitly acknowledged that the Post Office would no longer be able to pay for itself and accepted the use of tax dollars to support expansion of the mails.[18] The 1851 law included a direct appropriation of $500,000 a year to cover Post Office deficits.[19] In practice, the policy of using Treasury funds to cover deficits continued until after the development of the modern Postal Service.[20]

It should also be noted that the 1851 law provided an assurance that the lower postage revenues would not harm rural interests:

> *That no post office now in existence shall be discontinued, nor shall the mail service on any mail routes in any of the States or Territories be discontinued or diminished in consequence of any diminution of the revenues that may result from this act; it shall be the duty of the Postmaster General to establish new post offices and place the mail service on any new routes established, in the same manner as though this act had not been passed.[21]*

Congress held firm on its policy of favoring expansion over financial self-sufficiency. In 1885, it voted to further reduce postage rates from three cents to two cents, without any limitation on the distance traveled — despite a deficit that year of $8.3 million, about 20 percent of revenues.[22]

The Post Office Establishes Home Delivery

The rate reductions led to rapid expansion of the use of the mails. This created logistical challenges in urban post offices, which were already congested. The New York post office, for example, had 4,000 PO boxes, which was not nearly enough to meet the demand for mail use. But the post office was already overcrowded and was notorious for harboring pickpockets.[23] This helped fuel private "Penny Posts," which would deliver letters within large cities for a one

> *Free home delivery came to cities in part to reduce overcrowding at post offices.*

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14 Kelly, pp. 56-57.

15 The Private Express Statutes affirmed the Post Office monopoly on letter mail delivery. Without it, Congress argued, private carriers would have taken over service in profitable cities while leaving unprofitable rural service to the Post Office, resulting in massive losses. Rick Geddes, *Saving the Mail: How to Solve the Problems of the U.S. Postal Service* (Washington, DC: The AEI Press, 2003), p. 17 and Richard Kielbowicz, "Universal Postal Service: A Policy History 1890-1970," prepared for the Postal Rate Commission, 2002, p. 78.

16 Fuller, *The American Mail*, p. 67.

17 Kelly, pp. 60-63.

18 Ibid.

19 Ibid.

20 The modern U.S. Postal Service was formed in 1970. Since 1984, the Postal Service has not relied on tax dollars to fund operations. It does, however, borrow money from the Treasury, which it must repay with interest. The President's Commission on Postal Organization, "Towards Postal Excellence: The Report of the President's Commission on Postal Organization," June 1968, https://www.prc.gov/prcarchive/viewpdf.aspx?docid=508284663, p. 22 and U.S. Postal Service, "2019 Postal Facts," March 2019, https://facts.usps.com/wp-content/uploads/2019_POSTAL_FACTS_WEB_COMPANION.pdf, p. 5 and 39 U.S. Code § 2005 (a) (1-2).

21 Richard J. Margolis, *At the Crossroads: An Inquiry into Rural Post Offices and the Communities They Serve* (Washington, DC: U.S. Government Printing Office, 1980), prepared for the Postal Rate Commission, p. 9.

22 Kelly, p. 76 and Fuller, *The American Mail*, p. 73.

23 Gallagher, p. 102 and Wayne E. Fuller, *RFD: The Changing Face of Rural America* (Bloomington, IN: Indiana University Press, 1966), p. 13.

cent fee. This threatened postal revenue because it encouraged private delivery outside the mail system. In 1863, the Post Office Department authorized free home delivery in cities where its costs were below local postage revenue, billing it primarily as an efficiency measure that would reduce labor costs and post office congestion. By 1887, cities with 10,000 people were all eligible for free delivery service, an enormously popular advancement.[24]

Rural Areas Spend Decades Appealing for Delivery

In 1890, three quarters of Americans lived in rural areas that were not covered by free delivery service. Rural Americans benefitted from cheap postage rates, but their access to postal service changed very little before the end of the century.[25] Mail would arrive by post road at "fourth-class" post offices in nearly every village.[26] These were not post offices in the modern sense. In the vast majority of cases they were simply a part of the local general store, newspaper publisher, similar business establishment, or even a private residence.[27] By 1891, over 60,000 fourth-class post offices dotted the countryside.[28] The high point was reached in 1901, when of 76,945 total post offices nationwide, more than 70,000 were fourth-class.[29]

While farmers organized citizen petitions demanding rural delivery, urban legislators proposed lowering postage rates, which would have reduced funding available for rural expansion.

