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STANDARDIZING THE SIZES OF MAIL

GOVERNMENT

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(PART II)



HEARINGS BEFORE THE COMMITTEE ON POSTAL RATES OF THE COMMITTEE ON OFFICE AND CIVIL SERVICE USE OF REPRESENTATIVES

NINETIETH CONGRESS

SECOND SESSION

ON

H.R. 14029

A BILL TO FIX ADDITIONAL POSTAGE CHARGES FOR CERTAIN
NONSTANDARD MAIL, AND FOR OTHER PURPOSES

FEBRUARY 28; MARCH 20, 28; APRIL 2; JULY 16, 17, AND 30, 1968

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STANDARDIZING THE SIZES OF MAIL

WEDNESDAY, FEBRUARY 28, 1968

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON POSTAL RATES OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee was convened at 10:10 a.m. in room 210, Cannon Building, Hon. Arnold Olsen (chairman) presiding.
(The bill, H.R. 14029 is as follows:)

[H.R. 14029, 90th Cong., first sess.]

A BILL To fix additional postage charges for certain nonstandard mail, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 69 of title 39, United States Code, is amended—

(1) by adding at the end thereof the following new section:

“§ 4656. Nonstandard mail

“(a) Each piece of nonstandard airmail or of nonstandard mail of the first class, weighing not more than two ounces, is subject to an additional postage charge of 2 cents a piece.

“(b) As used in this section, nonstandard mail means mail which does not conform to all of the physical characteristics of standard mail as defined by the Postmaster General in accordance with law.”; and

(2) by adding to the table of contents thereof the following:

“4656. Nonstandard mail.”

SEC. 2. (a) The Postmaster General is authorized and directed to conduct a comprehensive study of the physical characteristics of mail handling in the postal service, including among other matters—

(1) a review of present and anticipated mailing patterns which have or may have an effect on present or future plans of the Post Office Department for accelerated use of the processes of automation and mechanization in connection with the handling of mail;

(2) a survey of the types of mail processing machinery currently in use in order to determine (A) their capabilities, (B) their suitability to serve the needs of the mailing public, and (C) their potential for improved efficiency and greater adaptability to use in the processing of a broader range of mail matter;

(3) a review of research and development programs, in the Federal Government and in private enterprise, which are directed toward, or may be utilized in the development or improvement of machinery suitable for expeditious and efficient mail processing, with particular reference and attention to the potential for optimum use and performance of machinery in the processing of mail matter of a variety of sizes, dimensions, and other characteristics sufficiently broad to serve the mailing needs of the general public;

(4) a review of the concept of establishing size and dimension limits and other physical characteristics with respect to mail matter, in connection with the processing thereof by automation and mechanization, as well as with the delivery thereof, in order to determine whether and to what extent there are practicable and reasonable size and dimension limits with respect to mail which can and should be established in the public interest;

(5) the development and collection of comprehensive information and evidence with respect to the impact of mail size and dimension limits on (A) the users of the mails generally, (B) the various segments of business and commerce, and (C) postal operations; and

(6) the feasibility of adopting size and dimension limits and other physical characteristics with respect to domestic mail matter consistent with those which are in effect, or which have the status of executory propositions, under the Convention of the Universal Postal Union.

(b) The Postmaster General shall publish in the Federal Register his findings made as a result of the study conducted pursuant to subsection (a) of this section and shall include therein proposed regulations defining standard airmail and standard mail of the first class. Thereafter proceedings shall be had on such proposed regulations pursuant to section 553 of title 5, United States Code, except that standards prescribed pursuant to this section shall not become effective until at least two years after the date the regulations in which they are set forth are published in the Federal Register and transmitted to the Congress by the Postmaster General.

Mr. OLSEN. The subcommittee will come to order. This morning the subcommittee is resuming its hearings on the subject of standardization of mail sizes. At the initial hearing on this subject, held in November of last year, the subcommittee heard testimony from officials of the Post Office Department. Today, and at subsequent hearings, we will hear from those industries which would be affected by the passage of any legislation in this area.

However, before hearing from today's witnesses, I think it would be wise, in view of the amount of time that has transpired since the November hearing, to review the testimony given by the Department at that time.

The departmental witnesses indicated that, in their opinion, there are three areas involved in the discussion of mail size standardization: domestic first class and airmail; international letter mail; and third-class bulk mail.

To deal with the problem of nonstandard-sized domestic letter mail, the Post Office recommended legislation that is incorporated in H.R. 14029, which was introduced, at the Department's request, by several subcommittee members and myself. H.R. 14029 would establish a procedure that would define standard letter mail and would assess, some 2 years after the formal publication of that definition, a penalty postage rate to be charged on nonstandard first-class mail and airmail letters of 2 ounces or less.

In the matter of international mail, the Department proposed that the characteristics of domestic mail be checked against the pending characteristics of international mail. If the two are similar, there may be an opportunity to blend them into a single standard. However, it was pointed out that the ratio between domestic and international mail is 35 to 1, and that conformity to international requirements, taking into account this lopsided ratio, would hardly be fair to domestic mailers.

Provisions for standardization of third-class bulk mail were absent from the Department's recommended legislation. The Department apparently feels that adjustments in this area can be made without the enactment of any specific legislation. Witnesses for the Post Office dwelt at some length on the problems they are experiencing with samples at the delivery end. However, I am confident that the subcommittee will hear testimony today in rebuttal to this contention.

Finally, I want to again emphasize, as I did in the November hearing, that these hearings are of an exploratory nature. H.R.

14029 was primarily introduced to establish a starting point from which the subcommittee, the Post Office Department, and the mailing industry could work together toward a solution to at least one of the major problems besetting the postal service.

Now, the first witness is Mr. James T. Cassidy, chairman of the board of Cassidy-Richlar, Inc. Mr. Cassidy, you have a gentleman with you?

Mr. CASSIDY. Yes. Mr. Blinsinger.

Mr. OLSEN. Fine, We are glad to have both you gentlemen.

TESTIMONY OF JAMES T. CASSIDY, CHAIRMAN OF THE BOARD, CASSIDY-RICHLAR, INC.; ACCOMPANIED BY EDWARD BLINSINGER, PRESIDENT, CASSIDY-RICHLAR, INC., PHILADELPHIA, PA.

Mr. CASSIDY. My name is James T. Cassidy. I am chairman of the board of Cassidy-Richlar, Inc., of Philadelphia, and president of the Advertising Distributors of America, Inc. If I may digress for a moment, it is a group of independent mailers, each one of whom owns their own shop throughout the country who cooperate on national mailings and the way this mailing is done is determined by the board of directors of Advertising Distributors of America, of which I am the president.

We have asked for time before this committee in order to present the direct mail industry's approach to mail samples. In order that you might more fully understand, we have used a current mail sample job being performed by Cassidy-Richlar, Inc., for the Scott Paper Co., of Philadelphia, Pa.

This is a sample of the mailing that we are using to illustrate various points. We feel it necessary to acquaint you with our client's reasons for mailing in a format that would definitely impose handling problems on the post office.

Inside this mailing tube are six sheets of a new two-ply towel. In researching methods of mailing samples of towels to consumers, it was noted that the bulk of the product was materially reduced when the mailing was made in a flat mailing carton approximately the size of a single sheet of toweling. The bulk of the product was its principal asset over competitive products, and the client felt that if the product could not be delivered to the consumer with the bulk intact, it would be unnecessary to sample. Protective covering to protect the bulk was quickly judged impossible in any container that would be flat and tied and bagged in the normal mail delivery.

The answer to the problem, a mailing tube [indicating]. Research indicated products mailed in this tube retain their bulk and are acceptable as a sample mailing device. The handling in mailing such a tubular device represents greatly increased costs to the Post Office Department. We do not argue this point. We agree. Your answer to this problem is an increase in postage. To this answer we do not agree. We feel that to increase postage to cover the cost of handling such a mailing piece would prohibit for all times sample mailings that encounter the problems discussed above.

We do feel, however, that we have an answer to the problem, a simple effective answer; an answer that, under existing postal laws

and regulations, in our opinion, is mandatory now. The postal laws and regulations state that the receiving postmaster may request cooperation in the makeup of any large mailing, including samples, that will affect efficiencies in handling and an efficiency in cost reduction.

To prepare for the mailing of this sample, our organization and the client went to the Philadelphia Post Office and sat down with Mr. Anthony Lambert, the postmaster of Philadelphia. We frankly discussed with Mr. Lambert the research, its results, and the potential problems that it could bring to the Post Office Department.

After intensive discussion, Mr. Lambert assigned a team of individuals from the Philadelphia Post Office and the regional center to immediately begin a series of meetings and discussions in view of circumventing the tremendous cost increase that would be borne by the Post Office Department in handling this sampling. In the course of the next 60 days, there were four meetings between the assigned postal personnel and the executives and production managers of Cassidy-Richlar, Inc. Scott Paper Co. was not involved, as they had given our organization carte blanche to cooperate to the fullest extent with the Post Office Department.

May I list a number of facts that were derived from those meetings. I will attempt to list them in the order of their importance.

1. The greatly increased cost in handling some 16 million of these samples [indicating] is not involved in the actual house delivery of the samples, but the tremendous handling and transportation costs involved in moving the samples from the receiving platform of the accepting post office, of weighing for protection of revenue, spot checking samples, the internal movement within the post office of acceptance to transportation facilities from the accepting post office to the regional center involving the post office of delivery, the rehandling at the regional center, the handling and rehandling at the main post office of delivery, the primary sort to the various stations of the post office of delivery, the secondary sort to the carrier of delivery, and the casing of the mail by the carrier that would actually make the home delivery.

2. Any substantial saving to the Post Office Department had to be made from the point of acceptance of mailing to the point of actual home delivery.

3. Any change in the standard procedures would have to primarily involve postal transportation and protection of revenue.

4. A method to facilitate the handling of samples other than mailbags.

5. Cassidy-Richlar's coverage to the post office of delivery had to be predetermined for efficiencies of transportation.

May we now list efficiencies that were inaugurated because of the above five points, and also attempt to convey to you the meaning for each move.

1. We eliminated the tying of samples and the bagging in mailbags. We substituted a mailing carton with a legend on both sides (holding up sample). This carton was engineered to accept exactly 300 of the mailing tubes. More could not be physically put into the carton, and less would be immediately apparent.

By this method, we reduced 8 million samples to 26,667 mailing cartons. In predetermining exactly 300 units to a mailing carton, we

eliminated the need and the inefficiencies of weigh-count of the mailing for the protection of revenue. The post office employees accepted the 300 per carton counting and received postage for those amounts without any handling, rehandling, checking of samples or loading and unloading.

2. Cassidy-Richlar submitted to the Philadelphia Post Office a list showing the quantities of mailing in each post office of delivery by ZIP code. The Philadelphia Post Office, in turn, rearranged the sequence of this list. This rearrangement was in units of 300 cartons, 90,000 samples, and the sequence was submitted to Cassidy-Richlar with a floor plan to load 300 cartons into a tractor-trailer in the correct delivery order.

3. The above steps alerted the Philadelphia Post Office with the number of tractor-trailers necessary to transport any given number of samples from the Cassidy-Richlar platform directly to the post office of delivery; in most instances in multi-ZIP code cities directly to the station involved in the home delivery.

4. The post office with the above information was able to receive a number of bids by common carrier to effect this delivery. In every instance, the contract was awarded to the lowest bid, usually piggy-back by rail car to the metropolitan market being sampled. This eliminated completely the tremendous load on the post office of receiving. It eliminated all handling and rehandling of this mail within that post office. The samples were cartoned, placed on tractor-trailers, and were not touched until the post office or station of delivery unloaded the samples and delivered them directly to the carrier that would effect the home delivery.

The savings effected by the cooperation shown above were staggering. The Post Office Department itself is in a better position than we are to inform you just how efficient these methods are. A side benefit—the actual cost of handling this mail sample is easily arrived at. The bid by common carrier, the time of two postal employees to check the mail in our plant and the time to unload and direct delivery to the carrier and whatever percentage of the carrier's time in making actual home delivery represents the sum total of the cost, departmentwise, of this mailing.

To sum up, we are saying very simply that close cooperation between the post office and major mailers will effect a staggering savings in the handling of mail samples. The savings in cost could be steadily improved as increased efficiencies would come about by such cooperation.

Upon analysis, the Post Office Department may find that even with such efficiencies that the postage charged the sample mailing is adequate, but regardless of whether their analysis shows the present postage structure to be adequate or inadequate, such cooperation, as described above, would tend to hold any penalty postage to a minimum.

I am the chairman of the board of our company, and I appear with the president of our company, Mr. Blinsinger. I consider Mr. Blinsinger an expert in the direct-mail business, and either one of us would be happy to answer any questions posed by the committee.

MR. OLSEN. Thank you very much, Mr. Cassidy. That was a splendid statement, and it explains to me why you dared bring that tube into the room.

Mr. CASSIDY. We are not afraid to bring anything into the room that we mail.

Mr. OLSEN. Of course not, but you know, when I got it in my office I thought, my golly, this is the worst example——

Mr. CASSIDY. I imagine you did.

Mr. OLSEN. So you have done a splendid job of explaining why you used that particular kind of tube and mailing carton.

Tell me, what is your experience with the housewives when you miss one of the houses?

Mr. CASSIDY. Well, you want to answer that, Ed?

Mr. BLINSINGER. Surely. We find that we get a tremendous amount of complaints if housewives are missed with samples or coupons or both. A number of years ago there used to be a method of feathering mailings, every other house or every third house, in order to meet budget figures. I think that this was dropped mostly because of the tremendous amount of complaints that were gotten from those consumers who had not received a coupon or sample.

Mr. OLSEN. I wanted that testimony because I recollect that when John Gronouski was Postmaster General, he kept track of the complaints concerning bulk third-class mail, and by far and away the complaints at that time were complaints that "my neighbor got the tube of toothpaste, or my neighbor got this, and I didn't get it."

Mr. BLINSINGER. That is correct.

Mr. OLSEN. Of course, since then it has changed. There has been a lot of publicity about third-class bulk mail that has been derogatory, and so the complaints, not against samples, but against third-class bulk, have greatly increased.

When you box these, 300 pieces to the carton, do you put the names and addresses in sequence?

Mr. BLINSINGER. We try in most instances. We maintain our list in the sequence of the carrier's case, and we attempt to place these into the carton in that sequence as closely as we can so that when it is sorted or when it is put into the case, it will follow the same procedure as the case does. As you know, a carrier will only carry enough pieces to go from the post office to the last stop before he picks up at a relay box.

We attempt to tell the post office of delivery that if a carrier can handle 70 pieces, then we will give them a week to do the entire mailing, and normally there are 325 stops in each carrier route. If 70 pieces represents a hardship, then 2 weeks, 35 pieces. We attempt to cooperate with the post office of delivery the same as we do at the post office of acceptance.

Mr. OLSEN. Do you have any knowledge as to whether or not they have a storage problem at the delivery station?

Mr. BLINSINGER. Normally they would not, sir; 300 in a carton represents a box about 2 feet high, 2½ feet long, and about 18 inches wide. This is very close to the quantity that each carrier would have to deliver on his route, and would represent the only storage problem for approximately a week, a box that size, close to his casing.

Mr. OLSEN. Your organization handles many kinds of samples, I would suppose.

Mr. BLINSINGER. That is correct.

Mr. OLSEN. Do you try to space the interval when you would put out samples?

Mr. BLINSINGER. We attempt to, sir, and normally are able to work this out with our clients, and also with the post office of acceptance. Mr. Lambert, in Philadelphia, has been most cooperative. We attempt to notify each post office of delivery well in advance of the sample of the mailing so that we don't overwhelm the post office facilities.

Mr. OLSEN. And if some other mailer is mailing samples, you wouldn't want to overload the delivery post office with your sample on top of somebody else's?

Mr. BLINSINGER. That is correct, sir. We attempt to investigate in advance of any mailing to make sure that we do not hit another sampling. We also attempt to eliminate the mailing the first of the month, because of the heavy load of first-class mail. We make the attempt to get it in on a slack period, if that is the word, and not interfere with other samplings.

Mr. OLSEN. Thank you very much. Mr. Nix?

Mr. NIX. Thank you, Mr. Cassidy, for a very fine statement. I would like to know how these samples are addressed. Are they addressed "Occupant"?

Mr. BLINSINGER. Correct.

Mr. CASSIDY. Yes.

Mr. NIX. There is another thing that confuses me. It seems to me that the legislation concerns itself with nonstandard airmail, or with nonstandard mail, first class, weighing not more than 2 ounces. Am I correct in assuming this?

Mr. OLSEN. Yes, sir.

Mr. NIX. And I wanted to know whether or not you opposed the legislation.

Mr. BLINSINGER. I don't think you can say that we oppose the bill, sir. What we are attempting to show is that in third-class bulk mail, the need for restrictions in size and shape is not necessary, that I think that this legislation is put in because of mechanization in the future.

We feel that sample mailing, bulk mailings, can be accomplished without mechanization more efficiently.

Mr. NIX. What you are saying is that there are certain portions of the proposed legislation that you agree with, that you think there is a need for, but as to the third class, you are in disagreement. It is not needed.

Mr. BLINSINGER. I think that would be correct; yes, sir.

Mr. NIX. Let me ask you this. Assuming that the legislation became law, and with the period of time given before its effective date, wouldn't you then be in a position to accommodate your mailing practices to the requirements under the law?

Mr. BLINSINGER. I don't think totally, sir. Again, in terms of sampling. As we tried to point out in this particular sample, there was a need for an odd-shaped container, a very definite need. If we could not get this sample to the potential consumer and be able to show her that the bulk was better, more efficient than what she could currently buy, the need for sampling was eliminated. Any restrictions on odd shapes and odd sizes, in terms again of third-class bulk mail, would have eliminated this particular sampling, and because to put it in a controlled size or shape, an envelope, what have you, a flat package,

we would not have gotten across to Mrs. Consumer the difference of this product against current products that she could purchase.

Mr. NIX. Isn't it debatable that a new system would be equally attractive to Mrs. Consumer?

Mr. BLINSINGER. I would not say it is debatable, sir. We did a number of mailings, researchwise, to see if this particular product could have been gotten to the consumer through the mails in more or less of a uniform package, and the results of that research showed that we just could not do it. If we were to tie and bag a flat carton with this product inside, it would have been compressed by the tying, it would have been compressed by the handling and rehandling in mailbags to such an extent that when it was delivered to Mrs. Consumer, it would have lost its plus value.

Mr. NIX. Well, of course, that is applicable, too, to the packaging that you have adopted, but it is conceivable that with the cooperation of the Post Office Department you could arrive at something else that is suitable, and that is agreeable to both the mailer, to your concern, and to the postmaster. Don't you think that could happen?

Mr. BLINSINGER. I think the cooperation between Post Office and mailers would probably solve a lot of problems, and even possibly the one that you have considered.

Mr. NIX. I get the impression that you are not very far apart. The disagreement is not insurmountable. It is just a question of expression of views and cooperation, and perhaps you can come to some combination.

Mr. BLINSINGER. I would agree with that, sir; yes.

Mr. NIX. Thank you.

Mr. OLSEN. I get the point that in third-class bulk with real cooperation on how you carton the package and how you cooperate with the Post Office Department, the question of what the package will be, what its dimensions would be, could be quite fluid.

Mr. BLINSINGER. Correct.

Mr. CASSIDY. Correct.

Mr. OLSEN. I wish you would open it up. I would like to see what it looks like. I didn't open up the package you sent to my office, but the idea is if you stack this paper towel, it would lose its bulk?

Mr. BLINSINGER. Yes. This is a new piece of two-ply toweling whose principal asset is bulk.

Mr. OLSEN. That is why it is absorbent?

Mr. BLINSINGER. That is correct. And this is what is inside, six sheets of that particular product, and it is enclosed in a brochure with a coupon for the housewife to purchase at the store. We have found in taking this and folding it down, we could have potentially gotten it into a folding box carton or an envelope approximately that size, and we tested—

Mr. OLSEN. Could you describe the size in inches, for the record?

Mr. BLINSINGER. I would say this is roughly 12½ inches long and about 10 inches wide, but if we would do this, it would be compressed by the normal handling and tying and bagging that would be involved in processing this type of mail, and in sending out a number of these and getting them—or not getting them back, but going to where we had made them, and testing the bulk of the product after receipt, we found that it had lost a great percentage of its bulk, so we had to come up with some method of getting it to Mrs. Consumer in its original state, such as she would buy it from the retail market.

And the only way we could do that, we couldn't get anything heavy enough except a piece of stainless steel that would protect it, and that is not possible. It would be a tube situation where no pressure against it would apply all the way around and protect the product itself.

Mr. OLSEN. Thank you. Mr. Cunningham?

Mr. CUNNINGHAM. I am sorry I have been tardy, but I had to go to another committee meeting, so I didn't have the benefit of hearing this testimony.

Do you use tubes now?

