**PURPOSE**
Illustrate the evolution of the Postal System from the complicated **POSTAL ACT OF 1792** to the first day of the **POSTAL ACT OF 1883** when the postage was a simplified, low-cost, nation-wide rate. This simplification resulted in the dramatic reduction in the **Effective Cost** of postage.

**SCOPE**
The exhibit applies to personal and business **Domestic Letter Rates** and the economic and social aspects of postal communications. It does not include the Postal System of the Confederate States or tangential topics such as registration, circulars, newspapers, packages, or other similar items.

**PLAN**

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**HISTORICAL CONTEXT**
From 1792 to 1883, the U.S. experienced significant population growth, dramatic territorial expansion, and a major increase in business activity. Although this time frame is slightly more than ninety years, wages increased at a remarkably low rate. However, postal communication became affordable almost exclusively due to the dramatic reduction in the postage rate and not the insignificant increase in wages.

**ECONOMIC ANALYSIS**
The **Effective Cost** for postage uses the **Average Daily Wage** for a Textile Worker in New England.

| Average Daily Wage for Textile Worker in the New England Area of the United States |
|----------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| 1790 | 1800 | 1810 | 1820 | 1830 | 1840 | 1850 | 1860 | 1870 | 1880 | 1890 |
| $0.48 | $0.50 | $0.50 | $0.50 | $0.54 | $0.49 | $0.55 | $0.55 | $0.55 | $0.79 | $0.79 |


**SIGNIFICANT ITEMS, POSTAL, AND ECONOMIC OR SOCIAL COMMENTS**

<table>
<thead>
<tr>
<th>Significant Item</th>
<th>Postal or Philatelic Remark</th>
<th>Economic or Social Remark</th>
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<tbody>
<tr>
<td>Matted with an Additional Red Border</td>
<td>Postal Rate or Philatelic Comment</td>
<td>Effective Postage Cost or Social Comment</td>
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**Description of Significance**

**Description of Attribute**

**Days of Labor or Comment**
Introduction

ESTABLISHMENT of the U. S. POSTAL SYSTEM

After the 1783 TREATY OF PARIS established the United States as an independent country, but prior to the POSTAL ACT OF 1792, the new nation provided postal service using the pre-revolutionary postal rates and coinage of Great Britain.

Congress created the U. S. Mint by the COINAGE ACT OF 1792. The POSTAL ACT OF 1792 created postal zones with corresponding letter rates based on distance and the number of sheets of paper in the correspondence.

SPANISH 8-REALE COIN
The Pillar Dollar

MINT DATE: 1802

PREVAILING CURRENCY and the INITIAL DOMESTIC POSTAL RATES

Initially, the United States did not have its own currency or coinage, and economic activity involved using available coinage from various sources. A common coin was the Spanish 8-Reale that became the basis for the United States Silver Dollar. The coin could be literally cut into pieces to create currency of lesser value. A 2-Reale coin, or an 8-Reale coin that was cut into fourths, was the value of the future U.S. Quarter. A 1-Reale coin was the value of 12-1/2 Cents and was called a “bit” which inspired the expression that a quarter is worth “two bits.” A Half Reale was equal to 6-1/4 Cents. The values of these coins were the source of several postal rates of the POSTAL ACT OF 1792, and subsequent ACTS until 1845.

The rapid growth of the U.S. economy exceeded the output of the new Mint. Some financial institutions issued fractional currency notes corresponding to the fractional values of the dollar. These denominations may seem unusual today, but they were perfectly suited to the conditions from 1792 into the late 1830’s.

PRE-FEDERAL RATE

1788 Folded Letter Sheet
Norfolk, Virginia to Philadelphia

September 18, 1788. Norfolk, Virginia to Philadelphia. 340 Miles
Postal Rate: 4 Pennyweight, Distance Over 300 Miles Up To 400 Miles

SPANISH 8-REALE COIN

The Pillar Dollar

MINT DATE: 1802

Fractional Currency
September 23, 1816
12-1/2 Worthington House

Worthington House Worthington, Ohio, September 23, 1816 1/8 Dollar