For many who lived in towns, a daily stop at the post office was a welcome chance to pick up the daily newspaper, chat with neighbors, and see what was happening in town. But for farmers, it all too often meant a weekly trip by horse or wagon on poorly maintained country roads that took hours away from the work day. However, delivery service to the vastly spread out farms of America would be significantly more expensive than delivery proved to be in the more densely populated cities.

By the 1890s, the appeal from rural Americans for mail service akin to that available in the cities became ever stronger. Farmers' organizations, particularly the National Grange and the Farmers Alliance, pressed legislators for free rural delivery, submitting a flood of citizen petitions demanding action. All the while, urban representatives were pressing to lower the postage rate to one cent, a move opposed by rural legislators who feared it would reduce funding for expansion in rural areas.[30]

Figure 1: A Fourth-Class Post Office in Ellisville, Ill., 1891

Source: U.S. Postal Service Collection

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24 Fuller, *RFD*, p. 13.
25 Ibid., p. 14.
26 Congress divided post offices into classes based on postmaster pay, which was in turn based on post office revenue. Fourth-class was the lowest category, including postmasters that earned less than $1,000 per year, excluding money-order commissions.
27 David M. Henkin, *The Postal Age: The Emergence of Modern Communications in Nineteenth-Century America* (Chicago: The University of Chicago Press, 2006), p. 64.
28 Fuller, *The American Mail*, p. 75.
29 Ibid., pp. 55, 57.
30 Margolis, pp. 8-9.

Postmaster General John Wanamaker, a Philadelphia merchant who saw delivery expansion to rural areas as a commercial opportunity, advocated for Congressional authorization for some experimental rural delivery routes. That authorization was granted in 1893, after Wanamaker had left office, but the Grover Cleveland Administration refused to spend the $10,000 authorized for the trial run.[31] President Cleveland said, "the estimated cost of rural free delivery generally is so very large that it ought not to be considered in the present condition of affairs." His Postmaster General William Bissell said that "the department would not be warranted in burdening the people with such a great expense."[32]

An 1896 "Rural Free Delivery" Pilot Proves Successful

Still, pressure on and from rural representatives was unwavering. Although not unanimously supported, Congress upped the appropriation for the trial run to $40,000 in 1896 and Postmaster General William Wilson authorized his own home town of Charles Town, West Virginia, and two nearby villages for the first sanctioned rural delivery routes. Some representatives had gone along with the funding in the expectation that the experiment would prove unsuccessful. They were wrong. The experiment showed that rural delivery was feasible. It also proved immensely popular with the public.[33]

The service was known as "Rural Free Delivery." By the end of 1896, 41 additional routes were added to continue testing in 28 different states. After that, there was no looking back. By the turn of the century, a process was firmly in place. It took 100 families along a proposed route to sign a petition, which went to that district's member of Congress for approval and recommendation. It was rare for a congressman to refuse to endorse a route.[34] This procedure cemented a strong bond between rural congressmen and their constituents over local postal affairs, a relationship far stronger than that which prevailed in the cities, where delivery routes were coordinated without legislative intervention.

Figure 2: Rural Free Delivery Wagon, circa 1901

Source: U.S. Postal Service Collection

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31 James H. and Donald J. Bruns, *Reaching Rural America: The Evolution of Rural Free Delivery* (National Postal Museum, 1998), p. 16.
32 Ibid.
33 Ibid., p. 19 and Fuller, *The American Mail*, p. 76.
34 Bruns, p. 21.

The Number of Rural Delivery Routes Multiplies

By June 30, 1900, there were 1,214 routes, and the number doubled again to 2,551 six months later. By 1905, there were over 27,000 rural routes in operation, and they were being added at a rate of 800 a month, reaching 40,000 by 1909.[35] Each one had a Congressional sponsor.

Rural Free Delivery became permanent in law in 1902, becoming simply "rural delivery" in 1906, the "Free" being by then understood. Early rural mail carriers were "political appointees, appointed by their congressman and subject only to the approval of the patrons."[36] Many of them had organized the collection of signatures on petitions to establish their own routes. On their daily rounds, they sold stamps or money orders and frequently accepted errands to perform in town for the farmers, including the delivery of packages outside of the mail system. Even after broader government-wide efforts to create a professional federal workforce that was hired based on merit, rural carriers continued to be selected based on relationships. Approval of the route's customers remained a necessary qualification and no new carriers were appointed without consulting the local congressman well into the 1920s.[37]

Early rural mail carriers were political appointees.

