

Results
of the
New Postal Arrangements,

By Rowland Hill Esq.

1841.

Crawford 1119

RESULTS

OF THE

NEW POSTAGE ARRANGEMENTS,

By ROWLAND HILL, Esq.

[Read before the Statistical Society of London, May 17th, 1841.]

To

JOSHUA BATES, Esq.	G. G. H. DE LARPEMONT, Esq.
D. COLVIN, Esq.	GEORGE MOFFATT, Esq.
F. L. COLE, Esq.	JAMES PATTISON, Esq., M.P.
JOHN DILLON, Esq.	JOHN TRAVERS, Esq.
WILLIAM ELLIS, Esq.	W. A. WILKINSON, Esq.
J. H. GLEDSTANES, Esq.	LESTOCK P. WILSON, Esq.

Members of the London Mercantile Committee on Postage.

GENTLEMEN,

I have obtained permission from the Statistical Society to publish the following paper, which was read to the Society by Mr. ROWLAND HILL.

I submit it to you, because it shews that the results already obtained from the imperfect and partial adoption of Mr. ROWLAND HILL's plan promises to realize, at no distant period, the expectations which the Mercantile Committee on Postage held out to the public in their advocacy of the *whole* plan.

I have the honour to be,

GENTLEMEN,

Your obedient humble Servant,

W. H. ASHURST,

*Parliamentary Agent to the
Mercantile Committee on Postage.*

London, June 17th, 1841.

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I have the honor to be

advised of the matter by

the Director of the Committee on the subject of the Bill in the
House of Commons on the 14th inst. and the Committee have
been instructed to consider the Bill and to report thereon to the
House of Commons at an early date.

I have the honor to acknowledge the receipt of the Bill from
you of the 14th inst. and to inform you that the Bill has been
read in the House of Commons on the 14th inst.

I have the honor to inform you that the Bill has been
read in the House of Commons on the 14th inst.

Yours faithfully,

Secretary of the House of Commons

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Revenue.—As the question most rife on the subject of Penny Postage is, How far the recent change has affected, and is likely to affect the revenue? I propose to treat the subject, first in regard to its fiscal relations. In doing so, however, I must renew the protest which I made from the beginning against considering its fiscal effects, and especially its direct fiscal effects, as the criterion of success.—Admitting, however, that the question of direct revenue, though far from being the main point, is of great importance, I proceed to the consideration of this part of the subject.

The net revenue has fallen from upwards of 1,600,000*l.*, the produce of the year 1839, to less than 500,000*l.*, the produce of the year 1840, the falling off being not very much less than 1,200,000*l.*, or three-fourths of the whole. An opinion has indeed been expressed that the diminution is in effect yet greater; inasmuch as the Government is paying for the transmission of its letters, probably as much as 100,000*l.* per annum. As a set-off, however, against this, it is to be observed—first, that under the old system the Government payments to the Post-Office amounted to about 60,000*l.* per annum; and secondly, that in the statement which I have made above, the remaining 40,000*l.* is within a small sum allowed for; so that the real deduction is, as I have said, about 1,200,000*l.* out of 1,600,000*l.*, or three-fourths.

I shall remark here, in passing, that although the diminution in the revenue of the Post-Office of course immediately followed the reduction in postage, yet it was not until the third quarter of 1840, that any diminution appeared in the total revenue of the country. Amongst the causes which thus sustained the revenue under so important a diminution of taxation, it certainly cannot be unreasonable to presume, that increased facility of communication has a place; and I may here add, that in considering the fiscal effects of the change, I have always held out, that compensation to the revenue was to be sought in a very considerable degree in this source.

Having viewed the effect of Penny Postage on the net revenue of the Post-Office, it will be useful to examine the amount of decrease on the gross revenue of that department.

The falling off here is from nearly 2,400,000*l.*, the gross revenue of 1839, to about 1,340,000*l.** the gross revenue of 1840. On the gross revenue thereof the diminution is considerably less than one-half.

Whether the first year after so enormous a reduction in the rate of taxation could reasonably be expected to produce more than half the gross revenue previously obtained, is a question which the members of this Society, accustomed as they are to examine fiscal changes in the full scope of their operation, will not require me to discuss.

There is one fact, however, which at first view may excite more anxiety than the actual diminution of the revenue; namely, that in the time which has elapsed since the postage was lowered, the net revenue, or at least the payments into the Exchequer, have not made progress.

* In the Returns the gross revenue is stated at 1,369,604*l.*; but from this sum 27,000*l.* advanced by the British Post-Office to the Irish Post-Office has to be deducted.

It may indeed be said that they manifest a decline; but were I at liberty to trouble the Society with minute details, relating for instance to the balances in the hands of the Deputy Postmasters and the reserves made to meet the vastly increased money-orders, I could shew that the decline is only in appearance—the fact, however, that the net revenue has hitherto remained stationary may seem to require explanation. It might be submitted, indeed, that looking to the various causes which may affect any branch of the revenue during so limited a period as a year and a quarter, and referring to the depressing circumstances which are known to have existed in the present instance, it might be submitted, I say, that it is too soon to consider this fact as furnishing any inference relative to the eventual result of the measure.

Without, however, admitting the reasonableness of any present demand for direct explanation of this non-increase, I am quite willing to afford such explanation so far as lies in my power.