Mr. BLINSINGER. Tube mailing; yes, sir.

Mr. CUNNINGHAM. Is there objection on the part of the Post Office Department in the use of these tubes?

Mr. BLINSINGER. I don't think it would be an objection, sir. It is a statement that odd-shaped and odd-sized pieces entail a hardship in handling by the Post Office.

Mr. CUNNINGHAM. Are you a third-class bulk mailer?

Mr. BLINSINGER. Yes, sir.

Mr. CUNNINGHAM. What has been your experience now on third-class rates after they have been raised and also gone up to July 1 of 1969 of 4 cents? You have an initial increase to 3.6 cents.

Mr. BLINSINGER. Yes, sir.

Mr. CUNNINGHAM. What is your experience going to be, financially?

Mr. BLINSINGER. I think at this point, sir, it is a little early to tell. We found that a great number of our clients pushed their mailings ahead in order to get them out before the January 7 deadline. We found a substantial decrease in business after January 7. We found in talking with clients for future mailings after the increase to 3.6 cents that most of the thinking is to attempt to spend the same amount of money which by necessity would be a lesser number of pieces being mailed.

I think that is as far as we could go at this particular point. If we get about 6 months behind us, we could probably speak more about it, but at this point that is the reaction that we have gotten. Less mail, less business, and a decrease in quantity in talking for future mailings.

Mr. CUNNINGHAM. You have to go through all of these various steps that have been imposed upon you, don't you? At your own expense.

Mr. BLINSINGER. Yes, sir; you are talking about research and analysis?

Mr. CUNNINGHAM. I mean sorting, sacking, and delivering to the post office.

Mr. BLINSINGER. Correct. We have also found—

Mr. CUNNINGHAM. What do you estimate that costs you in out-of-pocket expense which before had been done by the Post Office?

Mr. BLINSINGER. I would hesitate to say, sir. I would think the Post Office—

Mr. CUNNINGHAM. Would it be substantial?

Mr. BLINSINGER. It would be substantial; yes, sir. We are also in the business of home-to-home distribution of products, samples, paper, so forth and so on. We have found a tremendous increase in this type of business since the increase in postage on January 7.

Mr. CUNNINGHAM. I have made this statement several times, that I believe that third-class mail pays a hundred percent of its way, based upon the fact that we have substantially increased third-class rates, and then the Post Office Department has put on also this

additional financial burden on third-class mailers, where they have to go through all these steps, and so on.

Taking the increase in rates, plus the expense that you will have to assume, in my opinion, brings you up to above paying over a hundred percent of your way.

Mr. BLINSINGER. I would agree with that, sir.

Mr. CUNNINGHAM. Would you agree with my thinking on that?

Mr. BLINSINGER. Very, very definitely.

Mr. CUNNINGHAM. That is something we have to get over to the Post Office, because the newspapers continually downgrade third-class mail, and yet they are getting by with the cheapest rates of any category and are heavily subsidized by the Post Office Department. This is really not pertinent to this, but I had to get it off my chest.

Mr. BLINSINGER. We are probably the newspapers' biggest potential competitor, and this may be some of the reasoning behind it.

Mr. NIX. Mr. Chairman, may I ask another question?

Mr. OLSEN. By all means, Mr. Nix.

Mr. NIX. As I understand the legislation that is under consideration, it does not concern itself with third-class bulk, is that your understanding?

Mr. BLINSINGER. No, sir. It was my understanding that, potentially, regulations restricting size and shape of even third-class bulk mail, which is the way most samples go, has been considered.

Mr. NIX. Isn't the fear really that under present law, the Postmaster would have the authority to change the regulations on third-class bulk?

Mr. BLINSINGER. Very definitely, sir.

Mr. NIX. Now, if by any chance the present measure that is under consideration contained a provision prohibiting any change in the present regulations governing bulk third class, then the entire measure would be acceptable to you, would it not?

Mr. BLINSINGER. At this point I would say "Yes," as long as regulations—as they are currently applied to third-class bulk mailing, but if there were restrictions of size and shape of all classifications of mail, then it would affect sampling.

Mr. NIX. My inquiry, in my opinion, excluded third class.

Mr. BLINSINGER. I see.

Mr. NIX. Thank you, Mr. Chairman.

Mr. BLINSINGER. I would say, speaking as Cassidy-Richlar, we are very definitely involved a hundred percent of the time in sample third-class bulk mailing. I don't think we can speak as an authority on other portions of the bill.

Mr. OLSEN. Thank you very much, gentlemen. You have made a very good contribution to our inquiry.

Mr. BLINSINGER. Thank you.

Mr. OLSEN. Our next witness is Mr. George Seitz, president, Fuller & Dees Marketing Group. Before you begin, I think that we should insert in the record the statement of Robert S. Greene, executive director of the National Association of Advertising Publishers. Without objection, his statement is placed in the record at this point.

(The statement follows:)

STATEMENT OF ROBERT S. GREENE, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF ADVERTISING PUBLISHERS

Mr. Chairman and members of the subcommittee, my name is Robert S. Greene and I am the executive director of the National Association of Advertising Publishers. Our organization represents the publishers of free community newspapers and shopping guides. There are approximately 2,000 publishers of these free circulation publications in the country. Average weekly circulation is estimated at 10,000 copies per paper.

Most are published weekly and distributed mainly in rural, small towns, and suburban areas not fully covered by any other printed medium.

An analysis of the 422 member papers listed in our 1967 NAAP rate and data guide shows that 221 or about 52 percent of these papers are tabloid-size newspapers and shopping guides. They are generally printed on web-fed (paper on rolls) offset presses, with page sizes of 11½ by 17½ inches or less. Tabloids are generally mailed folded to a size of 8½ by 11½ inches.

The remaining 48 percent of these papers are printed on smaller sheet-fed offset presses. The common page sizes are from 8½ by 11 to 10 by 14 inches. Most are mailed flat.

The one-fourth inch thickness originally proposed by the Post Office Department last year would very likely be exceeded by many of our papers during heavy seasonal advertising periods.

There is a critical dimension for all of the free circulation community papers in the United States somewhere around an 8½ by 11½-inch mailing size.

A standard mailing dimension of 9 by 12 inches would cover 90 percent or more of all such papers. Anything less than 8½ by 11½ inches would exclude all tabloids and many of the sheet-fed sizes.

Most of these papers are mailed under third-class permit or controlled circulation rates. They are fully presorted and tied out in order of carrier route of travel. Since mail of this type never requires sorting, it obviously does not require mechanization. Therefore, there seems to be no valid reason, mechanical or financial, why free circulation community papers should be penalized by surcharges over the present rates of postage, recently increased from 40 percent to 280 percent.

We understand that this testimony is for the purpose of aiding the subcommittee in determining the most common sizes of mail used by our industry.

We trust the committee will also consider the logic of applying any standardizations equally to all community newspapers, whether classed as second, third or controlled circulation mail.

Mr. OLSEN. Mr. Seitz, you may proceed.

TESTIMONY OF GEORGE H. SEITZ, PRESIDENT, FULLER FUND RAISING CO., INC., MONTGOMERY, ALA., AND LOUISVILLE, KY.

Mr. SEITZ. Mr. Chairman and members of the subcommittee, my name is George Seitz. I am president of the Fuller Fund Raising Co., Inc., Montgomery, Ala. First of all, let me make it clear that I am not here to oppose some types of standardization. My concern is the type, timing, and reason for the standardization.

The Postal Revenue Act of 1967, H.R. 7977, contained, originally, a section requiring merchandise samples to be mailed at the single-piece, third-class rate. This section was eliminated from the final bill.

It is my understanding that the real problem with merchandise samples is at the carrier stage in delivery. There is no problem of machinability to this point, because machines are not used on ZIP-sorted bulk rate third-class mail. I understand that some odd-sized items are not easy to stack in delivery order in the carrier's sack. If this is the problem, why not regulate only those merchandise samples that present this difficulty?

There are many merchandise samples that lie flat almost like a brochure. But they are technically merchandise samples. An example is a sheet of sample Christmas wrapping paper our company mails.

Fuller supplies products for resale by civic clubs, churches, school groups, and youth organizations. These groups use the products to raise funds for their various projects. Over 50,000 such groups in all 50 States and Canada purchased \$6,500,000 worth of products from Fuller in 1967. Fuller employs 275 people.

Products sold by Fuller, to groups, are: a family pack of three Du Pont toothbrushes, peanut brittle, cookbooks, Christmas wrapping paper, and several other home-use items.

Since 1959, all sales have been made by sending a free sample of the product ordered to select lists of clubs, school groups, and churches. Each year the business has increased, depending solely on sample products to do the selling. Tests from time to time attempting to eliminate samples have failed. We must send a free sample to stay in business.

Fuller mailed over 500,000 sample packs of toothbrushes in 1967 to clubs, schools, and groups. They were mailed third-class bulk rate. As you can see, the package resembles a packed envelope. This package can easily be sorted in a carrier's bag.

Many businesses, like ours, depend on sending merchandise samples for 100 percent of their sales. If you are trying to curb consumer sampling of retail merchandise items, you will kill companies like ours in the process.

Mr. Chairman, this is a most complex matter. It is our hope that this committee will define the real problems of merchandise samples and mail size and not just lump all merchandise samples, regardless of size, into a single class.

Thank you, gentlemen.

Mr. OLSEN. Thank you, Mr. Seitz. I think we should emphasize the point that has been made by Mr. Nix that the bill provides an additional postage charge only for nonstandard airmail and non-standard first-class mail weighing not more than 2 ounces. I can understand, however, the anxiety that third-class bulk mailers would have, because the passage of this bill would undoubtedly encourage the Post Office Department to make more restrictive regulations in third-class bulk.

But I would hope that you would understand the Post Office Department problem, too. The quantity of mail has become so great, there has to be some standardization, not just for machinability of first-class mail and airmail, but in the process of all mail in the delivery post office.

I have been in the delivery post office, and I have seen the problem, but I also see your problem, and I know the Post Office does, or they would have more restrictions in effect.

Mr. SEITZ. Obviously, in working with the Post Office as we also have to in making the many mailings that we do throughout the year, we have discussed the problems such as the previous witness, and the postmaster that we have talked to has said that the third-class samples, tied, sorted, in bags, do not present any problem. As I said, the problem lies in the carrier being able to stack these samples in his bag for deliverability in order.

Mr. OLSEN. There is a companion problem, and that is the addresses. If the addresses are erroneous, we have an additional problem. I noted on my recent trip to Montana that in areas where there has been a radical change in population, like in Libby, Mont., and in

surrounding communities where there is a great influx of people working on the new Federal dam, the address lists are not correct.

Mr. SEITZ. Yes. In many cases we, of course, like to keep our list correct so with us mailing to primarily groups that are permanent, such as the clubs, churches, and organizations, many times we will have return postage guaranteed so that we can correct our list, if it is undelivered.

Mr. OLSEN. Now, on that subject, the Post Office Department is concerned that in returning the parcel with a change of address it costs at least 2 minutes of an employee's time. And when they figure the cost, it becomes increasingly apparent that we will probably have to consider penalties for getting the new address; that is, it will have to be more than regular postage.

Mr. SEITZ. We, of course, do pay return postage on a returned piece of merchandise.

Mr. OLSEN. Well, I would only say that we should prepare ourselves for some consideration of time and motion studies that will reveal to us what it costs to send a package back with a new address provided.

Mr. Nix?

Mr. NIX. Thank you, Mr. Chairman. Thank you, Mr. Seitz. Your concern is not with the present legislation but with a contingency that might arise in the event the Post Office is encouraged to interfere with the regulations involved in third-class bulk. I say, again, that in the event there is assurance, either by amendment to the legislation or otherwise that there will be no interference with the present regulations, then this measure that is under consideration would be acceptable to you.

Mr. SEITZ. The measure itself, outside of the third-class rate would probably not affect us materially, so obviously we are concerned with the third-class bulk rate.

Mr. NIX. Thank you, Mr. Chairman.

Mr. OLSEN. Mr. Cunningham?

Mr. CUNNINGHAM. I wouldn't want to embarrass the witness with a question I would like to ask, because he might run afoul of the Post Office Department, but we have had this ZIP code business for several years, and have you noticed any improvement in the delivery of your mail since the ZIP code has gone in?

Mr. SEITZ. Mr. Cunningham—

Mr. CUNNINGHAM. You don't have to answer this.

Mr. SEITZ. We decided long before the ZIP code law was put into effect that it was going to, in our opinion, be an aid to the bulk mailers. We began very early to ZIP code our list in preparation for the advent of the ZIP code law. We really have no tangible way of telling whether this has helped the delivery. We find sometimes, in some areas, that our mail gets delivered much faster than in others. We have no idea whether this is the result of a ZIP code.

Mr. CUNNINGHAM. You couldn't make a flat statement that a ZIP code speeded delivery of your mail?

Mr. SEITZ. At this time, I could not make a flat statement.

Mr. CUNNINGHAM. Have you run into any foulups under this new ZIP code concept in the delivery of mail?

Mr. SEITZ. We, of course, have had some difficulties with the differences in ZIP codes according to the directory, but primarily I think that the mail is being delivered regardless of the ZIP codes.

We, of course, are including the ZIP codes on all of our mailings.

Mr. CUNNINGHAM. I don't quite understand your response. You have put the ZIP code on all mailings?

Mr. SEITZ. Absolutely. In my opinion, I don't think that this is delaying the post office from delivering the mail, whether the ZIP code is right or wrong. We, of course, attempt to have all of our ZIP codes correct, according to the Post Office directory, but there have been some differences even in the directory.

Mr. CUNNINGHAM. You can't make a flat statement that the ZIP code concept has improved delivery of your mail?

Mr. SEITZ. No; I cannot make a flat statement.

Mr. NIX. Mr. Chairman, may I ask another question?

Mr. OLSEN. Mr. Nix.

Mr. NIX. Mr. Seitz, I am informed that there have been numerous comparative studies of deliveries before ZIP code and after ZIP code, with the form inclusive, after ZIP code, that the deliveries are materially more efficient. You would not disagree with those who made those studies; would you?

Mr. SEITZ. No; I wouldn't, Mr. Nix. As I said before, our company made the decision long before the ZIP code was made a law that we felt that this would be a substantial aid to the delivery of mail.

Mr. NIX. And the decision was arrived at, certainly, after consideration, investigation, and study. Since the inauguration of the ZIP code system, have you any reason to believe that you have not had the benefits which you anticipated?

Mr. SEITZ. No; we have no reason to believe that we haven't.

Mr. NIX. Thank you, Mr. Chairman.

Mr. OLSEN. Mr. Cunningham has another question.

Mr. CUNNINGHAM. Could you estimate what it cost you to ZIP code all your mail and what it cost you to have to take over much of the work, 18 steps I believe there are, that the post office used to perform? Do you have any idea how much that might have cost you when these regulations were imposed upon you?

Mr. SEITZ. No; I don't, Mr. Cunningham. I do know that we had hundreds of thousands of names on Elliott Addressograph plates, and it cost us approximately \$35 a thousand to re-do those plates with the ZIP codes. The actual sorting, tying, and so forth—of course, we were doing a portion of that before the ZIP code—and I have no idea what the increased cost is.

Mr. CUNNINGHAM. Was it substantial?

Mr. SEITZ. Yes; I think it would be substantial. Not only in the actual physical labor handling, but also in additional space and sorting bins, and so forth.

Mr. CUNNINGHAM. When you first had to put the ZIP code on, that was one operation. Now, every time you mail, there are changes. That costs you additional expense, too, doesn't it?

Mr. SEITZ. Changing the ZIP codes?

Mr. CUNNINGHAM. Yes. And mail to different sections of the country, and maybe you don't care to mail to a certain section, or maybe people who you are sending this to have moved, or died, or went out of business, and every time you make a mailing, don't you find that you have to change a lot of these ZIP code numbers that you originally put on these mailings?

Mr. SEITZ. Yes.

Mr. CUNNINGHAM. And that would cost extra, wouldn't it?

Mr. SEITZ. Yes, sir; it would. This is updating and maintaining the list.

Mr. CUNNINGHAM. Thank you, Mr. Chairman.

Mr. OLSEN. Thank you, Mr. Cunningham. I want to make this observation for the record, while we are on the subject, about some of the mailings. I received complaints on sectional centers and ZIP code from county weeklies in my district, and I contacted the Post Office Department. They sent inspectors into those areas who designated a transportation clerk to visit the smaller post offices in that area. He also visited all the newspapers in his area and found that they were making the same mistake.

They were tying off their publication going to Denver, and they tied off going east and marked it "east," and, of course, it got to Minneapolis and Omaha before it got to where it was going, which was no fault of the Post Office Department. When they properly tied it off, as instructed by the Post Office Department, their service was very greatly improved. I recently visited these newspapers in that northwest corner of Montana, and they are all very happy now. And what did I find about their own mechanization? They do the publication in their own shop, but the publication constitutes only the typing, and they then take it down to a new printing plant that is 30 or 40 miles away from each of these publications, and there they have it printed in a common printing plant.

Then they bring it back to their shop where they have their Elliott machine and they put the addresses on, which are printed on plates. So, I heckled them a little bit about their modernizing. They are going to a new machine method, but they are reluctant to support the Post Office wanting to machine itself. I found a little greater understanding, though, since now they have gotten this assistance from the Post Office Department in making up their mail.

They are more sympathetic to the fact that the Post Office does have to do some mechanization.

Mr. SEITZ. We have gotten very good cooperation from the Post Office in assisting us, especially in the initial stages of ZIP coding.

Mr. OLSEN. You are in Montgomery, Ala?

Mr. SEITZ. Yes.

Mr. OLSEN. You received expert help, didn't you, from the Post Office Department?

Mr. SEITZ. Yes.

Mr. OLSEN. And there is no reluctance on their part to come and talk with you upon your making a request?

Mr. SEITZ. No; as a matter of fact, voluntarily they have come out on several occasions, knowing that we are a large user of the mails in Montgomery, and, of course, they are interested in expediting the mail themselves, and so we have very good cooperation.

Mr. OLSEN. I would hope so, and if you don't get it, I hope you will complain, because that is really what happened out in our country. Just a general growling doesn't help anything at all. When these second-class mailers made the specific complaint, they got service. If they make a grumble on the editorial page, there is nothing you can do for them. If they make a specific complaint about what is happening to their mails, it can be studied and corrected.

I hope all mailers would bear this in mind, that a specific complaint is welcome, because it can be corrected.

Mr. SEITZ. We have found this to be true.

Mr. OLSEN. Thank you very much.

The subcommittee stands adjourned.

(Whereupon, at 11 a.m., the hearing was adjourned.)

STANDARDIZING THE SIZES OF MAIL

WEDNESDAY, MARCH 20, 1968

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON POSTAL RATES OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:10 a.m., in room 210, Cannon Building, Hon. Arnold Olsen (chairman of the subcommittee) presiding.

Mr. OLSEN. The subcommittee will come to order.

The Chair recognizes our distinguished colleague, Mr. Button.

Mr. BUTTON. Thank you, Mr. Chairman.

I would like, if I may, to introduce the first witness. He is one of the most distinguished of my constituents from the 29th District of New York, a resident of Albany, and a businessman, as well, in three other cities throughout the country. He is Mr. Howard Russell, president of the Russell Distributing Co., with business offices in Albany as well as in other cities, as was made known to this subcommittee very well last year when he testified on the rate bill.

He speaks as a director of the Mail Advertising Service Association, the Associated Third Class Mail Users, and the National Association of Advertising Distributors.

Mr. OLSEN. Thank you very much, Mr. Button.

Mr. Russell, you may proceed as you will, and Mr. Lee Epstein, executive vice president, Mail Advertising Service Association, and Mr. Norman Einziger, Advertising Distributors of America. If they are accompanying you, they can step forward and join you.

Mr. RUSSELL. Thank you.

Mr. OLSEN. You may proceed in whatever order you gentlemen wish.

Mr. RUSSELL. If we want to follow the order, Mr. Einziger will be first, and Mr. Epstein next. My line is a sort of specialty and this might be a good idea to do it this way.

Mr. Epstein will speak first.

TESTIMONY OF LEE EPSTEIN, EXECUTIVE VICE PRESIDENT, MAIL ADVERTISING SERVICE ASSOCIATION

Mr. EPSTEIN. Mr. Chairman and members of the subcommittee, I would like to express my appreciation to the chairman of the committee and its members for the time granted our association to express our views on H.R. 14029.

In my capacity as chairman of our postal affairs committee, and as my association's representative to the Postmaster General's Mailers Technical Advisory Committee, I have been able to gain a broader

perspective on the problems that confront the Post Office Department in its quest for greater efficiency at lower cost. This experience added to my business background as president of Mailmen, Inc., in Syosset, N.Y., will, I trust, lend some degree of credibility to the remarks expressed herein.

