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Development of the Post Office

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THE DEVELOPMENT OF THE
POST OFFICE : A STUDY
PREPARED IN THE FABIAN
RESEARCH DEPARTMENT.

UNIVERSITY OF
MINNESOTA



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THE DEVELOPMENT OF THE POST OFFICE

I. INTRODUCTION

THE British Post Office is far and away the biggest business undertaking in the British Empire ; and it is none the less a business enterprise because it is a Government Department. It began with no capital, and (with the exception of 32 millions exclusively on telegraph and telephone account) it has no debt, although it now possesses many million pounds' worth of land, buildings and plant ; and the enterprise, as a whole, which thus represents an extremely valuable national piece of saving, could certainly be sold, any day, on the basis of the annual profits, to an American or other capitalist syndicate for £100,000,000. It began by merely carrying a few letters for the King. It now performs dozens of different services for the use and convenience of the public, which we willingly buy at the price of nearly £32,000,000 annually ; and no single purchaser at the Post Office shop ever doubts that he gets good value in return for his expenditure. Thus the £32,000,000 of Post Office receipts represents (unlike the revenue from Income Tax), not a deduction from our private wealth diminishing the amount of commodities and services that the individual can enjoy, but (like our purchases of clothes and books) merely an exchange in which the buyer gets what he considers worth the money. *The Post Office is therefore (unlike the Custom House) a producer of utilities, and (unlike our Public Health*

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Departments) actually of saleable utilities having a price in the market. The more extensive its business—measured, of course, by the amount of service rendered to the public, not by the price that is exacted for this service—the greater is its productivity. What is here suggested is that the useful work that the Post Office does for the public can, at relatively low cost and with an immediate response in willing demand—representing an addition to the net revenue—be greatly increased. It is in this sense that we advocate the development of the Post Office as a real increase in national productivity.

II. THE POST OFFICE AS THE COMMON CARRIER

The British Post Office began its work as a carrier of communications, and it is open to the criticism that, whilst it performs this service, now widened so as to include everybody's communications, very admirably—perhaps on the whole as well as any other postal administration in the world—it has been unduly slow to utilise the immense and ubiquitous organisation of its carrying service for new developments. With 25,000 post offices in the United Kingdom, and over 250,000 postal employees, there is necessarily a large amount of time and space, at one place or another, which is not fully utilised. Many post offices stand part of the day empty. Many postmen trudge great distances carrying very few letters. Many daily reports have to be filled up for very small sums. An increase in the variety of business, even more than an increase in aggregate revenue, not only means an increase in the amount of service rendered to the public, and thus in the gross productivity of the Department, but also, in so far as new kinds of business fall at different periods or places, almost always a rise in the "load factor," and thus, a diminution in the percentage of working costs to gross receipts. It ought to mean, also, a reduction in the percentage of central administrative and other standing

charges, and thus, in more than one way, an increase in net revenue.

(a) Systematic Revision and Simplification of Postal Rates

We say nothing here of the obvious advantages to be gained from a revision of postal charges, and especially of postal regulations (including those for the telegraph and telephone), in the direction of simplicity and uniformity. If the Post Office were looked at frankly as a business, which aimed always at attracting customers, we should recognise the commercial value of making its regulations positively alluring in their simplicity ; and of effecting every reduction of charge that would lead to a prompt increase in the trade. We need not repeat the striking arguments of the late Sir J. Henniker Heaton. The penny postage to the British Empire and the United States has quickly led to greatly increased business, and some incidental gains, although the profits have not yet attained to as high a figure as was latterly reached at the old rate. Would not penny postage to the whole world have many public advantages ?

(b) Adoption of the newest and most effective Apparatus and Plant

Nor is this either the time or the place to dwell upon the importance, in so large a business, of having the best appliances. The British Post Office is strangely slow to adopt underground pneumatic or other underground tubes for town transit (one at last under construction in London), with the result that the vast bulk of the mails are still dragged through the crowded streets of our great cities by the horse vans of three-quarters of a century ago,—even motor traction being still an exception in most places. Because it will not multiply the automatic machines for the delivery of stamps and post-cards, as yet installed in only a few offices, the Post Office has unnecessarily to

employ more desk-room and counter-clerks, and waste the time of the public kept waiting in the more crowded post offices to be served with single stamps.¹ Because it cannot or will not arrange with the railway companies (if that is the reason), it refuses (except in the few cases in which there are travelling post offices) to put letter-boxes on the trains, as nearly all other countries do; and fails to utilise railway stations as post offices, and even as places for the sale, by automatic machines, of stamps and post-cards. Because of Treasury parsimony, it denies the public the opportunities, offered in every other country at every large post office, of writing the letters that it stands waiting to carry; and the Post Office, instead of being as it usually is elsewhere, the largest and most prominent building in each neighbourhood, is often only a shabby office hidden in a back street.² Because it is not allowed to stipulate for additional concessions to the public, whenever a railway company comes to ask Parliament for new powers, the British Post Office submits, not only to failure to utilise for its purposes the railway stations and trains, but also to a continuance of such extortionate terms for the railway conveyance of parcels (55 per cent of the gross receipts

¹ In other European countries these automatic machines deliver, for the equivalent of a penny coin, either one penny or two halfpenny stamps, or two halfpenny post-cards. They have the great advantage of selling stamps all night and on Sundays, when post offices are closed. Such machines might be installed on steamships and corridor trains, at railway stations and (to relieve the counter-clerks) inside and outside offices which tend to be crowded. The District and Tube Railways have found such machines for delivering railway tickets very helpful in taking pressure off the booking-office clerks, and diminishing the staff required. They might eventually be combined with pillar-boxes, a line in which some promising experiments have actually been tried.

² The Treasury takes the view that, because the Post Office has a monopoly and people must make use of its services, it is unnecessary to incur the expense of prominent buildings in main thoroughfares. This is to ignore the fact that the extent to which people use the Post Office is not by any means fixed and invariable. More telegrams will be sent, and the public telephone will be more frequently used, more deposits will reach the Post Office Savings Bank, and more parcels will be brought to the post, if the offices are more easily accessible, and more ostentatiously brought to our notice. If it pays a Monopolist Railway Company, or a State Railway Department to advertise, it ought also to pay the Post Office.

from all parcels go to the railway companies, under an agreement which has not been revised for 33 years, though the terms of the Act of 1882 were due for revision in 1907) that it finds it is positively cheaper to transmit them hundreds of miles by coach on the road—as if there had been no cheapening of the cost of conveyance during a whole century! Because it will not anywhere run its own fast ships (as it actually once did), it has to put up with whatever charges the capitalist steamship lines think fit to exact.¹ Because, unlike the United States and nearly all other big postal administrations, the British Post Office is not allowed to print its own stamps, post-cards, postal notes, money orders, telegraph forms, and innumerable other printed matter—of which it is one of the very largest consumers in the world, spending a quarter of a million a year, with an assured, continuous and regular demand—it has to pay a large unnecessary tribute to profit to the great printing firms, which know, we may easily believe, how not to destroy their own profits by any lack of consultation before sending in their tenders.

All these obvious improvements, which any business man would suggest, and many others of similar nature, involve a certain amount of capital outlay, which any capitalist undertaking of like magnitude and potentialities would not hesitate to incur for the sake of future increase of profit. The British Post Office appears always to have been hampered in such matters by the practice of the Treasury of insisting that—apart from the telegraph and telephone purchase, and the construction of the new London “tube”—all improvements (not being lands purchased or the erection of buildings) should be paid for out of the Post

¹ The Italian, Belgian, French, German and Swedish Governments run their own lines of steamers in particular places, their post offices thus making themselves independent of the (largely British) shipowners. It is not suggested that the Post Office should, merely for the sake of the mails, run steamships everywhere; but only that it should be prepared to run its own line of steamships whenever it cannot get such terms for carrying the mails as it thinks moderate. The Admiralty might (in peace times) possibly lend fast despatch ships for such postal service.

Office receipts of the year ; and then of offering resistance to any project which involves a diminution in the Post Office net revenue for the year ! No business would advance if it could not make outlays on capital account, without regard to the immediate effect on net revenue. A wisely adventurous expenditure on Capital Account is indispensable if the British Post Office is to become even as profitable to the Chancellor of the Exchequer, let alone as useful to the public, as it might be.¹

(c) *Development of Special Letter Services*

What the British Post Office rightly keeps mainly in view is the progressive improvement of its popular "general delivery" of letters, which has made it the most profitable Post Office in the world. But there seems no reason why it should not adopt the additional developments—especially those that have been successful in other countries—of special services for those who will gladly pay more than the cost of such extra conveniences. This additional revenue the British Post Office makes very little effort to obtain. For instance, the whole system of Express delivery for a special fee is, in this country, very imperfectly organised, and very inadequately made known to the public. It ought

¹ The adhesive postage stamp was a great invention of this country ; but there are signs that we can now improve upon it. It involves no small cost in manufacturing the millions of stamps, and then in cancelling them. It takes one man eight hours merely to cancel the stamps on 5000 newspaper packets—letters are done at a greater rate—and now that "mail matter" has to be handled in millions this becomes a big item. Those having to post large quantities (*e.g.* of newspapers) and complaining that the Post Office fails to catch the mail trains, will be interested to know that the United States Post Office, in order to avoid the labour and delay of cancelling the stamps, sells to such large customers "precanceled stamps," which are overprinted with two horizontal lines between which is the name of the post office at which alone they will be valid, and valid once only. The New Zealand Post Office actually sells to the public self-registering franking machines, which work very satisfactorily.

