

## POST-OFFICE REFORM

The Postmaster-General, Mr. Hitchcock, in his annual report just published, adds to the emphasis laid by the President in his recent Message on the necessity that Congress should take some action regarding the annual deficit in the Post-Office Department, which this year has reached the huge total of seventeen millions of dollars.

There are two views which may be logically held regarding the United States Post-Office. One is that it is an institution to be supported by general taxation for the good of all the people, like city sidewalks, which the rich but bedridden invalid helps to pay for but never uses; or like the United States Coast Survey, which charts and buoys our harbors, and the deficit of which—for its balance sheet is all deficit—is partly paid by the citizens of Kansas and Nebraska for the special benefit of the citizens of Boston, San Francisco, and New York. This was the view of Rowland Hill, who may be called the creator of cheap postage, and was the theory upon which the two-cent rate of postage for letters was established in the United States. Cheap postage was originally advocated, not merely as a convenience common to all the people, but on another ground of common welfare. It would prove to be, its advocates said, and it has proved to be, an effective agent for the diffusion of general intelligence and general prosperity. If the distribution of books, newspapers, and letters was seriously interrupted, not only would education degenerate, but the business of the country would come to a standstill.

There is much to be said for this view of the function of the post-office, much to be said on this ground against any increase whatever in postal rates, much to be said in favor of paying for postal deficits out of the general tax fund.

But in the present article we propose to consider the other view of the Post-Office Department, the view apparently of the President and the Postmaster-General. It is that the United States Post-Office should be considered as a self-supporting business. From this point of view the President does right in calling the attention of the board of directors of the business

(that is, Congress) and of the stockholders (that is, the voters) to the deficit of seventeen millions. No money-making business is well managed that shows on its balance sheet such a deficit as that. Clearly something ought to be done about it. If the board of directors is efficient and really desires to promote the interests of the stockholders, or if the stockholders are intelligent enough to protect their own interests, they will ask the General Manager, Mr. Hitchcock, to explain the causes of the deficit and state his plans for reducing or abolishing it, or perhaps even for transforming it into a profit.

Fortunately, on these points Mr. Hitchcock is very explicit. He reports that he loses in carrying the newspapers and magazines \$63,000,000 a year, in delivering mail to the farmers and others who live on Free Rural Delivery routes \$28,000,000 a year, and makes a profit in letter postage of about \$74,000,000 a year. The deficit of \$17,000,000 a year which thus appears he thinks may be reduced three or four millions by charging the various Government departments with their official mail, for which now there is no accounting to anybody whatever—a very loose proceeding for a self-supporting business. Mr. Hitchcock's only decisive recommendation for dealing with the deficit is to increase prices, thereby probably reducing the volume of his business; he does not suggest the reduction of expenses. Is this the successful and efficient method of dealing with a deficit in a self-supporting business? It does not seem so to us.

Mr. Hitchcock says that the chief item of loss in his deficit is the \$63,000,000 chargeable to the second-class postage on newspapers and magazines; that he pays the railways nine cents a pound for what he charges the newspapers and magazines only one cent a pound. His remedy is to increase largely the price of postage, from two to four hundred per cent possibly, on weekly newspapers and magazines. We have pointed out in a previous article that this would seriously cripple these periodicals. Is this the way to make the United States Post-Office successful as a self-supporting business? Is it the course that would be pursued by the general manager of a great private business?

Mr. Hitchcock says that in the weeklies and monthly magazines he has to carry at a loss a great volume of advertising pages which he thinks are not admissible to cheap postage rates on the ground that they aid in the general diffusion of intelligence. It may be that magazine advertising is not a factor in the diffusion of general intelligence, although that question is susceptible of argument, but on business grounds alone we contend that the advertisements in the magazines and weeklies are a distinct source of profit to the Post-Office. Advertisements in the daily newspapers are addressed to persons in the immediate locality; they are designed to encourage personal calls at the shop or office of the advertiser. On the contrary, the chief object of advertisements in the weekly papers and magazines, which circulate all over the country, is to create correspondence by mail. They are very important and profitable feeders of that branch of Mr. Hitchcock's business which brings in a net profit of \$74,000,000 a year. If Mr. Hitchcock wishes to reduce the profits of letter postage, one of the most effective ways would be to reduce the business of the weekly papers and magazines.

The Outlook does not ask to be carried by the Post-Office Department because it is a purveyor of general intelligence. All it asks is that some general intelligence be applied by the readers of the newspapers and magazines to a consideration of the postal deficit. These readers constitute a large majority of the stockholders who are primarily interested in the business of the Post-Office. If the United States Post-Office is to be regarded as a business enterprise, the deficit should be treated as it would be in any well-conducted private business. Wise merchants and manufacturers who are not monopolists do not increase prices until they have exhausted every honorable and reasonable means to reduce cost. Who knows but that the item of railway cost to the Post-Office might be materially reduced if an effort in that direction were seriously made? Might not Mr. Hitchcock get some useful suggestions on this phase of the subject from the express companies, which earn very large profits and pay the railways very much lower rates than the Post-Office pays?

The Post-Office Department is in some respects the most important of all the branches of the Government which are represented in the Presidential Cabinet. The domestic life of the Nation could, at a pinch, go on without a navy, an army, foreign treaties, scientific agriculture—valuable as that is—or Federal supervision of forests and public lands, but it would be entirely disorganized in a week if the Post-Office Department were suddenly abolished. Our Postmasters-General have been men of sagacity and administrative power, who have in the face of great obstacles made the United States Post-Office one of the fine governmental institutions of the world. Mr. Hitchcock will conduct it, we confidently expect, in accordance with the successful achievements and high standards of his predecessors. He has some special gifts and abilities which ought to make him one of the world's great postal experts and administrators. But we do not think he has yet completely grasped the idea of the economic value and the social function of cheap universal postage.



## BOSTON'S EXAMPLE

If Boston prides herself on being in a peculiar sense a center of intelligent patriotism—and she has much justification for doing so—she will have an excellent chance next week to show the real stuff she is made of. Municipal elections are generally of merely local interest; the Boston municipal election on Tuesday, January 11, is of National importance for some special reasons which we shall here endeavor to explain.

A few years ago, as a result of growing dissatisfaction with graft, political jobbery, and inefficiency in municipal administration, an official body called the Finance Commission, composed of some of Boston's ablest and most public-spirited citizens, was appointed to investigate the evils, expose them, and recommend a cure. Their work finally resulted in a new Charter conferred upon the city by the State Legislature. Public opinion regarding this Charter was aroused in an interesting campaign of discussion carried on by those active in municipal reform. One striking incident of this campaign was a