Rural carriers unionized in 1903, forming the National Rural Letter Carriers Association. In the 12 years after rural delivery became permanent in 1902, rural carriers' wages were raised by law five times, while the city carriers and clerks received only one raise. By 1914, the rural carrier's pay had reached parity with the city carriers at $1,200 a year for a standard route.[38] Through their union's newsletter, rural carriers would learn about rural delivery appropriation bills in Congress that often included proposals for increased pay. Citizens along their routes proved invaluable to the carriers since they would write to their congressman in support of these bills.[39]

Rural Delivery Changes the Post Office

By 1914, the Postmaster General estimated that rural delivery ran a $40 million deficit that year.[40] The Post Office Department often found itself at odds with Congress as it sought to rein in the soaring costs of thousands of new rural delivery routes, but its efforts did not go over well with a Congress that had strong ties to this service. One early department initiative to control costs was to contract out rural delivery to the lowest bidder. Congress quickly put a stop to that endeavor, as rural members would not agree to one kind of service for the cities and a different one for the countryside.[41]

Rural Route Consolidation

Another major conflict came over the issue of route consolidation. As might be imagined from the way they were set up — organized locally by petition and endorsed by an individual congressman with no incentive to pursue efficiency — routes were haphazard, overlapping, crisscrossing, and of highly varied length and transportation access. Some 4,300 mail carriers were working only four hours a day, though their pay was no different than for those with much longer routes.[42] The department was faced with a major challenge in reorganizing routes to cover entire counties, and as it did so, it sought to impose higher and more uniform standards for a normal route. These county-wide routes also appealed to lawmakers, particularly when they were implemented in areas that did not yet have delivery. The routes allowed congressmen to enact daily mail service to the entire county with a single administrative request, rather than having to wait for separate route petitions from all corners of the county.[43]

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35 Bruns, p. 21 and Fuller, *RFD*, p. 82.
36 Fuller, *RFD*, p. 136.
37 The Civil Service Commission sought to hire federal employees based on merit, rather than relationships. Ibid., p. 164.
38 Ibid., p. 134.
39 Fuller, *RFD*, p. 133.
40 Fuller, *The American Mail*, p. 77.
41 Fuller, *The American Mail*, p. 77 and *RFD*, pp. 54-56.
42 Fuller, *RFD*, p. 156.
43 Ibid., pp. 66-67.

Closures of Fourth-Class Post Offices

Not to be lost in the rural delivery struggle was the fate of fourth-class post offices and their postmasters. The Post Office Department, ever attentive to the need to cut costs and reduce the deficit that rural delivery created, sought to close post offices wherever it could. But this posed a dilemma for local congressmen, who typically resisted closing post offices and dispossessing their postmasters. The department countered with a threat that county mail routes would be withdrawn where congressmen insisted on keeping open small post offices along the routes.[44] In an effort to assuage the postmasters, the department determined that there would be no rural delivery service within the town limits of places having a post office or within a quarter mile of the post office when there were no town limits, unless specifically approved by the department. This assured a continued role for the smallest post offices.[45] But this too was a double-edged sword. Some small town and village residents, just like their counterparts in the cities, also wanted daily delivery to their homes and were willing to see their local post office close if it opened delivery to them as an alternative. Because of this, the number of post offices fell dramatically, as is shown in Figure 3. Fourth-class post offices fell from more than 70,000 in 1901 to just over 41,000 twenty years later.[46]

This situation resulted in duplication of services that took years to resolve.[47] In 1916, while 26 million Americans were served by a million miles of rural delivery routes, 10 million were still served by fourth-class post offices.[48]