Mechanical franking systems, accessible to the public (on the plan of the "penny in the slot" machines) will presently enable us to frank our letters at the moment of posting them. The British Post Office gave them a somewhat perfunctory trial in 1912, but abandoned them the same year, without explanation being afforded.

to be possible in every populous place for specially stamped letters—at fees adequate to repay, fully, the cost of the several services—to be (i.) immediately conveyed within a certain radius by special bicycling messenger ; (ii.) or sent on specially by first train, and specially delivered at the other end ; (iii.) delivered by special messenger after hours, or in the night, or on Sundays ; (iv.) or accompanied by a notification that the messenger will wait, if desired, for fifteen minutes to take back an answer, which will be specially transmitted back to the sender ; or (v.) for money sent by money order or telegraphic money order to be brought to the recipient's home (useful for invalids and distant places) ; or (vi.) for a messenger to come to receive a letter or parcel for transmission.¹ Nearly all these services have actually been started in a few places ; but they have neither been made generally available, nor adequately advertised. It is openly alleged, so far as London is concerned, that the slackness of the Post Office has been due to a tender solicitude for the rival interests of the District Messenger Service Company, Limited, the business of which ought to be taken over at a fair valuation. But it may be that the Post Office has hesitated because it, quite rightly, did not want to enlarge its staff of boys beyond the number that it could eventually absorb into its service as adults. Yet if the public is eager to buy these extra conveniences at fees that will cover the cost of the employment of grown men or women, there seems no reason why the public should not be given its conveniences, and the Post Office thereby increase its revenue and its profits.

¹ To name some only of the other conveniences offered elsewhere, (a) in Germany, Austria and Hungary, it is possible to get an express letter delivered to the addressee at any hour in the night, if he authorises it and the sender specially marks the letter ; (b) New Zealand has started a "Domestic Money Order," in which the cash (up to £5) is brought to the house of the recipient and paid over personally, for a fee of fourpence (invaluable to wives and lonely settlers unable to visit the post office) ; (c) the United States issues Money Orders payable at any office instead of merely at one prescribed by the sender. The Dutch Post Office sells foreign postage stamps, greatly to the convenience of those having to remit a few pence.

Sir J. Henniker Heaton used to estimate that a quarter of a million pounds a year could be made by these Special Delivery services alone. When peace comes, and unemployment, it would be a valuable service if the Post Office were able to enlarge its adult staff so as seriously to undertake this work. A suggestion for additional revenue may also be derived from the Italian Post Office, which charges a fee of a halfpenny on every letter addressed to a post office to be called for, this special convenience to the addressee causing extra work to the department.

(d) Newspaper Delivery in Country Places

Another extension of the carrying service of the Post Office, which has been extraordinarily successful on the Continent, is that of newspaper delivery. We do not mean the mere transmission through the post of a duly addressed and stamped newspaper, although this service is performed to a much greater extent by nearly every other great postal administration in the world than by that of the United Kingdom. What the Post Office undertakes, in many European countries, is to deliver regularly one copy of any periodical, without wrapper, address or stamp, to each of the subscribers, according to the list of names and addresses supplied. The necessary number of copies are sent in bulk to each postal delivery district, and the delivering postman distributes them from house to house, according to the list that accompanies the parcel. For this service, repeated as it is day by day, or week by week, an astonishingly low charge per annum can be made, and yet an appreciable net profit obtained by the Post Office. Most continental administrations cut the charge so fine that they are believed to make no profit out of this work. The advantage in the promotion of circulation of all sorts of periodical literature, in out-of-the-way and sparsely-peopled rural districts—to which, in the first instance, the experiment might be confined (leaving the towns to the multiplicity of private newsagents)

—will be at once obvious. At present the British Post Office sells no “season tickets”—it makes no reduction in charge for any regularly continuous use of its rural postmen. Such men now go great distances to deliver one halfpenny wrapper. It would surely pay to attract a continuous stream, monthly, weekly or daily, bringing twelve, fifty-two or three hundred payments during the year, even if each is of smaller amount than that for delivery of a single paper.

(e) Extension of the Parcel Post

The Parcel Post, started in 1883, is still limited in the United Kingdom to a maximum weight of 11 lbs. This is much too low. In the United States (where the Government does not own the railways) the Post Office now carries up to 50 lbs.: in Germany, Switzerland and other countries (where Government ownership prevails) up to as much as 1 hundredweight (112 lbs.).

And the British Postmaster-General, always hindered by the Treasury, has been unduly timid about rates. He charges 1s. for a parcel of 11 lbs. which the German Post Office will carry from Emden in North-West Germany to Transylvania, at the extreme end of Austria-Hungary—about twice the extreme distance in the British Isles—for just half that sum. Heavier packages are charged for, on the Continent, on a “zone” system, according to distance, but at rates no less moderate. The British rates to other countries are equally excessive. It was actually cheaper (down to the outbreak of war) to send parcels to the United States, and even to some parts of the British Empire, from Germany than from this country. Why should we thus handicap our own export trade?

It is difficult to exaggerate the advantage which an extension in weight and a cheapening in rates of the British Parcel Post would bring, not only to the private customer, but also to the agriculturist, the manufacturer and the trader, in town as well as country, in large places as well

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as small. With an efficient Parcel Post, his remoteness from the railway station ceases to be a drawback ; the distance at which his customer lives is no longer a consideration to him. He is relieved from the costly and utterly uneconomical system of each little producer maintaining his own means of conveyance. He is freed from subjection to a railway company ; he is no longer hampered by "classification" in rates ; he need fear no concession of "preference" to a trade rival. The return of "empties" by rail, and their collection from the distant railway station, is no longer a difficulty or a prohibitive expense.

It is not that there is any widespread desire to forward large consignments by post, or even to send regularly heavy packages where other means of conveyance are available. Even in Germany and Switzerland, it is reported, only a small proportion of the total Parcel Post—under 5 per cent—is in parcels over about 11 lbs. But the convenience, with regard to any ordinary parcel, of not being restricted in weight, of being able to send at all times and seasons, of being able, without question, to consign packages to any place whatsoever, and of being able to rely on security and on punctuality in delivery, are beyond dispute. The small producer or trader, or the dealer not accustomed to export to foreign countries, is relieved from the necessity of discovering how to transmit the occasional parcel ordered from a customer overseas. There is, in fact, an enormous difference in convenience and simplicity between using a State Parcel Post system, accessible at each of the 25,000 post offices, and undertaking without special instructions to deliver anything anywhere, at a few definitely prescribed rates, payable by stamps at the adjacent office ; and finding out how to make consignments by railway and steamship, each separate place requiring a different route, different instructions, a different rate or agglomeration of rates, and a payment which it is often as inconvenient to render to a distant office as it is to discover how much it amounts to. It is suggested that no small part of the great development

of German trade has been due to its wisely liberal Parcel Post. *The German Post Office carries annually more parcels than all the rest of the European Post Offices (our own included) put together.* A large part of this service undoubtedly represents business that would not otherwise have been transacted.

It is suggested that the Treasury should no longer refuse leave to the Postmaster-General to decide (a) to extend the limit of weight for parcels, perhaps even to 1 cwt.; (b) that whilst the rate charged for those up to 14, or perhaps 28 lbs., should remain uniform for all distances within the British Isles, parcels from 14 or 28 lbs. up to 1 cwt. should be charged for on a simple zone system; (c) that the rates should be reduced to the German level of 6d. for 11 or perhaps 14 lbs., and the others in proportion; (d) that it might be stipulated, to begin with, that parcels over the present limit of 11 lbs. (which might well be extended to 14 lbs.)¹ would not necessarily be delivered on the day of arrival at the distributing office, but would go, any time within the next two days, by the first carrier-tricycle or postal cart that the office has available; and that parcels over 11 lbs. (or 14 lbs.) would not necessarily be collected or transmitted by the rural postman on foot journeys, but should either be handed in to a post office or would be collected by carrier-tricycle or postal cart or motor van on notice being given; (e) that all railway, tramway and motor omnibus administrations within the British Isles be put under definite obligation to carry, when required, Post Office parcels at prescribed rates at least as low as the lowest charged for any articles to the most favoured private customer; and (f) that the parcel rates to places beyond sea be revised and simplified, so as to be at least as low and convenient as those charged in any other country.

¹ Thus, there need be no risk of increased delay on parcels within the present limits, and therefore no interference with any trade that has grown up in perishable articles. Experience would soon show whether the new service was equally available for produce of particular kinds.

(f) Lower Rates for Local Delivery

It is often made a ground of reproach to the British Post Office that it does not, like those of France, Switzerland and other countries, charge a lower rate for letters to be delivered within the same city or postal district, which involve nothing beyond sorting and redistribution, without conveyance by rail. In London, at least, such a cheap local service could easily be afforded. But the policy of the British Post Office in sticking to the universal penny rate may be preferable as regards ordinary letters. There is less ground for this uniformity with regard to parcels, especially if the limit of weight is enlarged, and a zone tariff by distance introduced for the larger parcels. The case for a lower rate for parcels merely distributed within the same postal district is very strong. A uniform threepenny charge for parcels up to 14 lbs. posted and delivered within postal London would prove immensely useful, and probably immediately profitable—even if the Post Office “took over” the two or three large carriers who do most of this service.

