

Periodical Distribution

Postal Issues

In the years preceding the Civil War, different types of printed matter were handled in different ways by the Post Office. Newspapers had always been recognized for their value in promoting democratic discourse, and this implicit recognition of their social benefits led to preferential postal handling and subsidized postage rates. Books, on the other hand, were heavy and expensive to carry, and were prohibited from the mail altogether in 1814 by the judgmental Postmaster R.J. Meigs who complained that the post was “overcrowded with novels and the lighter kinds of books for amusement” (Quoted in Fuller, 119).

As a sort of hybrid between books and newspapers, magazines may have received the most inconsistent treatment. For a short time after the Revolution, magazines weren't accepted by the Post Office, and when they were, in 1792, magazine postage was priced dramatically higher than newspaper postage. Magazine postage was subsequently reduced, in 1794, but not by much. In 1800 it cost eight cents per copy to mail a magazine more than 100 miles—more than five times the cost of a newspaper sent the same distance. (Mott I, 119ff)

Postal reform came in stages throughout the 19th century, as various Postal Acts revised costs and policy. Eight of these—those of 1825, 1845, 1851, 1852, 1863, 1874, 1879, and 1885—had significant impact on magazine publishers. The most important was the Act of 1879, which shaped second-class postage into a form that has remained generally constant for more than 125 years.

As the table below indicates, the overall trend in the first half of the 19th century was toward postage decreases in all categories of mail and a general convergence of rates as well. Of course, the trend didn't necessarily mean that a magazine's publisher or subscribers were happy with the cost of postage at any given moment.

It's worth noting that throughout the first half of the 19th century newspapers were entitled to exchange privileges; that is, editors were permitted to send copies to one another postage-free. This gave even the smallest rural newspapers the opportunity to receive (and transmit) news—a simple method of ensuring widespread dispersal of information in the days before telegraphs or syndicates. It was a wonderful system, with a democratizing effect unique in the world at the time.

Postage per Piece Sent 500 Miles: 1784-1863

Act Of	Letters ^A	Newspapers	Magazines ^B
1794	\$ 0.2500	\$ 0.0150	\$ 0.0800
1825	0.2500	0.0150	0.1750
1845	0.1000	0.0150	0.0750
1851 ^C	0.0600	0.0058	0.0300
1852 ^C	0.0600	0.0050	0.0200
1863	0.0300	0.0038	0.0200

Notes:

A: Until 1845, priced per sheet. After 1845, priced per half ounce

B: Based on six ounces per copy

C: Rates listed for newspapers and magazines in 1851 and 1852 required prepayment

From Kielbowicz (1986)

Between the end of the Revolution and the beginning of the Civil War, the Post Office Department wrestled with three significant challenges in regard to magazines. First was how to classify them—specifically, how to differentiate magazines from newspapers. Second was how to collect the postage due on subscriptions. Third was to how to handle the growing volume of circulars and other marketing material often disguised as periodicals.

The rate differential between magazines and newspapers gave magazine publishers great incentive to disguise their publications as newspapers, especially after the Postal Act of 1825 doubled postage for magazines from eight to 17.5 cents per copy with no increase for newspapers. At 16 cents per copy the postage difference between newspapers and magazines was too big to ignore.

Avoidance tactics and methods of camouflage varied. *Niles' Weekly Register*, for example, found an agreeable postmaster who classified the publication as a newspaper simply because it contained news. Some magazines added a few columns of news or commentary to bolster a case for lower rates. Others altered their appearance to resemble newspapers. The subterfuges were clear to postal authorities and to Congress. One legislator referred to *Brother Jonathan* magazine as a “specimen of the abuse.” (Quoted in Kielbowicz, 1989, 129) (Kielbowicz, 1986).

The Post Office spent five decades following the Act of 1825 trying to define the difference between magazines and newspapers, which proved to be like counting angels on a pin and about as easy. A satisfactory distinction was never reached. The Act of 1845 based classification on format; that is, postal authorities defined newspapers, magazines, and pamphlets by their appearance and type of contents. The Postal Laws and Regulations stated:

A newspaper is defined to be any printed publication issued in numbers, and published at stated intervals of not more than a month, conveying intelligence of passing events. It generally consists of a sheet, but may be composed of two sheets, of paper. In such case, it is chargeable with only single newspaper postage; provided the two sheets, in

the aggregate, do not exceed nineteen hundred square inches. If it exceed that superficial amount, it is to be rated as a pamphlet...

