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The Evolution of the Postal Service in the Era of the UPU

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Overture:

The Period Before The GPU/UPU

The epoch in which the GPU/UPU was born was a startling period in the annals of mankind. It was an age of great political, social and economic upheaval and change; a period of the scientific man, par excellence. And in this period, the political world saw some startling events: the Franco-German War, German Unification in 1871, Italian Unification in 1861, the US Civil War, the introduction of "Dominion Status" and other forms of home rule within the British Empire, the opening of Japan and China to the rest of the world, the establishment of the Kingdom of Hungary within the Austrian Empire - to name a few. Economic events which shrank the size of the world included: the extensive network of railways, decreasing time to transit the oceans with steamers, the Latin Monetary Union of 18651, the opening of the Suez Canal in 1869 and some of the largest migrations of people, around the globe, ever recorded.

A. Postal Service: A Social and Economic Service

The groundwork for the first meeting of the General Postal Union evolved through experimentation during the preceding twenty years or so through bilateral postal

relationships. In the enlightenment of the industrial revolution, some governments began to realize that the speed and reliability of the mail was crucial to progress and commerce; that the mails were a social service and not a tool of revenue generation for the government. This included mail that was prepaid as well as that which went postage due. Many of the postal agreements among governments were attempts to improve both the speed and dependency as a social service.

But speed and dependency were not always priorities for all postal administrations. In the Kingdom of Hawaii² right up to membership in the UPU, it was common practice to detain mail, at the local post office, which had not been properly prepaid for outbound transmission. Postmasters would just put the letter into a box for public access. The general public was expected to sort through the box of letters periodically to check for any that were their own personal, outbound letters in need of additional postage. This system showed a lack of regard for the timeliness of the mails.

The new UPU system would require that all letters, paid or unpaid, be transmitted immediately. If necessary, postage would be collected upon delivery. International pressure assured compliance. No longer did postal administrations worry about having to actually collect the correct postage on every outbound letter. Based on averages, every administration would earn its rightful share of the total income, whether prepaid or sent collect at the destination.

But the different governments vacillated between whether mail should cover its complete costs of operations and delivery or whether mail should be a profit-making venture of government to supplement its general operating budget. After all, the very reason for the existence of monopolies

was commonly accepted as serving just such a purpose for governments around the world, whether it was in tobacco, sugar, salt or postal affairs. For instance, as recently as the Napoleonic wars, Great Britain had used the international mails, particularly transit letters, as a means of raising funds during its wars against France around the globe.

The growth and improved services of the postal service worldwide were amazing to those people in their time. Nineteenth century people were witnesses to the arrival of modernization; the postal services being one of the very public examples of modernity for governments around the world. The post office became a symbol of sovereignty and nationhood; a nation's very industriousness and modernization.

In the report of the Postmaster General of the United States of America for 1866, he connects the intertwined relationship of national development and progress of the country as a whole with the post office's expansion.

There is no better evidence of national prosperity than the contrast increase from year to year of revenues derived from domestic and foreign postages. There is no better evidence of the increasing general intelligence of the American people than that furnished by the loaded mails.

The change in modes of conveyance from carrier pigeons and special messenger, and post riders with billets and small packages and a few letters, to railroads and steamboats, carrying every day hundreds of tons of letters and newspapers and books, all through the length and breadth of the land, is an extraordinary commentary upon the increasing wealth and prosperity of the nation and the energy and intelligence of the people. The few thousand pounds of postal revenue in Franklin's time for a single year,

give place now to fifteen millions of dollars annually, a sum greater than the annual revenues of the federal government during the administration of John Quincy Adams³.

This service, under the liberal patronage of the government, has done more to aid in developing the resources of the country than anything else except for the cultivation of the soil. ... The post office and mail-route travel with civilization, and mark its progress as distinctly as the school-house and meeting-house.

It has always been an erroneous theory in the history of the post office of the United States that it was established or sustained on the principle wholly defraying its own expenses out of its own revenues; or, in other words on the principle that it should be self-supporting. It is a great public service, to accommodate private citizens, and it will do to say that no route shall be opened, or post office established, until the business on the proposed route or of the proposed office shall pay all expenses.