Expenditure.—A reference to Return No. 4, of those appended to this paper (copies of which lie on the table for the use of the Members,) will shew that the cost of management has increased from about 750,000*l.* in 1839, to about 850,000*l.* in 1840.* Here of course the question arises whether this increase is attributable to the increase in the number of letters. That this is the case to some extent is undoubtedly the fact, but as the whole difference is as much as 100,000*l.*, it becomes an important question, what fraction of the increase is attributable to that cause? or in other words, how much of this increased expense would have been incurred had the postage remained on its old footing? As some guide to this inquiry, we must examine what had occurred before the change; and by referring again to Return No. 4, we perceive that the cost of management in the year 1839 was greater than that of 1838, by 70,000*l.*; an increase which, with some trifling exceptions, could have no reference to the reduced rates of postage, and which therefore had its origin in other causes. It becomes necessary, therefore, to inquire whether the causes which thus raised the cost of management by 70,000*l.* in 1839, as compared with the preceding year, tended to produce a similar increase in 1840, as compared with 1839. The most important item in the increase, as appears by consulting Return No 5, is in the transit of the mails, the cost of which, for Great Britain alone, was greater in 1839 by about 34,000*l.* than in 1838; and has again advanced by about 33,000*l.* in 1840. The cause of this increased expense of nearly 70,000*l.* in two years is in some measure explained by a reference to the second column of the same return, where it appears that the payment for railway conveyance has increased in that period from about 10,000*l.* to 51,000*l.*; while a reference to the first column of the same Return shews, that the expense of conveyance by mail-coaches, instead of diminishing as the railway charge increased, actually increased with it. The explanation of this apparent anomaly is to be found, partly in the establishment of the day-mails, but chiefly in the fact that the opening of the railways, by diminishing competition on parallel lines, has produced an augmentation in the charges for mail conveyance, amounting, in some instances, even to double the previous cost.

* The Return gives 903,677*l.* as the cost of management for the United Kingdom, but under the head "Great Britain" it is shewn that 45,000*l.* must be deducted from this amount.

From these statements it will appear that the causes which increased the expenditure of 1839 over 1838, were in full operation, so far at least as one important department is concerned, for producing a similar increase in 1840 over 1839. How far the increase in other departments had an independent tendency to continue, it is not easy to determine; but that some increase would have occurred, may fairly be inferred from the actual increase in 1839. Indeed, I may observe, that the increase in the transit postage paid to foreign countries (about 13,000*l.*) has no relation to Penny Postage, and that the charge for conveying the letters of the Office itself (about 10,000*l.*) is a mere matter of account, and no real increase of expense; though of course it is needful to remember that both these items have their effect on the gross receipts. Deducting, therefore, these two sums, together with the 33,000*l.* mentioned above, we have a remainder of 44,000*l.*, which is probably about the amount of increased expenditure fairly chargeable on Penny Postage. This increased expenditure is about 6 per cent. on the previous amount.

It must here be observed, that of the whole increase of 70,000*l.* in the expense of transmitting the mails, no appreciable part is referable to the reduced rate of postage; though of course so far as the increase in the number of letters is concerned, the new day-mails, however few in number, must have their just credit assigned them.

It is also important to remark here, that as the effect of an increased rate of expenditure is not most manifest in the year in which the increase begins, and as moreover the number of railways is rapidly increasing, the expense of transmitting the mails must be expected to undergo further augmentation. Some idea of the probable future magnitude of this item may be derived from the fact, that the present rate of payment from the Post-Office to the Birmingham and Grand Junction railways alone, is as high as 47,000*l.* per annum. Whatever opinion the Society may form as to the value received for this enormous payment, the whole question has clearly no further connexion with the subject of Penny Postage, than as it tends to explain that diminution in the net revenue, for which, at the first view, Penny Postage appears responsible.

Another fact which partly explains the non-increase of the Post Office revenue is, that the number of letters which, from not being paid in advance, are subject to double postage, has been gradually diminishing ever since the period of the great reduction. In the outset, the proportion of such letters was about 20 per cent.; the present proportion is probably about 5 per cent.; shewing, therefore, a diminution of about 15 per cent. As this diminution would require, to counter-balance it, an increase of 15 per cent. in the number of letters (an increase, be it remarked, of at least 30 per cent. on the old number) it manifestly forms an important item in the account. It should also be remarked that while this change in combination with the increased expenditure referred to above, fully accounts for the non-increase in the net revenue, at the same time, seeing that this source of diminution is nearly exhausted, it can produce no serious effect on the revenue of future years.

Increase of Letters.—Having stated that the direct effect on the revenue must not be taken as our criterion of success, I must here admit, that under certain circumstances, a non-increase would assume a very important character: were the explanation to be found in

a non-increase of the number of letters; as the deficiency would then shew a failure in the real object of the change—*viz.*, increased communication by letter. Failure here would be failure indeed; since it would, so far as present experience goes, deprive the measure of all those recommendations, moral, social, and commercial, on which alone it can securely stand. We come now, therefore, to the main and what might perhaps for the present be fairly deemed the sole object of enquiry—*viz.*, what increase has taken place, and is now taking place, in the number of letters?

That some increase has taken place, might be inferred from the fact that while, as stated above, the expenditure has undergone considerable augmentation, and by the gradual decrease in the proportion of unpaid letters, a virtual diminution of postage-rate has been going on throughout the year, it nevertheless appears that there is at least no material decline in the net revenue. Still, not to depend on this inference, however indisputable, I proceed to call the attention of the Society to documentary evidence.