Figure 3: Post Offices Over Time

RURAL DELIVERY SPURS POST OFFICE CLOSURES

After a massive expansion of rural post offices beginning in 1870, the Post Office launched Rural Free Delivery near the end of the 20th century. After that, many rural communities opted to close their local post office in exchange for home delivery, sending the number of post offices plunging by nearly one-third in 20 years.
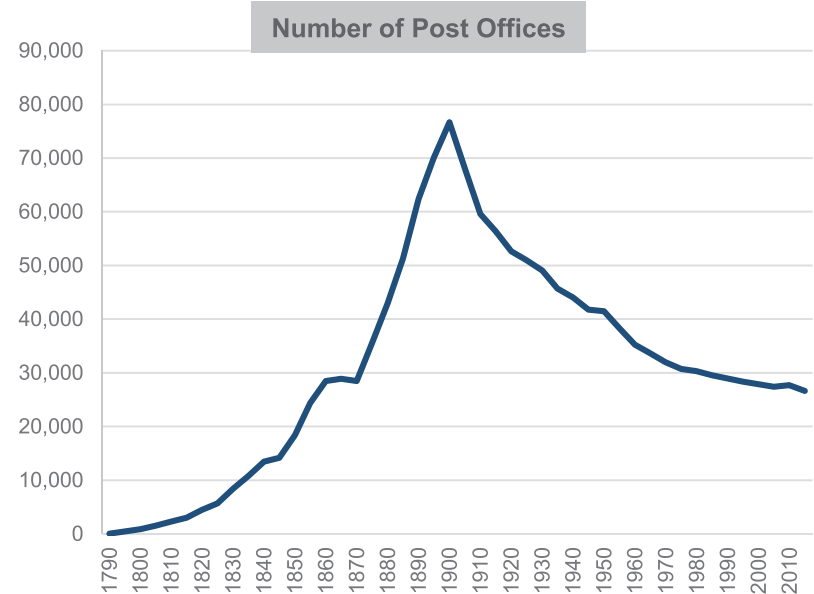
Source: *The United States Postal Service-An American History 1775-2006* and USPS *Postal Facts.*

*Note that historical counts were derived using different methodology than current public post office counts. To account for this, post-2006 data in this chart were adjusted to the historical figure baseline. The Postal Service officially listed 32,528 internally-managed post offices in 2010.

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44 Ibid., pp. 87-88.
45 An exception was made for those who lived inside the boundaries of towns having city delivery but who did not receive city delivery. U.S. Post Office Department, *Instructions for the Guidance of Postmasters and Carriers in the Conduct of the Rural Delivery Service*, in effect March 4, 1907, p. 6.
46 Fuller, *The American Mail*, p. 77.
47 Fuller, *RFD*, p. 87.
48 By 1975, about 25 percent of the rural population was still served by a box at the local post office rather than a delivery route. Since 1998, customers are eligible for free box rental in cases where the box is a substitute for delivery. Melius, p. 32 and U.S. General Accounting Office, "$100 Million Could Be Saved Annually in Postal Operations in Rural America Without Affecting the Quality of Service," Report No. GGD-75-87, 1975, https://www.gao.gov/assets/120/115264, p. 2 and U.S. Postal Service, "Extension of Group E (No-Fee) Post Office Box Service Eligibility," 63 *Federal Register* 14,820, March 27, 1998.

Motorization Brought new Efficiency and Disruption

Another change came in 1915, when Postmaster General Albert Burleson set out to motorize rural delivery as an efficiency measure. Burleson decreed that rural routes would be converted to motorized routes of 50 or more miles, where road conditions permitted.[49] Carriers without automobiles feared for their jobs as nearly 1,000 routes were wiped out in one year.[50] Farmers were required to change their addresses and to move their mail boxes to the nearest paved road that could support a motorized route — in many cases farther away from their farms. Commercial relationships also were disrupted as populations were switched from one town (and post office address) to another.[51]

Faced with an uproar over this change, rural congressmen stepped in on behalf of their constituents. In 1916, Congress rescinded the Postmaster General's power to revise rural routes. It classified routes as either horse-drawn (at 24 miles) or motorized (at 50 miles) and provided that new motorized routes could be established only by a petition of customers along the route.[52] Today, delivery routes are reviewed and adjusted for efficiency by postal management in consultation with the carrier unions.

Rural Delivery Helps Open Commercial Markets

Rural delivery brought transformative development to the countryside. Letter carriers bringing daily correspondence and newspapers were eagerly anticipated. The carriers themselves were an enthusiastic part of this expansion as their tenure depended on approval of their customers. They sold stamps and other postal services, peddled subscriptions to newspapers and magazines, often undertook errands like prescription refills, laundry pickup, informal message

delivery, and even weighed babies on the scales on their wagons, specifically authorized to do so by departmental directive.[53]