Large sums of money are paid every year to contractors for carrying mail beyond our frontier, across the central wilderness, to the Pacific States and other large sums are paid for service on lines tributary to the mails, to accommodate as yet sparse settlements. From these [extensive routes], comparatively small receipts come back in the shape of postal revenue. Yet these very agencies [of the post office] aid settlement and encourage enterprise in material development, so that there comes back to the people in real wealth almost as many millions of dollars as the government expends thousands in this particular branch of service.

The British Post Office was leader in its time. While the BPO is well known for the introduction of the penny post,

its impact on postal operations is not as well known today. However, it was the impact on total postal operations and volume which provided a great lesson to all the other postal administrations of that time.

In 1839, the volume of mail throughout the 'United Kingdom of Great Britain and Ireland' totaled 76 million letters. A year later, after the introduction of the penny post in January 1840 and the postage stamp in May 1840, the BPO almost exploded under the increase in consumer demand: totaling 168 million letters. This was the elasticity of demand that Sir Roland Hill had believed would be proven true over time - but in one year, it was startling. Within 10 years, letter volume handled by the BPO grew to 347 million letters.

B. Bilateral Treaties: A Series of Step to a Universal Postal Union

The bilateral postal treaties helped evolve the thinking about and negotiations on the issues of international mail.

Consequently, by the first meeting of the General Postal Union in 1874, the ideas and practices were largely known if not universally applied. Many of the concepts developed in the 15-20 years before GPU conference in Berne were applied to a number of the bilateral treaties.

Progress toward what was eventually established by the GPU was not always a straight line - it often involved two steps forward and one back as various bilateral treaties were negotiated or reconfigured.

Bookkeeping and Settling of Accounts. In extensive record keeping common to the times of the industrial, 'scientific man', post offices worldwide were tracking all sorts of statistical data. In the annual report of the

Postmaster General of the United States in 1861, mail volume and related postal fees paid or collected were noted:

Direction	Volume
Value of Mail (US Dollars)	
From USA to Europe \$675,997.29	3,086,121
From Europe to USA \$686,039.41	3,059,700
Difference (USA-Europe) -\$10,042.12	26,421
Differential -0.015 (1½ percent)	0.009 (9/10ths percent)

The US Post Office had noted these relationships for many years: that mail sent tended to equal mail received. As other post offices were noting the same sort of data, an important foundation for the GPU was being established, namely that of equality in mail exchanges. This would affect the thinking that if each post office could charge the sender enough, then they did not have to worry about collecting from the recipients. Bookkeeping could be eliminated. This concept was to have a profound effect on the entire pricing and operations of international mail and it became a center piece of all subsequent USA postal treaty negotiations.

The treaty between Mexico and the USA, entered into on July 31st, 1860 resulted in the removal of bookkeeping between the two countries: each country required prepayment of postage (25¢ per ½ oz), which each country kept. (The high rate was set as the two countries initially anticipated large volumes of mail from areas with logistical problems, resulting in higher transportation costs. These anticipated, costly problems were mostly not realized and those that did exist were later solved with multiple cross-

border mail transfer points rather than relying solely on ship mail between Veracruz and New Orleans or New York.

Additionally, each country granted the other free transit of its mails. This simplification was a giant step in the elimination of accounting in the international postal system as was seen in some of the subsequent US treaties with other countries.

By 1864, the Postmaster General of the United States reported bookkeeping had been virtually eliminated with Canada too. But the concept from the Mexico-USA Postal Treaty was expanded further in the Canada-USA Treaty: it allowed each country to retain the postage it collects, whether prepayment or for postage due. The Mexico-USA Treaty did not permit the sending of mail that was not fully prepaid, while the Canada-USA Treaty liberalized the mails by permitting insufficiently paid mail. The Canada-USA Treaty also established a uniform rate which was cheaper: 10 cents, and as with the Mexico-USA Treaty, distance was no longer a factor in the rate between the two countries. This convention was quickly extended to New Brunswick (not yet at this time a part of Canada).

By 1866, the US Postmaster General reported success in getting a European nation to eliminate bookkeeping: Italy. This treaty established the principle that the country of origin is responsible for all the costs of conveying mail to the destination country's borders. In doing so, the introduction of compulsory prepayment of all mail was deemed the only way to ensure that the sending post office would be properly reimbursed for its shipping expenses.