To make the necessary comparison, I shall refer to Return No. 3, by consulting which it will be found, that the only corresponding months for which we have returns (that is, since the reduction of postage), are February, March, and April. The most obvious mode of proceeding, is to compare the gross totals for these three months in 1840 and 1841 respectively; but as from accidental circumstances connected with St. Valentine's day and the Easter holidays, the result of such comparison would be too favourable for a just indication of the average results, I think it safer to found the comparison on the month of March alone, which happens to stand clear of disturbing causes. The total number of letters, then, for the week ending 22nd March, 1840, is under 3,070,000; and the total number for the corresponding week of 1841, is upwards of 3,700,000—the increase being upwards of 650,000, or somewhat more than 21 per cent. It should here be remarked, that as this increase of 21 per cent. is an increase upon the number for March 1840, which was itself, as appears by the Return, an increase of nearly 100 per cent. on the number before the reduction of postage, it follows that the increase accruing between March 1839, and March 1840, is upon the old number of letters an increase of about 40 per cent.; making up a total increase, since the reduction of postage, of about 140 per cent.

Now, unless there is some circumstance tending to shew that the rate of increase is on the decline, it may fairly be assumed that the increase of 40 per cent. on the old number of letters, accruing between March 1839 and March 1840, is the present annual rate of increase; Such a circumstance might seem to exist in the account for the last three months, which shews a decline from February to March, and again from March to April; but as the account for the corresponding months of last year exhibits a similar diminution, it may fairly be inferred that the decrease depends upon season. The disparity, too, in the present year, is greatly increased by the accidental circumstance that the number of letters for the week in February is greatly swollen (apparently to the extent of about 400,000), by that week happening to include St. Valentine's day.

Assuming, then, as I believe I am warranted in doing, that this enormous rate of increase remains in undiminished operation, I have further to remark, that with little exception it is attributable to the

single fact of reduced postage; other important causes of increase, therefore, remain to be brought into operation—*viz.*, increased frequency and dispatch in the transmission and delivery of letters—causes, it must be observed, on which, both in my pamphlet and in my evidence before the Parliamentary Committee, I place a reliance scarcely inferior to that which I repose on diminished postage; and the existence of which is therefore essential to the complete operation of the plan, as regards its effects, both on general utility and on the public revenue.

That a great increase in the number of letters may be fairly anticipated from increased dispatch in their transmission, is not only supported by the testimony of the Post-Office authorities, founded upon past experience, and by other important facts already adduced, but likewise receives confirmation from a striking circumstance of recent occurrence.

For the purpose of bringing this before the Society, I must refer to Return No. 1, which exhibits the number of chargeable General-Post letters passing through the London Office, from the beginning of 1839 nearly to the present time. This is a very large class of letters, comprehending more than a third of the whole number for the United Kingdom. A glance at the last column for each year will shew the rapid and steady manner in which these letters have increased since the introduction of Penny Postage. By comparing the returns for the twelve weeks ending 27th April 1839, with the returns for the corresponding period of 1840, it will be found that the immediate effect of the measure was fully to double the number of letters; and by a similar comparison of 1839 with 1841, it will be found that the double is now increased to triple. The respective totals, as shewn by the following table, are, in round numbers for the twelve weeks in 1839, 4,800,000; in 1840, 10,100,000; and in 1841, 15,000,000.

Number of chargeable Letters which have passed through the London General Post (inwards and outwards), for corresponding periods of 12 weeks each, in 1839, 1840, and 1841.

Four weeks ending	Corresponding Periods.			Increase in 1840.	Further increase in 1841.
	1839.	1840.	1841.		
2nd March . . .	1,557,980	3,338,074	5,031,452
30th March . . .	1,604,356	3,373,667	5,060,127
27th April . . .	1,656,316	3,404,900	4,966,929
Total for 12 weeks	4,818,552	10,115,641	15,058,509	5,297,089	4,942,867

The present annual increase, *viz.*, that between 1840 and 1841, is 49 per cent. on the number in 1840; or 102 per cent. on the number in 1839.

Referring again to Return No. 1, we find that the increase in the London General Post letters has been almost without exception steadily progressive ever since the reduction of the rates; the only deviations being in the periods ending the 2nd January and 24th April of the present year; the one period containing the Christmas week, and the other Good Friday and the Easter holidays. A comparison of the succession of totals for 1839, with the same succession for 1840 and 1841, will shew, in a remarkable manner, the rapid progress since the reduction of postage, as contrasted with the absence of progress observable before.

A second reference to the above table will shew that the present rate of increase on this class of letters is, so far as yet appears, more than 100 per cent. per annum on the old number. Now as the increase on this class of letters is so much above the average, we are of course led to enquire whether there is any circumstance by which this class is exclusively or permanently affected. On a closer examination, it appears that the letters comprehended in this grand class may be arranged in three sub-divisions;—the first, comprising those delivered in London; the second, those posted in London; and the third, those merely passing through London. Now while all these classes enjoy, in some degree, the increased facility arising from the establishment of the day-mails, a little consideration will shew that to one class the benefit is much greater than to either of the other two. The letters passing through London were formerly detained fourteen hours in the London office; an interruption which would manifestly, in a very large number of cases, render the sending of a letter altogether useless;—in the number of such letters therefore it might fairly be anticipated that the establishment of day-mails would produce a great augmentation. What then is the fact? While the average increase in the whole class, as stated above, is more than 100 per cent. per annum, the increase in the sub-division comprising the letters posted in London, is only about 70 per cent.; and that on the sub-division comprising the letters delivered in London, only about 65 per cent. Whence it necessarily follows, that the increase in the sole remaining sub-division, comprising the letters merely passing through London, must greatly exceed the average increase of 100 per cent. The actual rate of increase in this sub-division cannot be determined from the existing data, with precision; but I have reason to believe that it is not less than 200 per cent. per annum on the original number of such letters.* Nor am I aware of any circumstance which can satisfactorily explain this discrepancy, save only the increased promptitude of transmission produced by the day-mails. From this fact, therefore, an important inference may be drawn as to the augmentation to be expected whenever the increased facilities originally recommended shall be carried to their full extent.