(g) “Collect on Delivery”

There is, however, a further reform that would do more than anything else to promote the development of the Parcel Post, and both facilitate trade and add to the convenience of the public. This is the system of collecting, on the delivery of the parcel, the amount marked upon it. At present the British Post Office will deliver a parcel; unlike every other Post Office in the world, it will not bring back the price! The refusal of the Government (at the bidding of a few timid shopkeepers, who fear to lose their present advantages) to adopt the system of “C.O.D.” (called sometimes “Trade Charges,” or “Cash on Delivery,” or in India “V.P.P.” or “value payable by post”) puts a greater limitation on trade than can easily be believed. In

practically all the other nations of Europe, in the United States, in India and nearly all parts of the British Empire, goods can be ordered from a distant trader, whether in the same country or not (*except that he must not be residing in this country*), without the trouble and cost of sending him in advance the price (the amount of which is often unknown), merely by instructing him to send the parcel "C.O.D." or "V.P.P." The agricultural producer, large or small, can develop, independently of the charges and commissions of the greatly suspected "market," a regular trade in butter and eggs, chickens and ducks, vegetables and fruit, at profitable retail prices; the manufacturer or trader in any part of the nation can advertise his own speciality to the public, and execute orders direct; the publisher or bookseller gets into direct touch with his customers all over the world; the shopkeepers, both in large towns and small, find a profitable new branch of business in the orders that pour in by post. It is said, that throughout the whole world in which post offices exist, it is only the British and the Chinese who are denied these advantages! To every other Post Office than our own the system appears simple enough: it is indeed no more than a combination of carrying a registered letter or parcel, and taking back a money order for the sum named. Whilst being a profitable addition to the British Post Office remittance business, bringing in a new stream of commission on the amounts remitted, at little increase in the cost of service, the system effects a real economy to the person needing to remit small sums. The steady expansion in the Parcel Post business that it would produce ought to be specially profitable, in that, by opening up new channels of trade, it would tend probably to an increase rather off the present main centres and lines of traffic, and thus raise the load factor. *What is even more important is that it would enable innumerable small business transactions to be made that would otherwise, in many instances, not have taken place.* The British Post Office not only refuses to us (except from some of our smaller colonies) the advantage of receiving parcels

"C.O.D." from other countries: with a few exceptions,¹ it will not even allow our traders, by *sending* parcels C.O.D. to their customers abroad, to take advantage of the service in other countries! This is another serious handicap on British exports.

But enough has perhaps been said of the opportunities for business neglected by our Chief Common Carrier. We pass to

III. THE POST OFFICE AS THE COMMON BANKER

The British Postmaster-General is the biggest banker in the world, but he is also the most cramped in his operations, and the most limited in the services that he renders to his customers. In the Post Office Savings Bank—together with the so-called Trustee Savings Banks, which are now equally under Government supervision and constitute virtually an allied department—there are now over £260,000,000 of deposits, repayable on demand, being about one-fifth of all the banking deposits in the whole kingdom.² This banking business has become extremely profitable to the Government, which gets the use of the huge sum lent by the poorer classes at little over 2 per cent interest, as compared with $4\frac{1}{2}$ or 5 per cent which it now pays to its capitalist creditors. But owing to the jealousy of the capitalist banks, which do not like this Government competitor, the Postmaster-General is checked at every turn

¹ We are permitted to send parcels C.O.D. to the West Indian Colonies; to Egypt, Cyprus, Gibraltar, Malta, and Morocco; to Hongkong and Sarawak, to Rhodesia and Nyasaland, to Fiji and the Gambia, to the Straits Settlements and the Seychelles—but not to Australia, New Zealand, Canada, the South African Union or India (although these have the system in force within their own areas); *nor yet to any Foreign Country*—as if to discourage our export trade—although Foreign Countries all develop the system to the utmost.

² The Trustee Savings Banks now have 72 millions of deposits, held by two million depositors. The Post Office Savings Bank alone has 190 million pounds of deposits, estimated to be held by over nine million separate depositors. The next largest bank in the United Kingdom is the London City and Midland which has 147 million pounds of deposits, which it is estimated are held by fewer than a quarter of a million separate depositors.

in expanding his business in such a way as to increase the services to the public, and at the same time earn a larger profit. In the bank kept by the Postmaster-General no one is allowed to deposit less than an even shilling. No one (other than a Trade Union, Friendly or Charitable Society etc.) is allowed (why?) to deposit more than £50 in any one year. No one (with similar exceptions) is allowed to increase the balance to his credit above £200. The Postmaster-General himself complains that he is steadily losing business to the extent of £100,000 a year by transfers to other Savings Banks not subject to this ridiculous limit. (Imagine any other banker arbitrarily limiting the amount deposited with him!) These absurd restrictions have been temporarily suspended for the duration of the war. They should be forthwith definitely abolished.¹

(a) The Postal Cheque System

No one having an account with the Postmaster-General as banker is allowed to draw a cheque upon his account, as he would on a current account with any other banker. Ever since the last century Post Offices elsewhere have given their customers this convenience. In Austria-Hungary, for instance, since 1896, any depositor having a balance of not less than £4 may obtain a cheque-book, by means of which he can draw against his account, and thus pay his bills by cheques for any amount up to £500. Any one wishing to make a payment to him may pay it in

¹ Moreover, all sorts of restrictions—unknown to an ordinary banker—are placed on what may be paid in. A Money Order will only be accepted as a deposit at the particular post office at which it is made payable, though any other banker will accept it anywhere. Scotch cheques are not accepted in England and Wales (though they are in Ireland). Scotch banknotes (being apparently worse than cheques?) are accepted in Scotland only, and Irish banknotes in Ireland only. Cheques on banks in the Channel Islands and the Isle of Man are accepted only in those places. Cheques on foreign banks are refused everywhere. No coupons or dividend warrants are accepted. Bills of Exchange, even if payable on demand or at sight, are refused. Why should not the Postmaster-General accept all these lawful forms of currency for collection, like any other banker?

to his credit at any post office. He is advised by post of every amount debited and credited to his account. An even cheaper way of making payments is by mere transfer from one account to another. This is effected by filling up a treble transfer card (these are supplied in books at a halfpenny each); one part being handed in at any post office; the second part, which the Post Office stamps, serves as a receipt; and the third part is available for sending, free of postage, to the person to whom the payment is to be made, as notification that the sum has been placed to his credit.

But this extended use of the Post Office Savings Bank is even more useful to societies of all kinds, and their members, than it is to individuals. In Austria, Hungary, Bosnia, Herzegovina, Germany, Switzerland, Belgium, Luxemburg and Japan any member of a society allowed by law, such as a Trade Union or Friendly Society, Insurance Office or other association, can pay his subscription, whether large or small, weekly or annually, at any post office in the kingdom, *without charge to either society or member*. The amount is simply credited to the account of the society; and the Central Post Office supplies the society daily with a list of the amounts paid in to its credit on the day before yesterday at all the post offices in the kingdom, with the names and addresses of the payers—thus saving all the buying of postal orders, all the despatch of letters, all the burdensome opening and sorting at the head office of thousands of communications, and all the risk of loss and mistake. Such a system would save literally thousands of pounds a year to many of our large Friendly Societies and similar organisations. The Post Office elsewhere gets the profit of handling this constant stream of deposits. Our Post Office refuses it.

In Austria all societies of every kind, practically all business firms large or small, and many thousands of heads of households, rich or poor, use this Post Office banking system, of which the transactions run into (literally) *thousands*

of millions of pounds annually; because (unlike any other bank) it puts them all in direct financial communication with practically every other depositor in Austria—just as the Government telephone puts us in speaking communication with every other telephone user. The same system has been adopted in Switzerland (1906), Germany (1909) and Belgium (1913); and an international agreement, concluded in 1914, makes all these countries (in times of peace), for postal cheques and transfers, one country only. Thus, from Geneva to Memel, from Ostend to the last village in Transylvania, the poorest as well as the richest person enjoys the utmost facility for safe, cheap and expeditious remittance. Even distant Japan—more up-to-date than our own country—adopted the same system in 1906. In Austria the number of postal cheque accounts open now reaches nearly 150,000, and the numbers in Hungary and Germany are rapidly approaching 100,000 each. The Central European Post Offices in alliance for this service, from Ostend to Serajevo, have now altogether some 300,000 holders of current accounts in financial intercommunication, with a yearly turnover of postal cheques aggregating something like six thousand million pounds sterling! This is a national and international convenience, from which this country is excluded. Even during 1915, a year of war, the German postal cheque business continued to increase, showing an aggregate turnover of 2350 million pounds sterling in the year (47 milliards of marks), being a rise of 26 per cent over 1914.¹

It may be said that, by the adoption of the postal cheque system, the British Postmaster-General would

¹ Thus, the German Post Office receives on its postal cheque service over a million pounds a year in special revenue, and spends just about half of this in special expenses. It is estimated that the charges for the incidental postal services would have amounted to about a third of the revenue, and that the money order commission that would otherwise have been earned may amount to one-seventh thereof. An additional net gain is reported, over and above the additional business secured for the Post Office, of about 5 per cent of the special revenue, equal to about £50,000 a year.

jeopardise and diminish the profit that he now makes on Money Orders and Postal Notes, and even some of the revenue that is derived from stamps on cheques. But the twenty years' experience of Austria, and that of the other countries for shorter periods, show that the Government revenue gains still more by the charges, however trifling, made on the postal cheques, by the increase of the savings bank deposits and by the diminution in working expenses which its simpler system permits.

(b) Increase in the Rate of Interest

The Treasury compels the Postmaster-General to take an unfair advantage of the depositor in the Post Office Savings Bank, in refusing to allow any higher interest to be paid than $2\frac{1}{2}$ per cent. (In practice the interest credited amounts on an average only to $2\frac{1}{3}$ per cent, owing to various nibblings.)¹ Such a rate may have been reasonable when Consols paid only $2\frac{1}{2}$ or 3 per cent; but it has become grossly unfair now that the rate at which the Government borrows has nearly doubled.² The Postmaster-

¹ No interest is credited on any balance smaller than £1; none is credited in respect of any broken calendar month (meaning, in practice, the loss of between one and thirty-one days' interest at each deposit and each withdrawal); none is credited for any excess over £200; any fraction of a penny is withheld from the depositor. All these nibblings from the skimpy $2\frac{1}{2}$ per cent result in the aggregate amount credited as interest being only $2\frac{1}{3}$ per cent on the average aggregate balance.