A variation of this process appeared in the British-US Treaty of January 1, 1868 when it was agreed to abolish accounting for direct mails between the two countries. Accounting was still necessary for mails originating or

being forwarded to third countries (transit mail: was charged the domestic postal rate of the party sending it onward). However, unlike the Italian-US Treaty of 1866, prepayment was not mandatory between the United Kingdom and the United States, resulting in each country keeping whatever it collected in the way of postage due - each postal authority noting it tended to receive as much as it sent in postage due matter. With this, and similar bilateral agreements in Europe taking place contemporaneously, the groundwork for the general handling and accounting for mails within the General Postal Union was tried and proven effective.

Non-Interruption of Mail. With war on the horizon in Europe, the USA and Bremen entered into special discussions to exempt mail packets from capture in time of war. Existing conventions with the United Kingdom and Mexico stated that "...mail packets shall continue their navigation without impediment or molestation...as all governments have a common interest in claiming exceptional treatment for mail packets in time of war, to the end of maintaining regularity in international postal communications⁵."

This concept of allowing the flow of mails, even in war and across borders, was mostly honored in the early years of the UPU.

C. Complexity Leads to Crisis

Bilateral treaties were numerous and rarely consistent. By 1874, Germany had 17 postal agreements, France 16, Belgium 15 and the United Kingdom 12. Depending on the routes used to send the mail, it could trigger elements of several postal agreements, stacking up the respective charges for each area the cover traveled through.

Additionally, countries used different weight measures: USA and UK: ½ oz; France: 10 grams until July 1st 1870 and thereafter 15 grams; Germany ... Thus a ½ oz letter from the USA would be easily computed through the United Kingdom at the same rate, but when it arrived in France it would be at the second rate. A calculation of rates for the countries in attendance at the Berne Conference in 1874 totaled 1,200 different rates for mail.

Postmaster General Montgomery Blair, of the United States, reported to Congress in his annual message of 1862 that "...the whole system, as now established, is too complex to be readily understood by postmasters. Our International mail system is extremely loose and defective. There is no common standard weight for the single rate. There is no common rate for the sea transit or for overland transit. The inland transit rate upon domestic correspondences furnishes no rule for the overland transit of foreign correspondence. Rates upon closed mails are not uniform by distance, or by other common rule and they vary greatly according to the route of carriage⁷."

For the reasons of this chaos, the Postmaster General of the United States called for an international postal congress that took place in Paris in 1863. This first meeting of postal administrations from around the world (but mostly Europe) concluded with these objectives of future international postal agreements:

- Reduction of rates on international mail, printed and written
- Reduction or abolition of transit fees for closed mails (a lucrative business for some countries at the cross-roads of global mail flow)
- Establishment of uniform international postal rates
- Simplified and uniform rules governing the exchange of

correspondence among countries.

This congress definitely influenced negotiations in nearly all subsequent bilateral agreements - at least among the conference participants. The Paris meeting of 1863 was the most important starting point for the eventual first meeting of the General Postal Union in Berne in 1874; a meeting delayed for years by the growing hostilities and eruption of wars involving several European powers, culminating in a war between France and the German states (Franco-German War of 1870-1).

The Beginnings Of The UPU

The establishment of the General Postal Union was the single most important development in the simplification of worldwide communications:

- lowered the cost of sending a letter in order to make the mails more generally accessible to everyone, increased dependability of and trust in the mail services, and standardized postal services - around the globe.

This overhaul was largely driven by increasing worldwide trade, cross-border as well as cross-oceanic migrations, and the desire of growing numbers of people to communicate and to be informed. It was in this period that people became more personally aware that there was a world beyond their local communities - and even bigger than their loose concept of their own nation. The establishment of the GPU helped to accelerate this awareness and therefore could arguably be the first step that was taken in the process of globalization that is hotly debated today.

The Basic Rules

Because the formation of the GPU was a big step in a world unfamiliar with "international" bodies⁸, everyone jealously watched for compliance with the rules to ensure that no one cheated. For the major leaders in this movement (primarily the USA, France and the UK), this organization was a vehicle for expanding commerce and global political power - peacefully. For some, a further spread of democracy or a specific theology through knowledge and information was key.