A pamphlet is a small unbound printed book. A magazine is a pamphlet published periodically, in numbers, containing articles on science, literature, politics, news, &c, &c. (Quoted in Kielbowicz, 1989, 137)

The distinction in rates implied that newspapers were more deserving of subsidy, and therefore more important, than other periodicals. Naturally, magazine publishers took offense. Following the Postal Act of 1845, the *New Englander* asked, "Are newspapers exclusively useful in their way? Are they more useful than books? Or more useful than periodicals in other forms? . . . What good reason is there for giving these privileges to the publishers of the *Courier* and *Inquirer* and withholding them from the *American Review*?" (Quoted in Kielbowicz, 1989, 130)

A problem almost as challenging to the Post Office Department was collection of postage for subscriptions. By long tradition this had been paid by subscribers on receipt, requiring local postmasters to keep accounts, administer regulations, and generally bear the burden of enforcement, which in practice was sporadic. The majority of subscribers never paid, and most subscription postage went uncollected, despite incentives that allowed local postmasters to keep as much as half of what they could collect (Kielbowicz, 1986 ; Fuller, 1972). Postal historian Wayne E. Fuller wrote:

Postal officials discovered that collecting postage on these publications was like dipping water with a sieve. Somehow the postage due on second-class matter never found its way back to the department. An estimate made in 1874, for example, showed that more than 500,000,000 copies of the 5,871 newspapers and periodicals published in the nation in 1870 passed through the mails from 1869 to 1870. The total postage on these publications, even taking into account the papers that went free, should have been something over \$2,000,000. Instead, the department had collected just slightly more than \$800,000. (131)

The solution, obviously, was to collect postage at the time periodicals were entered into the mail, but publishers were understandably reluctant to absorb the cost, despite significant prepayment discounts granted in the Post Office Acts of 1851 and 1852.

Faced with unhappy magazine publishers, an enormous collection problem, and increased volume of circulars and other direct mail, the Post Office attempted in 1863 to simplify the rate structure for printed matter, enhance collection of periodical postage, and define clearly the difference between periodicals and circulars. This Act divided the mail into classes for the first time: first class for letters and other personal correspondence, second class for newspapers and magazines, and third class for books, circulars, and other material. (Scheele)

Unfortunately, the Act of 1863 had little impact on the collection problem. The Post Office—to put it mildly—continued to take a beating on second-class mail, and as volume increased, the problem grew worse. (Kielbowicz, 1986 ; Fuller)

If collection was the Post Office's primary goal, cost reduction was the publisher's. These objectives were not irreconcilable. So little money was being collected that the Post Office could gain revenue by requiring prepayment at almost any rate. One postmaster general, John W. Munday, argued to Congress that administrative costs associated with collecting postage from subscribers, and the fact that so little postage was actually collected, made it likely that the Post Office could actually save money by transporting second-class mail for free. (Kielbowicz, 1986)

A complete overhaul of the second-class system was begun in 1873 and completed in 1879. Motivation came from an unlikely source—the readers themselves.

In 1873, Congress eliminated free delivery of newspapers in their counties of publication, a policy that had helped protect rural papers from urban competitors. Now that they were required to pay to receive their local papers, readers began to see the benefit of having all publishers prepay postage. Citizens from more than a dozen states petitioned Congress to require that publishers pay for delivery.

With a collection problem of enormous proportions on one hand, and an increasing number of citizens advocating publisher prepayment on the other hand, Congressman Joseph Cannon of Illinois introduced a bill requiring publisher prepayment. He later wrote:

[Publishers] brought pressure to bear to defeat my bill and complained that it was a great injustice to them. They did not like having the cost transferred from the subscriber to the publisher. They said they could not increase the cost of their publications to the subscribers, and if they paid the postage they would lose money. I was satisfied that when the subscribers were relieved of the petty annoyance of paying postage every quarter they would not object to having the postage added to the subscription price. It has worked out that way. (Quoted in Kielbowicz, 1986, 10)

It worked out that way, at least in part, because Congress granted publishers a concession they had wanted for some time: postage rates based on weight, not on a cost per piece. Charging by the pound greatly reduced costs to publishers. Passed on June 23, 1874, the Postal Act of 1874 set costs at two cents per pound for newspapers and three cents per pound for magazines. The free in-county privilege was reinstated.

Then, five years later, the Act of 1879 finally eliminated the distinction between newspapers and magazines, and granted second-class privileges (and the two cents per pound rate) to any periodical with four distinguishing characteristics. To qualify for second-class status a periodical had to be:

1. Published at regular, stated intervals,
2. Entered into the mails from a known office of publication,
3. Made of printed paper without a book-like binding,
4. And finally, in the words of the Act, it had to be “published for the dissemination of information of a public character, or devoted to literature, the sciences, arts, or some special industry, and having a legitimate list of subscribers” (Quoted in Kielbowicz, 1986, 15).

As adopted by Congress on March 3, 1879, this definition of a periodical has proved remarkably enduring. Today's regulations are largely the same.