² It is sometimes objected by financial purists—usually connected with rival interests—that the Post Office Savings Bank is unsound, and would, if expanded, become dangerously unsound, because the Postmaster-General keeps no gold reserve, and could not meet a "run." This objection, as the Post Office experts rightly declare, is demonstrably invalid, alike in theory and practice. The Postmaster-General, far from keeping no reserve, has at his disposal (a) the quite extensive "till money" of his 25,000 post offices; (b) the Government balance at the Bank of England; (c) the daily receipts of Government revenue from Customs, Excise and Taxes, which could instantly be diverted from the Bank of England; and (d) in case of need, the unlimited issue of Treasury Notes or Bank of England notes, which are legal tender and have always been willingly accepted even in the worst panics. But there is all the difference in the world between the bank of the British Government and a private capitalist bank. Experience shows, in fact, that the Post Office Savings Bank is little subject to "runs," even in times of panic. Withdrawals in excess of deposits

General ought to be permitted to raise the rate of interest to 3, if not to 4 per cent; to accept deposits of any amount, from a penny upwards; and to remove all restrictions as to maximum deposit.

It may be said that the Post Office Savings Bank allows withdrawals without notice, and (whilst it refuses the convenience of cheques) keeps what are virtually current accounts; and that capitalist banks do not allow interest on current accounts. It is true that the principal London banks do not (except to important customers) allow interest on current accounts; but the practice is quite common in provincial towns. In fact, nearly all the principal London banks allow interest on current accounts of specially powerful customers, and some minor banks in the metropolis, and many others elsewhere, allow it to all customers. Moreover, it would probably be desirable for the Savings Bank to require notice, say of a week, for withdrawals exceeding £50, and of a month for withdrawals exceeding £1000. Such a regulation would convert the account, so far as any but small sums are concerned, into a deposit account; and on deposit accounts even the British banks allow interest to the humblest depositors.¹

are due, not to panic, but almost entirely to a temporary need for more currency (as in the week after the outbreak of war and at normal holiday seasons); or for investment (as on the occasion of the Second War Loan). It must be remembered that withdrawals are made without notice only up to £1. For all above that sum, the despatch of the withdrawals form amounts automatically to a couple of days' notice. For sums over £50 a week's notice might, for greater security, be stipulated for—even for sums over £1000, a month's notice—but it would seldom be necessary to enforce it. The introduction of the Postal Cheque and Transfer systems, which would make most withdrawals—in Austria and Switzerland already 60 per cent—mere transfers from one account to another, would still further diminish the need for reserves.

¹ The British Post Office refuses (in its banking and remittance business, though not in its postal and telegraphic business) to deal in halfpennies; and (in all departments) in farthings. It is believed to be the only Post Office in the world that thus cheats its customers out of legally authorised coins of the realm. It would be worth enquiry whether the consequent saving in account-keeping is really worth the discredit in which this invidious practice involves the Postmaster-General. The poor Irishwoman who loses two or three farthings out of the money order for a few shillings remitted by her daughter in America, or the man who presents a postal order made up by stamps to 1s. 10½d., has a right to

The British Government can now find the safest possible investment, at all times, for practically any amount of Savings Bank money, in steadily redeeming its War Loans, at $4\frac{1}{2}$ or 5 per cent interest. It is financially to the advantage of the Exchequer to get the largest possible credit balance in the Savings Banks, even if it pays 4 per cent on it.

(c) *Development of the Banking and Remittance Business*

What is wanted, in fact, is to get rid of the notion that there is something special and exceptional in the kind of bank that we choose to call a Savings Bank ; or that the Government is doing any favour to "the poorer classes" in running this extremely profitable business. In the United Kingdom the Post Office Savings Bank, like the public elementary school, was originally started, not as a proper and essential function of Government, but as a work of philanthropy. Like the whole development of the Local Education Authority, the Post Office Savings Bank is still often regarded by persons of the "upper class" as in the nature of "charity," akin to Poor Relief. This conception has to be got rid of. In other countries every class, the richest as well as the poorest, uses the Post Office Bank, just as it uses the other branches of the Post Office, because of the public service that it renders. Thus, the whole business of remittances by post need to be rehandled, and to be treated not as a facility specially granted as a favour to those wishing to remit small sums, but merely as a profitable incident of the largest and most widely distributed banking business in the world. The Money Order and the Postal Note have, indeed, already become, to a large extent, merely a form of cheque. *About one-fourth of all the Money Orders issued in the United Kingdom, together with*

feel aggrieved when he is robbed of the odd money, and told that "the Post Office does not deal in halfpennies," when, at the same moment, it holds out its hand for a halfpenny for the post-card by means of which the recipient acknowledges receipt !

a steadily growing proportion of the Postal Notes, are now paid through banks, like crossed cheques. Instead of the unnecessary complications of the Money Order and the fixed amounts of the Postal Order, there seems no reason why every Post Office transacting Savings Bank business should not issue on demand, in return for cash down, a Post Office Draft for any amount desired, payable at any other such Post Office in the United Kingdom—just as any banker will, at any time, gladly sell such a draft on any of his branches.¹ Seeing that the Postmaster-General enjoys in each case the use of the money between the date of obtaining the draft and the date of payment—this being equivalent to the *permanent* use of an amount equal to the aggregate of such sums in transit on the day of least business—the gain from interest would be certain and considerable; and probably only a small charge for commission would need to be made, even for drafts payable at sight. But the convenience of the public should be studied. If the remitter is willing to take the draft at seven or fourteen days' date—in many cases such a delay would be quite immaterial—the Post Office, enjoying the use of the money for the longer period, ought to be able to supply the draft at an even lower rate of commission than if it were payable on presentation—perhaps even for the mere cost of a revenue stamp.

There seems no reason why any limit whatsoever need be set to the amount or to the term of the drafts thus sold for cash; although it would probably be convenient to limit the offices on which drafts of any considerable amount could be drawn for payment at sight, to those usually having sufficient "till-money" (*e.g.* the chief offices in the large towns). Notice of the issue of any draft at sight for an exceptional amount could easily be officially telegraphed; whilst notification could be made by post of all drafts payable only after so many days.

¹ Such a draft could, it need hardly be said, be adequately protected against forgery, or fraudulent alteration of its amount, by use of up-to-date methods of watermarks, perforation etc.

The present embryonic system of telegraphic remittances, as yet little known to the public, should be developed on similar lines, without limit of amount or distance.

(d) The Traveller's Letter of Credit and Circular Notes

It would be of great convenience to the mass of humble travellers up and down the country, who have not got banking accounts and are exposed to constant risk of losing their journey money, if the Post Office would issue Letters of Credit, just as capitalist banks do for substantial sums. The need is not sufficiently met by the permission to withdraw up to £1 on demand from a Savings Bank account. The German Post Office issues, for cash on demand, a Letter of Credit in the form of a neat stiff-covered booklet, available for four months, entitling the owner, on proof of identity, to obtain payment at any post office within the Empire, of one or more of the ten coupons (which may be for 5s. each, or for as much as £15 each) which the booklet contains. For this convenience the charge is sixpence, together with a penny or two for each coupon cashed. This is found of great use to hawkers and pedlars, to artisans on their travels, to workmen sent to distant jobs, to agents and commercial travellers, and to tourists and holiday-makers. The Italian Post Office started a similar system as long ago as 1873, but has not developed its use.

IV. THE POST OFFICE AS COMMON DEBT COLLECTOR

But the ubiquitous Post Office organisation can be equally well used for the collection of sums due, as for the transmission of remittances. If a firm or a society has to collect a hundred or a thousand sums from creditors or members situated all over the kingdom, it is as extravagantly wasteful for the firm or society to make separate application to each of them, whether personally or by letter, as it would

be for the sender himself to carry the application to them. Yet this is what has to be done in this country ; and, among the great European States, *in this country only* ! For over a quarter of a century other Post Offices have, to their own exceeding profit, done the public this debt-collecting service and saved them great expense. In 1897 the service was even made reciprocally international—the United Kingdom, Sweden and Denmark, alone among European countries, standing out !

We may describe the system as it works in France, where it is called *service de recouvrements*. The trader or doctor who wishes to apply to his customers or clients for the amounts they owe, the society wishing to collect the contributions due from its members, the newspaper or journal desiring to obtain renewal subscriptions, hands in at the nearest Post Office a list of the persons to be applied to, their postal addresses, and the several sums due, together with a receipted invoice for each amount. This invoice is enclosed in a sealed envelope (any number of invoices for sums due from the same person being permitted), for which $2\frac{1}{2}$ d. must be paid. One account, or any number of accounts, will be thus collected, up to a maximum of 1000 francs (£40), for any one debt. If the debtor is not at home when the postman presents the invoice, it will be presented again. If it is not then paid, the postman deposits it at the local Post Office, where it is held at the disposal of the debtor for forty-eight hours, in case he chooses to call and pay. The sums collected, for which the Government accepts complete responsibility, are remitted back to the Post Office of origin, which transmits the total sum (less the commission) to the trader or doctor, society or newspaper, accompanied by the original form, now marked by the Post Office so as to show which persons have paid, and which have refused (with the receipted invoices returned in the latter cases). The cost is 25 centimes ($2\frac{1}{2}$ d.) paid in advance for the stamped envelope enclosing the invoice for each person to whom application is to be made, together with a commission

deducted from the amount actually recovered at the rate of 30 centimes per 20 francs, but in no case more than 50 centimes (3d. per 16s., with a maximum of 5d.). Bills of exchange or other accounts payable on a fixed date may be thus presented, if given to the Post Office five days beforehand (a fee of 10 centimes being charged on any bill not honoured on presentation).¹

We need not dwell on the enormous advantage and economy of such a system to all persons having numerous small debts to collect; of the great saving it would effect to all kinds of organisations; of its utility to scientific and other periodicals that now find circulation so difficult; of the convenience it would be to persons having periodical contributions or subscriptions or premiums to pay; or on its use in preventing the arrears and defaults, and failures to renew, that are now so common.