To these ends, cheap postage, combined with efficient, unhindered posts, was the goal. This meant that members had to conform to standard rules in order to join the club and share in the benefits of increased globalization.

There are rules that became the basis for operations within the General Postal Union or the Universal Postal Union. They are rarely - if ever - broken. These form the "social contract" of members' rights and obligations that affect the exchange of mail and the collection of postage due.

Furthermore, the rating clerks in the various exchange offices that handled foreign mail were specialists. They are not known to make mistakes except in exceedingly rare instances - especially not in post offices of large countries with regular and substantial international mail flows. Just when collectors believe they have found one of the mistakes, it is a common occurrence that another philatelist comes along with a new find of information showing the clerk to have been correct. Readers are therefore cautioned to not believe in "mistakes" in rating as anything but a last recourse of explanation.

The basic rules were simple:

The GPU/UPU rules only applied to mail between or

through members. The domestic policies and tariffs of members were never dictated by the treaty or the convention. ...

The country of origin keeps all prepaid postage. This was constructed on the assumption that every letter sent, receives a reply - there is a natural equilibrium such that the bookkeeping is not necessary. And because of this equilibrium, a letter that is prepaid, is free of charges at the destination.

Franking (Prepayment in Evidence): Franking must be in evidence in the form of stamps or printed postal stationery. Franking which is not readily visible is to be interpreted as "not paid."

The country of origin pays the costs of sending the mail to the destination country. This includes transit fees through third countries. This is built on the assumption that countries tend to receive as much mail from each other as they send. With this balance of mail flow in mind, the GPU congress members focused on setting the foreign letter rates to cover the cost of sending the letter as well as the cost of the carrying and delivering the response within their own borders. This resulted in many countries setting the foreign letter rate at about or slightly more than double or 2.5 times the domestic rate.

The country of destination keeps all postage due collected. This is built on the assumption that countries tend to receive as much postage due mail as they send. Also, the objective is to eliminate bookkeeping as much as possible. In addition, another reason was to pressure postal administrations into encouraging prepayment of postage (a vestige of Sir Hill's original goal): they would bear the cost of sending the mail but would get none of the benefit.

The country of origin determines the amount of postage due - if any. The country of destination must comply with: a) the acceptance of franking; or b) the postage due markings of the country of origin.

The catch-all exception was stated in Regulations III of the Berne Treaty:

" Every postal packet which does not bear the stamp "T" shall be considered as paid to destination and treated accordingly, unless there be an obvious error." [Author's Emphasis].

Non-acceptance of the stamps issued by other UPU members for political purposes is against the rules, but has been accepted in the breach because of a catch-all phrase that postal administrations were not required to transport and distribute anything forbidden by local law or offensive to local sensitivities.

No extra charges, duties or taxes are permitted - on outgoing or incoming mail - except those explicitly enumerated and permitted by the Treaty.

This rule was an attempt to keep a level playing field for all members. The initial fears were that some countries could charge more as a barrier to trade if given the chance to make such determinations: a tool in a subtle trade war.

This rule forbade the use of postal tax stamps on foreign bound mail as well as postal tax postage dues on incoming foreign mail. While this, on its face, appears to preclude war tax stamps, countries got around this by simply raising their base rates within the margin the UPU range. ...

Each country decides what system of weights to use: grams or ounces. Whichever weight measure is used, each "rate" is

considered equal. Roughly 15g equals ½ oz (a little over 14g.) for purposes of weight: both being the first rate level, followed by 1 oz and 30 grams were the second rate level. ...

The symbol for postage due is a "T" marking (the initial for the French word "taxe"), which is applied at the country of origin or the first UPU member country of entry into the Union. Every country was left to decide its own design of the "T" - which has become a vast field of study on its own. But the distinctive "T" markings have also allowed philatelist to identify a cover's origins when other markings were indistinct. Some "T" markings are extremely rare and there is still much to be done in researching and cataloguing this area. ...

Invalid stamps are to be noted by a "0" (zero) next to them, in the country of origin. In some postal administrations, a box is drawn around the invalid stamps; this procedure is accepted and understood. ...