Restoration of Revenue.—To return to the question of revenue. An enquiry has naturally arisen, as to whether the direct revenue obtained through the Post-Office is ever likely, on the present plan, to regain its former footing; and if so, what length of time such recovery is likely to require? Before entering into this consideration, it may be necessary to remind the Society, that so far as the *net* revenue is concerned, I have never calculated upon obtaining so desirable a consummation; the utmost which I have ventured to predict, is, that in no very long time, this end will be obtained so far as relates to the *gross* revenue. Reckoning upon this, and estimating the increased expenditure consequent on the adoption of the plan at about 300,000*l.*, I allowed, both in my pamphlet and in my evidence, for a deficiency in the net revenue to that amount; which deficiency, however, I expected to see eventually sup-

* Before the establishment of day-mails, this class of letters amounted to about 36,000 per week; it is now about 170,000 per week; shewing that increased facilities and reduced postage combined have already increased the number in the ratio nearly of 5 to 1.

plied by increased productiveness in other departments of the revenue, consequent upon the stimulus given to trade by increased facility of communication. I deem it necessary to be the more explicit on this point, because, unfortunately, much misapprehension has prevailed thereon; an idea having gained ground that I not only reckoned upon sustaining the net revenue of the Post-Office, but even gave out my plan as a means of obtaining its augmentation. Such conceptions must have originated in the minds of persons whose acquaintance with the statements contained in my pamphlet and in my evidence was obtained either by a very partial or cursory perusal, or by mere hearsay. To this point I shall recur in the close of the paper. It will be sufficient, for the present, to read the following extract from my pamphlet (p. 10, 2nd edition):—"It has, I conceive, been satisfactorily shewn that reduction in postage to a considerable extent, would produce an increase of revenue. A second reduction would therefore be required to bring back the revenue to its present amount; and still a third reduction to bring it within the proposed limits." Now this third reduction, which, as shewn by the extract, was expected to *reduce* the revenue, is the reduction now carried into effect. I may also refer to the estimate which I gave in at my final examination before the Parliamentary Committee (2nd Report, p. 365), and to the evidence thereon; from which the following is an extract:—

"11,056. Leaving the charges on colonial and ship letters as at present, on an increase of fivefold the present number of chargeable letters, are you of opinion that the net revenue would still amount to between 1,300,000*l.* and 1,400,000*l.* a year?—Yes, between 1,300,000*l.* and 1,400,000*l.* a year.

"11,057. How is that as compared with the revenue of 1837?—It is about 300,000*l.* a year less.

"11,058. Your conviction is that the deficit would be made up by the general improvement of trade and commerce in the country?—I think the evidence which has been given before this committee necessarily leads to that conclusion."

To return to the immediate question—the restoration of the gross revenue. The account at present stands thus. The gross revenue for the year 1838, the last year totally unaffected by the great reduction of rate, as shewn by Return No. 4, was, in round numbers, 2,350,000*l.*; and that for the year 1840, the first and only complete year on the new plan, 1,350,000*l.*, shewing a deficit of one million. Now as one million, the deficit, is equal to 74 per cent. on 1,350,000*l.* (the gross revenue for 1840), it is manifest that in order to restore the gross revenue to its former footing, the number of letters for 1840 must be augmented by 74 per cent. upon that number. Now I have already pointed out that the present rate of increase, as shewn by a comparison between March 1840, and March 1841, is more than 21 per cent. per annum. Supposing, therefore, this rate of increase to be maintained; that is, supposing each succeeding year to bring an augmentation of 21 per cent. as compared with the year 1840, it is obvious that the end in question, *viz.*, the complete restoration of the gross revenue to its former footing, will be attained in about three years and a half from the present time, or in something less than five years from the reduction in the rates.

I must request the Society carefully to remark that I do not here hold

out any expectation that such will be the case; but merely shew that it must follow as a necessary consequence, on the verification of a certain supposition, *viz.*, that the present rate of increase continue. How far this supposition will be verified, it is difficult to conjecture—impossible to predict. That the causes on which we have hitherto depended will alone produce so great a result is, I confess, more than I anticipate; but that they will be efficient, when combined with the additional facilities, which, as I have said above, I have always spoken of as essential to the full success of the plan—that they will be efficient thus combined, is a probability on which I think I may count with confidence.

Supposing such facilities to be secured, and the anticipations founded thereon to be realised, a space of five years from the commencement will suffice for the complete financial success of the plan—that is to say, for the complete restoration of the gross Post-Office revenue. Now, in the case of the reduction, in 1825, of the duty on Coffee, a reduction of only 50 per cent., it was not till the fourth year that the revenue recovered its former footing; and had that measure been judged of by its immediate results, or even by those of the second or third year taken abstractedly, it must have been pronounced a financial failure; whereas it is at present universally recognised as a measure of eminent and undoubted success; and indeed the last year, which was the sixteenth since the reduction, yielded a revenue more than double that obtained under the higher rates. Nor is there any reason to suppose that the benefit has yet attained its maximum.