Before offering my remarks on H.R. 14029, I would like to comment briefly on the Mail Advertising Service Association, International. It was founded 47 years ago, and today has more than 500 members in the United States and 14 foreign countries. Membership is composed of the producers of mail advertising and range from the smallest lettershop up to and including the major mailers and producers of the industry. The international headquarters is located in Washington at 815 17th Street NW. In addition to the international operation, we have 16 chapters of MASA throughout the United States. My remarks this morning on this proposed legislation reflect the attitude of this association.

H.R. 14029 appears to me to be a rather strange mixture of items, both general and specific, covering broad areas of study on specific subjects and omitting other areas which need study. It also contains specific changes in rates based on standards which have not as yet been determined.

To begin with, I and my association are in total agreement with section 2 of the bill which authorizes the Postmaster General to conduct the study of—

- (1) mail handling characteristics;
- (2) present and anticipated mailing patterns;
- (3) mail processing machines; and
- (4) standardization of mail.

We are also completely in agreement with the proposition that before legislation is enacted, a period of time be used for research and study, and that a further period of time be allocated before the regulations go into effect. There are, however, other areas of the bill that I feel could stand improvement, and to this end I offer the following constructive criticism:

First, line 7, section 4656, subhead (a), calls for an additional charge for nonstandard, first-class and airmail letters. I fail to see the logic or understand the reasoning which would make a determination of a specific penalty of 2 cents on mail which is nonstandard when we do not know what "nonstandard" will mean. I feel that the amount of penalty to be assessed upon nonstandard mail cannot be determined until the standards are spelled out and a study of the costs of handling these nonstandard pieces are determined. It is entirely possible that the penalty to be assessed could be 3 cents, 4 cents, 5 cents, or 1 cent. In my opinion, it would be best to wait until these studies are completed and evaluated before a specific amount is recommended.

Second, under line 6, section 2, subhead (a), the Postmaster General is authorized and directed to conduct a comprehensive study. Nowhere in the bill is the Postmaster General specifically directed to include industry representatives as a part of the study and research committees.

Although I know it is the intent to include industry members in these studies, since steps have already been taken by the Department to set up various committees containing such industry members, I

feel the specific inclusion of this concept in the bill would go a long way to reassure the mail advertising industry that their needs will be considered in such a vital area as standardization of mail.

Third, under the same section as above, there is no provision for the analysis of the economic impact of the standards to be set by the Postmaster General. I feel that such a study must be an integral part of any contemplated changes in the traditional rules and regulations under which we live today, and as such should be provided for in the bill.

Fourth, under the proposed bill the Postmaster General shall publish in the Federal Register his findings made as a result of the study conducted. I feel that before such regulations go into effect, that Congress and its appropriate committees should have the opportunity to review the findings and decisions of the Post Office Department and to make certain that they are in accord with the wishes of Congress. I don't think it is wise to permit regulations of so broad a nature to be authorized without utilizing every reasonable system of checks and balances. Therefore, I recommend the inclusion of such a review and approval procedure in the bill.

Fifth, I believe that the study to be undertaken by the Post Office Department on nonstandard mail should be broadened to include all classes of mail, not just first class and airmail. We know that standards will differ between classes of mail, but it would make sense now to attempt to evaluate these standards for all classes since such a piecemeal approach can only result in piecemeal savings. Both your committee and the Post Office Department have expressed such interest and concern in the other classes of mail in prior testimony. Certainly an overall review would provide the means for maximum impact in achieving the Department's long-range goals of modernization and standardization.

I therefore recommend that the bill be broadened to include a review of all classes of mail. My interest in building into this bill certain safeguards and checks should not be construed as an effort to thwart the Department in its quest for standards. We believe in standards; we recognize their importance and will cooperate in any manner the Department and Congress shall direct. However, from information issued by the Department itself and in testimony before this committee, I find that their preliminary thinking could, if not fully explored and discussed, have serious consequences for our industry. Let me give you a few examples.

One, the Department has issued a chart showing minimum and maximum acceptable sizes. I can tell you now that any standard that penalizes such traditional popular sizes of mail like the 6 by 9, the 8½ by 11, or the 9 by 12, will have serious repercussions, not only to the mailing industry but also to the printers, paper mills and merchants, and the envelope manufacturers. In addition, it would effectively take away what has become one of Mail Advertising's most productive formats; namely, the jumbo envelope.

Two, I assume that these sizes are predicated on machinability requirements for first-class mail since second- and third-class mail is ZIP coded and presorted and, therefore, for the most part requires no machine handling.

Three, I further assume that the size limitations as applied to second and third class results from the difficulty that the carrier experiences

in casing mail that is larger than $5\frac{3}{4}$ by $11\frac{1}{2}$ inches. It would seem to me that rather than throw the industry into a turmoil with such restrictions, it might make sense to check out the possibility of modifying the carrier's cases to accommodate the sizes up to 9 by 12 inches. It would be helpful if we could find out from the Post Office Department their estimate of the cost of such a conversion.

On the question of machinability, I can understand the problem with lightweight first-class pieces and the need for additional postage on such mail. However, I feel that the driving force at the moment for standardization is the optical scanner. I feel that it is the optical scanner and its present requirements and limitations that is going to determine the standards of the future. These standards will encompass not only size ratios but thickness of pieces, envelope stock, color of envelopes, copy on envelopes, address position, type faces, and structure of address lines, et cetera.

I submit to you that the state of the art of the optical scanner is today only in its infancy. The technological improvements around the corner, I feel, would make many of these restrictions mentioned above unnecessary. It would be interesting to find out just what the future scanner of tomorrow would be like from some of the research and development people of the companies producing this equipment. Their testimony before this committee would be most helpful to all concerned.

In testimony before this committee, the Post Office Department stated that size ratios suggested were in conformity to the international standards recommended by the UPU. I think that we should strive to conform to the UPU standards but at the same time keep in mind the tremendous disparity in the amount of mail produced domestically as against the quantity delivered in other countries. We should be primarily concerned here with the needs of the producers and handlers of our own mail.

In closing, I would like to touch briefly on cost ascertainment. It is just as important to determine fair rates for all types of mail as it is to determine proper surcharges for nonstandard mail. It is essential that the best accounting tools and methods be utilized. It is now time for a total independent review and overhauling of the present cost ascertainment system. We are in full accord with the sentiments the chairman so well expressed on March 12 on the floor of the House. It is time we went back to adherence to the Postal Policy Act of 1958, and we should also recognize the concept of an earned discount as well as the public service subsidy.

Members of the committee, there is much to be done by the Post Office Department along the lines of standardization and modernization. These two words go hand in hand toward achieving the mutual common goal of the best service at the lowest cost. If we all put our heads together, we must come up with the right answers.

Thank you.

Mr. OLSEN. Thank you very much, Mr. Epstein.

I think we will just proceed. The next witness is Howard Russell, president of Russell Distributing Co. Then after we finish with all three of you gentlemen, we will have questions.

Would you proceed with your presentation, Mr. Russell?

**TESTIMONY OF HOWARD W. RUSSELL, PRESIDENT, RUSSELL
DISTRIBUTING CO.**

Mr. RUSSELL. Thank you, Mr. Chairman. I will be repetitive here for one or two lines.

My name is Howard Russell. I am president of Russell Distributing Co., of Albany, Buffalo, Tampa, and San Francisco. I am a director of the Mail Advertising Service Association, the Associated Third-Class Mail Users, and the National Association of Advertising Distributors whom I represent on the Postmaster General's Mailers Technical Advisory Committee.

I have been privileged to appear previously before this committee, as well as the Senate committee, on the matter of postal rates. I find that the testimony is not dissimilar, because the broad objective is to indicate the ease with which the Post Office Department handles fully presorted mail even though it does not meet the stringent need for machine dimension.

It would be difficult to refute the fact that standardization is built entirely on the theory of machinability, and it would appear to be equally logical to refute the fact that standardization serves no purpose whatever where the mailer has already gone through all steps and far beyond to perform the very functions for which standardization and machinability is said to be necessary.

If I may quote the Postmaster General, he has stated:

We certainly do not object to the rapid growth of third-class mail. We welcome it as a sign of economic growth. However, we do object when that growth adds considerably more to our costs than to postal revenues.

A most pertinent point that the General has failed to add is that carrier routed mailings add considerably more to revenues than they do to costs.

We do not profess to be entirely altruistic, but it is more than coincidental when the best interests of both the Department and the mailer are served by a presort system that was frankly inaugurated for the sole purpose of getting better delivery of third-class mail, but which has proven to be an unquestioned boon to the Department by eliminating all sorting operations, primary, secondary, and tertiary as well as the need for casing by the carriers.

The Memo to Mailers special issue published for the regional Mail Users Council forums on January 19, 1967, contained a very interesting question from a bulk carrier on carrier route presorting, and this was the question:

Question: Occupant mailings that are presorted and sacked into carrier routes and in sequence of delivery order can save \$10 per 1,000 in sorting time. Our small firm could save the Post Office Department from \$450,000 to \$500,000 a year. Why doesn't the Post Office Department do more in encouraging and promoting this system of presorting.

The answer is a Government publication.

We are. We certainly agree with you on the importance of carrier route sequence and we will place greater emphasis on the presort this coming year. Regardless of all the modern equipment we will have at our disposal in the future, we will never be able to process the increase in the volume of mail unless we use every means possible. We would like to have all firms using the second or third class bulk rate presort to carrier route sequence. Remember with mail presorted in this manner, it is not delayed at the dispatching office for distribution and it is not held up at the receiving office for carrier distribution but goes directly

to the carrier at the station or branch which will make the actual delivery. If there are any firms interested in the presort by carrier sequence, please contact the Customer Relations Officer at your regional office.

So much for the attitude of the Department.

I was privileged to serve on a panel at the last national postal forum and the session was titled "Why Sort Mail if You Don't Have to." The reaction of a number of those attending could be summed up in two very simple words—why, indeed?

Fortunately, this attitude is not ours. It is the aim of the industry that every possible cooperation be given to the Post Office Department. Unfortunately, there are times when the limits to which we go may not be fully realized.

A good case in point occurred at the postal forum when a midwestern postmaster took exception to my statement that no sorting or casing is necessary with our type of carrier routed sequenced mail. He was insistent that casing must be done to merge the mail for delivery. If this was true, and I have since found that it is not, except for the inspection report days, there might be some reason for a standard that would be concerned with casing ease rather than machinability, but with carrier routed sequence there is no valid reason for either.

I have here a dock of Univac computer cards in carrier route order, sequenced by the actual letter carrier to follow his order of travel. The cards represent a single sorting that will serve until updated and result in an identically sequenced computer printout which I also have, which will be affixed to quarter folded tabloids and delivered to the post office in the same order and identified by sack so that no dump is made until the sack reaches the delivering carrier.

Since every resident on the route is normally covered and the tabs are in order, there is no occasion to case because every family gets one copy in addition to the regular mail which has been cased by the carrier in the same order. Various contacts at the carrier level have verified the statement.

To sum up, we have the cards here, sorted once as a prelude to 50 mailings of the route. The actual mail is presented in this fashion in identical order. I ask that you compare the cost of handling this material with the cost of handling a fully standardized, full machinable piece that requires a full sorting operation both at the office of mailing and at the office of delivery.

It is rather like comparing the cost of shipping a grain of sand with a shovelful.

Standardization for mail that must be fully sorted and adapted to machinability is not unreasonable in some cases, but to place a penalty on mail that requires no sorting simply because it is not machinable is harsh treatment indeed for what is unquestionably the most cooperative group of mailers in the country.

I plead for the fairness that can come only from sheer logic. Don't make us pay for something that will never have to be done.

Thank you.

Mr. OLSEN. Thank you very much, Mr. Russell.

And now Mr. Norman Einziger, Advertising Distributors of America, Inc.

**TESTIMONY OF NORMAN [D. EINZIGER, VICE PRESIDENT OF
ADVERTISING DISTRIBUTORS OF AMERICA, NEW YORK, N.Y.]**

Mr. EINZIGER. Thank you, Mr. Chairman.

Mr. Chairman, members of the Subcommittee on Postal Rates: My name is Norman D. Einziger. I am vice president of Advertising Distributors of America, New York. Our company, the Advertising Distributors of America, Inc., is one of the largest national mailing companies with directly owned, franchised, or affiliated plants in 26 cities in the United States, employing approximately 3,200 people.

Aggregately, we mail in excess of $1\frac{1}{4}$ billion pieces of mail annually, with approximately 95 percent of that total being mailed via third-class, bulk-rate mail.

Our customers include virtually all types of business enterprises dividing themselves categorically into retail, manufacturing, and service. The retail phase of our mailing business breaks down into two categories—national and local. Among our national retail clients are those with large retail establishments in literally hundreds of cities and include the largest of the retail food chains, department stores, mail order, and discount store chains. And for that group we mail circulars, catalogs, and other prepared materials from our many decentralized mailing plants for postal delivery in the areas surrounding our customers' stores throughout the United States.

By virtue of our broad geographic distribution of plant facilities, we are able to process a majority of these mailings in the same city in which they are printed, thus affecting substantial savings on trucking costs of materials from printer to mailer for our customers.

Locally, we mail similar materials for stores and companies, not necessarily part of chain operations, but who maintain retail establishments of one or more units within specific cities. The size of this type of customer ranges from the small retailer to the large local department store with users of varying sizes in between.

Our clientele in the manufacturing categories include the largest makers of food, drug, soap, automobile, petroleum, and other industries whose products are sold to the consumer, and who utilize mailing as a very important part of their efforts to stimulate and create sales of their products.

For this group we prepare and carry out mass mailings of up to 30 million pieces of bulk-rate mail per mailing, including actual samples of products and coupons enabling the consumer to purchase a new product at a discount.

The mail which we process is generally divided into two groupings—resident-type mailing and specific names and addresses as furnished by customers on their own maintained customer or prospect lists.

The purpose of the hearings before this eminent body is to consider H.R. 14029, a bill "to fix" additional postage charges for certain nonstandard mail.

First, we want to go on record as agreeing with the concept of establishing size and dimension limits and other physical characteristics with respect to mail matter.

The burden currently placed upon the present postal facilities is great and the needs for improving handling methods are obvious. Volume of mail has reached new highs each year and is likely to continue to grow annually.

Certainly, no effort should be made to stifle or discourage the use of the mails for the development of commerce. Mailing, in the forms of catalogs, samples, circulars, letters, brochures and similar adaptations have been established as economically profitable means of generating new business. New business means new jobs, higher rates of employment, a generally healthier economy. Indeed, to surpress mailing as a tool of business development would be tantamount to legislatively prohibiting the use of a remarkably proven piece of manufacturing equipment solely because it did its job too well, and it produced goods better, faster, and cheaper than other machines.

Proceeding on the premise that neither this body nor any other responsible branch of Government would discourage sound business growth, then the problem resolves itself to finding the methods of handling today's and tomorrow's increased loads upon the postal facilities.

In industry, the user of a product or service has the privilege of selection of resources. The opportunity to consider the offerings of competitive companies provides the buyer with an alternative. Having decided to use the mails as a medium of doing business, however, the American citizen or company has no alternative. It either uses the U.S. postal system or it cannot use the mails.

Consider the contrast to the use of newspapers, television, radio, magazines, outdoor advertising and all of the other advertising and promotional media available. In these instances the choices within each category are many. Within the same geographic, ethnic, or economic markets there are several newspapers, several television and radio stations, and many choices of media within the same market from which to select.

Under the free-enterprise system of our country, the American consumer is afforded the opportunity to choice of those products they choose to buy. Selection of one product in preference to all other competitive products is generally based upon an appeal to quality, taste, appearance, economy, or any group of the myriad of reasons determining why a consumer purchases one product in preference to another.

The prime goal of every advertising effort is to encourage the consumer, the potential customer, to try the product. Get the consumer to try the product. This is the utopia of all promotional efforts. What better way is there to achieve this goal than by giving a free sample of the product to the selected consumers who can be identified as prospective customers?

After scores of years of experience, hundreds of millions of dollars, and hundreds and hundreds of millions of samples, package goods manufacturers readily conclude that nothing, but nothing, is as effective as placing a free sample of a product in a prospect's home.

The use of sampling by mail must not be eliminated either by preclusion of samples from bulk-rate mail nor by the issuance of regulations making the continuance of sampling economically out of reach.

Impractical or unfair regulations that might preclude the use of the mail system as a vital business tool must never be promulgated.

The solution to this ever-mounting problem, then, is the determination of ways and methods of coping with the load.

We are aware of, agree with, and compliment the Post Office Department on its programs of research and development. The

ultimate refinement of new handling and processing equipment will aid materially in the resolution of many present physical bottlenecks. The ZIP code system has already reduced substantially the number of handlings of bulk-rate mail between the post offices of deposit and final delivery. The preparation of resident-addressed mail in both carrier route and carrier sequence by many mailers has alleviated much of the handling and sorting at the post office of final destination. Separation of many first-class mailings is being done voluntarily by the mailers in many instances.

Standardizing of the materials to be mailed is undoubtedly worthy of intense study and we concur with the philosophy of such a study.

Webster's 20th Century Unabridged Dictionary includes among its definitions of "standard" the following: "anything recognized as correct by common consent, by approved custom, by those most competent to decide."

The second paragraph of the Declaration of Independence says: "That to secure these rights, Governments are instituted among men, deriving their just powers from the consent of the governed."

Specifically, we propose that the study of the problem of mail standardization be made jointly by the Post Office Department and the mailing industry.

By virtue of its intimate knowledge and experience, industry's role in such studies would afford the practical viewpoint of the users, or in the parlance of general business, "the customer's side of the fence."

New products in commerce are the result of demand and need. When a new need is discovered, the manufacturing company evolves a way of meeting that new need or demand for it represents an additional volume of profitable business. Let it not tell its customers "We are too busy; take your business elsewhere."

The mailing industry, including the mailers who process the mail, and the manufacturers who employ the medium, stand ready to offer to the Post Office Department all of its experience and expertise to assist in the establishment of standards. But let those standards not be set detrimentally to the welfare of important facets of our economy.

Thank you very much.

Mr. OLSEN. Thank you very much, Mr. Einziger.

I thank all of you gentlemen for a splendid presentation. I take it that it is your position that you fear that if we should pass such a bill establishing a surcharge for nonstandard first-class and airmail, that it then would be an encouragement for the Post Office Department to make administrative changes affecting other classes of mail?

Mr. EINZIGER. Yes, sir, Mr. Chairman. I suspect that for the reason that the Honorable Ralph Nicholson, at a meeting of the Direct Mail Advertising Association, indicated several months ago that it was the plan at that time of the Post Office Department to issue a regulation which would virtually exclude "cubical" mail, if I may identify it that way, from third-class, bulk-rate mail. He indicated that—and my interpretation of his indication is that the Post Office Department had no authority to establish rates, but it did on its own have the authority to establish that which will be gone into, each category of mail, and that it did intend to issue regulations that would exclude this from bulk rates, these cubical items from bulk-rate mail, and force them into fourth-class, single-piece mail.

If that were done, I am of the opinion that the cost, the additional costs to the manufacturers, to the users of this category of mail, would of necessity exclude the use of it. Furthermore, since many of these efforts on the part of large makers of vast consumer products, like soaps, cosmetics, foods, cereals, are geared as an integral part of campaigns including television and radio and newspaper advertising.

Experience has found some degree of reliability of prediction of delivery time by presorted bulk-rate mail, but virtually no predictability by mail that is traveling by a third-class, single-piece rate.

Mr. OLSEN. I think I can say that the committee is sympathetic to your position, that the Post Office Department should try to accommodate people in the mailing industry in what it wants to send. We do have an increasing problem, though, on nonstandardization, and I think it is fair to say that you people in the mailing business, whenever you are mailing anything for a customer, that you absolutely standardize for that product.

I feel that industry should play a part in setting standards, and I think the Post Office Department pretty much agrees with that.

I think we shall try to write any legislation with that in mind, that the industry must be included in determination of any standards for which we would impose a surcharge on nonstandards.

Mr. EINZIGER. Well, we would certainly—

Mr. OLSEN. I think that the idea right now is that in first class a surcharge would only be on that which is an ounce or less, because we get an additional 6 cents for the second ounce in first class, which is ample for hand handling and hand canceling and sorting. But for a single piece that is an ounce or less, that is an odd shape and needs hand canceling and hand handling, we lose money. I don't know how much, but it seems logical to me that we do from the costs that I have seen.

In regard to cost ascertainment, we are going to proceed a little more rapidly. This subcommittee will study both cost allotment and cost ascertainment. I invite your interest in the cost ascertainment hearings that we are going to hold presently, because we obviously have to know something about costs and how the Post Office Department arrives at them.

Thank you very much, gentlemen.

The Chair recognizes Mr. Nix of Pennsylvania.

Mr. NIX. Mr. Einziger, in your statement you say, "First, we want to go on record as agreeing with the concept of establishing size and dimension limits and other physical characteristics with respect to mail matter." I take it, therefore, that you agree in principle with that which is sought to be done. You also stated that, "The solution of this ever-mounting problem is the determination of ways and methods of coping with the load." So you not only agree that there is an ever-mounting problem, but that something should be done about it.