The Act of 1879 also created a fourth class of mail, which did much to clear up lingering confusion. This four-class system reserved first class for letters, second class for periodicals, third class for bulk mail, including circulars, and fourth class for books and other parcels.

It can hardly be overstated how important the relatively simple changes brought about by the Postal Act of 1879 proved to be. First, the act made formal a principle that had been implicit in postal policy up to that point: that social benefits resulting from the dissemination of knowledge were a key

part of the Post Office's charter, and that this charter embraced magazines as well as newspapers. Fuller wrote:

The postal service was now referred to again and again as the great educator of the nation, and as the terms of the legislation suggested, an educator not only of political affairs but of science, literature, art, and industry as well. (134)

More importantly, reduced rates created new opportunity for the periodical industry—not surprisingly, considering the dramatic decline in cost delivered by the new rate structure. A typical six-ounce magazine would have cost four cents to mail at the 1852 rates if not prepaid, or two cents if prepaid. At the new rates, the cost was three quarters of a cent. Publishers who had been prepaying received a 67 percent reduction in postage costs. Those who hadn't been prepaying were now obliged to eliminate a significant cost to their readers: a beneficial change that lowered price barriers dramatically, made subscriptions affordable to a much larger potential audience and more convenient to receive, and eliminated a major obstacle to circulation growth.

Involvement of industry representatives as the 1879 proposals were developed set an enduring precedent. This pattern was retained in future postal acts, and expanded as lobbying groups like the American Society of Newspaper Editors emerged later in the 19th century (Kielbowicz, 1986).

In 1885, periodical rates were further reduced, to one cent per pound. At this time the Post Office was showing its first surpluses since the Civil War: a \$1.2 million surplus in 1882 and a \$2.1 million surplus in 1883. This undoubtedly made rate reduction more agreeable to Congress. The 1885 postage reductions were made across the board in all classes: first-class postage was reduced from three cents to two cents per letter, and the weight limitation on letters was raised from a half ounce to an ounce. This undoubtedly made the reductions more agreeable to the public. (Scheele ; Fuller)

The results of the 50 percent reduction in 1885 were a virtual explosion of mail in all classes, not least in second class. Total weight of periodicals transported in 1881 was about 70 million pounds ; the total weight of second-class mail in 1895 was 4.5 times higher: 315 million pounds. (Fuller) This unprecedented increase allowed Postmaster T. L. James to proclaim:

The constant tendency of our postal system has been toward the extension of privileges of the mails in every branch of correspondence and every form of literary production. Its facilities made possible the cheap publication of newspapers, and later on standard works of literature by placing upon all periodical popular reading the lowest rate of postage ever known in a civilized land. (Quoted in Fuller, 147)

Newsstand Distribution

Postmaster James's justifiable pride notwithstanding, many readers—the majority, in fact—chose not to receive periodicals via subscription. Starting around mid-century, single copy sales began to account for significant circulation volume. In 1870 approximately 1.5 billion periodicals were printed in the United States. Of these, 500 million were mailed. Of the balance, approximately 726 million were daily newspapers, delivered primarily via carriers and newsdealers. The remaining 280 million periodicals, mostly magazines and weekly newspapers, were sold as single copies at newsdealers and other retailers. (Kielbowicz 1986)

Newsdealers had existed from the beginning of the 19th century. Most were booksellers who carried periodicals, pamphlets, and other material as well as books. In 1804 Charles Brockden Brown was able to find dealers for his *Literary Magazine and American Register* in 11 American cities: Boston, Hartford, New Haven, Albany, Philadelphia, Baltimore, Richmond, Alexandria, Norfolk, Charleston, and Savannah. (Tassin)

The number of newsdealers grew rapidly. As late as 1843 the Dexter agency was able to sort its entire stock of periodicals on a single ordinary pine table. But 14 years later, in 1857, there were an estimated 1,500 newsstands in the United States. (Noel)

Around mid-century, express companies specializing in periodicals began to play a more prominent role in magazine sales. These distributors began to consolidate as their business expanded. One company, A. S. Tuttle, acquired and combined several smaller newsstand agencies in 1856. Within ten years it had been acquired by a larger newsstand conglomerate, the American News Company, which formed in 1864 when two large periodical distributors, Ross & Tousey and Dexter, Hamilton & Co., merged. (Mott II ; Kielbowicz 1989)

Tousey, the new company's president, was born in 1816. He worked as a farmer, clerk, newspaper carrier, and newspaper publisher until 1853, when he became partner in, and eventually sole proprietor of, Ross & Tousey. Tousey was an ardent abolitionist and Republican, and took an active interest in philanthropic schemes and organizations. By 1857, Tousey had built Ross & Tousey's revenue from \$150,000 to \$1 million. By 1859 the company was handling 800,000 copies of periodicals per week. (Wilson and Fiske ; Noel)