I may observe here, that in one department of the postage, *viz.*, that on the London district letters (heretofore the Twopenny Post letters), the amount of reduction nearly corresponds with the reduction on coffee just referred to; being in fact some little more. How then stands the account with respect to this particular department? The gross revenue for the year 1838 (the last complete year under the old rate), was (after deducting the receipts on General Post letters, then collected by this department), about 118,000*l.*; while the gross revenue for the year 1840, the first complete year under the new rate, was, so near as can be ascertained, 104,000*l.*—shewing a deficiency of only 14,000*l.*; so that to restore the gross revenue of this department to its former amount an addition of only 13 per cent. on the revenue of 1840 is required.

But the present rate of increase in the numbers of letters, as shewn by the following Table, is nearly 14 per cent. per annum.

Number of Letters which have passed through the London District Post (exclusive of all General Post Letters), for corresponding periods of 12 weeks each, in 1840 and 1841.

1840.	Corresponding Periods in 1841.	Annual Increase.
Four weeks ending		
29th February . . . 1,625,136	1,863,128	..
28th March . . . 1,522,963	1,766,158	..
25th April . . . 1,570,490	1,737,635	..
Totals . . . 4,718,589	5,366,921	648,332, or 13·7 per cent.

The increase of letters, if calculated on the estimated number previously to the reduction of rates, is at the rate of nearly 20 per cent. per annum.

It therefore follows that assuming the present rate of increase to continue, the lapse of another year is all that is required for the complete restoration of the gross revenue of this department. This far exceeds any anticipations I had ventured to form, and the fact is the more remarkable, when it is considered that the department in question has lost all that numerous class of letters which formerly came from distant towns by private hands or in parcels, and were distributed in the metropolitan district by its means. I may add, that the annual gross revenue already obtained in this department, equals that produced in the same department so late as the year 1835; provided that in the last mentioned year the necessary reduction be made for the above mentioned charges in General Post letters. Even as regards the net revenue, a comparison of these two years shews, in 1840, no greater deficiency, probably, than about 12,000*l*.

Before proceeding to give a summary of the results, I wish to touch upon one or two topics which, though having no precise place in the view which I have taken, are, nevertheless, not without their interest and importance.

Stamps.—When the plan of stamps was originally proposed, considerable difference of opinion arose as to the probable willingness of the public to avail itself of the arrangement. A glance at Return No. 1, will shew how rapidly the demand has increased from the period of their first introduction; and it is worthy of observation, that latterly the number of stamped letters has exceeded that of letters paid at the time of posting. It need scarcely be observed, that the increasing use of stamps tends to economy and convenience in the Post-Office.

Payment in advance.—Again, as the proportion of letters paid in advance, whether by stamp or otherwise, very materially affects the rapidity of the delivery, besides tending to simplification and economy in the Post-Office accounts, the increased proportion of such letters anticipated from the recent changes, was contemplated as an important advantage. A reference to Return No. 1, will shew whether or not that anticipation has been realised. A glance at the months of January and February 1841, will put the change in a striking light; and for several months the comparison becomes more and more favourable as we proceed.

In November last the proportion of unpaid letters in the London General Post was as low as 6 per cent.; it is a little curious, however, that since that time the proportion has gradually increased; and at present it is as high as 9 per cent. From this it would at first sight appear that the habit of paying in advance is, from whatever cause, on the decline: a close examination, however, shews that such is not really the case. In the London District Post (*see* Return No. 2), the proportion of unpaid letters has, with a single exception (for which we have to thank the votaries of St. Valentine), gradually declined from the introduction of the new system. How then is the apparent retrograde movement in the London General Post to be accounted for? The explanation is to be sought in the fact, that owing to reduced rates and more prompt conveyance, especially as regards North America and India, a large increase has taken place in the number of foreign and colonial letters inwards; on none of which is there any inducement to pay the postage in advance, and on great part of which such payment

is impossible. If it be asked why this increase did not manifest itself earlier, the answer is—first, that in the earlier part of 1840 the increase was much more than counterbalanced by the rapid diminution in the number of unpaid inland letters; and secondly, that the reduced rates on the inward foreign and colonial letters could not be in full operation until time had been allowed for a passage to and from the distant colonies and remote foreign countries.

Money Orders.—The safe and cheap transmission of small sums of money manifestly involves important benefits to the public. A reference to Return No. 6, shews the effect produced on the Money Order department by recent changes. The effect produced by the mere reduction of postage, combined with the causes previously in operation, was, as is there seen, to increase the previous amount, within the space of a year, to more than double; while the subsequent reduction in commission on the money orders themselves, made in November last, again increased the amount within the same term to more than sixfold—giving more than fourteenfold increase in the two years. It is to be observed also, that notwithstanding the great reduction in commission (more than 50 per cent.), the present amount of such commission is four times as great as in 1839, and nearly twice as great as in 1840. Although the return in question extends to London alone, I have reason to think that we are furnished thereby with a tolerably accurate conception as regards the country at large.

Anticipations and Results.—In conclusion, I trust the Society will not consider it out of place if I attempt a comparison between the expectations held out in my pamphlet and evidence, and the results actually obtained.