This valuable service is now available to every person, or firm, or newspaper, or society in Europe, for the collection of sums due from persons residing anywhere between the Arctic Circle and the Mediterranean—with the exception, not very creditable to ourselves, of the United Kingdom, together with Sweden and Denmark only. The Danish Post Office, though not having such a service of its own, gladly enables the Danes to make the fullest possible use of the service of other countries, and thus secures great facilities for them in Germany. We are not even allowed, in this country, to make use through our own Post Office of the *service de recouvrements* of France, or any other country, for the collection of debts due from persons living in such country, although its postal administration is quite willing to enter into the necessary arrangements.

¹ If the service were worked in connection with the Post Office Bank, and with its Remittance business, further economies and facilities could be arranged. The Post Office would save much of the cost of transmitting the sums collected, as they would fit in with its Remittances, and involve only reciprocal credits; whilst the firm or society getting its debts paid would find the sums credited to its Post Office Bank current account.

V. THE POST OFFICE AS THE COMMON INVESTING
AGENCY

All the capitalist banking concerns offer their customers facilities and conveniences of various kinds, usually without charge, the bank getting its own profit out of the transaction. The Post Office Bank—the bank of the poor man—blindly refuses him these advantages, and thereby diminishes its own profit.

(a) *Safe Custody of Securities*

Thus, any bank will take charge of its customers' securities, keeping them in safety and undertaking to get the coupons, interest or dividends paid at the proper dates, crediting these receipts automatically to the customer's account. There seems no reason, except the inertia of stupidity, and the obsession that a Savings Bank is a charity for the poor, why the Post Office Bank should not do what every other bank does—even if it thought fit to make a special charge for this service—and thus extend to the mass of the people (who have nowhere to keep their bonds or shares or stock certificates safely) the advantages enjoyed by the middle and upper classes.

Under the stress of war, the Postmaster-General has now agreed to take charge of the new $4\frac{1}{2}$ per cent Exchequer Bonds for its Savings Bank customers, but no other securities—not even other securities of the British Government. There seems no reason why this temporary and particular concession should not be made permanent and universal. The French Post Office does it, the Dutch Post Office does it, the Portuguese Post Office does it, even the Indian Post Office does it. The British Post Office not only refuses (except as above) to take care of securities, and credit the dividends as they fall due (a service for which the thrifty Portuguese Post Office charges 1 per cent on the amount

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thus collected): it refuses even to let a Savings Bank depositor pay in to his account for collection the coupons which the depositor has himself cut from his own bonds! This is done by the Austrian, and indeed, by many a foreign Post Office.

(b) *Investments for the People*

Ordinary banks are glad to undertake to buy or sell all Stock Exchange securities for their customers, who thus get the advantage of complete security, and of never having to carry about the documents, whilst they are charged only the regular brokerage rates. The Post Office Bank flatly refuses to do anything of the sort, although the service is one greatly needed in remote country districts, and by the poorer classes. The British Post Office will not even act as an agent for the purchase and sale of British Government securities, except to a limited extent, under special conditions and severe limitations.¹ At any Portuguese post office, to name only one example, the public can buy or sell Portuguese Government stock at the price of the day on the Lisbon Stock Exchange. In France every post office puts up each morning the prices at which it will buy or sell the well-known *rentes*, corresponding to our Consols; and the transaction is carried through over the counter as a matter of course. From every post office throughout France is telegraphed daily to Paris the amount of *rentes* locally bought or sold; and *the Government broker simply buys or sells on the Paris Stock Exchange the net balance of these innumerable local dealings*. Why cannot this be done in the 25,000 post offices of the United Kingdom, with regard, at least, to the War Loan?

¹ This is done (a) only for Savings Bank depositors; (b) only in Consols and Annuities, Local Loan and Guaranteed Irish Land Stock and War Loan, not even in other British Government securities such as Local Loans Stock and the Egyptian and Turkish Guaranteed Loans; (c) only up to £200 in any one year (why?); (d) only up to a total amount of £500 (why?).

(c) Increased Activity in obtaining Deposits

Any such development of the Post Office banking business would, of course, be combined with a corresponding increase in the number of Post Offices doing Savings Bank business and in the size of their premises and staffs. At present nearly 10,000 of the 25,000 post offices are not allowed to do banking (or even Money Order) business. There are literally tens of thousands of villages and hamlets without any easy access to the Post Office bank—the children cannot go to the adjacent town to bank their little savings, the wives can seldom go, it is not made easy for the men to save any part of the wages they receive. An extension of popular banking facilities, first to the 15,000 post offices at present prevented from undertaking it, and then to the thousands of hamlets and clusters of cottages where there are people but as yet no post office—there are 50,000 letter-boxes, at least 10,000 of which are in places without post offices, outside urban areas. In every village in Egypt without a post office the local tax-collector acts as an agent for the Post Office Savings Bank. In the United Kingdom it would be worth considering whether, where there is no post office, use could not be made (*a*) of the county policeman ; (*b*) of the elementary school teacher at specified hours ; (*c*) of the Coastguard station ; (*d*) of the letter-carrier on his rounds—at any rate to receive deposits which would be promptly acknowledged by post.

But the Post Office Bank ought to do much more than maintain offices to which people can take their savings : it ought to be supple and alert in its organisation ; quick to discover and imagine where new deposits can be attracted ; eager to open a new (perhaps only temporary) office, or to send an official specially to receive the money, whenever a ship's crew is paid off, at every big factory or works outside the window where the men are actually paid, on every rural market-place at which money changes hands, even late at night in the street markets of London and the great

towns,¹ and on the quay where migratory labourers are embarking ; pressing every Government Department and Local Authority in the kingdom to let it open an account for every public employee, on which he could draw the smallest cheques, and to which his salary should be automatically credited month by month ; offering the same facilities to capitalist firms, and thus save them all the cost and trouble and risk of payment in cash ;² receiving in lumps and crediting individually in the same way all public educational scholarships ; insisting on every school, and not merely some of them, having its school bank as an auxiliary to the Post Office Bank. Imagine how Selfridge or Harrod would be advertising such a profitable business ! With what energy and resourcefulness it would be pushed by Lipton or Lyons !

If the Post Office Bank were run on these lines it may be confidently predicted that the total of deposits would quickly be doubled or trebled in amount ; the Government would find annually lent to it in the cheapest way the many millions of pounds that it will need after the war for redemption of the onerous War Loans ; the number of depositors would come near to that of the census population ; the fact that practically every adult, rich or poor, business man or farmer, wage-earner or landowner, found it easy and

¹ It is one of the difficulties of the costermonger and street trader, as it is of the small shopkeeper in the "late shopping" streets, and of the licensed victualler, that no bank is open to receive their takings after 4 P.M. in London (now 3 P.M.)—Saturdays 1 P.M.—and in country places often a much earlier hour. The Postmaster-General might well try the experiment of offices—perhaps travelling vans—in special localities, whether shopping streets or market-places, factory pay offices or shipping quays, open to receive deposits at the abnormal times that the local business demands.

² The London County Council (which wisely uses the Post Office Savings Bank as the medium for the payment of all its scholarships) actually sends round clerks in taxicabs to pay all its 20,000 teachers in the elementary schools their monthly salaries in *cash*—transporting about the streets of London in this way about two millions sterling each year in notes and metallic money—in the twentieth century, in the banking centre of the world, *where there is a branch bank to every two schools* ! The Postmaster-General might, at least, press for permission to open current accounts for all these teachers, receive their salaries and give them cheque-books.

convenient to have a current account at this one ubiquitous bank in which he knew that practically every one with whom he dealt had also an account, would allow of a progressive economy of metallic currency ; the number and amount of Post Office cheques and transfers, of Post Office remittances and debt collections would grow by leaps and bounds ; the business of every shopkeeper and trader would be augmented ; the amount and security of the people's savings would be greatly increased ; the circulation of periodical literature of all sorts would be assisted—all to the ever-growing profit of the Post Office revenue.

VI. THE POST OFFICE AS THE COMMON REMITTANCE MARKET OF THE WORLD

But the remittance business of the Post Office is destined to an even greater expansion. One of the most important needs revealed by the outbreak of war is the creation of a Government Currency for International Remittances, in place of the present almost universal dependence on the bills of exchange drawn by private traders of varying and uncertain credit, and on the drafts and finance bills of the capitalist bankers, the amount and price of which are under private control. The present system (i.) enables an unnecessary toll to be levied, and a very large profit to be reaped, by a small number of financial establishments ; (ii.) puts the world's trade and finance, as well as the family remittances of millions of poor people, at the mercy of a few hundreds of individuals who may occasionally act from political motives, or may combine to manipulate the remittance market for their own greater profit ; and, above all (iii.) by the extensive adoption of the plan of "acceptance on foreign account" by a score of British financial houses, puts the British Government in the position of having, in any great emergency, to find an enormous sum (in August 1914 it was about £150,000,000), in order to save the City of

London from bankruptcy, not because its financial houses were not really more than solvent, but merely because of the international remittance obligations undertaken on behalf of foreign firms, which suddenly found themselves, *owing to the lack of any medium of remittance*, literally unable to send money to London to fulfil their obligations. In the first week of August 1914 it was actually impossible, in many parts of the world, to buy a draft or telegraphic transfer on London for any sum exceeding that of a Money Order, even for money down.¹ This will inevitably happen again at any new European convulsion, unless some fresh form of international remittance, independent alike of private commercial credit and of foreign obligations, can be adopted. Just as it is recognised to be an essential function of every Government to provide its people with a Government currency for home use (whether coin or paper), independent of any private capitalist, so, we now suggest, it is an essential function of all the Governments in concert to provide their peoples with an equally independent, and an equally safe and stable currency for international remittances, great or small.