At countries of destination, translations of postage due notations in centimes ("c.") are to be rounded up to the next unit of money in force in the country of destination. ...

Postmarks of the office of mailing are to be legible, rendered partially in the Roman Alphabet and Calendar, and should not be covered up by labels or the attachment of postage due stamps. The use of the Roman alphabet and western calendar appears to have been widely complied with among member states. ...

Mail is to be conveyed by the most rapid means available. The exception to this rule was mail of an "extraordinary" expense that had not been properly prepaid ...

Franking Mandatory For Certain Classifications of Mail.

This was not necessary for letters, but mandatory on all other classes of mail in at least the early years. ...

Rules of the UPU concerning mail exchanges with non-UPU members.

1. The Treaty did not abrogate arrangements between individual UPU members and non-members (countries not party to the GPU/UPU treaty)...

No Color-Coding On Postage Due Markings for UPU Member Mail. Contrary to many postal traditions existing in most countries at the time of the founding of the GPU, the color-coding difference on rate markings, of paid vs. unpaid, was dropped within the UPU. For instance, in Germany the color scheme had been red for paid and blue for due, while England had had red for paid and black for due. Most UPU due markings are in black; a color of convenience more than by any requirement. However, color-coding was retained for mail originating in non-UPU countries on which accounting still had to be maintained. Red was for credits and blue was for charges to be collected.

Misdirected Mail. Was to be properly directed back to its destination in the most expeditious means possible free of any additional charges.

Members Are Free To Negotiate Lower, Bi-Lateral Rates or Enter Into Subordinate Postal Unions. As long as UPU members formed bilateral agreements or specific postal unions with the goal of improving service and of lowering rates below the UPU levels, they were free to do so. Such agreements are actually common throughout the UPU.

The most obvious are the lower rate agreements between mother countries and colonies, such as the British Empire

Penny Post (10 centimes) which began on December 25, 1898 among many colonies and was expanded over time to include most, if not all, of them.

One of the oldest (after the Danish-Sweden-Norway¹⁰ agreement of 1869) bilateral agreements to extend the domestic postal rates between two sovereign countries was between the USA and Canada. Canada extended the domestic rate to USA-bound mail on January 1, 1875 and the USA followed suit one month later on February 1, 1875 for mail bound for Canada. Canada ceased this extension of the domestic rate to the USA on January 1, 1982 (107 years) and the USA reciprocated on increasing rates for mail destined for Canada on April 3, 1988 (113 years)¹¹.

On December 25, 1898, the United Kingdom entered into a special extension of the domestic postal rate of 1d per half ounce ("Empire Penny Post") to members of the British Empire. The initial members (Per a GPO notice dated January 3, 1898 [sic] included (but may not be limited to)¹² :

Aden, Antigua, Ascension, Bahamas, Barbados, Bermuda, British Central Africa, British East Africa, British Guiana, British Honduras, Canada, Ceylon (and the Maldives), Cyprus, Falkland Islands, Fiji, Gambia, Gibraltar, Gold Coast, Hong Kong, India, Burma, Johore, Lagos, St. Kitts, Nevis, Dominica, Montserrat, Virgin Islands, Perak, Selangor, Negri-Sembilan, Pahang, Natal, Newfoundland, Niger Coast & Territory, St. Helena, Sarawak, Seychelles, Sierra Leone, Straits Settlements, Tobago, Trinidad, Turks Islands, Uganda, Grenada, St. Lucia, St. Vincent.

Other Empire members continued to join over time; some examples being: Cape Colony (September 1, 1899), Egypt (May 1, 1906), Jamaica and Sarawak (May 24, 1899), New Zealand (January 1, 1901), Orange River Colony (December

1, 1900), Union of South Africa (1910, when various colonies united into a single country), Rhodesia (April 1, 1911), Australia (May 1, 1911) and South West Africa (1917). A few countries issued new stamps for this event either as a commemorative (Canada) or because of the need for a stamp with the new rate (Straits Settlements: "4 cents" overprint on the 5-cent value).