Rural mail delivery proved to be a major impetus in securing federal resources for improvement of rural roads, which greatly improved access to farm products. Rural representatives fought for a share of the federal funds that were going to river and harbor initiatives to go toward national infrastructure investments.[54] The Federal Aid Road Act of 1916, also known as the Bankhead Act, entitled each state to federal road aid partly in proportion to the number of rural delivery and star routes operating in the state.[55] Systematic investments in country roads and the institution of rural delivery contributed to a steady rise in farm land values.[56]

Parcel Post Came to Rural Areas in 1913

The hard-fought but ultimately successful battle for parcel post was another instance where rural political power was harnessed to enhance the value of service to rural areas. Railroads and their affiliated express companies had for decades imposed monopolistic control over transportation of packages weighing more than four pounds. Loose oversight allowed for overcharging and other abuses of customers who had few alternatives.[57] In most places the express companies refused to deliver packages any closer to the customer than the nearest railroad depot.[58] After the expansion of rural mail delivery, it became common for rural mail carriers to stop at the rail depot before starting their routes

> *Rural delivery helped bring infrastructure and commerce to the American countryside.*

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49 Fuller, *RFD*, p. 148.
50 Ibid., p. 149.
51 Ibid., p. 154.
52 Ibid., pp. 155-156.
53 Bruns, p. 66.
54 Ibid., pp. 42-45.
55 Star routes were contract routes that did not specify the mode of transportation. A contractor could use any means of transportation as long as the mail was carried with "celerity, certainty, and security." These words were often abbreviated to asterisks in postal documents and became known as star routes. Lena Bedenbender Hecker, "The History of Rural Free Mail Delivery in the United States," (master's thesis, State University of Iowa, 1920), pp. 49-50, 86-87.
56 Bruns, p. 40 and Hecker, pp. 87-88 and Melius, pp. 28-29.
57 Richard Kielbowicz, "Postal Enterprise: Post Office Innovations with Congressional Constraints, 1789-1970," prepared for the Postal Rate Commission, May 30, 2002, p. 29.
58 U.S. Postal Service Office of Inspector General, 100 Years of Parcel Post, Report No. RARC-WP-14-004, December 20, 2013, https://www.uspsoig.gov/sites/default/files/document-library-files/2015/rarc-wp-14-004_0.pdf, pp. 5-6 and Kielbowicz, "Universal Postal Service," pp. 31-32.

to pick up packages, which they delivered unofficially to the residents on their routes. Though officially discouraged, this practice inadvertently showed that parcel delivery by mail carriers could work.[59] A bipartisan majority in Congress, spurred by years of mounting frustration with the anti-competitive practices of express companies, finally endorsed parcel post, which was rolled out in 1913.[60] The U.S. was one of the last industrialized countries to offer postal delivery of packages.[61]

The program was an immediate success. Twenty million mostly rural Americans, more than a fifth of the total population, gained the ability to send and receive packages for the first time.[62] Early tests showed that parcel post was faster than private delivery.[63] Parcel post made it easier and cheaper to acquire goods by creating competition. No longer dependent on the limited selection and high prices of the local general store, farmers could shop from the bounteous offerings of the Sears Roebuck or Montgomery Ward catalogue.[64] A mail order industry bonanza contributed to 300 million packages being delivered in the first six months of parcel post.[65] In 1920, the average customer on a rural route received 17 packages a year.[66] Today, with the boom in ecommerce, package delivery to rural households continues to be an essential service.[67]

The Rural Postal Service in Modern Times

Rural delivery, parcel post, and road improvements ultimately succeeded in removing most of the barriers that had disadvantaged rural patrons relative to their urban counterparts. But it is worth pointing out that some differences between rural and urban mail service still exist today. For example, older urban and suburban neighborhoods often have delivery service to the doorsteps of their homes, while patrons on rural routes are responsible for erecting and maintaining roadside mail boxes. Rural residents on roads not covered by rural routes often

have to either put their mail boxes at the road junction with the postal route, which may be well beyond walking distance from home, or pick up their mail at the post office. While rural residents living within a quarter mile (sometimes a half mile) of post offices are often not entitled to delivery, no such restriction exists in most big cities.