This is already done to a relatively small extent, as regards inconsiderable amounts only, by all the 103 postal administrations of the world, under arrangements concerted in the International Postal Union. The Post Offices in every country sell on demand Money Orders payable in practically any other country, at rates of exchange which do not fluctuate from day to day, but are revised by mutual consent only at intervals of years. These money orders are

¹ The same thing happens, occasionally, when it is desired to remit from London. In 1893, when all the Australian banks were temporarily in difficulties, it was for a short time actually impossible to buy in London any means of remittance to any place in Australia. A similar failure of the private remittance market not infrequently occurs with regard to remittances to remote or disturbed localities. Moreover, these remittance facilities are everywhere limited to places where banks exist—a far more limited field than that of the post offices. There may possibly be as many as 100,000 banking branches in the world; but there are probably over 400,000 post offices in the International Postal Union penetrating into much smaller centres.

literally Government Bills of Exchange, independent of the vagaries either of commercial credit or financial manœuvres.¹

But the means of international remittance thus created by the Post Offices of the world—though used to the extent of many million pounds a year in the aggregate—are at present hampered and limited. The British Post Office, for instance, refuses to issue any one foreign Money Order for more than £40 (though it seems as if there is no regulation to prevent any person from applying simultaneously for as many as he pleases!). It charges an absurdly high rate of commission on each order—far in excess of the cost of remitting by a banker's draft—and thus penalises the humble folk desiring to send money to relatives over-sea. The Austrian, the Hungarian, the Swiss, the German, the Belgian and the Japanese can remit to each other, by Postal Cheque, such a sum as £40 for about 8d. *The Englishman is charged by his Post Office just about eight times as much!*

Our cumbrous, limited and costly Foreign Money Order system ought to be superseded by a simple arrangement of Government Drafts on the Post Offices of other countries, issued on demand up to any amount, at rates of commission comparable with those which yield a substantial profit to the capitalist banks.

Why should not the British Post Office take the lead, and either include in the Treaty of Peace, or at least lay before the next Congress of the International Postal Union (which has been postponed until after the war), a definite proposal for the creation, by the 103 postal administrations of the world, or by such of them as come into the scheme, of an effective means of unlimited international remittance on the following lines:

¹ There is even the tiny beginning of an International Government Bank Note, in the coupon of the value of 2½d. now issued in nearly all countries, and redeemable within any other country in local postage stamps of equivalent value. It is characteristic that at present no less than 20 per cent commission is charged for this simple service, 100 such stamps worth only £1 : 0 : 10 not being obtainable under £1 : 5s. (3d. each).

(a) Every post office in the world to issue, in return for cash, drafts of any amount, payable in legal tender currency of the paying office at any designated post office in the world. (For practical working, it would doubtless be convenient to restrict the issue of drafts of more than a small amount to post offices of a certain magnitude; and, at first, at any rate, it would probably be necessary to make any drafts of large amount payable only at the Central Post Office in the capital of the country; though nothing need prevent that office from announcing that it will exchange such a draft on presentation, without charge, for another on any other post office within the country.)

(b) The International Postal Union, itself guaranteed by the Governments of all its 103 constituent postal administrations, formally to guarantee the payment of all the drafts thus issued.

(c) Every postal administration to undertake (relying on the prompt settlement of all balances, and on the above guarantee) to meet in local legal tender currency the drafts thus drawn upon any of its post offices.

(d) Current accounts to be kept between all the postal administrations, and balanced quarterly, monthly or even daily by the Bureau of the International Postal Union at Berne,¹ each postal administration undertaking to telegraph at the appointed time, quarterly, monthly or, for that matter, even daily, the figures necessary for the making up of its account current; and to remit immediately, in gold or its equivalent, any net balance due by it on the aggregate of its current accounts.

(e) If, in any momentary excess of drawings on a particular country, its Post Office found itself embarrassed by a lack of currency to meet all the drafts, its Government to undertake to make immediately any necessary issue of Government or other legal tender notes, so as to enable

¹ For the purposes of the world remittance business, it would probably be convenient for a sub-office to be located in London; or for the Union's banking account to be kept there.

the Post Office to meet its obligations in legal tender currency.

(f) If in any contingency a postal administration, though having received the money locally, found itself unable to make a remittance in gold or its equivalent to the Bureau of the International Postal Union of the amount due on balance by such administration, its Government to undertake, if required, to place it immediately in credit at Berne or London, by floating a loan or otherwise.

It may be desirable at this point to allude to certain obvious difficulties in this project, and to describe how they could be surmounted.

One of the obstacles which has prevented international action in the past is the element of time. Any delay in communication would make such a scheme of international remittances onerous and risky. Between the dates of selling the draft, of being informed of the balance due, of the remittance of the necessary sum by post, and of its receipt—if intervals of months, or even of weeks, elapsed—the whole course of exchange might have seriously altered, and considerable loss might be incurred. But in the twentieth century, with hourly communication all over the world by cable and “wireless,” no such delay is necessary, and none should be tolerated. The whole series of transactions can be carried through in a few hours; and as the balances of the several countries would equally be made up from telegraphic advices, they could be adjusted every week—even if desired every day—as easily as all the hundreds of millions of pounds of transactions of the London Bankers’ Clearing House are adjusted every evening.

If it is felt that some States are not to be trusted to remit punctually the balances due by them week by week, or day by day—or, indeed, if it is felt that remittances of this sort, which would be required every day by one or other of the participating administrations, would be troublesome and sometimes costly—it would not be difficult or expensive for every State to be required, as a

condition of admission, to put itself, at the outset, in credit in London or Berne, up to an amount well in excess of any probable adverse balance of ordinary character. Such an aggregate deposit, shared in by every participating administration, could be retained by the International Postal Union—not necessarily in the sterile form of an International Gold Reserve, though this might have advantages, but as an investment made in the name of the International Postal Union, on which interest would be earned and credited proportionately to the several States. It might be arranged that such a deposit from each State should be regarded as being in two parts. One would be the irreducible minimum required by way of ultimate guarantee, below which no State should be permitted to let its credit balance fall. The other would be a sum lodged merely to facilitate the daily or weekly adjustment of balances, so as to diminish the frequency of remittances—these being then made only from time to time to adjust any adverse balance of exceptional magnitude.

Finally, it may be said that the expenses of remitting from London or Berne any ultimate balance due on all the national accounts to creditor countries would need to be somehow provided for. We think that, in normal circumstances, it would not be a serious matter to require such a creditor country to accept payment in gold in London of such an occasional international balance, in fact, by being credited in its deposit account, at any rate up to a prescribed maximum. In nine cases out of ten such a balance would probably be found more useful to it in London than anywhere else. But a balance in excess of the prescribed maximum, especially where such a balance was of frequent occurrence, would have to be remitted. The cost, however, would never exceed the cost of shipment of gold from London, not to the amount of the drafts drawn on the creditor country, but only to the amount of the final international balance between its Post Office and all the others. This expense may have to be met by the

International Postal Union as part of the expense of working the scheme, and levied as a quite trifling tax on all the participating administrations in proportion to the volume of their several transactions. Other technical difficulties, none of them insurmountable by the application of common-sense, will occur to every banker and every bureaucrat.

Organised upon such a system, the International Remittance business of the Post Offices of the world would, it is suggested, furnish the world with a safe, an independent, and a relatively stable international currency, for the use of which a very low rate of commission need be charged. It is suggested that, in normal times, there would be no need for any daily fluctuations of the rate of exchange, any more than there now is with the money order system. Every transaction would normally be at gold par. It might, however, be left to each postal administration—remembering that it has the obligation of remitting any adverse balance in gold or its equivalent—to make what regulations it chose for its own selling of drafts on other Post Offices, as regards a possible premium both to cover the very slight tax levied by the International Postal Union to cover the cost of working the scheme, and in respect of depreciated local currency, etc. Information could be instantly telegraphed of any abnormal sales of drafts which seemed likely to result in an unusual balance of indebtedness at the end of the current period ; and, if necessary, the Post Office concerned might charge a premium to check the rush, and cover the expense of adjusting the account. But we suggest that this adjustment of the net balances at the end of each day, month or quarter, or whatever the period of account, would, in practice, cause no more trouble to the Governments concerned (which would have, simultaneously, their own huge international transactions to adjust) than is constantly undertaken in similar contingencies by all the postal administrations of the world over their Money Orders and other balances ; by those of Austria, Hungary, Germany, Belgium and Switzerland in adjusting the balances arising

from their mutual adoption of the Postal Cheque system ; by practically all Governments (except those of this country, Holland, Belgium, France and the United States) in dealing with foreign indebtedness for interest on the external debt ; by the Russian, Greek and Austrian Governments in the continual financial manipulations to keep the fluctuations of the Foreign Exchanges within bounds ; and even by our own India Office in its very successful regulation of the Indian Exchange. The World Governments' International Remittance Draft can, in fact, be instituted by the International Postal Union, greatly to the profit of all postal administrations, as soon as the British Postmaster-General gives in his adhesion.¹