You are at variance with, let us say, the establishment only in the way in which the problem is sought to be solved. That is a fair statement, isn't it?

Mr. EINZIGER. I appreciate your diagnosis of what I have said, Mr. Nix. Yes, all of these things are correct.

We are not at variance with the way in which it must be resolved.

We think that standardization, if we may use that word, should be handled in accordance with the dictionary definition, decided among other ways by those most competent to decide. We think there are two parties most competent. Certainly, the Post Office Department is most competent, but we think equally the users of the mail—meaning the mailing companies and those who purchase the services of the mailing companies—are equally competent.

All that we do ask is that let's sit down and together resolve these problems. It would not be in the best interests of our economy to place sampling perhaps in such a position that it just couldn't be afforded by those who have built commerce and industry on the basis of samples.

Many large industries, many large businesses, have as their foundation the distribution of samples to their ultimate prospects and customers.

Yes, all we ask is to be considered and have a say in the establishment. We think there should be sizes of envelopes; we think there should be sizes of packages; we think there should be all of these things. But let somebody sit down in the Post Office Department with us and resolve what is the right size. We are familiar with the mechanics; we do know about the mechanized equipment that exists and that is on the drawing boards. We're a complete and close part of this entire industry and we want to be considered that way.

Mr. NIX. Certainly, that is what I wanted to arrive at, which reduces the distance separating the parties to a workable position.

Now, Mr. Epstein, on the third page of this statement you again agree in principle with what is sought to be done. And I will direct this question to Mr. Epstein.

I understand that you believe that the studies to be undertaken by the Post Office Department on nonstandard mail should be broadened to include all classes of mail, not just first-class mail; is that correct?

Mr. EPSTEIN. That's correct, Congressman.

Mr. NIX. You recognize, of course, that a study is necessary, that some steps to alleviate the conditions are necessary. It is only the procedural approach to the problem where you in some measure differ from the Department?

Mr. EPSTEIN. Yes.

Mr. NIX. And it is your belief also that if the Department is sufficiently agreeable to conform to the suggestions that you make, that you could get together and arrive at something satisfactory to everyone?

Mr. EPSTEIN. That is correct.

Mr. NIX. Thank you very much.

That is all, Mr. Chairman.

Mr. OLSEN. Thank you very much, Mr. Nix.

Now, the gentleman from New Jersey, Mr. Daniels.

Mr. DANIELS. Mr. Chairman, I am sorry I was not present when this panel of witnesses testified this morning. But I assure you that I was tied up on official business of another committee. I do want to apologize to you gentlemen for not being here to listen to your testimony.

I am quite sure that you have something very worth while to say after listening to the questioning of the chairman and my colleague from Pennsylvania. I would like, however, to ask this question.

What, in your judgment, would be a fair and reasonable period of time to conform with legislation on standardization of mail if it should be enacted?

Mr. EINZIGER. I think that should be one of the determinations made mutually at the time of the study by the Department and by the users of the mail. It would be rather difficult to give a fixed period of time in my opinion at this time, because much of this program would relate to the inclusion of the necessary equipment within the Post Office Department. Not knowing what that equipment is and, therefore, not knowing how long it would take to manufacture and have included into the system, I think it might be rather difficult to pinpoint a period of time relating to the time that it should become effective.

Mr. DANIELS. The thought I have in mind is that many manufacturers of envelopes have a considerable supply of stock on hand.

Now, for what period of time they look ahead to the future, to see when that supply will be exhausted and for it to be replenished are factors that we must take into consideration. This committee wants to be fair and reasonable to those people and does not want to saddle them with a supply or stock of paper which they will not be able to utilize.

Mr. EINZIGER. That is absolutely correct, Mr. Daniels.

Furthermore, the manufacturers and large users of the mail must necessarily plan for very long periods—a year or more ahead—as to the components that go into the integral parts of promotions they are going to make. A company can't walk in today and buy a long prime-time television schedule to start next week. It must commit itself for a year or 18 months ahead.

Now, tied into these other elements are items like mailing and samples, but again I think that is a subject that should be just another idea, but a very important one, included in the mutual study of the users and the Post Office Department.

Mr. EPSTEIN. If I may add, you might want to consider what I would call a variable implementation date based on the particular standards or class of mail or item, since I am sure that not all the requirements of industry could be converted, or phased out, at the same time.

You may have a situation X being phased out in a year, or Y in a year and a half, or 2 years. I think that approach might make sense in investigating the cut-off date.

Mr. DANIELS. Thank you. I want to assure you gentlemen that I shall take time out to read your testimony.

Mr. EINZIGER. Thank you very much.

Mr. RUSSELL. Thank you, sir.

Mr. OLSEN. I think that there has to be perhaps some study, too, of requirements of the mailers when they mail odd-size in third class. I see they are getting more odd. The oddest one I saw lately was one that was cylindrical in shape.

Now, the mailers did an excellent job. They did sort it to the mail delivery sequence of the letter carrier. But it still was a big task for the Post Office Department to have such an odd size in the mailman's bag. He is limited to 35 pounds of mail at one time. But that is really only a related subject.

Our subject here is, once again, a surcharge for nonstandard first-class and air mail. The bill which we have before us is really only a sample. We will have to do a lot better than the bill that is before us.

We will be working with the industry and with the Post Office Department in drafting whatever the final product of this committee will be.

Mr. EINZIGER. We appreciate the attitude of the committee in including industry in its considerations.

Mr. OLSEN. Thank you very much.

Mr. RUSSELL. Thank you.

Mr. OLSEN. Now, the next gentleman, Mr. Oscar Palmquist, president, National Council on Business Mail, Inc.

TESTIMONY OF OSCAR E. PALMQUIST, PRESIDENT, NATIONAL COUNCIL ON BUSINESS MAIL, INC.

Mr. PALMQUIST. My name is Oscar E. Palmquist. As my statement indicates, I am president of the National Council on Business Mail, Inc., with offices at 100 West Monroe Street, Chicago, Ill.

To assure that present members of the committee have reasonable knowledge of the National Council on Business Mail, Inc., I would like to offer the following short remarks.

The council is unusual in the composition of its membership. It is made up of companies that have important interest in all four classes of mail, therefore, having no special concern other than equity for each class.

There are some 250 to 300 member companies and individuals with addresses in all parts of the United States. These include large and small businesses such as wholesalers, manufacturers, seed and nurserymen, publishers, printing houses, mail order, retailers, and service concerns.

Since its founding in 1924, the council has been a working group coordinating persistently to maintain its ethical concepts and objectives with careful continuity of judgment. You may be assured that the opinions and recommendations of the council are studied and sincere and with full attention to the background and long-term effect on future postal operations.

The council membership works diligently for service and equity in the handling and rate structure for each class of mail. Our reputation for comprehension of postal problems and for fairness has been well known by those who have been associated with postal matters throughout the years.

With regard to H.R. 14029, the council offers just two recommendations for your consideration:

The first recommendation has to do with section 4646 of the bill which reads, in part:

(a) Each piece of nonstandard airmail or of nonstandard mail of the first class, weighing not more than two ounces, is subject to an additional postage charge of two cents a piece.

The council would suggest that inasmuch as a mailing piece weighing more than 1 ounce is assessed the fee for 2 ounces and up, the penalty should be indicated to apply on mailings of 1 ounce or less. This logic is predicated on the assumption that pieces of mail bearing more postage than the minimum fee are not intended to carry penalty fees.

The second recommendation of the council pertains to the requirement of section 2(b), permitting the Post Office Department to arrange to place in effect the Postmaster General's findings of the study and his regulations merely by publishing routine notices in the Federal Register and carrying out the usual proceedings.

It is the view of the council that the high importance of size and shape regulations and other conditions is so great that action as a result of the study should only be generated and decided upon by the Congress.

Therefore, we recommend that the bill should be revised to require that the findings of the study be reported to the appropriate committee of the House of Representatives for legislative procedures, if essential.

These views of the National Council on Business Mail carry with them the offer of the council to participate in the study to the extent its members' talents, experience, and facilities are called upon.

The National Council on Business Mail thanks you for your consideration of these remarks.

Mr. OLSEN. Thank you very much, Mr. Palmquist. I want you to know that we are sorry that we adjourned before we heard you yesterday and assure you that we didn't want to inconvenience you. But it just happened that way.

Mr. PALMQUIST. It is a pleasure.

Mr. OLSEN. Thank you very much. We appreciate your participation very much.

Mr. PALMQUIST. Thank you.

Mr. OLSEN. Now, then, the Reverend Richard J. Drabik, chairman of the National Catholic Development Conference.

I understand that you are accompanied by the Very Reverend Gilbert Hay, Trinity Missions, and Rev. Daniel Doyle, the director of the Miraculous Medal Association.

You may proceed in any way you wish, sir.

TESTIMONY OF REV. RICHARD J. DRABIK, CHAIRMAN OF THE NATIONAL CATHOLIC DEVELOPMENT CONFERENCE

Reverend DRABIK. Thank you.

Mr. Chairman, Congressmen, my name is Richard J. Drabik. I am a member of the Marian Fathers of Stockbridge, Mass. and chairman of the National Catholic Development Conference. I am authorized also to speak on behalf of the Catholic Press Association of which I am a member.

The conference appreciates the opportunity to present to this subcommittee its views on H.R. 14029, a bill to fix additional postage charges for certain nonstandard mail, and for other purposes and to state its opinion on certain aspects of the question of the standardization of mail which seem to fall beyond the purview of this particular bill, but which have an intimate relationship with testimony given before this subcommittee on November 13, 1967, by representatives of the Post Office Department.

I shall express the general views of the National Catholic Development Conference. My colleague, Father Donald L. Doyle, of the Central Association of the Miraculous Medal in Philadelphia, will testify in detail as to the effects legislation on the standardization of mail may well have on his apostolic programs and on the work of other members of our conference.

Also here with me today is Father Gilbert Hay of the Holy Trinity Missions in Silver Spring, Md., a pioneer in Catholic direct mail who is ready to answer any questions the committee may have.

The National Catholic Development Conference speaks for more than 200 Catholic organizations engaged in the collection of funds through direct mail appeals and the publication of second-class periodicals for the support of hundreds of religious, charitable, educational, health, social, and welfare activities, both within the United States and overseas. All member organizations in our conference operate with the approval of a Catholic bishop or under the authority of a major superior of a Catholic religious order. All are nonprofit in character. The conference itself is a nonprofit membership corporation organized under the law of New York State.

Unless efficient and inexpensive service is rendered by the Post Office Department, it would be extremely difficult and in many cases impossible for our members to support their religious, health, education, and welfare programs.

The conference is interested primarily in the public service aspects of second- and third-class mail, but concerned over also both first- and fourth-class mail. All classes are widely used by our members as essential means of gaining citizen support for their beneficent activities.

Members of this conference are deeply engaged in the war on injustice, poverty, hunger, illiteracy, and disease in the United States and in foreign countries. They support health and social welfare programs in the inner-city areas of almost every American metropolis; they are at work in many isolated regions of Appalachia and other rural areas. Their principal beneficiaries in this country are the poor, the members of minority groups, the economically deprived, and the culturally or educationally disadvantaged.

Our members, and similar Catholic societies, support 9,500 priests, religious brothers, sisters, and lay people engaged in like works of charity, education, and welfare outside of the United States. They provide funds for thousands of leprosaria, hospitals, and dispensaries; schools and adult education programs; trade and vocation schools; infants' and children's homes. They are engaged in agricultural and animal husbandry programs all over the world—in Central and South America, Africa, Kerala State in India, Indonesia, South Korea, and South Vietnam. In many places, such as the Near East and Southeast Asia, they provide, with other Christian and Jewish organizations, a major channel for the distribution of U.S. food, economic aid, and technical know-how.

Postage costs are a major part of the operating expenses of all our members. We make every effort to keep all our costs at a minimum, so that every possible dollar can be spent on our religious, health, and welfare projects. Hundreds of priests, brothers, and sisters who receive no salary staff our fundraising organizations. They are helped in most cases by unpaid volunteer workers. Our lay employees usually work for salaries far lower than they could command by performing the same duties in a commercial enterprise.

Our members dispatch each year 120,035,000 pieces of first-class and air mail—at a cost of over \$7,200,000. Some of these pieces are odd in shape or oversize. We do not, however, have any strong feelings about the standardization of sizes in first-class and air mail. Since we prepare and process millions of mail pieces and packages, we know the advantage to be reaped from mechanization and standardization.

Thus, we can sympathize with the efforts of the Congress and the Post Office Department to establish economically workable standards as to size and shape.

In a statement I submitted last fall to the President's Commission on Postal Organization, I said on behalf of this conference:

Our members are willing to cooperate fully with any reasonable standardization of mail and mailing procedures, such as standardization of letter sizes or staggered schedules for the deposit of mail at the Post Office to equalize work loads.

I confirm that statement today with regard to first-class and air mail.

Though H.R. 14029 appears to be concerned only with standardization in first-class and air mail, it is obvious from a careful reading of the text and, particularly, from the testimony of Post Office officials before this subcommittee, on November 13, 1967, that the studies proposed in this bill will have far-reaching effects in other classes of mail—and especially on third class.

Third class is very important to our members. It is the medium for the distribution of mail of an essentially spiritual or religious nature, pieces of major effectiveness in our fund-raising work. My own organization and many others distribute each year millions of religious Christmas cards, folders, devotional booklets, and religious articles of various kinds. These items are not for sale, but their distribution does lead their recipients to make significant voluntary contributions to the support of our programs.

Members of this conference produce and distribute approximately 600,080,000 pieces of third-class mail annually, and pay \$8,630,000 in third-class postage costs.

Of our total volume of third-class mail, I estimate that about 18 million pieces, roughly 3 percent, contain religious cards, devotional booklets, and religious articles. In the cases of my own organization, about 20 percent of the third-class mail is made up of boxes or flat packets of religious cards. All of these packages might, under regulations yet to be established, be considered nonstandard.

This conference, therefore, is very much concerned about the statement by Postmaster General O'Brien before the Senate Post Office and Civil Service Committee last year, that:

We will not propose surcharges for third-class mail. However, I am taking this opportunity to advise the Congress and mailers of our intention to issue regulations governing pieces of odd size and shape. Our aim is to exclude from bulk mail all pieces that cannot be tied into bundles by letter carriers in the normal manner.

I call your attention here that the term "normal manner" is rather vague and rather meaningless; it is, of course, here that we can make serious problems or even be clobbered. "Normal," of course, can be a manner determined by the Post Office, by the Postmaster General himself.

These regulations will be issued, initially, as proposals with adequate opportunity for mailers to react and to adjust to final decisions.

The effect of such regulatory action could well be to exclude our religious cards, booklets, and articles entirely from third-class bulk mail. Even a modest surcharge might well be preferable to such regulatory action.

I wish to note also that the Assistant Postmaster General, Mr. Ralph W. Nicholson, in his testimony before this subcommittee on November 13 last, reported:

In the case of second-class matter, I think I would have to say that it is all hard to handle and that the rate for the class as a whole should be set so as to take into account both postal costs and public interests involved.

Members of the National Catholic Development Conference publish 79 second-class periodicals and the Catholic Press Association represents the interests of approximately 550 Catholic magazines and newspapers. We urge that any changes in second-class rates or any move to standardize the packaging of periodicals be approached slowly and with great care, lest the dissemination of information on which a free society is so dependent be seriously impaired.

This conference is well aware of and sincerely grateful for the favorable postage rates enacted by the Congress for qualified non-profit mailers. We are specially concerned that the policies adopted by the Congress in the Postal Policy Act of 1958 be continued in full force and that any major changes in the qualifications required for bulk third-class mailings originate with the Congress and not with the Post Office Department.

With these reservations, I may say that the conference favors, in a general way, the serious studies of mechanization and automation proposed in H.R. 14029, and also the timetable proposed for the implementation of any department regulations on the standardization of mail. I would also like to state that we are most hopeful that we will be consulted on any proposals for standardization of sizes or shape or weight or color or typeface for mail.

I wish to thank the members of the subcommittee for their courtesy in giving the National Catholic Development Conference an opportunity to be heard. I thank you also for your attention to my testimony.

It is now my pleasure to present to the subcommittee my colleague, the Reverend Donald L. Doyle.

Mr. OLSEN. Thank you very much, Father Drabik.

We will now hear from Father Doyle.

Reverend DOYLE. Before I begin, I would like to call the subcommittee's attention to the fact that I made certain corrections in the text and there will be certain variations in the text that you have in your hands.

Mr. OLSEN. Thank you.

TESTIMONY OF REV. DONALD L. DOYLE, C. M., DIRECTOR, CENTRAL ASSOCIATION OF THE MIRACULOUS MEDAL, PHILADELPHIA, PA.

Reverend DOYLE. My name is Donald L. Doyle, I am a member of the Vincentian Fathers and the director of the Central Association of the Miraculous Medal at 475 East Cheltenham Avenue, Philadelphia, Pa.

We are grateful to this subcommittee for this opportunity to express our views on H.R. 14029. I realize the bill before this committee covers only first class and air mail. However, I am apprehensive about some of the implications of the bill. It seems to me to be an opening wedge

that will eventually affect all classes of mail. They say coming events sometimes cast long shadows before them. The Postmaster General cast his shadow when he let it be known that he intends to issue regulations governing mail of odd size and shape, and, when he made a general statement, before this subcommittee on November 13, 1967, to the effect that it is the aim of the Post Office Department to exclude from bulk mail, "all pieces that cannot be tied into bundles by letter carriers in the normal manner." This is a very simple sentence but it is vague and could be interpreted arbitrarily in a variety of ways.

The tone of the Post Office testimony before this subcommittee causes us deep apprehension because it seems that the Postmaster General wants broad and sweeping powers to determine by himself what is odd size and nonstandard mail, and what can or cannot be handled in a normal manner by a letter carrier. We all have some idea of what would normally be considered truly odd or outlandish or nonstandard.

I am quite sure that the primary intent of this bill, in the ordinary and obvious sense, is sound and would find very little opposition from the National Catholic Development Conference. However, our problem is a very basic one defining exactly what is truly odd size and nonstandard and then strictly limiting the effect of this legislation to these items. Any changes or broadening of the meaning of these terms to other classes of mail should be reserved to an act of Congress.

You may say that my apprehensions are ill-founded. You may say I have no reason to fear that some arbitrary interpretation will some day ban our bulk Christmas cards from the mail. You may say, it is farfetched that some postal official will rule our Christmas cards odd size because it weighs more than 2 ounces. I say it is not because the vague language used by the Postmaster General admits of many interpretations. Last December 28, 1967, we had a fine example of the Post Office using its interpretation authority in a way never contemplated by Congress.

In the last postal rate bill, a simple sentence was put into the bill that was intended to be a help to mailers to correct addresses on their list. The Postmaster General turned the intent of Congress to help mailers, into a "sword of destruction." He simply made the rate so high he would put us out of business no matter what we did. I would like to mention, at this time, that this new ruling of the Postmaster will hurt, and hurt badly nonprofit, religious, and charitable organizations that send Christmas cards and greeting cards.

Let me explain in some detail.

Our package of Christmas cards weighs about 7½ ounces. In accord with the rate prevailing in 1967, we mailed out our Christmas cards under our nonprofit indicia, but for all return boxes we paid the single piece rate of 16 cents for each package returned. When the December 28, 1967 regulation appeared it seemed that for packages of this size the return rate would be increased to 18 cents plus 15 cents for each address correction for a total of 33 cents per piece, more than double the previous rate of 16 cents. There was a saving provision in the regulation that would allow the return of the box and address correction for a flat rate of 15 cents for pieces 6 ounces or less. This 6-ounce limit was not the best we could desire. However, we thought we could live with it. We began making preparations to reduce the size of our

package to 6 ounces and conform to this regulation. We also sent off a telegram to the Postmaster General protesting his sudden unexpected and arbitrary action. This abrupt regulation was a hardship to us because we were in the final stages of preparing the mailing of our spring box of everyday greeting cards.

About 10 days ago we learned that the Postmaster General, listening to the clamor that was raised, dropped the rate to 10 cents for return address corrections and return postage guarantee for a 4-ounce or less piece of mail. This action left religious and charitable organizations sending out greeting cards really "high and dry." We normally send out 12 cards in a box. We could never send out 12 cards for 4 ounces.

Further, when I first heard of this regulation, I thought we would have to pay the 10-cent surcharge for address corrections only. Then the Post Office "dropped the other shoe": once we printed the legend "Return postage guaranteed, address correction requested" we had to pay 10 cents additional to 18 cents per piece rate for a total of 28 cents per piece for all return boxes of greeting cards even though the Post Office would do absolutely nothing for three-quarters of the return boxes.