Before entering on this consideration, however, it is very important to premise, and I must request the Society to keep the fact constantly in mind, that whatever expectations I held out were all founded on the supposed adoption of my entire plan; that such is the fact will be distinctly shewn by the following extract from the Report of the Parliamentary Committee:—"Mr. Hill considers it very essential to the proper working of his plan, that greater facilities should be given to the transmission of letters. That such facilities would produce a great effect on the number of letters is shewn, he argues, by the fact that the improvements introduced by Mr. Palmer, though accompanied by several augmentations made at different times in the rates of postage, produced a very considerable increase in the number of letters. Improved facilities in distribution he considers an essential part of his plan; and until such improvement were adopted, his plan could not be said to be introduced or tried."*

By the above extract it is distinctly shewn, that increased facilities are no less an essential feature of the plan than reduced postage. At present, with some exception, the reduction alone is in operation. Until, therefore, opportunity shall arise for adding the stimulus of increased facility, the complete fulfilment of my expectations manifestly cannot reasonably be looked for.

Keeping this consideration in mind, I proceed to observe:—

1st. That I calculated that a fivefold increase in the number of letters (that is, an addition of fourfold), would sustain the gross Post-Office revenue.

* Third Report, p. 64.

2nd. That in consequence of the simple and economical arrangements proposed, such an increase in the number of letters would involve an addition of not more than about 300,000*l.* per annum to the expenses of the Post-Office.

3rd. That there would, in such case, be a consequent diminution in the net revenue to the same extent; in other words, that the net revenue would fall from about 1,600,000*l.* to about 1,300,000*l.* In reference to these three heads, I also furnished a table, shewing what in my opinion would probably be the effect of other increases from twofold up to sevenfold.

4th. I held out the expectation, but without attempting to fix the time required, that the above increase of fivefold would eventually be obtained.

5th. Though I held out no expectation publicly as to the result of the first year, yet I did in conversation with many persons express an opinion, founded, however, on the supposed realisation of the whole plan, that the first year's increase would be to the extent of threefold.

6th. I gave it as my opinion that the public would be found willing to pay its postage in advance.

7th. That the infraction of the law, in the illicit transmission of letters, would, in effect, cease on the reduction of the postage.

8th. That the increased opportunity of communication consequent on the adoption of the plan, would produce great moral, social, and commercial advantages; and would prove particularly acceptable and beneficial to the poorer classes. Further, that the deficiency reckoned upon in the net revenue of the Post-Office would eventually be made up by increased productiveness in other fiscal departments.

Such were the expectations I held out. The next question is, to what extent the trial of the plan, so far as it has yet been developed, has wrought their fulfilment.

With respect to the first three heads, it is as yet impossible to test my anticipations as to the effect of a fivefold increase; but we have the means of testing them on such increase as has been obtained.

The increase in the chargeable letters is now to about two and a half-fold; and should therefore, according to my calculation, afford about half the former gross revenue; but we have already seen that whereas the former gross revenue was about 2,350,000*l.*, the present gross revenue is about 1,350,000*l.*, or considerably more than half; so that, even after making some necessary allowances, my anticipations are thus far, at least, fully realized.

With respect to the increased expenses consequent on the adoption of the plan, a reference to p. 82 of my pamphlet (2nd edition), aided by a little calculation, will shew that the anticipated increase from the present number of letters (*viz.*, 2½-fold the old number) is 58,000*l.* The real increase fairly chargeable to Penny Postage is, as shewn before, only about 44,000*l.*

With respect to net revenue, a similar reference and calculation will shew that the amount anticipated from the present number of letters is 428,000*l.* per annum. The actual net revenue for 1840 is 465,000*l.*

Of my expectation that the complete adoption of the plan would eventually secure a five-fold increase in the number of letters, I trust the Society will be of opinion that, considering the ground already made

good, and the present rate of progress resulting in both cases from the partial operation of the plan, there can be no reasonable doubt that such expectation will be realized.

Next, my expectation that the complete adoption of the plan would produce, in the first year, a three-fold increase in the number of letters, appears fully justified by the fact that its partial adoption produced, in the same time, an increase of nearly two and a half-fold.

To justify my anticipations respecting the public willingness to pay its postage in advance, I need only refer to the 1st and 2nd Returns cited before, and to the experience of every one present.

Next, I have the pleasure of reporting that so far as information can be obtained, the illicit transmission of letters has, in effect, ceased.

With respect to the moral, social, and commercial advantages, as also to the beneficial effect on the other branches of the revenue, it is manifestly impossible, at this early period, to give any precise information; probably, however, there are few present but who know of some important epistolary correspondence, that has either been commenced, revived, or enlarged; of some classes of articles hitherto difficult of distribution, which are now regularly conveyed through the post; or of some information, important for commercial, scientific, or social purposes, hitherto limited in its circulation, but which now is rapidly and widely disseminated; lastly, I have the pleasure of stating that the postman has now to make long rounds through humble districts where, heretofore, his knock was rarely heard.

Such are the consequences of the plan, so far as it has yet been developed; and I leave the Society to estimate the results of its complete adoption.

[In the following Returns the entries have been brought down to as late a date as was practicable. Those for April 1841 are referred to in the preceding paper, but they do not appear in the original returns to Parliament; those for May have been inserted since the paper was read.]

The increase in the number of letters is now to be taken two or three fold, and should therefore, according to my calculation, be about 1,350,000. The former gross revenue was about £350,000, the present gross revenue is about £350,000, or considerably more than half; so that, even after making some necessary allowance for reductions in the rate, at least, fully realized.