VII. THE POST OFFICE AS THE COMMON AGENT

If once we grasp the idea of the Post Office as an unparalleled ubiquitous network of offices and staffs, standing ready to serve the public in every possible way, opportunities for the profitable extension of its business (and, with the growing range of variety in the business, for a raising of the "load factor") will be continually occurring. The Government graciously allows any Money Order Office to receive and transmit to the Inland Revenue Department

¹ It may be desirable to make clear that it is not suggested that any Post Office should give credit, or discount bills of exchange. Thus, the common arrangement by which, all over the world, the exporter of produce draws a bill on the consignee, and gets that bill discounted by a local bank, would in no way be interfered with. The exporter from the United Kingdom, who expects to be paid by a draft on London, might perhaps find his debt discharged by one of the new International Postal Drafts ; but the bankers' business in handling credit instruments would not be interfered with. How the British Government can bring under effective control the large special business of accepting bills "for foreign account," and thus incurring huge London liabilities on behalf of foreign countries, which, whilst a valuable source of profit and financial influence, has the drawback of making it necessary for the Government to come to the rescue, to the extent of advancing many millions sterling, whenever an outbreak of war absolutely stops remittances from the enemy country, is another question. But this question is quite independent of that of creating a means of international remittance that would never be interrupted so far as any but actually belligerent countries are concerned.

free of charge any money due in respect of certain taxes and licenses: this convenience might be extended to all payments due to any Government Department; and (if desired, at a small charge to the receiving authority) to all rates and other payments due to Local Governing Bodies. A feeble effort (scarcely known to the public) has been made to sell the Ordnance Maps through the local post offices. During the war we have learnt how useful the 25,000 post offices (and even the pillar boxes) can be made to collect books and magazines for the War Office to distribute to the troops; and also how serviceable this network of offices can be in bringing within reach of the poorest such an enterprise as the War Loan. This agency business could be enormously developed and made a source not only of utility to the public but also of additional profit to the Postmaster-General.

(a) Newspaper Subscriptions

In nearly every European country any post office keeps a list of newspapers and other periodicals, for which it will receive, without charge, the cost of subscription for a year or any other period, covering delivery by post. The Post Office, whether or not it receives a commission on such subscriptions, as it may well do, sees its advantage in facilitating postal business. Foreign Post Offices in this way receive subscriptions, not only for the periodical publications of their own, but also for those of other countries. The German Government (which started this service as long ago as 1823!) now has no fewer than 14,500 periodicals on its list, of all kinds, in all languages, published in all countries—nearly 4000 of them, in fact, being published abroad.¹ How much will this not have meant, during the past hundred years, in the education of the

¹ The newspaper department of the Berlin Post Office is, for those who know, one of the "sights" of the world. It despatches nearly 1½ million copies daily, made up in over fifty thousand consignments—this being one-third of the newspaper traffic of the whole German Empire, *and double that of this country!*

German people ! In Frankfort-am-Main, just before the war, an English observer found that no fewer than 300 different English periodical publications were being thus subscribed for through the local post office in this one city. Even the Egyptian Post Office renders this service, and has 4218 subscribers to the periodical publications of all European countries. The British Post Office, to its own financial loss, refuses us this opportunity of enlightenment.

(b) *Maps and Blue Books*

It might certainly be made possible to order at any post office, not only Ordnance Maps, but also all the Government publications of every kind—consulting a list completed by weekly or monthly supplements ; paying down the quoted price, and receiving the desired publication by post within forty-eight hours. It is quite a mistake to say that there is no demand for Blue Books : of the Minority Report of the Poor Law Commission—simply because practical methods were used to make it known to the mass of the people (without any paid advertising)—no fewer than fifty thousand copies were sold in one or other edition.

(c) *Books and Photographs*

Such a service is plainly capable of advantageous and profitable extension, for instance, to books and photographs. It may not be generally known that another Government Department, the South Kensington Museum, keeps accessible to the public a vast book containing specimen copies of photographs of works of art of every description ; against each specimen is marked the price at which copies can be obtained ; you pay the money for any photograph you desire, and write down your name and address ; within forty-eight hours the desired photograph arrives by post properly packed. This is done by the President of the Board of Education in order to promote Art. The Post-

master-General need not be above rendering similar public services in order to increase his revenue. We suggest, for instance, that the really serious problem of how to secure an efficient circulation of new books will not be solved until a classified list of new publications, completed by weekly supplements,¹ is made accessible at every one of the 25,000 post offices—until it is possible, whether in the remotest village of Ireland, the loneliest glen in Scotland, or the most benighted town slum, to pay down, at any post office, the quoted price of any book in the list, and receive it by post within forty-eight hours.

(d) Periodical Payments

But the 25,000 post offices can be used, not merely as agents to receive, but also as agents to pay. It ought to be possible for any one, in any part of the world, having periodical payments to make in any other part of the world, to pay down the necessary amount wherever he is, and direct the prescribed unconditional payments to be made by the local post office. Such an agency service would be both easy and profitable to the Post Office, and also a great convenience to those having such periodical payments to make—it may be for annuities or allowances to relations or dependents; it may be for contributions, subscriptions or premiums to societies; it may be for rents or feu-duties. The Post Office already does it for Old Age and army pensions, and payments under the Insurance Act; but not for any private customer.

We forbear to multiply and elaborate. We suppress, from lack of space, a vision of the possible expansion of the telegraph and the telephone.² A really up-to-date

¹ This list the British Museum could make up from the copies deposited under the Copyright Act, and thus both secure prompt compliance with that Act, and give the authors and publishers some return in advertisement for the impost thus levied on them!

² We draw a veil over the really scandalous apathy and neglect which has, over a period exceeding half a century, strangled the development of Post Office

Post Office would be always discovering new services to render.

VIII. CONDITIONS OF SERVICE IN A DEVELOPED MINISTRY OF COMMUNICATIONS

The conditions of employment in the present Postal and Telegraph service, though much improved of recent years, are still far from ideal; and it cannot be said that the Postmaster-General, in relation to his 250,000 employees, presides over a contented Department. In spite of successive enquiries and partial concessions, there are still not a few cases of substantial grievance in respect of remuneration inadequate (in face of rising prices) to maintain the necessary Standard of Life, and of advancement so long postponed as to exhaust official patience. But there are causes for discontent apart from pay and promotion. Though a considerable measure of recognition has now been accorded to the Trade Unions of postal employees, there is, in the administration, still too much of the autocracy claimed by the capitalist employer; the humbler grades still enjoy less permanence of tenure and security for continuance of their Standard of Life, not to say also a very different degree of protection from caprice and tyranny, than do, for instance, the clerks in the Secretary's Office; a large proportion of the business is still done under a system of irresponsible subcontracting, in which many of those who are actually doing the work are excluded from the advantages of co-operation in a public service; and above all, there is, as yet, only the very minimum of opportunity for the several grades of workers to participate in the management of the service to which they are devoting their lives.¹

The development of the Post Office into a comprehensive Ministry of Communications ought to be marked by a frank

Life Assurance. See *A State Insurance Department* for a proposal to merge this in a new Government Life Assurance Office.

¹ The treatment of the large class of 17,000 "subpostmaster's assistants" is specially bad.

adoption, for all grades of its rapidly increasing employees, of the fundamental conditions of employment in the public service. Admission to the service in every branch should be governed exclusively by fitness, tested in the best available way, by open competitive examination or otherwise. Scales of pay and superannuation, with progressive advancement, should be settled for each branch and grade; on the principle—already adopted for the clerical branches—not of the competitive market rate, but of securing, to every employee, sufficient to maintain the Standard of Life expected of his grade and position in the service. Promotion should not depend on the will of any one superior, but be given always on the advice of a council of superiors, to which, in order to give confidence in the exclusion of favouritism and the elimination of any approach to victimisation, it is advisable that (as in the service of the French State Railways) representatives of the subordinate grades should be admitted. Moreover, in order both to encourage initiative, and to satisfy as far as practicable the legitimate aspiration of employees of all grades for some measure of participation in the control over their own working lives, it would be very desirable to institute, on the model of the French State Railway Service, a series of Councils of Management. There might, for instance, be a Local Council for each geographical district into which the service is divided. There might even be such a Local Council, perhaps subordinate to the General Local Council, for each main division of the service (General Post, Parcel Post, Telegraph, Telephone, Savings Bank, etc.) for dealing with improvement in the local administration. There might be a Central Council for each of these divisions, for dealing with improvements of national scope, together with others dealing with such general questions as staff conditions, buildings, etc. These Councils should not interfere with the current management, but should have submitted to them, as of course, all projects for new developments and all proposals for important changes on which their opinion

should be invited, to be taken into consideration before any final decision is arrived at. They should, of course, also have an independent right to initiate and discuss any new proposal for the improvement of the service within their several spheres, and of forwarding their conclusions for the consideration of the Postmaster-General. Such Councils should be composed not only of the responsible officials, local or central, but should certainly include also representatives of the lower grades of the official hierarchy, whose participation in the deliberations is essential, both as a means of encouraging initiative and intellectual interest, and as a method of enabling all grades of the service to share, if only to a small extent, in the administration of the service of which they form part.¹ Whether such representatives of the several grades should be nominated or elected by the employees (as in the French State Railway Service), or by the Trade Unions formed by such employees (as in the several departments of the cantonal administration of the City of Basle), may be left for subsequent consideration. In any case, the salaried officials of these Trade Unions should certainly not be excluded, any more than they are in the City of Basle (where the Secretaries of the employees' Trade Unions always take part); or in the Supreme Council of the Swiss Government Railways (in which, in practice, the General Secretary of the Swiss Railwaymen's Union has a seat *ex officio*).²

¹ The French Post Office, we may mention, now has a supreme Consultative Committee, sitting under the presidency of the Under Secretary of State, which meets regularly to consider all suggestions and complaints, and to make reports to the Minister himself. This Committee includes not only the heads of the different branches of the whole service, but also some Senators and Deputies, representatives of the Councils of Paris and of the Department of the Seine, and of Chambers of Commerce and commercial companies, but also a certain number of employers, and ten postal employees, chosen from different grades, down to the sorter and the letter carrier. The Würtemberg Postal Administration has a similar Advisory Committee, on which the Corporations of Artisans have representatives, in addition to the Labour Members of the State Insurance Committees.