Let me explain how this comes about. We will place about 400,000 boxes of greeting cards in the mail. Of these about 70,000 will be returned to us for many different reasons. Of this 70,000 approximately 15,000 will be changes of address. For this 15,000 we would not mind paying the 10-cent surcharge; however, the Post Office requires that for the remaining 55,000 we will still have to pay 10 cents extra over the single-piece rate, even though the Post Office will have absolutely no service to perform or address to correct because the individual receiving the box will mark it "refused" or that the person is deceased.

In many cases persons still at the address will properly readdress the box to the person who has moved. Our organizations need these changes of address because if we do not correct our mailing lists as the changes occur, our mailing list will slowly wither and die.

If we do not make these address corrections economically it will also cause extra work for the Post Office, because they will have to do it themselves, in handling these items that must be returned.

Yet to get these address corrections we must pay excessive rates for all boxes returned, even those with no address corrections at all. It seems almost as though the Post Office is attempting to drive us out of the mails. Certainly to me this rule seems unfair. Perhaps now you can understand, after an experience such as this, why I am cautious and apprehensive about this matter of "odd size and standardization." What does it mean? How is it going to be interpreted in the future? I certainly feel that Congress should define the matter strictly and that for any broadening of the basic definition that the Post Office Department would have to return to Congress for a redefinition.

Please do not misunderstand me. I would not want this subcommittee to think that I am anti-Post Office. Far from it.

I would like to thank, at this time, the Philadelphia Post Office for their cooperation and splendid spirit of helpfulness over the years with our mailing problems. At the same time, I am sure the officials at the Philadelphia Post Office will attest to our spirit of cooperation with them.

I think we were the first large mailer in the Philadelphia area to be fully ZIP coded. We cooperated with them in many experiments

and methods of preparing and handling ZIP-coded mail. In fact, I was so enthusiastic about the advantages of ZIP code, and so told many of the large mailers in Philadelphia, that many of them jokingly accused me of being on the Post Office payroll.

As an example of our cooperation with the Philadelphia Post Office, a representative of the Philadelphia Post Office called on us last week to tell us in advance of a piece of equipment scheduled to be put into use in Philadelphia—the optical scanner. This official asked us to prepare some samples of typical pieces of our mail that could be used in testing the optical scanner.

Now, as I stated before, I am very happy to cooperate with the Post Office and to help a test program and contribute to its success. However, as I listened to some of the problems with the scanner and being now aware of some of the implications and far-reaching effects of the pending regulations on odd size and nonstandard mail, I became increasingly apprehensive. I could see that some official in Washington could declare all mail not acceptable to the optical scanner as odd size or nonstandard mail. The scanner might not be able to read certain kinds of ink and some typefaces may not be acceptable. Colored papers may interfere with the scanner's ability to pick out words. Window envelopes of certain types may prevent reading addresses. The address position may have to be placed differently.

In other words, an intolerable burden may be placed upon a mailer because a machine still in its infancy and not yet fully developed is unable to do all that is claimed for it by the manufacturer except within very narrow limits. No doubt a machine like this is a wonderful development in helping to speed the flow of mail efficiently and economically. But a machine should not be rushed into public use before it is ready, and possibly cause more problems than it is able to solve. Mailers would be made to suffer, for large quantities of mail that will not conform to the narrow limits of a still not fully perfected optical scanner.

There is still another problem area to cause concern to us. The Postmaster General in his testimony before this subcommittee feels that sample mail sent out in very small boxes, large quantities, that are delivered almost house to house by an individual mailman is a tough and expensive job. We understand and sympathize with the problem. However, I am fearful that some sweeping regulation will be made to cure this problem and that we would be included in the regulations, and hurt by them, even though our box is easy to handle and delivered in relatively small quantities by an individual letter carrier.

A typical box of Christmas cards is a flat rectangular box $7\frac{1}{2}$ inches long, $4\frac{1}{2}$ inches wide, and about 1 inch thick. It is no problem to handle. We mail out about 400,000 boxes but they are sent all over the United States. At the most 5,000 would be delivered to an average sectional center of any large city and then it would be broken down, bagged, and tied for each individual city zone number. It could certainly come to less than 300 pieces for an average city zone number. When this amount is divided among all of the letter carriers of a particular zone number it would come down to a much smaller amount for the individual carrier, perhaps 15 to 30 at most.

In other words, our mail is not house-to-house saturation mailing to one city. Certainly religious and charitable organizations should

not be penalized in a catchall edict that is intended to cure a specific problem and which has no bearing on the type of mail nonprofit organizations send out. This would happen because the problems of religious and charitable organizations are easily overlooked because they are relatively small compared to organizations that send out sample mailing in the millions.

This could happen because the problems of religious and charitable organizations are relatively small compared to some organizations that send out sample mailings in the millions and therefore the problems of the charities are easily overlooked.

To sum up, we of the National Catholic Development Conference are grateful to this subcommittee for this opportunity to express our views on H.R. 14029 and to manifest our concern about proper definitions of what is odd size and nonstandard mail and what may be handled by a letter carrier in a normal manner. We are grateful to have this opportunity to express our anxiety, on the effects of this bill now pending before this committee. We realize that this bill at present applies to first class and air mail. However, the standardization being made now may later be arbitrarily expanded to include all types of mail and be harmful to charitable and religious nonprofit mailers which is certainly not the intent of the Congress or this subcommittee.

Thank you.

Mr. OLSEN. Thank you very much, Father.

We will now hear from Rev. Gilbert Hay.

TESTIMONY OF REV. GILBERT HAY, HOLY TRINITY MISSIONS, SILVER SPRING, MD.

Reverend HAY. We are only one small organization out of 250 who are performing educational, welfare, social work, health work, the whole bit. And our community alone conducts 93 missions in 14 States and Puerto Rico, all of them with the poor and the socially deprived. We conduct schools, grammar schools, high schools, and schools for adult education. We conduct clinics and we conduct visiting nurse centers, this sort of thing.

We have been in Appalachia for 20 years, before the rest of the country discovered it. We are in Mississippi; we have been in Mississippi for 20 years and have developed numerous grammar schools for the education of the poor, and these are tuition free.

The following operations are manned and supported by a Catholic Mission Society called Trinity Missions:

Anaheim, Calif.; Ansley, Miss.; Anthon, Okla.; Birmingham, Ala.; Bolivar, Tenn.; Brandenburg, Ky.

Camden, Miss.; Canton, Miss.; Carthage, Miss.; Catahoula, Miss.; Cleveland, Ohio; Coamo, P.R.; Coamo Arriba, P.R.; Colonial Beach, Va.; Conehatta, Miss.; Cuyon, P.R.

Dahlgren, Va.; Dublin, Ga.; Earleville, Md.; East Bernstadt, Ky.; El Modeno, Calif.; Ensley, Ala.; Eufaula, Ala.; Farmville, N.C.; Fayette, Miss.; Fenton, Miss.; Fort Valley, Ga.; Fullerton, Calif.; Gilbert's Place, Miss.; Grifton, N.C.

Hague, Va.; Hampton, S.C.; Harlan, Ky.; Havales, P.R.; Hitchcock, Okla.; Holy Trinity, Ala.; Irwinton, Ga.; Kilmarnock, Va.; Kiln, Miss.; King George, Va.; Kosciusko, Miss.

Lake Shore, Miss.; London, Ky.; Lorain, Ohio; Los Llanos, P.R.; Loyal, Okla.; Manchester, Ky.; Maysville, N.C.; Moscow, Pa.; Norfolk, Va.; Ofahoma, Miss.; Ophelia, Va.

Palmarejo, P.R.; Pasto, P.R.; Payneville, Ky.; Pearlinton, Miss.; Pearl River, Miss.; Perry, Ga.; Philadelphia, Miss.; Port Gibson, Miss.; Puguillas, P.R.

Red Lick, Miss.; Rio Piedras, P.R.; Ritter, S.C.; Rocky Hill, Miss.; Rodney, Miss.; Rome, Italy.

San Ildefonso, P.R.; Sandersville, Ga.; Santa Catalina, P.R.; Savannah, Tenn.; Scott Camp, Calif.; Silver Lake, Pa.; Silver Spring, Md.; Stirling, N.J.; Swansboro, N.C.

Tappahanock, Va.; Thomas, Okla.; Tustin, Calif.; Union, Miss.; Union Springs, Ala.; Vanceboro, N.C.; Villa Park, Calif.; Walterboro, S.C.; Ward, S.C.; Washington, D.C.; Wheeling, W. Va.; White Cypress, Miss.; and Winchester, Va.

Mr. OLSEN. We thank all three of you gentlemen for your presentation. It is very well done. I think that your presumption is correct, that you will find the sympathy of the committee here with your problems. Of course, we have to sympathize with the Post Office Department, too, and understand their problems.

There will be a very elaborate study before we take any action here. The bill, of course, is only a sample of what we are considering. I just don't know what we are going to have to do about what was described by the previous witness, about cubical or dimensional packages in the mail. But we invite your comments and, of course, I invite the rest of industry, because as the bulk grows it is becoming an increasing problem for the letter carrier to case his mail.

One witness said that perhaps the individual pigeon holes in the case could be enlarged. Of course, that poses the problem of how far can the mailman reach then, and how big can his case become, and efficiently case his mail for his sack. But all of these problems, I assure you, will be studied and there won't be any precipitous action without further consultation with mail patrons such as yourselves.

Thank you very much.

Now, the gentleman from New Jersey, Mr. Daniels.

Mr. DANIELS. I have no questions, Mr. Chairman. I listened with great interest to the testimony of these witnesses, and wish to assure them that this problem, which is not an easy one, will be given very careful consideration by this committee.

Mr. OLSEN. The gentleman from Pennsylvania, Mr. Nix.

Mr. NIX. Thank you, Mr. Chairman.

I don't have any questions, but I should like to make the observation that I feel that the points that have been raised are valid points. I think the apprehension expressed is proper. I am convinced the members of the subcommittee are deeply grateful of the fact that you centered on these points. That is very necessary in the consideration of all of the testimony, and thereby arriving at some accommodations.

I thank you very much.

Mr. OLSEN. You know, gentlemen, it might very well be that a lot of our problem will be solved if odd-sized mail, whatever that definition becomes could be sorted to the detail of the letter carriers' route, rather than any kind of extra charge or any kind of censorship on size. Of course, that has been dwelled upon by previous witnesses, others previous to today.

We did have a witness earlier—it has been weeks ago now—and he testified about a cylindrical shape sample. It was an absorbent paper to be used as a towel, a wash towel, or a dish-drying towel. They wanted to retain the absorbent quality of this paper. They didn't want it to be crushed. They didn't want it being laid flat, because by laying it flat on the bottom, its absorbent characteristics would be limited and they wanted to get it into the hands of the housewife the way it would be at the grocery store, if and when she would buy the product. It had to be cylindrical so it wouldn't be crushed.

I would say the mailer did a wonderful job, because he sorted the mail right down to the carriers' route the way the carrier delivered. We heard no complaint from the Post Office about it.

We don't know what it cost the Post Office to move it in that kind of a package, but we are going to make and we are going to insist on such studies being made in our companion hearings on cost ascertainment.

Thank you again. We appreciate your situation very well, and you expressed it splendidly. Thank you.

Reverend Doyle. Thank you very much.

Mr. OLSEN. That is all of the witnesses for today.

The committee stands adjourned.

(Whereupon, at 11:35 a.m., the subcommittee was adjourned.)

STANDARDIZING THE SIZES OF MAIL

THURSDAY, MARCH 28, 1968

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON POSTAL RATES OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:18 a.m., in room 210, Cannon Building, Hon. Arnold Olsen (chairman of the subcommittee) presiding.

Mr. OLSEN. The subcommittee will come to order.

We are continuing our study of the standardization of mail sizes and our bill addresses itself to a surcharge for nonstandard first class and airmail. However, we know of the interest in third-class bulk and samples. The bulk and sample mailers have some warning from the Post Office Department to the effect that there may be a surcharge imposed by regulation by the Postmaster General. We welcome these witnesses to come to us with the problems of samples and of third-class bulk.

I might say that the hearings have demonstrated that there is a great deal of cooperation on the part of the mailers.

Our first witness this morning is Mr. Arthur Messinger, manager, promotion and display materials services of the purchasing department of the General Foods Corp. I understand that you are accompanied by our very old and dear friend, Robert Oliver. We are very happy to have you gentlemen here this morning, and in whatever manner you wish to proceed, please do so.

TESTIMONY OF ARTHUR MESSINGER, MANAGER, PROMOTION AND DISPLAY MATERIALS SERVICES, PURCHASING DEPARTMENT, GENERAL FOODS CORP., ACCOMPANIED BY ROBERT OLIVER, PRESIDENT, ROBERT OLIVER ASSOCIATES

Mr. MESSINGER. Thank you, Mr. Chairman. I would like to read my statement and be available to answer any questions that may arise and perhaps interpolate or elaborate on some points in the statement as I go along.

Mr. Chairman and members of the subcommittee, my name is Arthur Messinger. I am manager of promotion and display material services for General Foods Corp. at its headquarters in White Plains, N.Y.

My purpose in appearing here today is to emphasize the important role that sampling of products and use of premiums play in our economic system and in the service of consumers. I also hope to point out how certain of the problems of the Post Office Department in

handling this type of mail can be solved with resultant benefits in both economy and efficiency.

At the outset let me say that General Foods is engaged in the manufacture and distribution of a variety of convenience foods that are used in virtually every home in the Nation. On an average shopping day some 20 million packages of our products are purchased by American housewives.

Marketing to the American consumer requires the use of many different advertising and promotion media to inform the prospective purchasers about the inherent advantages of a product and the satisfactions that can be achieved by using it. This activity is especially important when new products are introduced to the public—new products that have features and consumer attractions quite different from any others on the market. Last year we introduced 29 new products.

General Foods believes that product sampling by mail is a most effective technique of inducing consumers to try new products and thus, to increase the distribution of these products. The economic importance of this promotional technique is underscored by the fact that almost all progressive and growing consumer goods industries attribute their growth and expansion largely to their success in introducing and selling new products with consumer appeal. Naturally, new products mean new plants and equipment and new job opportunities all the way from relatively unskilled labor to skilled, management, and executive levels.

Product promotion through mailed samples has the following advantages to the consumer and to business:

1. It is a proved business-building promotion technique which can be expected to result in increased sales, provided that the consumers like the product.
2. It is an excellent way to assure that a broad cross section of consumers will try the product.
3. The consumer is given the opportunity to make a buying decision in the home which is where the product will be used. Thus, a more intelligent purchase decision can be made for future purchases, of course.
4. The flow of goods is encouraged because the retail trade recognizes the effectiveness of product sampling and is willing to increase its purchases of goods in anticipation of a rise in consumer demand.
5. Consumers receive a "no risk" sample of the product without the necessity of returning coupons, or paying for such things as mailing and handling costs.

The development and introduction of new products to the American consumer is an important part of our economy and it is involved with our total economic growth as a nation. The distribution and stimulation of sales of new products contributes important elements to a healthy economy. The continued use of mail sampling as a means to effect this distribution is evidence of the success of this method. The business of preparing these samples for the mail is also an important part of American industry. The average sample mailing represents the combined final products of at least a dozen major manufacturing processes. This runs from the paper, can, and mailing box to raw materials and so forth. This represents an impressive number of wage and commodity dollars put to work in this field of endeavor.

How about the consumer's attitude to sampling? Market surveys conducted by the A. C. Nielsen Co. reveal that three out of four people receiving samples actually use them and that the great majority love to receive them. The housewife's attitude toward this kind of mail is definitely receptive.

Granted, there are other methods of achieving distribution of new products, and there is no doubt that large marketers, such as ourselves, could adjust to a disproportionate increase in sample postage rates. But it is doubtful if the smaller company that relies more heavily on this technique to test its products and to break into existing markets could adapt to other methods, or could be flexible enough financially to absorb this increased postal cost. The disadvantage to the smaller company is obvious.

Now, let's examine the Post Office's problems in handling third-class bulk mail of "irregular" size. By law, all third-class bulk mail is packed and shipped in lots directly to the delivering branch post office by ZIP code. This task is accomplished by the mailer at considerable expense. The Post Office states that the difficulty in handling this material develops at the point of delivery. Present postal facilities are inadequate for sorting of samples by carrier and further arrangement by walking route. Banding or strapping samples in proper order and retaining this order becomes difficult.

It has been brought to our attention, Mr. Chairman, that a postal carrier on his route may have his samples strapped very adequately at the beginning, but as he walks and dispenses a few of them, the bundle then becomes irregular in shape and the whole bundle will break apart and he has to start resorting over again. This is a recognized problem.

These parcels can't be strapped with other mail, necessitating the carrying of two separate loads by each man. Often the sheer bulk or weight of the material requires the carrier to make several trips to relay boxes. These are the problems as the Post Office states them. Every problem, however, has its solution and General Foods feels that the responsibility for achieving the solutions here rests jointly with mailers, such as ourselves, and the Post Office.

Mr. Chairman, I'd like to provide your committee with a brief résumé of the work and cooperative efforts of the Grocery Manufacturers' of America Committee on Sampling with the Post Office Department. During the past few weeks I've attended several meetings of this group, representing General Foods. Other firms represented were Procter & Gamble, Lever Bros., Colgate-Palmolive, Kellogg, Bristol-Myers, Corn Products, and two mail-handling firms, Reuben H. Donnelly and Metromedia, Inc.

This group, working with the most helpful cooperation of the Post Office Department, has evolved some very fresh ideas, which are to be tested in the field. An innovation is the affixing of the names and addresses of sample recipients to small 3 by 5 cards rather than to the actual sample package. This is known as the detached label system.

This procedure allows the postal employees a simplification in their sorting and arranging operations. I think it is obvious that it is easier to arrange and sort 3 by 5 cards in your hands than it is to sort out a hundred or so samples on the table. This is the real economy

in the operation. The carrier then has only to drop any sample into a mailbox along with the name and address card.

The Post Office Department thinks that the approach has merit and has agreed to test it in principle at the Silver Spring, Md., branch this week with a mailing of approximately 30,000 samples of a new Lever Bros. product. Post Office cost ascertainment people will be on hand to do time and motion studies. A second and more elaborate test of this proposed method is to be held next month, I believe it is between the 1st and 15th of April, at several branches; specifically Colorado Springs, Manitou, and Pueblo branches. They will be using a somewhat different piece of sample merchandise. Additional test ideas are being explored.

I would like to digress and discuss the sampling in the Silver Spring and Colorado Springs Post Offices. They are basically designed to test the broad idea of the detached label in principle. Neither the grocery manufacturers group, who is sponsoring this test, nor the tester who is structuring it, feels that any very definite monetary or numerical figure of a valid nature will be forthcoming. We are testing the principle on a go-or-no-go basis for a future more detailed testing operation which we may propose.

Now, the Post Office would be interested, according to their spokesman at our meeting on March 15, in a device which would eliminate the need for carriers to strap samples at all. This simple dispenser that General Foods has designed for such a task, I hold in my hand, Mr. Chairman. It's a prototype and I must admit a fairly rough prototype of a unit, which when combined with the card system of distribution, would eliminate most of the previously stated delivery problems for third-class bulk mail.

The dispenser is a simple cardboard tube in which a quantity of the samples to be dispensed will be prepacked by the mailer in increments of 10, 20, or whatever is convenient in size and weight. The arrangement is a gravity feed arrangement. These packages are packed right up the tube, so as the mail carrier walks his route with this dispenser either tucked under his arm or sitting in his regular pouch, he need only remove one package at a time and the following package will fall down into place ready for the next stop.

While this particular prototype does not contain a full load of packages—we had to prepare this in a hurry—I think you can see the basic functionality of the piece and how it can organize the carrier's load, and simplify the door-to-door distribution problems that he is currently experiencing.

We at General Foods, and we collectively the Grocery Manufacturers of America, intend to explore the possibilities of this type of dispenser further and to hopefully test it in some future mail test which we will arrange with the Post Office Department.

As you can see, Mr. Chairman, the most fruitful ideas in this situation are a result of our people cooperating sincerely with postal authorities in an all-out attempt to solve problems. General Foods believes that adequate solutions will be reached and that it will not be necessary for the Post Office to adjust rate structures or regulate this class of mail in any further manner.

In conclusion, Mr. Chairman, General Foods believes that any precipitate action by the Postmaster General regarding third-class bulk mail or, more specifically, mail sampling, would be premature,

inconsiderate, and without basis, in view of the advances being made in coordinating industry's efforts with the mail service's. The Post Office has stated their willingness to participate in any meaningful tests of new proposals and the use demonstrating good faith by doing so in the Silver Spring and Colorado Springs tests mentioned previously. We suggest that the Post Office Department, under the auspices of your committee, continue to work with the various elements of the direct mail industry and mail users, until final acceptable solutions are reached.

Thank you very much for the opportunity to state our views.