Under Tousey, American News grew like Topsy. In 1868 the firm's revenues were \$4 million. By 1878 the company had established branches in more than 20 cities, including San Francisco, New Orleans, and Montreal. By the end of the 19th century annual sales were about \$15 million, and the firm served approximately 13,000 individual dealers, booksellers, and stationers in the United States and Canada. The company's motto was, "The American News Company takes the whole edition of nearly all the leading periodicals," which was an exaggeration, though in some cases not a large one. (Norris ; American News Company, 1944)

In 1872, American News acquired the Union News Company, a chain of newsstands originally established to sell reading material to New York railroad passengers. As it expanded throughout the country, Union News gave its parent company an increasingly dominant presence in magazine retailing as well as distribution. (Peterson, 91ff)

Among the periodicals distributed by the American News Company or its predecessors were *Godey's Lady's Book*, *Scientific American*, *Harper's*, *Harper's Weekly*, and *Scribner's*. The company had exclusive distribution rights to *New York Weekly*, *Family Story Paper*, *Fireside Companion*, and the New York

Ledger. American News also distributed dime novels for many of the major publishers. (American News Company, 1930 ; Noel)

Many publishers blamed the popular New York *Ledger's* publisher, Robert Bonner, for enabling creation of this virtual monopoly by agreeing to an exclusive contract. It is true that the period of the *Ledger's* greatest circulation growth, 1857-1859, coincided with an increase in the number of American newsstands from 1,500 to 3,000. (American News Company, 1930 ; Noel)

American News performed at a national level the functions handled by periodical wholesalers today: that is, the company received magazines from different publishers, sorted and prepared shipments of mixed magazines to retailers, and dispatched those shipments to their destinations. American News also made partial payment in advance of sales, a service greatly appreciated by publishers, then as now.

American News purchased magazines and books at wholesale prices, which were negotiated with each publisher, and selling them to retailers at a higher price, leaving enough margin between the retailer's cost and the cover price for the retailer's profit. Smaller magazines usually sold to American News for 50 percent of the cover price. Magazines with larger sales were able to charge a higher percentage of the cover price. Unsold copies were returned or destroyed, and deducted from the publisher's total receivable. (Mott II)

Because of its dominant position in the retail market, American News profited at both the wholesale and retail level. Because the company could dictate titles distributed to its Union News subsidiary, it enjoyed significant leverage in publisher negotiations. (Peterson, 92)

To some extent, the economics of the system were revealed in the well-publicized conflict between American News and *Munsey's* magazine in 1893. When Munsey lowered the cover price of his magazine to 10 cents, American News declined to pay 6.5 cents per copy, offering 4.5 cents per copy instead. Munsey prevailed in the end, which suggests that 3.5 cents per copy, or 35 percent of the cover price, was sufficient to cover distribution costs and retailer profits, and perhaps even leave some margin for American News. (Norris)

American News survived the incident, and continued to dominate the U.S. single copy sales well into the 20th century. By 1950, the company had diversified into restaurants, drugstores, barbershops, and numerous other activities, and held a highly influential, if not controlling, position in book distribution and magazine importing and exporting. (Peterson, 91)

But it was too much of a good thing. In 1952 the Department of Justice filed suit under the Sherman Anti-Trust Act, and the company signed a consent decree in 1955. In 1957 American News left the business of national magazine distribution, after almost a century of dominance. (Peterson, 92f)

Growth of the Railroads

The factor that enabled continuously declining distribution cost in 19th-century America was dramatic expansion of the railroads between 1830 and 1900.

Although there were only about 23 miles of railroad in the United States in 1830, the industry grew rapidly. There were about 2,800 miles of railroad by 1840, approximately 9,000 by 1850, and 31,000 by 1860. By 1870 this had increased to about 53,000, growth of 70 percent despite the intervening Civil War. Railway mileage grew another 75 percent, to about 93,000 in 1880. By 1890 the United States had 128,000 miles of track, and had added another 70,000 by the turn of the 20th century. (Presbrey ; Norris ; Ohmann ; Wikipedia "Rail")

U.S. Railroad Track Miles

Year	Miles
1840	2,800
1850	8,942
1860	31,000
1870	52,575
1880	92,704
1890	128,943
1900	198,720

Freight capacity increased commensurately. Railroads carried 148 million pounds of freight in 1870. By 1890, railroad freight had grown four-fold, to 593 million pounds. The Post Office was quick to take advantage of this rapidly-expanding capacity: in 1840 mails were carried about 3.8 million miles by rail and steamboat. By 1859 that figure had grown to 31.6 million miles (Norris ; Presbrey)