² Of the aggregate of 250,000 employees of the Postmaster-General, half of them established Civil Servants, it seems as if about 85,000 are members of

At the same time it may be suggested that systematic arrangements should be made for criticisms and suggestions by the public. There might well be Local Advisory Committees on Postal Administration in each administrative province, made up of representatives of County and County Borough Councils, local Chambers of Commerce and Employers' Associations, and Trades Councils and Co-operative Societies. Such Local Advisory Committees should have, as their main duty, the discussion of any alleged shortcomings in the local services of the Post Office, and the making of suggestions for their improvement. An annual Conference of such Local Advisory Committees might deal with suggestions of national scope. But there should be also a standing Central Advisory Committee on Postal Administration representative of national organisations of traders and employers, together with the national organs of the Co-operative and Trade Union movements, to make criticisms and suggestions. The advantage of such an organisation of public criticism is now conceded by the establishment of 49 Telephone and Telegraph Advisory Committees. What is needed for the telephone is needed for other branches of the work of the Postmaster-General.

IX. THE RIGHT OF THE CHANCELLOR OF THE EXCHEQUER TO THE POST OFFICE PROFITS

It is sometimes objected that the Post Office ought not to be run as a money-making concern; that even the

one or other of 21 organisations of the nature of Trade Unions. The principal of these are (i.) the Postmen's Federation, established 1891, and having 45,000 members; (ii.) the Postal and Telegraph Clerks' Association, reorganised 1913, with a membership of 22,000; (iii.) the Post Office Amalgamated Engineering and Stores Association, which has 8000 members; and (iv.) the Fawcett Association, established 1890, with 7000 members. There is a separate Irish Association of Post Office Clerks. Small sectional societies, sometimes confined to London, also exist for such classes as Auxiliary Postmen, Bagmen, Engineering Clerks, Head Porters, Head Postmen, Messengers, Postal Porters, Postal Superintending Officers, Returners of Dead Letters, Sorting Assistants, Sorter Tracers, Tracers, and the Tube Staff.

present contribution of £6,000,000 a year which it brings to the Exchequer is an illegitimate source of national revenue ; and that any surplus should go either to the Post Office employees in higher wages and better conditions of employment, or else to the customers in lower postal charges. Such a contention finds no support in economic theory ; and is, in our view, quite unwarranted.

(a) The Post Office Employees have no Claim to the Post Office Profits

The Post Office employees, like all other persons in the service of the State—like, indeed, those whom we still leave to be employed by private capitalists—ought to be ensured : (a) emoluments adequate to their maintenance in full efficiency, together with equitable retirement or superannuation allowances ; (b) conditions of service consistent not only with health and comfort but also with proper family life and citizenship ; (c) complete protection against tyranny and complete security against arbitrary or capricious interruption of their livelihood ; and (d) the fullest possible opportunities not only for combination in protection of their Standard of Life, but also for intelligent participation in the administration and direction of the service to which they devote their working lives. But all these conditions must be given equally to the persons employed in the other departments of the public service, whether the utility resulting from their work is sold to the consumers at a price yielding a surplus (like the postal service), or at rates resulting in a money loss (like—as it is alleged—the telegraph service), or given gratuitously for common enjoyment (like the parks, museums and libraries). There can be no argument for giving more than proper wages or conditions to the persons employed in the Post Office, merely because a higher price is charged to the customers ; and for giving less than proper wages and conditions to those employed at the British Museum, merely because the public is admitted to its

advantages gratuitously. The 250,000 employees of the Post Office have an irresistible claim to proper conditions of employment : they can justify no claim to enjoy the Post Office profits.¹

In fixing the emoluments and the conditions of service in the Post Office—no more so and no less so than in all the other departments of the National or Municipal Civil Service—we ought to insist on throwing overboard, once for all, the inveterate Treasury habit (which is contrary to the accepted teachings of economic and political science, demonstrably detrimental to efficiency, and therefore really unthrifty) of taking as a standard what it believes to be the competitive market rate—which it applies, by the way, most frequently to the most defenceless classes. The House of Commons has repeatedly ordered that the Government shall be not the average, still less the most niggardly, but a “good” employer. It should, irrespective of the lowest price at which it could engage labour, seek in principle to prescribe the conditions under which the work will be best done, and under which its employees will be able to lead the best lives. But so long as less than 10 per cent of the working population are in the public service, national or municipal, it would be unreasonable for the Government, and it would not be tolerated by public opinion, to have, in prescribing the conditions of the Government service, no regard whatever for the Standard of Life commonly accepted as suitable and desirable by the nation at large, or—to put the argument in another way—for the Standard of Life which the nation’s productive resources allow to be provided for the whole community. The Government, as employer, ought constantly to lead all private employers ; but it cannot, in fairness to all the other employees, be too far ahead of the mass.

¹ On the other hand, it is inexcusably illogical that Postmaster-Generals should urge as a reason for not granting an increased wage—as Mr. Hobhouse did—that the Post Office was that year making less profit than usual !

(b) *The Customers of the Post Office have no Claim to the Post Office Profits*

Nor have the customers of the Post Office—who are, in a very real sense, the entire community—any valid claim to have the Post Office profits frittered away in lower charges to themselves individually. The annual surplus of the Post Office comes largely from its national unity and legal monopoly. If it did not exist, and if the services that it renders had to be performed by a crowd of capitalist competitors, working against each other for profit, the duplication of rival plants and staffs, and the increased cost incident on dividing the letters to be carried among scores of competitive enterprises, would constitute a heavy charge on the customers. What is saved by the unity and monopoly, which the community as a whole creates, is fairly the property of the community as a whole, not of any individuals within it. Moreover, the Post Office surplus is of the nature of a net profit earned by the actual production of utilities, which every purchaser regards as worth at least the price charged for them. Why, by reducing the charge, at a moment when the Government has to find so much money, should we make a free gift to all users of the Post Office, not in proportion to their means, but—it might almost be said—in the inverse ratio of their means? The use of the Post Office is—beyond an exceedingly tiny minimum—not only legally but also practically optional. No one is forced, even by circumstances, to send more than a few letters a year. There is a case for keeping down postal rates for the commonest services, and those used by the poorest, to such popular prices as a penny or a halfpenny. Beyond that point, the only practical advantage from any reduction would accrue to those who make an extensive use of the postal services, that is to say, either business concerns or well-to-do private persons. Thus, whilst in fixing postal rates, some regard must, of course, be had to the actual cost of the service, attention has mainly to be directed to the utmost possible increase in the

What Increase of Revenue can be got by Post Office 47

amount of service that can be rendered. Broadly speaking, postal charges ought to be fixed—without, on the one hand, departing from such uniform popular rates as a halfpenny or a penny, and without, on the other, throwing away a profitable income—so as to produce the largest possible aggregate net revenue. There is seldom a case in which a change that leads to any considerable increase in aggregate postal receipts does not, within a very short time, result also in an increase of net profit—a net profit which, as every one gets full value in exchange for his stamps, can hardly be deemed to involve any taxation at all !

X. WHAT INCREASE OF REVENUE CAN BE GOT BY THE POST OFFICE, AND WHAT IS THE ALTERNATIVE

No one can estimate with any accuracy by how much the present Post Office gross receipts of £32,000,000, and its present net profit of £6,000,000 could be increased, either promptly or eventually, by the adoption of any or all of the above reforms. Increase of business involves an increase of staff ; and care would have to be taken not to augment the burden of work on those postal servants whose energies are already fully taxed. In seeking to improve the load factor we must not ignore the human element. But making all necessary allowances, it can scarcely be doubted that a considerable development of Post Office revenue is practicable. Twenty years ago the gross receipts of the Post Office were only half what they now are ; and its net profit was only half what it is now. We are putting it moderately when we suggest that, with very little immediate capital outlay, the present net profit could, in a few years, be doubled—equal to an addition to the capital value of the undertaking of £100,000,000 ; and, what is more relevant to the Chancellor of the Exchequer, to an additional annual revenue of £6,000,000—more than twice the amount yielded by the Supertax when it was first brought in to meet a deficit.

There are those who shrink from such an extension of the Post Office services, popular though this would be ; they dislike the competition which they think it would create with those who are at present "getting a living" by imperfectly rendering similar services ; they instinctively resent any new opportunities for profit-making slipping out of private hands. To such persons—including, especially, the bankers and the Stock Exchange—we would say, "Take your choice." Do not rashly be induced to back up those who have obstructed every Post Office reform. The money must be found. *There is always the alternative of putting another threepence on the Income Tax.* Would it not be better, both for you personally and for the nation, to let the Post Office actually "produce" this sum without any person being even a penny the poorer ?

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The Fabian Research Department—contd.

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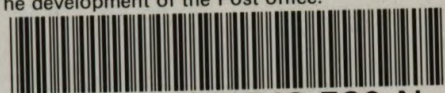
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