Mr. OLSEN. Thank you very much, Mr. Messinger. We are really happy, and I am sure I speak for the whole committee, that industry is helping us solve this problem of how to modify irregular shaped mail. We welcome the contribution, because we know there may be several alternatives. One is a surcharge on irregular shaped mail because of the expense of handling. Another alternative, of course, is to prepare the mail so the cost of handling irregular mail is minimal in comparison with other mail, and I think that your idea is commendable. I hope that we will hear from the Post Office Department in the future about the success of this proposal. Thank you very much.

The gentleman from Pennsylvania, Mr. Johnson.

Mr. JOHNSON. Thank you.

Mr. Messinger, I too, enjoyed your presentation here this morning, and it is rather novel in that you come here and tell us about something that you are doing to try to solve the situation rather than telling us how you are being overcharged.

So, to that extent, I think you made a very fine contribution. I notice you touched on the fact of the job that you people do now in presorting, and it is a tremendous aid to the Post Office Department.

I attended all the hearings last year when the rate bill was being considered and I still don't think that the administration gave enough credence and enough recognition to the third-class mailers for the tremendous job that they do, which the Post Office Department doesn't have to do. In addition to the work you are already doing you plan to even go further in order to help the Post Office Department. I think that is very commendable.

I want to ask you a question about your proposed carton service there. That, I take it, would be a disposable item after the carrier has taken all the samples out of it?

Mr. MESSINGER. Yes.

Mr. JOHNSON. He takes it back to the Post Office Department and puts it in a refuse can or disposes of it someplace along his route; is that the idea?

Mr. MESSINGER. That is right. This would be made of an inexpensive piece of cardboard that would be disposable in the nearest refuse can. That is right.

Mr. JOHNSON. Do you have a plan of packaging those as they would leave your plants? Let's say you were sending them to my hometown of Smethport, Pa. Would you put them in a carton and label it Smethport so all the carrier would have to do is pull them out of the carton. Is that the idea?

Mr. MESSINGER. Yes; right now under the present system, say Smethport receives x number of cartons of samples. Rather than just loading the samples into the large corrugated cartons loosely, we

would subpack them in these cardboard dispensers and then load these into the corrugated shipping carton. So upon arrival at the—say the Smethport branch post office, the carrier would merely lift out a certain number of dispensers, whatever they needed for their walking route and would not be involved in the counting out of samples. There would be a standard increment in each one of these dispensers, and he would not be involved in banding or strapping them for convenience carrying. Just for example, a carrier with 150 homes on his route, might in a typical sampling operation be covering, oh, 100 of the homes. Not all sampling is a hundred percent. Very few of them are. So that if these samples were packed in increments of 20 per dispenser, he would merely lift out five dispensers. That would be the route allotment. He might put two or three in a relay box along his way for convenience; the remainder he would put in his pouch or tuck under his arm as he goes along. And then, of course, with the detached label system he would be holding the label cards in his hand so he would not be involved in this continuous juggling of the first-class mail and magazines and so forth. This would be a simplified procedure for him.

Mr. JOHNSON. Would the cards have an address and denote that third-class postage had been paid?

Mr. MESSINGER. Well, the card would say, "A sample for you from Lever Bros. or General Foods," or whatever, and would be deposited in the delivery mailbox along with the sample. The cards under the proposed system are shipped in close proximity to the appropriate number of samples. In other words, x number of cards are packed in the carton with the samples. The Post Office Department has not agreed, or perhaps even considered what the cost for a mass national sample would be, so far as the weight of the cards would be, but I believe they would probably not charge postage on the cards per se, that the efficiency of this system would probably wash out the additional cost of putting cards in.

Mr. JOHNSON. In other words, you would want it to be classed—each sample and the card—as just one piece of mail and only pay postage once; not on each item?

Mr. MESSINGER. That is correct. The postal indicia which is presently printed on all third class would continue to be printed on the sample package itself.

Mr. JOHNSON. Of course, you would have a message on the card, which would be in addition to that printed on the sample?

Mr. MESSINGER. Yes, sir. That would say here is a sample from A, B, C Bros. And this would assure the consumers recognizing the sender of the sample, and understanding that the U.S. mail service has actually delivered it to her door.

Mr. UDALL (presiding). I received relatively few awards from my invention in the third class and packaging and mailing industry. But instead of the card, why not, in order to get away from this problem of the detached label, have your computers and your printers just turn out a little roll of address slips so that the postman simply whacks one off and sticks it on the cornflakes or salt or whatever you are putting in the box?

Mr. JOHNSON. He exposed that, for the simple reason he would have to bundle them and package it outside this separate container; and that is causing the great confusion.

Mr. MESSINGER. That is basically the problem, keeping the samples in order during the hours that the postman or the carrier walks his route. And if the necessity for that is eliminated, the major part of your problem is solved. This way, even if we didn't have a dispenser, even if he was still saddled with the large number of loose samples floating around in his pouch, it would not have a bad effect on his handling of the mail. He could take out any sample just by touch, as long as he had the right card dropped into the recipient's mailbox. Now, your suggestion to affix the labels, that the postman affix them is fine up to that point, but then he is faced again with the situation of keeping them in a presorted walking-route sequence and that is where the problem arises.

Mr. UDALL. He must get the cards in his delivery sequence.

Mr. MESSINGER. That is simple. It is a matter of shuffling them in his hand; every man knows his route by heart and he can arrange that easily. He doesn't need a large sorting table or sorting apparatus to help him do that.

Mr. UDALL. He could have a piece of adhesive paper, and simply rip it off, stick it on the sample, and drop it in the box.

Mr. MESSINGER. Yes, but again you are faced with keeping the samples in order as you walk. That is the major problem, keeping the bands or straps on.

Mr. UDALL. My thinking is to have the carrier apply the label to the sample box.

Mr. MESSINGER. You are suggesting at the point of delivery apply the label?

Mr. UDALL. Yes.

Mr. MESSINGER. This is entirely possible, although I wonder if this would not be saddling the carrier with unwanted additional labor.

Mr. JOHNSON. I take it your position, then, is that by reason of the additional job that you are doing—which will be another service that you will be rendering the Post Office Department—will eliminate any necessity for further increase in rates for this odd-shaped mail?

Mr. MESSINGER. This is basically the position that we take. Surcharges don't solve problems. They may temporarily make a situation more affordable. Of course you will be faced with the situation again in future years if labor rates should increase and we would be right back at the same table again. We propose to change the method to solve the problem at this point and to make a permanent solution thereby. The tests that are in operation now, and will be proposed I think, will be the real lasting solution to the postal problems and we certainly hope they will be.

Mr. JOHNSON. Thank you, Mr. Chairman.

Mr. UDALL. Mr. Messenger, how many million samples did General Foods send out through the U.S. mail this year and last year?

Mr. MESSINGER. I am glad you asked me about last year. Last year we sent approximately—give or take a couple million—about 35 million samples. Now this was an atypical year for us. We had one particular product, Start, which accounted for perhaps 20 million of those 35 million. The average year is generally in the area of 20 million samples per year.

Mr. UDALL. How many different products?

Mr. MESSINGER. Perhaps four or five different products in the space of a year's time.

Mr. UDALL. What is the variation in size of these?

Mr. MESSINGER. Well, that depends upon the nature of the product. The average—

Mr. UDALL. What is the biggest one you ever sent?

Mr. MESSINGER. I think the largest sample we have had is a half pound can of coffee perhaps. This is again atypical. The average sample is approximately 3 inches by 1 or 1½, and weighs approximately 5 to 6 ounces—in that neighborhood.

Mr. UDALL. Under the present system of postal rates when you send out a sample of this size, what do you pay the Post Office Department?

Mr. MESSINGER. The current rate is a 3.6-cent unit minimum. That is, if your weight per sample does not come up to the minimum weight level, which is 2½ ounces, as soon as you go over 2 ounces you get to 2.6 ounces per sample, you are charged on the basis of \$22 per 100 pounds—you have caught me on a rate charge here. But your minimum charge for a sample is 3.6 cents right now, and will increase to 4 cents next year.

Mr. UDALL. Are there any present limitations on the shape and size?

Mr. MESSINGER. Currently there have been no proposed—there are no present regulations on the shape or size that I know of.

Mr. UDALL. Can it be rectangular, triangular, thick, thin, any shape?

Mr. MESSINGER. That is right. There will be maximum limitations just as there are maximum limitations on parcel post mail. But I don't think any sample mail will approach anywhere in the —

Mr. UDALL. Is this for the Post Office Department to have something in the order of the cards that you have in your hand as against a third-class letter, magazine, or publication that weighs the same?

Mr. MESSINGER. The third-class envelope, let's say, or flat mail, if you prefer to call it that, that weighs the same as this, would be a rather odd piece of mail. It would be in the neighborhood of, as I said, 5 to 6 ounces on the average. And as such would be a rather thick envelope, and would approach a package in dimensions. The post office handling will be simpler, granted. However, I think I should point out that in reality the average third-class bulk envelope weighs an ounce, or less, and is paying the 3.6-cent rate at the present time.

Mr. UDALL. Is it your judgment, and your contention, that the typical sample General Foods sends out under the new rates will essentially pay for itself?

Mr. MESSINGER. Yes, sir; it is. Basically, because nothing that we send out is at the minimum rate. We are paying 7, 8, 9 cents per unit under the current poundage rates and the heavier our sample is, the more revenue for the Post Office. The problem of handling does not increase at all in proportion to the weight of the sample.

Mr. UDALL. Would it be your contention that under any fair cost-accounting system the rates are adequate for the Post Office Department to recover its costs?

Mr. MESSINGER. This is our present contention, and we would like to get deeper into the cost accounting in our discussions with the Post Office. Just by way of mention, the Grocery Manufacturers

have set up a subcommittee of their own to deal with that problem, and to discuss realities in the costing system.

Mr. UDALL. Do you believe it would be unfair or discriminatory to impose any kind of surcharge or treat these samples any differently than they are treated under the present law?

Mr. MESSINGER. Yes, sir; we do.

Mr. UDALL. You have made your position very clear, and I thank you.

The gentleman from Pennsylvania.

Mr. NIX. I want to apologize for being late. I had to attend another hearing.

Mr. Messinger, you made an extraordinary statement a moment ago when you said you had under study a proposal that would eliminate all of the problems. You did say that, didn't you?

Mr. MESSINGER. I don't recall saying—was this in my prepared statement, Mr. Nix?

Mr. NIX. Yes. The reason I brought it up again is because we are so much in need, in this troubled world, of some man who can settle all of the problems; and I thought you would be very much in demand in every agency of the Government.

Mr. UDALL. Like candidates, witnesses sometimes get carried away and promise more than they can deliver.

Mr. NIX. Thank you, Mr. Chairman.

Mr. UDALL. I guess that concludes your testimony and we thank you for being with us this morning.

The next witness is Mr. Raymond Balcom, Printing Industries of America.

Mr. Balcom, I am told that you are accompanied by Mr. Shane MacCarthy. Is that correct?

Mr. MACCARTHY. I am the director of government affairs of the Printing Industries of America. I have two brief purposes: first, to express the regrets of Mr. Taymans, president, Printing Industries of America, who was called out of Washington and could not be here this morning. He is very far from Washington at this moment.

And secondly, I'm pleased to introduce to you and the members of the subcommittee, Mr. Ray Balcom. Mr. Balcom has a background that is very pertinent to this problem of standards and sizes. He was formerly president of a very large lithograph company and was also general manager of an important publishing house. A great deal of the business of that publishing house was greeting cards. And they come in various sizes, as you well know.

Mr. UDALL. Mr. Balcom, we are happy to have you present.

TESTIMONY OF RAYMOND D. BALCOM, PRINTING INDUSTRIES OF AMERICA, INC.; ACCOMPANIED BY MR. SHANE MACCARTHY

Mr. BALCOM. Mr. Chairman, members of the subcommittee, the Printing Industries of America is a national trade association of the commercial printing industry with a membership of 7,000 companies and 50 affiliated associations at the city, State, and regional level.

We recognize very clearly the desirability and the importance to the Post Office Department and to the general public, of automating and mechanizing postal service to the fullest extent possible. These steps

are vital to the efficient and economical processing of the present volume of mail and are of even greater significance when one contemplates the continually increasing volume of postal items which will be facing us year after year.

We endorse your committee's plan as outlined in H.R. 14029, to authorize the Postmaster General to conduct a comprehensive study directed toward developing a factual picture of the physical characteristics of mail handled by the postal services; the impact of mail size and dimension limits on the users of mail generally; the various segments of business and commerce, and the postal operations.

We recognize the necessity for the Post Office Department to have available in this study full information on the size of equipment which produces the many products handled by the postal service and other information which will enable the postmaster to coordinate his design of automatic equipment so that the largest volume of materials placed in the mail may be handled by automated process.

It is important that sufficient consideration be given to conditions existing outside the confines of the Post Office Department. Billions of dollars are invested in equipment in the printing and allied industries to meet the staggering demands which are mounting every day. Much of this equipment is designed to produce papers, printed products, and collateral materials in narrowly prescribed sizes, ranges, or multiples thereof.

For example, the most usual common denominator is the 8½ by 11 sheet of paper. More equipment is designed to print, process, finish, and bind paper products in the 8½ by 11 range or its multiples than in any other size. A 10-year survey of the production of one manufacturer alone—this is a press manufacturer—showed that 55 percent of his production was in 17- by 22-inch presses—designed to handle four 8½ by 11 sheets.

Forms used in the billions are printed from paper rolls tailored to meet press sizes. These presses are highly engineered to withstand the rigors of volume and speed and in each instance represents a large monetary outlay, and again their output is predominantly in 8½-by 11-inch multiples.

A standardization program which did not give thorough consideration to the typical sizes of equipment in use in the printing and allied industries would have extensive ramifications.

Mr. Chairman and members of the committee, you can well appreciate that there are also outside influences such as customs, habits, styles, social uses and practice, and marketing concepts which dictate and determine the size and shapes of items that are to be mailed.

Clearly, careful consideration of industry patterns will be required. The Printing Industries of America has offered its resources of engineering skills, technical know-how, and intimate familiarity with the printing and allied industries to the Post Office Department. In the early planning stages of the development of automation and mechanization of mail-handling equipment, procedures, and systems contemplated can be made compatible with the requirements of mail users and production facilities existing outside of the postal service.

The cooperation of the Post Office Department is evidenced by its recent fostering of an industry Standardization Advisory Committee comprising various groups who use the mails.

It is the large volume mail user who has the greatest opportunity to work with the Post Office Department in a cooperative approach to automated mail processes. First-class mail and airmail are services used by millions of Americans. The greatest benefit to the postal service in automating the mails will come from the processors of large volumes of mail. Here there is the greatest opportunity for business and commerce to join forces with the Post Office Department in developing standards and procedures that will bring about the greatest degree of automation.

The Congress long ago established the principle that it is concerned about the relationship of the users of the mail and the postal service. It is recommended, therefore, that the standards developed by the Postmaster General in cooperation with business and commerce, and other users, be brought back to the Congress for ratification, before the standards are issued in the form of a penalty.

Standards can take many forms of application. The location of the address, the type of paper, the color of paper stock, placement of return address, ability of scanning equipment to read the address, and so forth—it is believed that these are items touching upon the vital relationship of the users of the mail and the postal service. The issuance of standards like the establishment of postal rates should be subject to the clearance of the Congress, at least in general concept.

In addition, Mr. Chairman and members of the committee, we believe that the purposes of the Postmaster General could best be served if the incentive for placing standardized materials into the postal service was coupled with a reduction in rate, rather than assessing a penalty for nonstandard material. We believe then that the average user of the mail would be relieved from determining with each piece of mail whether or not the product had a penalty and only the mail processors who took deliberate steps to cooperate with the standardization program would enjoy the benefit of the lower rates offered by the Post Office Department.

In summary, we do not believe the Congress should authorize a penalty for nonstandard mail but rather should authorize the Postmaster General to assess a lower rate for mail that is processed so as to easily be automated by the Department.

We believe the individual user of the mail system should be relieved of the requirement to investigate the problem of penalty mail, and finally, we think that the standards developed by the Post Office Department should come back to this committee for review and discussion.

It may be that during the course of investigating and developing mail-processing equipment it is found that greater versatility exists and that a far greater range of mail sizes and dimensions may be processed effectively. The whole cost-size-dimension relationship of mail processing could be affected and present conclusions as to what is standard and nonstandard mail could be thoroughly disproved.

The Printing Industries of America, its affiliates, and members stand ready to offer its time and talent to further the objectives of your committee and the Post Office Department—efficient and effective postal service.

It is our recommendation that the Postmaster General be authorized and directed to conduct the study as outlined under section 2(a) 1 through 6, subject to our foregoing comments.

Mr. Chairman, and members of the subcommittee, we greatly appreciate the opportunity of stating our views to you this morning.

Mr. UDALL. Thank you, Mr. Balcom.

Some people in the industry stated in previous hearings that nothing should be done about standardization. The thought was expressed that this interferes with a free choice we ought to have in this country; the liberty to have envelopes and letters in any size the sender desires. I take it from your statement that the industry that you represent does not object to some degree of standardization. It recognizes that something must be done along this line and it wants to go slowly and carefully consider all the technological and other problems related to it.

Is this a fair statement?

Mr. BALCOM. I think it is a fair statement.

You said "slowly." I don't think that we necessarily mean slowly as long as we go correctly.

Mr. UDALL. And correctly.

Mr. BALCOM. I object to the use of the word "slowly." I feel, and the industry feels, this standardization has to be done.

Mr. UDALL. I appreciate the constructive attitude.

The gentleman from Pennsylvania, Mr. Johnson?

Mr. JOHNSON. Thank you.

I just want to comment on your testimony, Mr. Balcom. I think you served a very useful purpose here in impressing upon the subcommittee that so much of the machinery which is presently in use all over the country is in itself standardized and is geared to a certain production norm and size, and for us to come along and arbitrarily fix a size and ignore the great standardization that you people have done would be a very bad thing, indeed.

To that extent, I think that your testimony is very pertinent, well thought out, and will be a great help to this committee.

Mr. BALCOM. I might like to emphasize that while I talked about presses and size range of 17 to 22 inches, we could talk in terms of 54 by 77. These ranges again are multiples of $8\frac{1}{2}$ by 11 inch sheets.

These represent today for the newest lithograph offset press, for example, a cost of about three quarters of a million dollars.

Mr. JOHNSON. Yes, the investment in machinery throughout the Nation is a tremendous sum if you add it up.

Mr. UDALL. The gentleman from Pennsylvania, Mr. Nix?

Mr. NIX. I will just make a limited observation, Mr. Chairman.

Mr. Balcom, there is a widespread consensus supporting the idea of standardization. That is my impression from the testimony that I have heard, and that is the impression that I get from your testimony. The only point of great concern to industry and to the public, is that conferences be held, and that they be inclusive of all the interested parties.

Is it your view that because of such conferences, some accommodations can be reached which would be agreeable to everyone?

Mr. BALCOM. I believe so, sir. I think the occasions on which I had been able to attend some of these intergroup meetings, I did not go away completely convinced there would be followups. There is an exchange of view and a general agreement, but having been in business, you know just because you arrive at a conclusion, continuing action will not necessarily follow the conclusions and decisions arrived at unless there is a constant followup. I think that industry would feel

more comfortable if there were provisions for followup progress reports to ensure that programs agreed to and supported by all concerned were being adhered to.

Mr. NIX. Is it your opinion that there is a complete willingness on the part of the Post Office to cooperate, to sit down and talk, and to bring all of the interested parties into the talks?

Mr. BALCOM. Of course this is—you are asking just for my opinion.

Mr. NIX. Yes.

Mr. BALCOM. Whether it is a factor or not?

Mr. NIX. Yes.

Mr. BALCOM. I think there is certainly a demonstrated willingness to discuss the problems but again I go to my previous comments. Instead of meetings two or three times a year, if there is going to be complete cooperation there should be progress reports following each meeting so there can be assurance that machinery development, for example, is progressing along lines which are in accord with conditions outside of the postal service proper. These meetings are meaningful. At each there is a frank exchange of ideas. But research and development people sometimes get carried away with what they are developing and there is a tendency to ignore what someone else might be doing, and overlook some ramifications that could result from proceeding in conflicting directions.

Mr. UDALL. On the bottom of page 3 and top of page 4 of your statement, you raised some issues that always trouble us. It is obvious, in the first place, that the Congress can't debate on the House floor, in great detail, these technical problems of standardization. Congress relies on the committee, to a large degree. And, certainly, there is a suggestion that the Postmaster General ought to have some authority in this field. You indicate on page 4, that whatever is done probably should come back to the Congress at least for approval of the general concept. I would be reluctant, naturally, to have this committee or Congress take up their time on detailed matters of envelope sizes. I think you probably are on the right track in that the Congress ought to have some oversight authority, and ought to play some role, at least a vetoing role, if someone in the industry feels the Postmaster General is arbitrary and does not consult all the rest. Is this the view that you are trying to express?