Figure 4: Parcel Post Truck, 1913
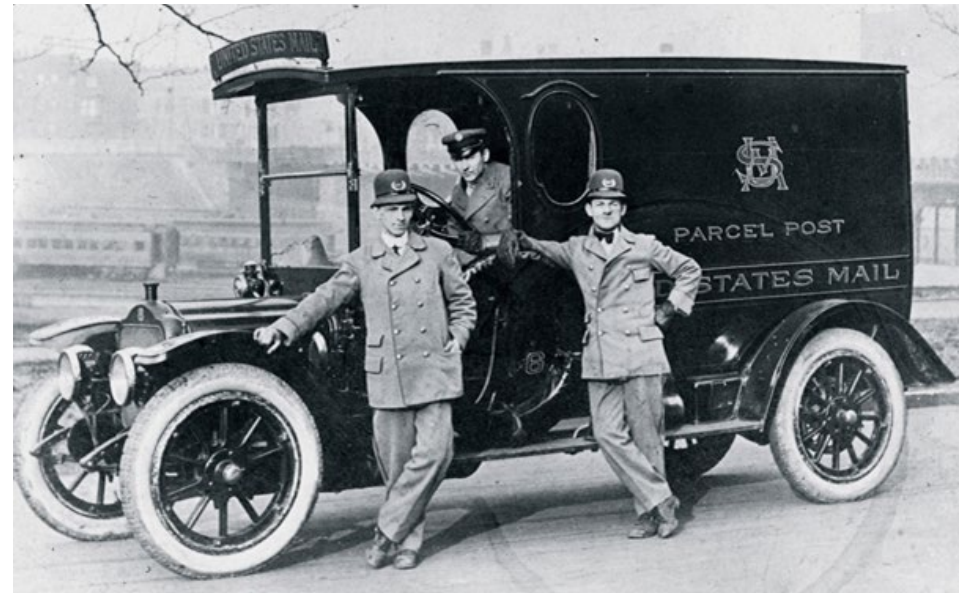
Source: U.S. Postal Service Collection

Rural carriers also face different working conditions from their city counterparts, and bargain separately on work parameters and compensation. While city carriers are paid hourly, rural routes are administered on an evaluated basis, without

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59 Kielbowicz, "Postal Enterprise," p. 28.
60 Ibid, p. 30, and Fuller, *RFD*, p. 228.
61 Kielbowicz, "Postal Enterprise," p. 27.
62 Fuller, RFD, p. 230.
63 U.S. Postal Office Department, *1912 Annual Report to Congress*, 1912, pp. 7-8.
64 Ibid, pp. 252-254.
65 OIG, *100 Years of Parcel Post*, p. 9.
66 Ibid., p. 252.
67 The original law creating parcel post established a regulatory model that still exists today. Congress attempted to ensure fair competition by creating zoned postage rates for parcel post, requiring those rates to cover costs, and having those rates reviewed by a regulator – then the Interstate Commerce Commission; today, the Postal Regulatory Commission.

regard to daily variations in volume or weather conditions — making rural carriers somewhat akin to salaried employees.[68] While some city carriers can spend most of the day walking or even within a single large building, rural carriers generally stay within their vehicle from one delivery to the next. Nearly half of rural carriers still must provide their own vehicles — a requirement that has existed since horse and buggy days.

Congress Continues to Advocate for Rural Postal Services

While urban-rural divisions over postal policy may be less sharply drawn today than in the past, over the years Congress has reiterated its commitments to rural service. The Postal Policy Act of 1958 had established that the Post Office was a public service, not a business.[69] Seemingly strong protections for rural service also were included in the Postal Reorganization Act of 1970, which transformed the Post Office Department into the United States Postal Service, an independent establishment of the executive branch. The act specified that:

The Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining. No small post office shall be closed solely for operating at a deficit, it being the specific intent of the Congress that effective postal services shall be insured to residents of both urban and rural communities.

This was insisted on by a staunch defender of rural postal operations, Wyoming Senator Gale McGee, Chair of the Senate Post Office Committee. He said, "The elimination of a post office can destroy community identity, and the demise of a village or hamlet follows quickly."[70] To this day, when the Postal Service initiates post office closings, it frequently results in strong protests from the public, postal employees, and Congress.

Congress has consistently been opposed to the closing of rural post offices and has included a deterrent to closing rural post offices in every annual Postal Service appropriations bill since 1985, stating that none of its funds "shall be used to consolidate or close small rural or other small post offices."[71] From time to time, when the Postal Service or advocates of postal modernization focus on ways to cut postal costs, some rural post offices become a focus of attention. For example, in its 2002 Transformation Plan, the Postal Service established a goal of eliminating "redundant, low-value access points," but backed off from that goal less than three years later on the grounds that savings would be minimal and that closing any unneeded facilities should be based on local considerations.[72] In 2011, the Postal Service put forth a Retail Access Optimization Initiative that called for the potential closing of 3,650 retail facilities — most of them small rural post offices.[73] After a public uproar, the Postal Service scrapped the initiative in favor of an alternate plan that called for the reduction of retail hours at some 13,000 small post offices to two, four, or six hours per day.[74] That plan, known as the Post Office Structure Plan, or POStPlan, has since been implemented and has impacted the convenience of retail postal services for many rural residents.