According to a report of the Postmaster General to the Congress of the United States, most of the postage due mail entering the USA at the turn of the century (1899-1908) was from the United Kingdom. The rationale for this considerable underpayment of mail from the United Kingdom was that many of its citizens assumed that the USA was part of the Empire Penny Post System (if not also the Empire itself). The PMG mentioned that the education of an entire country seemed the least effective means of dealing with the problem, given the huge volume of mail between the two countries.

So the USA entered into the reciprocal extension of respective domestic rates with the United Kingdom on October 1, 1908: 1d from the UK and 2¢ from the USA (both rates equal to 10 centimes) - a 60% rate reduction from the standard UPU rate of 25 centimes. No doubt, the experience with the New Zealand (see below) rate treaty, entered into almost 2 years earlier with the USA had some influence on this acceptance by these two larger parties.

This model gradually became adopted in bilateral agreements between the USA and other members of the Empire. As other countries saw the benefits of these arrangements with the British Empire, they too began to participate. The reciprocal rate from the USA was 2¢ per ounce in each of the following cases.

New Zealand celebrated the beginning of the 20th century

by inaugurating the first Universal Penny Postage (10 centimes rate) on January 1, 1901 - unilaterally - and marking the occasion with a special stamp and stationery. However, many countries objected and New Zealand was forced to withdraw the measure for most destinations not within the British Empire within a couple of weeks. But before withdrawing the measure, it has been reported that the NZ Post Office itself up-franked letters, as a courtesy to its postal patrons, to the full UPU rate to those destination countries objecting.

Some countries agreed to accept such franking from New Zealand even if they did not reciprocate the rate below the established UPU rate band. These included Chile, Costa Rica, Italy, Liberia, Mexico, Paraguay, Peru, Portugal and colonies, Serbia, Siam and Switzerland. Australia agreed to the rate structure on April 28, 1902 with New Zealand (Australia had not yet joined the Empire Penny Post at that date over fiscal concerns: the high cost of shipping to England and other parts of the distant world). The USA agreed to accept a penny post rate from New Zealand on November 1, 1906 but did not reciprocate....

* * * * *

With the basic rules as a backdrop, the following chapter contains a list of rules, by each congress of the UPU, as they changed and which have some bearing on postage due collection...

Footnotes

1. Members included: France, Belgium, Luxembourg, Austria, Switzerland, Italy, Spain, Bulgaria and Greece. The Latin Monetary Union lasted about 49 years, until 1914.
2. Thanks to Fred Gregory for this contribution on Hawaii.

3. This administration was only 60 years before!
4. The existing exchange rates were: UK £1.00.00 (20 shillings of 12 pence each or 240 pence total) was equal to \$4.80 US (2¢ per 1d) and 5 francs were equal to \$1.00 US (1¢ per 5 centimes). One French franc was equal to 10d British.
5. Postmaster General's (USA) Annual Report of 1864.
6. Daniell, Howard, 100 Years of International Postal Co-operation in The Post - A Universal Link Among Men; p.139; 1974 by Vie Art Cite, Lausanne, Switzerland.
7. Annual Report of the PMG, 1862, pp 3-7; pp 23-34.
8. The GPU was the second international organization to be founded; the first being the international Telegraph Union founded in Paris in 1865, which provided a successful model. Interestingly enough the postal authorities from a number of countries actually met on postal matters before the Telegraph Union was founded. The first global postal conference was held in Paris in 1863 to share information - a brainstorming session - at the suggestion of Postmaster General Blair of the United States. The Paris meeting led to significant if not massive revisions in the bilateral treaties regarding the exchange of mail and set the tone for the first meeting of the GPU eleven years later.
9. "Country of origin" is defined as: a) the country where the letter was posted; or b) the first UPU member country to receive a letter from a non-UPU member ("non-Member") before forwarding to another UPU member.
10. Sweden and Norway were a single political entity for purposes of foreign affairs at this time.
11. The cessation of domestic rates for each other was largely caused by the automation of each postal service using different types of postal codes: the USA using only numbers while Canada introduced postal codes with letters and numbers. This difference led to more manual sorting of mail between the countries. Manual sorting drove up the costs of handling, which given the volume of mail and commerce between the two countries, was significant.
12. I am grateful to Chris Harman of Woodbridge, England, UK, for finding this listing of initial Penny Post member colonies.

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