Mr. BALCOM. Yes, sir; that is the view. We realize it is a detailed procedure, but as I commented on page 5 of my prepared statement: "It may be that during the course of investigating and developing mail processing equipment it is found that greater versatility exists and that a far greater range of mail sizes and dimensions may be processed effectively. The whole cost-size-dimension relationship of mail processing could be affected and present conclusions, as to what is standard and nonstandard mail, could be thoroughly disproved."

Mr. UDALL. Some others feel that Congress has provided that an executive branch official can make certain determinations which will go into effect in 60 days, unless the Congress disapproves. We may have something of this kind.

Mr. BALCOM. With cooperative and mutual planning, everyone in industry will feel better, and I think I speak for all segments when I say this. There has been a historical pattern of estranged relationship between the Government and industry. I think, however, we are coming a lot closer together but we still have certain areas of doubt.

Mr. UDALL. On page 4 you are suggesting that if we are going to have a two-price system—one rate for standard and one rate for nonstandard—that the incentive be on the user to avail himself of the lower rate?

Mr. BALCOM. Right.

Mr. UDALL. Rather than having the Department fix a rate, and have the determination as to whether the surcharge or the additional rate is called for? Are we talking about the same thing? If we are going to have a two-rate system, what difference is there if the standard is in the lower rate or in the higher rate or on how the incentive is placed?

Mr. BALCOM. I think one, probably two aspects. One, we mentioned incentive, which might help facilitate getting this program off the ground. Incentive is always more appealing than penalty. It may be a question of semantics as you are implying. I think also we feel that we do not wish to follow the procedure practiced in some countries of having the individual place his piece of mail against a template and determine its rate. I think we wish to relieve the individual user of this burden. Historically the rate covers all mail regardless of whether it is standard or nonstandard or whether it is more costly to process the pieces. We feel that the individual should not have to make this decision and you may have to have a higher rate to accommodate individuals, whether they send the standard size or nonstandard size. And then the bulk users would get an incentive to follow the standard and as a result of the increased volume of standard size which is being processed, the total overall expenses of the Post Office Department might be in line.

Mr. UDALL. Thank you very much, gentlemen. We appreciate your assistance today.

The final witness scheduled this morning is Mr. Leopold S. Michel, president of the Paper Stationery & Tablet Manufacturers Association, who is accompanied by Mr. Frank Cowan. We are happy to have both of you with us, today.

TESTIMONY OF LEOPOLD S. MICHEL, PRESIDENT, PAPER STATIONERY & TABLET MANUFACTURERS ASSOCIATION, ACCOMPANIED BY FRANK COWAN, EXECUTIVE SECRETARY

Mr. MICHEL. I am also president of Camp Manufacturing Co., and we manufacture envelopes and paper school supplies.

We are pleased to have the opportunity to appear before the Subcommittee on Postal Rates again, but we are somewhat perplexed about the nature of the legislation under consideration. We would like to make some specific statements relating to the content of H.R. 14029 and then raise some additional points relating to the problem of standards.

In section 4656 of the bill, it is stated that each piece of nonstandard airmail or first-class mail weighing not more than 2 ounces is subject to an additional postage charge of 2 cents. The next subsection of the bill goes on to define nonstandard mail as mail which does not conform to all of the physical characteristics of standard mail as defined by the Postmaster General in accordance with law. We are disturbed by the fact that the Congress would establish a new category of mail carrying a penalty rate of 2 cents per piece when there is not an indi-

cation as to what the category of mail specifically consists of. The penalty charge is arbitrary and reflects a certain degree of uncertainty in the Post Office Department, since a year ago the Post Office was recommending a penalty of 6 cents on first-class mail and 9 cents on airmail.

The postal system has always been operated under a cost system which relates postal rates to the cost of the service. The service to be rendered for the given charge is also normally spelled out. However, in the bill before you, there is no means by which the Post Office has a basis for determining the cost of handling nonstandard mail, nor has anybody set forth the details of what constitutes nonstandard mail.

It seems that adoption of this legislation would represent a radical departure from the ratemaking powers of Congress. It places the Congress in the position of providing a blank check for the Post Office Department since a penalty rate would be established but the specific mail to which it applied would not be established.

The consideration of nonstandard mail by the Post Office under section 2 again gives them sweeping authority to investigate, in the language of the bill, "variety of sizes, dimensions, and other characteristics." It is, of course, the wording "other characteristics" of mail which is disturbing since there is no limit to the characteristics which can be applied in establishing nonstandard mail. Last year, before this subcommittee, we specifically warned of such a development and indicated in our testimony that the Post Office could, at some future date, limit the color of envelopes and beyond that the eventual limitation of handwritten mail due to the inability of electronic scanners to process individual handwriting.

We would like to have our full statement on this matter entered into the record at this time.

(The statement follows:)

STATEMENT OF THE PAPER STATIONERY & TABLET MANUFACTURES ASSOCIATION, INC.

My name is Leopold S. Michel, and I appear before you today as President of the Paper Stationery & Tablet Manufacturers Association, Inc. My full-time position is President of The Camp Manufacturing Company in Baltimore, Maryland, a company which manufactures stationery and school supplies.

The Paper Stationery & Tablet Manufacturers Association is a nonprofit organization composed of manufacturers of paper products for writing purposes. Specifically, members of the Association produce products such as writing paper and envelopes, writing tablets, paper pads, composition books, notebooks, memorandum books, and loose leaf fillers for home, office and school.

It is a pleasure to have the opportunity to present our Association's views to this Subcommittee. Our Association is specifically concerned with Section 4 of H.R. 7977 which deals with a category known as "nonmachinable mail". In passing, it is worth noting that this is the first time in its 34-year history that the Paper Stationery & Tablet Manufacturers Association has found it necessary to appear before a Congressional Committee. It serves to indicate our great concern with the Bill before you which would unduly impose limitations on envelope sizes and ratios.

By opposing Section 4, we do not want to create the impression that we are in opposition of postal modernization and automation. As both corporate and individual taxpayers and mail users, we encourage programs which yield greater efficiency and economy while improving postal service at the same time. We do question the need for unduly restrictive standards as a means of achieving this worthwhile goal.

Our specific objections to section 4 of the bill are three in number:

1. We are opposed to the requirement that would impose a ratio of width to length of 1 to 1.414 on envelopes.
2. We are opposed also to the imposition of a postage charge as a penalty for non-conforming envelopes used for first class mail and air mail.
3. Finally, we are opposed to the requirement that this section of the bill should take effect on July 1, 1969.

HISTORY OF POST OFFICE ENVELOPE STANDARDS

In reviewing the proposed legislation before this Subcommittee, it is deemed advisable to look at the history of envelope standards as they have originated in the Post Office Department. Ten years ago, in 1957, the Post Office proposed a minimum size for envelopes of $2\frac{3}{4}'' \times 4''$. This minimum size had an effective date of July 1, 1959. In April 1959, three months before the effective date, the minimum size was increased to $3'' \times 5''$ and for the first time a minimum ratio of width to length was proposed. This ratio was set at 1 to 1.375. Shortly after these standards were proposed, the Regulation for a minimum size of $2\frac{3}{4}'' \times 4''$ was suspended.

In May, 1960, the Post Office Department recommended a new minimum size of $3'' \times 4\frac{1}{4}''$ to become effective on January 1, 1963. This same regulation established a new envelope ratio of 1 to 1.414. The ratio in this instance was not mandatory, only recommended, whereas the minimum size was mandatory.

It is appropriate to note that the time allowed for conversion to the minimum size was two years and seven months. Also, during the three-year period from Mid-1957 to Mid-1960, the minimum size was changed three times and the minimum ratio changed twice.

Of special significance is the fact that the minimum size took effect on January 1, 1963 without the imposition of a penalty rate. One could argue that the minimum size standard was achieved by making these small sizes "nonmailable" rather than "nonmachinable" as in the Bill presently before you. However, one can be certain that the intent in both these instances is comparable, and it is only the means of achieving the end that differs. In fact, the statement of Assistant Postmaster General Nicholson before this Subcommittee on May 10, 1967 indicates that the nonmailable, nonpenalty, method of achieving a workable minimum size standard has succeeded, since the Post Office at this time is offering no change in regard to minimum size envelopes. It can be reasonably assumed that minimum sizes no longer present a problem to the Post Office.

On the matter of minimum ratio, we have already noted a 1 to 1.375 standard in 1959, and then a further change to 1 to 1.414 in 1960. The only justification for the 1.414 ratio that we have seen is that it is accepted by the International Standards Organization and has preliminary approval from the Universal Postal Union.

With this background relating to size and ratio standards, we wish to move to the specific provisions in H.R. 7977 relating to nonmachinable mail and the potential impact of this section on the stationery and tablet industry if this provision is included in final legislation enacted by Congress.

THE ESTABLISHMENT OF A POSTAL CATEGORY OF NONMACHINABLE MAIL

The proposal to establish a category of nonmachinable mail for first class mail and air mail represents a far reaching and precedent setting step for manufacturers, mail users, and the Congress. Before such a step is taken, we urge a comprehensive study of the *specific* reasons why postal modernization requires such critical tolerances in the processing of first class mail and air mail. The proposed minimum ratio of 1 to 1.414, as contained in the Bill before you, allows a 41% differential between the length and the width of an envelope, presumably to secure high speed machine processing.

It is appropriate to ask, how can machinery distinguish between an envelope of a non-conforming ratio of 1.382 ($4\frac{1}{4}'' \times 5\frac{7}{8}''$) and an envelope with a conforming ratio of 1.417 ($3\frac{7}{16}'' \times 4\frac{7}{8}''$), or a tolerance of only 3.2%, but then be unable to handle envelopes unless the length is 41% greater than the width?

Beyond the ratio factor, which can be changed at any time in the future, just as it has been in the past, this industry is concerned with the potential ramifications of a nonmachinable category of mail which could limit at some future date the color envelopes and beyond that the eventuality of nonmachinable handwritten mail due to the inability of electronic scanners to decipher individual handwriting.

Such an eventuality would mean the end of the social stationery market in this country.

According to testimony of Mr. Ronald B. Lee, Director, Office of Planning and Systems Analysis, in the Post Office, before the Facilities and Modernization Subcommittee on Tuesday, May 23rd, it is possible that the use of private correspondence is now decreasing. Should this assumption be validated by concrete evidence, it seems to us that now is not the time to impose additional restrictions on our industry and the products it manufactures.

THE MINIMUM RATIO

The minimum ratio of width to length of 1 to 1.414 would eliminate, for the Association membership, 17 different sizes of envelopes currently being made. Since approximately 70 different envelope sizes are made by our members for social stationery purposes, the minimum ratio requirement would eliminate 24% of the envelope sizes now manufactured.

Beyond this element, the manufacturers of envelopes would be faced with the costs of converting envelope machines to conforming ratios, scrapping non-conforming envelope dies and purchasing new dies for new envelope sizes. It is estimated by seven companies that could submit estimates of the costs of converting envelope machines and obsolete dies that an amount in excess of \$155,000.00 would be involved. This figure contains no estimate of the cost of purchasing new dies, but on the average, envelope dies are approximately \$125.00 each.

The far greater cost to the industry, however, results from a large number of financial factors on which no definitive costs can be gathered at this time. Nevertheless, one of our members recently estimated the total financial impact of ratio conversion at three-quarters of a million dollars, and another one estimated total costs of over \$400,000.00. Such costs arise from a chain reaction which takes place once the envelope size itself is altered. These additional costs result from changeovers in folding and packaging equipment, paper sizes, redesigning of merchandise, new catalogs and product obsolescence. Beyond this, manufacturers of tablets who are not primarily in stationery manufacturing, would have to revise their writing tablet sizes to fit the changes in envelope sizes. In a conference between Post Office officials and certain members of our Association three years ago, one tablet company conservatively estimated these costs to his company at \$50,000.00.

You can readily see the costs of conforming to the proposed minimum ratio would be significant to our industry. It might also be said that in a period when the Government is trying to encourage and assist small business (most of our Association members are so classified) it is unfortunate that the Government is attempting to place an exceedingly large and to us unnecessary financial burden on those they wish to encourage most.

The ratio, from the Post Office standpoint, has been referred to in recent testimony before this Subcommittee and before the Facilities and Modernization Subcommittee. Nowhere in this Post Office Department testimony have we seen any specific justification and substantiation for the 1.414 ratio contained in the Bill before you. Assistant Postmaster General Nicholson in his statement of May 10th, quoted a letter from a Postmaster as to the need for standards in bulk rate merchandise samples. We requote this statement in part which says, "Letters we handle like a deck of cards, parcels individually by piece—but when you have parcels in letter form, this stops us in effective handling". This does not indicate to us any inability to handle the current mix of first class mail and air mail.

On May 23rd, Dr. Leo Packer of the Post Office, when appearing before the Subcommittee on Modernization, allotted slightly over one page of his statement to the nonmachinable mail provision but provided no documentation of the need for the restrictions contained in this Bill.

Added to this is the opinion of certain of our members' engineering staffs that they can find no valid reason for such undue restrictions in regard to automatic processing equipment.

THE PENALTY RATE

We have already explained how the minimum envelope size was achieved through postal regulation without the imposition of a penalty rate. However, there are three more factors that we would like to point to in this area.

In the early 1960's, a Post Office Department Advisory Board studying postal mechanization had this to report on envelope standards: "The Advisory Board urges the Department (Post Office) to explore fully the opportunities for voluntary

elimination by private industry of certain types, sizes, shapes, and colors of envelopes, locations of imprinting, hazardous enclosures, and other obstacles to improve mail services at lower costs, *by cooperative agreements rather than by punitive measures such as postal rate differences or prohibitive regulations*". To this statement we can only add our wholehearted support.

Beyond this point, we would add that any consideration of a penalty should be directly related to the specific costs incurred by the Post Office Department in handling nonmachinable mail. The proposed penalty before you, to the best of our knowledge, is a completely arbitrary one.

We would like to add one further point in regard to penalty rates. What is going to happen to the individual who writes a personal letter to a friend or relative, only to find that the letter is returned at an additional 6¢ or 9¢ charge, or delivered to the other party with an additional 6¢ or 9¢ due? It is only appropriate that the individual nonbusiness first class and air mail user should be considered in this situation. The user of social stationery has not been taken into account nor does he or she realize what is being proposed here. Since the penalty rate will fall most severely upon the nonbusiness mail user, it is requested that the imposition of penalty rates be held in abeyance in any postal legislation until all affected parties have the opportunity to be more fully informed of the Post Office Department's reasons for such a law and then be provided an opportunity to work out a cooperative agreement that would eliminate conflicting facts and points of view.

THE EFFECTIVE DATE

Our industry is equally disturbed by the provision that the nonmachinable mail section of H.R. 7977 will become effective on July 1, 1969. From a planning, designing, and manufacturing standpoint, it takes a year or more for stationery to progress from the original idea stage to actual placement of merchandise on store shelves. The stationery is carried for a minimum of six months, and the retail customer who purchases such stationery is anticipated to use up the stationery over an average period of 12 months.

To be more specific, a Bill passed by Congress this year could not be taken into stationery planning until the first quarter of 1968 at the earliest. The creative, development and costing processes would make it possible for samples to be in the hands of salesmen shortly before year end of 1968. Shipments to customers would not commence until January, 1969 and would continue through the first half of that year. Inventories in the hands of stores would be carried at least to the end of 1969. Then, the retail customer would be expected to use this stationery for a period of 12 months after purchase. Thus, an effective date of July 1, 1970 would be the earliest that could be considered without a completely disruptive impact on manufacturers, distributors, stores, and retail customers.

It is also appropriate to point out that *potential threats* of nonmachinable mail cause customers of our members to be overly cautious about their purchase of merchandise that may become unsalable *at any future time*. This results in reduction of orders, failure to place orders, or even cancellation of orders already booked.

CONCLUSION

It is our position that such a far-reaching limitation on first-class mail and airmail should not be arrived at without far more specific and factual data being made available. We would respectfully request that the bill before you be confined exclusively to postal rate increases necessary to enable the Post Office Department to perform its basic functions on a self-sustaining basis, and all other extraneous matters such as nonmachinable mail be held over for continuing study in depth. We suggest that before an envelope manufacturing industry is required to scrap machinery and turn to new equipment, there should be proof supplied by Post Office engineers that proposed new limitations of envelope shapes are *reasonable and necessary* for machines that the Department plans to purchase in quantity.

Barring the acceptance of such a position, members of this association, who would be affected by the proposed legislation, recommend the following changes in H.R. 7977:

1. Reduce the minimum envelope ratio to 1 to 1.25 from the proposed 1 to 1.414.
2. Eliminate the imposition of any penalties until actual postal experience conclusively demonstrates the need for penalty rates.
3. Put off the effective date on size and ratio until July 1, 1970, at the earliest, or 3 years following the passage of any legislation.

4. Impose a 5-year moratorium *following the effective date*, on any further changes in nonmachinable mail standards to permit a reasonable time to secure operating experience and to provide some stability for manufacturers and mail users.

We greatly appreciate the opportunity to present our views to you, and we stand ready to provide additional information and assistance if it is needed. It is our hope that your continuing deliberations are productive and successful.

Mr. MICHEL. We would also question the need, under section 2(a)6, for the study of standards in effect or proposed by the Universal Postal Union. The Post Office Department admits that the ratio of domestic to international mail is 60 to 1 and we maintain that this matter does not deserve consideration as a standards element at this time. It should also not be overlooked that the United States is unique in terms of its volume of mail and in terms of its characteristics. In most instances, the rest of the free world tends to follow our lead and it seems odd that in this particular case we would be inclined to follow the lead of other nations, particularly when their land areas, population, and mail differ considerably from ours.

In considering the general situation in regard to nonmachinable mail, which presumably is synonymous with the term "nonstandard mail," we continue to look for the Post Office to answer the questions that have been raised time and time again by business witnesses that have appeared before the Congress. To the best of our knowledge, the Post Office has not been called before the Congress to detail its case for standardization of mail or to provide the answers to the many questions which have continually been asked.

It seems an appropriate time for this subcommittee to specifically request the answers to questions raised by the business community and to ask the Post Office to document what it means when it makes such sweeping statements as "the myriad of envelope sizes and shapes" with which it has to deal. By this, we do not mean that the mere producing of samples of envelopes but a statistical documentation of how many nonmachinable sizes and shapes are processed nationwide by the Post Office in the course of a year in relation to "standard mail." It is our belief that if such information were produced, the magnitude of the problem would rapidly diminish.

In referring to machinable mail, the Post Office Department should also publicly state the automatic machinery available now which cannot process nonstandard mail and the time period involved before the majority of mail will be handled by such equipment. It seems inadvisable to disrupt normal trends of business manufacture and personal mailing patterns on a conceptional basis which does not have a firm timetable of when equipment will be in place, what such equipment will consist of and when the bulk of daily mail will be handled by such processes.

We also believe that the Post Office should fully and frankly state its objectives to Congress and to the mail-using public of the relationship between standardization and lightweight mail, presumably letters under 2 ounces. The personal correspondence carried on in the United States is written on stationery which our member companies manufacture. It is this stationery which is lightweight and which appears to be one of the prime targets of standardization.

In addition, the Postmaster General has recently declared that in 1969 he will come before Congress and ask for the elimination of air-mail stamps and that particular class of postage. Once again, this

would seriously diminish, if not completely eliminate, the use of air-mail stationery. We question the advisability of establishing a new priority class of mail and its subsequent impact on mailing patterns and public reeducation when the same result could be achieved by the expedient of calling airmail by the new name of "priority mail" without altering rates or without changing classes of mail. The retention of the existing system also would provide a convenient sorting system for the Post Office in determining priority mail traveling more than 200 miles.

Overall, we are deeply concerned about lightweight mail standardization since the intent tends to add up to an attempt to inhibit handwritten correspondence. This is completely inconsistent with the purpose of the Post Office and its responsibility to encourage, not discourage, communication through the mails.

Our association has long been involved with postal problems and maintains continuing contact with the postal authorities. It is our intention to cooperate in any way possible with the Post Office and the Congress to improve mail service and to facilitate modernization. However, we strongly believe that no legislation relating to standardization should be enacted until such time as the Post Office presents to the Congress a fully detailed and documented case for its position. Once this has been done, stationery manufacturers and the mail-using public should have the opportunity to study and present their views on the specifics.

Thus, we would like to recommend that H.R. 14029 not be passed and that the Post Office be requested to provide information which will enable the affected parties to fully understand what they are confronted with and to offer alternative approaches that might be utilized when standardization takes place.

Thank you.

Mr. UDALL. Thank you. You have given us valuable assistance here and some things to think about. Tell me a little bit about the association that you speak for. How many members do you have?

Mr. MICHEL. We have approximately 35 member companies.

Mr. UDALL. Are these concentrated in any one part of the Nation?

Mr. MICHEL. No, they are scattered throughout the entire United States.