With respect to the increased expense consequent on the adoption of the plan, a reference to the 2d of my papers (3rd column) will show that the calculations will show that the increased expense from the present number of letters (viz. 2,140,000) is only £38,000. The total increase in the postage is only £44,000.

With respect to the increased expense consequent on the adoption of the plan, a reference to the 2d of my papers (3rd column) will show that the calculations will show that the increased expense from the present number of letters is only £38,000. The total increase in the postage is only £44,000. Of my expectation that the complete adoption of the plan would eventually secure a three-fold increase in the number of letters, I trust the Society will be of opinion that, considering the ground already made

No. 1.—LONDON GENERAL POST.—Return of the Number of Chargeable Letters which have passed through the London General Post (inwards and outwards), since the first general Reduction of Postage, on the 5th December, 1839, dividing the time (as far as practicable), into periods of four complete weeks each, and distinguishing, as regards each period, the Unpaid, Paid, and Stamped, and Total Number of Letters; also, a similar Return of the estimated Numbers of Letters for the Year immediately preceding the Reduction.—

1839.				1840.					1841.				
Four weeks ending	Unpaid.	Paid.	Total.	Four weeks ending	Unpaid.	Paid.	Stamped.	Total.	Four Weeks ending	Unpaid.	Paid.	Stamped.	Total.
5 January .	1,299,789	201,127	1,500,916	4 January .	1,596,434	505,847	..	2,102,281	9 January	333,433	1,974,684	2,047,120	4,355,237
9 February .	1,326,304	217,071	1,543,375	1 February .	787,139	2,317,127	..	3,004,266	30 January	370,080	2,304,919	2,108,074	4,683,078
2 March .	1,345,725	212,175	1,557,899	9 February .	469,647	2,875,427	..	3,338,074	27 February	406,173	2,349,958	2,275,321	5,031,452
30 March .	1,387,315	217,041	1,604,356	28 March .	386,150	2,986,517	..	3,372,667	27 March	435,388	2,349,080	2,375,659	5,060,127
27 April .	1,429,775	226,541	1,656,316	25 April .	423,930	2,980,970	..	3,404,900	24 April .	449,338	2,191,941	2,325,650	4,966,999
25 May .	1,383,053	236,712	1,619,765	23 May .	410,399	2,680,995	419,984	3,461,278	23 May .	464,697	2,284,045	2,478,459	5,236,201
23 June .	1,383,706	265,314	1,649,020	20 June .	367,831	2,354,932	942,430	3,665,193					
20 July .	1,365,342	239,634	1,704,977	18 July .	337,176	2,288,040	1,188,229	3,813,445					
17 August .	1,317,668	202,745	1,620,413	15 August .	351,234	2,181,296	1,439,334	3,971,864					
14 September	1,412,277	299,994	1,712,271	12 September	291,973	2,229,952	1,535,137	4,057,062					
12 October .	1,344,812	298,041	1,642,853	10 October .	308,686	2,201,756	1,671,736	4,182,178					
9 November .	1,307,244	285,587	1,592,831	7 November	267,743	2,119,378	1,910,581	4,297,609					
7 December	1,359,439	223,473	1,682,912	5 December	296,286	2,096,097	1,992,219	4,385,301					

The Fourpenny Rate came into operation on 5th December, 1839; the Penny Rate, on the 10th January, 1840; Stamps, on the 6th May, 1840.

No. 2.—LONDON DISTRICT POST.—Return of the Number of Letters which have passed through the London District Post (exclusive of all General Post Letters), for the same periods (as far as practicable), and distinguished in the same manner as the last Return.

1839.		1840.					1841.				
	Total.	Four weeks ending	Paid.	Unpaid.	Stamped.	Total.	Four Weeks ending	Paid.	Unpaid.	Stamped.	Total.
Total Number of Letters for four weeks, ended 1 January, 1839 . . .	970,933	4 January .	825,282	477,273	..	1,302,555	2 January	810,052	140,328	619,166	1,569,546
.. four weeks, ended 29 Jan., 1839 . . .	1,067,358	1 February .	1,207,985	351,589	..	1,539,574	30 .. .	996,264	157,242	752,134	1,825,640
.. two weeks, ended 12 Feb.	572,742	29 .. .	1,319,379	313,757	..	1,625,136	27 February	884,822	207,305	771,041	1,863,128
.. 4 May,	577,373	28 March .	1,309,100	214,853	..	1,522,963	27 March .	833,849	142,766	789,543	1,766,158
.. 30 Nov.	510,693	25 April .	1,368,100	202,390	..	1,570,490	24 April .	821,807	138,618	777,210	1,737,635
		23 May . .	1,198,613	197,922	286,079	1,681,614	22 May .	851,513	144,176	855,387	1,831,076
		20 June . .	1,001,088	182,914	513,342	1,702,344					
		18 July . .	920,157	175,927	565,145	1,661,229					
		15 August .	814,873	159,153	526,197	1,510,223					
		12 September	752,428	152,441	458,659	1,363,522					
		10 October .	730,919	131,106	501,069	1,443,094					
		7 November	830,238	150,429	577,598	1,558,262					
		5 December	812,539	148,633	596,997	1,557,918					

The Penny Rate came into operation as respects this Post, on the 5th December, 1839; Stamps, on the 6th May, 1840.