While the Postal Reorganization Act's language is compelling evidence that Congress fully intended to protect rural Americans from any reductions in effective service, challenges remain. As the Postal Service works to find a sustainable business model, the issue of how to define the kinds of services that are essential to all Americans continues to be part of the public debate.

68 On an evaluated route, a rural carrier is paid based on the evaluated time for the route. For example, if a route is evaluated at eight hours, the carrier is paid for eight hours, regardless of how long it actually takes them to deliver their route on a given day. Rural carriers can receive overtime in certain limited circumstances. The evaluated time is developed based on route standards for carrier activities such as route length, boxes served, and volume of letters, flats, and parcels delivered. U.S. Postal Service and NRLCA, *National Agreement Between the U.S. Postal Service and the National Rural Letter Carriers' Association 2015-2018*, November 15, 2016, https://www.ruralinfo.net/wp-content/uploads/2016/11/2015-2018-contract.pdf, p. 10.

69 Postal Policy Act of 1958, Pub. L. No. 85-426, § 102(5), 103(b)(1), 72 Stat. 134 (1958).

70 Kielbowicz, "Universal Postal Service," pp. 72-73.

71 OIG, *Barriers to Retail Network Optimization*, Report No. RARC-WP-11-005, June 9, 2011, https://www.uspsoig.gov/sites/default/files/document-library-files/2015/rarc-wp-11-005_0.pdf, pp. 9-10.

72 Ibid., pp. 3, 15.

73 U.S. Postal Service, "Retail Access Optimization Initiative: Request of the U.S. Postal Service for an Advisory Opinion on Changes in the Nature of Postal Services," Postal Regulatory Commission Docket No. N2011-1, July 27, 2011 and U.S. Postal Regulatory Commission, "Advisory Opinion on Retail Access Optimization Initiative," Docket No. N2011-1, https://www.prc.gov/Docs/78/78971/N2011-1_AdvisoryOP.pdf, pp. 1, 48.

74 U.S. Postal Service, "New Strategy to Preserve the Nation's Smallest Post Offices," Press Release, May 9, 2012, https://about.usps.com/news/national-releases/2012/pr12_054.htm.

Conclusion

The post office in America began as an urban enterprise, even though cities were smaller than they are today and were home to only a small share of the nation's population. The Post Office Department quickly became one of the most important public institutions, and for nearly two centuries commanded an outsized share of resources and influence in government. As this brief history suggests, however, the postal establishment has struggled to adapt to the many ways the dispersed rural population differed from the concentrated urban population. Even though America has become an increasingly urban society, rural interests retain a distinct culture that constituents and members of Congress are interested in protecting.

This paper brings an essential historical perspective and is the first in a larger body of new work to better understand the urban-rural divide and how it is exhibited through the Postal Service's customers. Because the Postal Service has a binding effect on the community spirit and engagement with Americans, considerations of changes to the current service model require thoughtful evaluation of the impact on both urban and rural citizens.

Management's Comments

UNITED STATES POSTAL SERVICE

August 22, 2019

FREDY DIAZ
ACTING MANAGER, OPERATIONS CENTRAL
RESEARCH AND INSIGHTS SOLUTION CENTER

SUBJECT: Rural and Urban Origins of the U.S. Postal Service (Project No. 2019RISC008)

Thank you for the opportunity to review and comment on the subject draft white paper. We appreciate the Office of the Inspector General's attention to the history of postal laws and operations relevant to rural and urban areas. The Postal Service is proud of its role in providing universal service to all communities, no matter how remote. That mission remains of fundamental importance in ensuring that all Americans can participate in today's economy. The historical backdrop offered by the draft white paper sheds valuable light on the policy interests and discussions that informed the development of today's postal services, and it has the potential to further inform discussions of future policy options.

Thomas J. Marshall

Attachments

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We conducted work for this white paper in accordance with the Council of the Inspectors General on Integrity and Efficiency's Quality Standards for Inspection and Evaluation (January 2012).