No. 3.—UNITED KINGDOM.—A Comparative Statement of the Number of Letters (including Franks during the existence of the Franking Privilege) delivered in the United Kingdom in one Week of each Calendar Month, beginning with November 1839, and ending with the present Time.

Week ending	ENGLAND AND WALES.				Total Ireland.	Total Scotland.	Gross Total United Kingdom.
	Country Offices.	London, Inland, Foreign and Ship.	London District Post.	Total England and Wales.			
24 November 1839	764,938	229,292	258,747	1,252,977	179,931	153,065	1,585,973
22 December "	963,616	279,457	340,693	1,583,766	225,889	199,032	2,008,687
January 1840	not ascertained						
23 February "	1,658,002	431,298	406,476	2,495,776	349,928	353,933	3,199,637
22 March "	1,607,431	416,387	386,689	2,411,007	321,163	337,326	3,069,496
26 April "	1,505,609	410,270	390,989	2,306,868	328,074	319,924	2,954,866
24 May "	1,583,809	449,333	418,996	2,452,068	368,407	349,560	3,138,035
21 June "	1,629,123	454,376	441,848	2,525,347	343,761	352,098	3,221,206
19 July "	1,674,410	452,448	400,753	2,527,611	338,495	356,817	3,222,923
23 August "	1,746,257	461,689	343,347	2,551,293	345,811	369,426	3,266,560
20 September "	1,811,213	450,871	340,232	2,602,316	350,318	366,419	3,319,053
25 October "	1,821,711	472,802	387,848	2,682,361	369,377	366,121	3,417,779
22 November "	1,805,325	492,574	387,282	2,685,181	385,672	385,262	3,456,115
20 December "	1,782,579	491,264	405,153	2,678,996	381,306	375,024	3,435,326
24 January 1841	1,929,661	519,623	467,940	2,917,226	386,555	380,242	3,684,023
21 February ^b "	2,133,197	547,621	504,147	3,184,965	460,380	444,819	4,090,164
21 March "	1,950,501	531,969	447,766	2,930,227	340,877	401,351	3,721,455
25 April "	1,899,485	511,064	454,601	2,865,150	399,989	399,568	3,664,707
23 May "	1,908,188	546,170	452,964	2,907,222	391,322	400,581	3,699,125

a Easter Week.

b The increase in this week is owing to the Valentines.

No. 4.—An Account showing the Gross and Net Post-Office Revenue, and the Cost of Management, for each of the Years ending 5th January, 1839, 1840, and 1841, distinguishing the Revenue of Great Britain from that of Ireland.

Year ending 5 Jan.	GREAT BRITAIN.			IRELAND.			UNITED KINGDOM.		
	Gross Revenue. a	Cost of Management. a	Net Revenue.	Gross Revenue.	Cost of Management.	Net Revenue.	Gross Revenue.	Cost of Management.	Net Revenue.
1839	£ 2,116,798	£ 585,458	£ 1,531,339	£ 299,480	£ 101,310	£ 198,169	£ 2,346,278	£ 686,768	£ 1,659,509
1840	2,162,914	647,257	1,515,657	227,848	109,472	118,106	2,390,763g	756,999	1,633,764
1841	1,945,447b	741,849	459,598	124,156f	116,827	7,329	1,369,604f	858,677	465,927
		27,000 d						27,000 d	
		18,000 e						18,000 e	

a Namely the gross receipts after deducting the Returns for "Refused Letters," &c. b This includes the receipts by the Stamp Office for postage stamps in Ireland as well as in Great Britain; the amount for Ireland was 15,029*l.* 5*s.* 5*d.* c Cost of Management. These sums include the charges other than those of management. d Advance to Ireland. e Advance to the Money-order Office in London. f This sum includes 27,000*l.* received from England and included in charges other than management for Great Britain, but it does not include the proceeds of postage stamps sold by the Stamp Office in Ireland, which amount to 15,029*l.* 5*s.* 5*d.* g This includes one month of the Fourpenny Rate.

No. 5.—An Account of the Amount paid by the Post-Office in respect of the Transit of the Mails in Great Britain, during the Years ending the 5th day of January, 1839, 1840, and 1841; distinguishing in each Year the Amount paid in respect of the Mails conveyed by Railways.

Years ending	Amount paid for Conveyance by Mail-Coaches. a	Amount paid for Conveyance by Railway.	Total Amount paid for the Transit of Mails.
5th Jan. 1839	£ 105,107	£ 9,983	£ 114,990
" 1840	109,946	39,724	149,671
" 1841	150,352	51,125	181,477
Total. . .	344,706	100,733	445,439

a Including Tolls, Guards' wages, and the hire of the Mail-coaches.

No. 6.—A Return of the Amount of Money Orders issued in London, and of the Poundage received thereon, in each of the Three Months ending the 5th day of February, 1839, 1840, and 1841; also, a Return of the Amount of Money Orders paid in London in each of the same Three Months.

Months ending	Amount of Money Orders issued.	Poundage.	Amount of Money Orders paid.
5th Feb. 1839	£ 2,623	£ s. d. 53 13 0	£ 3,343
" 1840	3,854	123 15 6	8,141
" 1841	26,524	215 13 9	59,422

Note.—On the 20th November 1840, the Poundage on Money Orders was reduced from 8*d.* to 3*d.* on sums not exceeding 2*l.*; and from 1*s.* 6*d.* to 6*d.* on sums exceeding 2*l.* and not exceeding 5*l.*