Mr. UDALL. Do they tend to be large-, medium-, or small-size companies?

Mr. MICHEL. Well, I would say relatively we are a small industry.

Mr. UDALL. Do you have any figures on total production in the industry?

Mr. MICHEL. Yes, I would say, Frank, our volume totals about 175 million.

Mr. COWAN. No, it is now over 200 million a year.

Mr. UDALL. Just the members of your association?

Mr. COWAN. Our members alone. No, the total industry would do something in excess of 200 million and we would probably do somewhere around 175 million.

Mr. UDALL. Where is your home company, Camp Manufacturing Co., located?

Mr. MICHEL. We are located in Baltimore.

Mr. UDALL. Is it your view that there should be no restriction on the sizes and shapes of envelopes?

Mr. MICHEL. We believe firmly that the Post Office must be automated and we believe there has to be standardization.

Mr. UDALL. As you expressed rather forcefully here, you want to voice it now?

Mr. MICHEL. We would like to know what it is going to be before it is. And if we could help, we are willing to do that. We have visited the research department of the Post Office. We have attended meetings there. We have seen the clinic here in Washington. We have had some of our engineers look at the machines. They are very, very fascinating and they are making a lot of progress. And we feel they could really get somewhere that will be acceptable to industry, and save money for the Post Office and be good for the user of the mail. But we would like to know what they are going to do before they do it.

Mr. UDALL. That would seem like a reasonable request.

The gentleman from Pennsylvania.

Mr. NIX. Mr. Chairman, I think the point raised is completely valid. I don't see how we could proceed unless the prosecution is compelled to establish its case, and certainly you couldn't be expected to either agree or disagree unless you know to what you are agreeing to. It is timely, and as I said before, it is completely valid. The subcommittee ought to insist that it be done.

Thank you very much.

Mr. MICHEL. Thank you.

Mr. UDALL. Thank you very much. This concludes the schedule of witnesses this morning.

The staff advises me that the subcommittee will meet again at 10 o'clock next Tuesday morning, April 2. Until then the subcommittee stands in recess.

(Whereupon, at 11:23 a.m., the subcommittee was adjourned, to reconvene at 10 a.m., Tuesday, April 2, 1968.)

STANDARDIZING THE SIZES OF MAIL

TUESDAY, APRIL 2, 1968

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON POSTAL RATES OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:30 a.m., in room 210, Cannon Building, Hon. Arnold Olsen (chairman of the subcommittee) presiding.

Mr. UDALL (presiding). The Subcommittee on Postal Rates will come to order for the further consideration of H.R. 14029, which is a continuation of hearings that have been held previously. We are scheduled to hear this morning from Mr. Jack R. Cole of the Mail Advertising Corp. of America.

Mr. Cole, if you will come forward and take the witness stand, we will be pleased to hear from you. Chairman Olsen has been detained, but we expect him along shortly.

Mr. Cunningham?

Mr. CUNNINGHAM. Mr. Chairman, I would like to have the privilege of introducing a fellow Nebraskan and an expert in the field of direct mail advertising, Mr. Jack R. Cole. Mr. Cole, of Lincoln, Nebr., is the president of Mail Advertising Corp. of America and the past president of Mail Advertising Service Association International.

Mr. Cole has some 20 years of experience in the area under discussion by this subcommittee today, and I recommend careful consideration of his remarks.

TESTIMONY OF JACK R. COLE, PRESIDENT, MAIL ADVERTISING CORP. OF AMERICA

Mr. COLE. My name is Jack R. Cole. I am president of Mail Advertising Corp. of America.

I am also a publisher of directories in principal United States and Canadian cities. I am past president of Mail Advertising Service Association International. I have been in the direct mail advertising and publishing business for 20 years, and am active in the various associations in these fields. I was a founding member and currently serve on the Postmaster General's Technical Advisory Committee. I am chairman of the Postal Affairs Council of the Major Mailers and Producers of America. I have been a student of the postal system and postal economics for 12 years. I am the editor of "Concepts of Postal Economics," a service of limited distribution designed to provide a better understanding of the operations and problems of the U.S. Post Office Department. Our firm provides directories and mailing lists to national

advertisers and to thousands of smaller firms and individuals located in 40 States.

I appreciate very much the opportunity to appear before this distinguished group. I would like to review several matters this morning that may be of some help in the consideration of this vital matter, especially as regards to what we in the industry call the Post Office Department's antisampling regulation.

First, in the consideration of this matter, we should all guard against an illusion, and that illusion is that mail service is not good, and that illusion is that the poor postal employees are staggering under an ever-increasing deluge of third-class mail.

Well, our particular firm has operations in 98 metropolitan markets. Frankly, we've never seen the service for all classes of mail any better than it is today, and it is a real tribute to Mr. Belen and Mr. McMillan and their group on the fine job that they have done.

Mr. JOHNSON. I commend you for that statement. I think you are the first witness that I have heard say it, and it is very refreshing.

Mr. OLSEN. I agree.

Mr. UDALL. Mr. Chairman, it is indeed. It is one of the national pastimes with the people dealing with the postal service to knock the Department. While the Department has its shortcomings, we need to recognize its strengths, too.

Mr. OLSEN. And, if I may interrupt, there isn't anything that can't be corrected if we have specific complaints. But, as you say, the national pastime is to kick the Post Office, generally. But if people would make specific complaints, they would get them corrected.

Now, my newspaper people were making their complaints, and I sent them all a letter and said, "Make it specific, and don't bellyache to me." So a few of them did. And I would say maybe a half dozen out of a dozen weeklies made specific complaints.

So we sent out the inspectors, and where was the problem? The problem was there in the newspaper office. They were bundling mail for Denver, and sent it with a label on it, east. Well, it would go to Minneapolis from Montana before it would go to Denver.

Thank you very much, Jack, because the Post Office Department is doing a good job.

Mr. COLE. An outstanding job. As to this so-called staggering mail volume of third-class mail, I would like to remind ourselves that between 1955 and 1966, there has been a great increase in expenditures for all advertising. This is advertising of all types; radio, TV, newspapers, and so forth.

It has increased about 70 percent, from \$9 billion in 1955 to \$16.5 billion in 1966. But during the same period, the number of pieces of bulk third-class regular mail delivered by the Post Office to the average household has increased only 12 percent.

And this is the years 1955 and 1960 and 1966, average number of bulk third-class regular mail received. It has gone from 4.2 per week up to 4.7. Yet, at the same time, the gross national product has nearly doubled, from \$397 to \$743 billion.

We should remind ourselves, also, that bulk third-class regular mail is not growing faster than total mail volume.

As a matter of fact, the growth of bulk third-class regular mail is lagging substantially behind the growth of the gross national product.

I would like to draw your attention to a chart that has never been published by the Post Office Department, and one that we have developed.

HISTORY OF GROWTH OF SUBCLASSES OF 3d-CLASS MAIL

[Millions of pieces. Dollars in billions.]

Fiscal year	Single piece subclass	Non-profit subclass	Bulk mail sent at pound rate, shopping guides, heavy circulars, general merchandise	Books, catalogs, nursery products, etc.	Mail advertising, circulars, etc. (mailed at per piece minimum)	Grand total 3d class	Gross national product	Grand total mail volume
1950.....	(¹)	(¹)	916	476	6,938	10,330	\$284.6	44,646.4
1951.....	1,830	(¹)	1,006	599	7,083	10,518	329.0	46,479.5
1952.....	1,890	812	1,001	775	7,134	11,612	347.0	49,456.7
1953.....	2,208	754	1,045	549	7,448	12,004	365.4	50,462.7
1954.....	3,266	852	1,095	853	7,800	13,866	363.1	51,710.8
1955.....	3,244	1,386	1,164	962	8,294	15,050	397.5	54,721.7
1956.....	3,538	1,253	908	1,044	7,933	14,676	419.2	55,907.3
1957.....	3,611	1,287	698	889	9,217	15,702	442.5	58,518.9
1958.....	3,830	1,436	674	1,020	8,887	15,847	441.7	59,595.4
1959.....	3,617	1,704	665	1,155	9,837	16,978	479.5	60,694.3
1960.....	3,476	2,023	719	1,075	10,617	17,910	503.8	63,114.7
1961.....	3,716	2,339	393	1,113	9,999	17,560	520.1	64,358.6
1962.....	3,708	2,458	554	1,051	10,066	17,837	560.3	65,986.5
1963.....	3,754	2,182	650	855	10,966	18,407	589.2	67,314.4
1964.....	3,366	2,255	772	1,067	11,139	18,599	628.7	69,116.6
1965.....	3,367	2,691	894	1,041	11,461	19,454	676.3	71,294.4
1966.....	3,348	2,856	928	1,209	11,964	20,305	743.3	75,036.9

¹ Not available.

This, I think, would be of some help to you. It is called the history of growth of subclasses of third-class mail. I would like to have you read it from right to left. In the right-hand column is the grand total mail volume, and there you see the growth from 1950 up through 1966 from 44 up to 75 billion pieces.

That is total mail volume. The next column shows what the gross national product has done during this same period. Next is shown the grand total of third-class growth from 1950 to 1966. Now, I draw your particular attention to the various subclasses of third-class mail. These are the subclasses that the public, generally, and many postal authorities, specifically, are not aware of.

There are five principal subclasses of third-class mail. Mail advertising circulars, those that are mailed at the minimum per-piece rate, where there is supposed to be such a tremendous deluge, look at the growth from 1960 to 1966. Back in 1960, there were 10,600 million pieces of third-class advertising matter, and this has grown on to 11,964 million in 1966.

Books and catalogs: there has been some growth there. Bulk mail sent at the pound rate: these are the samples generally, very little growth. Look at the nonprofit subclass. There has been a substantial growth there. In the single piece subclass: not too much of a growth there. This chart will illustrate the fact, this so-called deluge—if I might use the words just once today—of “junk mail,” is simply nonexistent.

The Post Office cost ascertainment system has been cursed and discussed by several witnesses. This is a serious subject in itself, and I will not take up your time on it today.

We mailers find ourselves in the same position today as southern farmers of both colors with 40 acres and a mule used to be—as the

mineworkers in an isolated Montana mining community used to be—in a business practice that has long since gone into limbo just about everywhere else except at the U.S. Post Office Department.

We have to buy at the company store. But we are kept in the dark about actual costs. We have to settle up our accounts at the store's prices, and no arguments are allowed or our credit will be shut off for good. Take it or leave it. Stop nit-picking and get back to our cotton-picking. Lift that barge. Tote that bale.

We, at Mail Advertising Corp., have spent many hundreds of hours in the study of the cost ascertainment system, read all its reports, and related studies, and we are fully convinced and confident that bulk third-class mail not only returns a net profit to the Post Office Department, but is undoubtedly the most profitable business the Post Office Department has today.

Merchandise samples may cost somewhat more to handle than much third-class mail at the carrier delivery end. Yet most of these samples are preprocessed and prepared to such a fine degree before the carrier gets them that they could likely contribute substantially to this net profit.

When we study Mr. Ralph Nicholson's testimony of November 13, 1967, we should not overlook that the most recent published cost reports covered estimates of revenues and costs that were about 2 years old, and, of course, such figures do not include the savings attributable to mandatory ZIP coding, presorting, and other postal efficiencies.

And they don't include the new rate that was passed, and that we started paying January 1. Well, all of us in business and government today know we are and have been in a period of serious labor shortages. The Post Office has larger help problems than some of the rest of us. Their interest in getting rid of part of their workload by rate regulation is understandable.

The Postmaster General has tens of thousands of letter carriers working for him. Given a choice, many would perhaps rather not handle samples, just as your wife would rather not sweep, or clean house, or wash dishes, or carry out the garbage, or iron shirts. In everyone's job there is at least one part of it he'd rather not do but which he has to do because it goes with the job.

My own personal opinion—and I wish Mr. Nix was here with us—and that of others much smarter than I, is that we may soon be looking for more ways to find more jobs for more people. Bulk third-class mail and sample distribution is good business for the Post Office. It makes profitable jobs for carriers and postal workers.

Gentlemen of this committee, please don't let the Post Office Department kill off good business just because their shop is working at capacity today.

Turn on your radio today and before long you will hear a commercial which says, "Mail moves the country; ZIP code moves the mail."

Mail certainly does move the country, and one of the most valuable contributions which mail makes is the business and revenue generated by merchandise samples sent through the mails to potential users.

I would like at this point to take just a moment to call your attention to some of the provisions of the Postal Policy Act of 1958—which seems to be honored only in the breach lately—but which, however arrogantly and however often it is subverted, is still part of the law of the land.

This act, passed by Congress in 1958 after long deliberation and due consideration of all the purposes and policies of the Post Office Department, states, among other findings, that the Postal Establishment "was created to unite more closely the American people, to promote the general welfare, and to advance the national economy."

It says one of the purposes of the Post Office is the distribution of articles of commerce and industry, and says Congress has encouraged the use of the Post Office's broadened services and facilities through reasonable and, in many cases, special postal rates.

It says the Post Office performs many functions and offers its facilities to many users on a basis which can only be justified as being in the interest of the national welfare.

It points out that the Post Office is clearly not a business conducted for profit nor for raising general funds, and that it would be an unfair burden upon any particular user or class of users of the mails to compel them to bear the expenses incurred by reason of special rate considerations granted or facilities provided to other users of the mails.

And it reiterates the Congress' constitutional right to the rate-making function.

What Mr. Nicholson is attempting to do with this material that he presented to us on November 13 is to put this ratemaking function in his own hands, and he cites this Public Law of May 27, 1957, and from what I can read from this law, he does not have the authority to do what he is suggesting that should be done.

Back a few years ago, when Ambassador John A. Gronouski was Postmaster General he made a study of complaints to the Post Office about direct mail advertising. He asked his staff to bring him all the files of complaints from recipients of the mail on direct mail advertising.

Finally someone came back with one thin file folder, containing a few letters complaining about some phase of direct mail advertising. Most of these complaints were from irate housewives who were moved to take pen in hand and write the Postmaster General to complain that their neighbors had received coupons and samples and they had not.

Why are samples so popular with the public? They bring the word of new products on the wings of the wind, instead of letting the word get around by word of mouth as it used to. They relieve pain. They relieve drudgery. They better family health. They save work. They aid nutrition. They help boys and girls grow up healthier, stronger, cleaner, and in happier surroundings.

They help mothers get their many-sided and demanding job done without aging too much before their time. They help give both them and their families more time for cultural, recreational activities.

And what do samples do for the manufacturer? They let him test a new product in one area before going regional or national. They help him to gage his product's acceptance. They let him control distribution and introduction so that he can introduce it in an orderly manner, market by market.

They help him to compete. They help him move his merchandise faster, stimulate sales by telling people about his product in the most honest and most effective way he could ever do. Samples speed up the whole marketing process which must end in profit; and, I might add, profit after taxes. So stockholders benefit, too. Sampling is one of the oldest and most effective tools used by industry to sell its products.

Historically, the Post Office Department and the Government have allowed special discounts to newspapers and magazines because they disseminate information, education, culture, and because they help commerce and industry.

Sampling, too, is a powerful way to disseminate new knowledge and information about new products, to disseminate the ideas that raise our standard of living, to spread new information in a practical, ready-to-use form, on health, cleanliness, diet, child care, and a host of other things important to our modern way of living.

We are not, however, asking for special privileges. We are not asking for any special discount simply because sampling helps everyone involved in it—the consumer, the manufacturer, the stockholder, the postal employee, and the Government. All we are asking for, distinguished gentlemen of the committee, is just a chance to catch our breath.

First, the Department took away our privilege of forwarding third-class mail. Secondly, they encouraged us to ZIP-code our lists at a cost of several hundred million dollars. Next, they required us to presort our mail and to maintain the ZIP codes we are supposed to use to keep our lists up to date, and after increasing our rates 180 percent since 1950, it hit us again with another big rate increase in 1968; an increase larger than that levied on any other class of mail.

The Post Office Department, after all, exists for the convenience of the public. It is not the other way around. Certainly we are willing to work on better methods of handling samples or any other item that goes through the mail, but we are unalterably opposed to the Post Office consideration of regulatory discrimination against any one class of mail.

Mail moves the country, and we will continue to help move the mail profitably for the Post Office as long as we have a fair chance.

Here is the chance we would like to have you consider, please. Have the Post Office Department agree to take the regulatory ax off the back of our necks until at least March 1, 1970. Give us and our customers and the industry a chance to budget and plan.

And because of what Mr. Ralph Nicholson proposes to do to us, nobody knows how to plan. And I ask, please get them to take that regulatory ax off our necks for at least another 2 years. Let them agree to do this.

In the meantime, proceed with the joint Post Office Department and industry study of the bulk third-class standardization question. Much of this third-class mail is never going to see a machine for at least 3 or 4 years, and most of it is never going to see these machines that they are putting on their drawing boards for several more years after that at least.

And then for those mailers who presort their mail by carrier route, as many of them do today, their mail will never see one of these machines. Standardization that might apply to some mail should not be necessary for those users of the mail.

The third recommendation, or plea, I guess, is to advise this study group as to what questions this distinguished committee would like to have answered and to report its progress to you every 3 months.

Enlist the immediate cooperation of mail users in early warning, containers, better mail preparations, staggered drops, closer scheduling, et cetera. I would like to take you back a few years when John

Gronouski first announced the ZIP code, and he came to many of us in the mail business and said, "Gentlemen, we would like you to co-operate with us and ZIP-code your mail and presort your mail."

We did it many, many months and many, many millions of pieces of mail before his successor made ZIP code mandatory. We did this, we presorted our mail and used the ZIP code many months prior to it being mandatory.

So I suggest to you that most of us will be able to voluntarily do many of these things that the Post Office would like to have done, but in the meantime take that ax away from the back of our necks.

And my last request, or suggestion, is to proceed with the proposed cost ascertainment studies. And I understand that there are some people that are really not in favor of this. But I would think it would be so much better for all of us in this business and I hope save you gentlemen much time in the future, and give us all a better insight to the actual revenues and costs of the delivery of the various classes and subclasses of mail as they exist now and in the future. You have been very kind, and I appreciate your time and attention, and thank you very much.

Mr. OLSEN. Thank you very much, Mr. Cole. I want to explain my tardiness this morning. I was downtown at the Mayflower making a speech. I left my prepared notes and I couldn't find a terminal point—like the guy who couldn't find a parking place—so I was talking well along after 10 o'clock.

Mr. UDALL. This is unlike you, Mr. Chairman. [Laughter.]

Mr. OLSEN. Well, I'll tell you—

Mr. JOHNSON. What did you promise them?

Mr. OLSEN. I didn't promise them. But, really, what Mr. Cole is talking about, No. 1, on the question of standardization, I said it was the concensus of this committee that standardization should be focused only on first class and airmail for present, because that is what we are talking about that is machined.

And, No. 2, insofar as third class is concerned, we should be talking about the cooperation of the mailers and the Post Office Department rather than the spiraling cost, because we have seen demonstrations here before our committee on how well even the most odd-sized sample can be prepared for the letter carrier. And, indeed, this was true in the case of a Philadelphia firm that mailed a big mailing for Scott Paper Co.

Well, Mr. Cole, I will tell you you couldn't have three more interested people than are here.

Mr. Nix and Mr. Daniels could not be here because they were tied up with legislation in the Foreign Affairs Committee and the Education and Labor Committee, respectively.

Mr. JOHNSON of Pennsylvania.

Mr. OLSEN. Thank you. I am very impressed by Mr. Cole's statement. I am particularly impressed by this schedule of the growth of third-class mail. Your statement indicates that you put a lot of thought into it.

I, too, am vitally interested in this cost ascertainment study. I know that Chairman Olsen is. I would like to have you elaborate a little on the statement that you made on page 4 of your statement, wherein you state that you are confident that bulk third-class mail not only returns a net profit to the Post Office Department, but is undoubtedly the

most profitable business the Department has today. Could you tell us why you say it is making a profit? What are the factors that go into it?

Mr. COLE. That is a very long subject, and if and when you gentlemen get into the cost ascertainment study, all of the studies that we have made indicate that this bulk third-class mail is the most profitable business that they have.

We have studied it, operation by operation; costed it out, operation by operation. From using every bit of information available to us, it just appears to be the most profitable business that they have. And I truly believe, and I know that you gentlemen are getting a little bit discouraged about hearing all of the problems with the Post Office—

Mr. OLSEN. No, we are not. I think that Mr. Johnson wants to elicit from you what he already agrees with you, but he wants it in the record. He wants you to put in the record the fact that you eliminate so very many steps and so much work for the Post Office Department that it has to make a profit.

Mr. COLE. We studied this, operation by operation, from the time that the material leaves the dock of the mailer until the time that it is delivered by the carrier at the destination, we have costed the operation out, step by step.

Taking each one of these operations and costing it—we have gone into the Department to study their work standards and their performance, and what they pay their employees to do this type of work. From everything that we can learn from our own independent studies, it is a very profitable business for them.

Mr. JOHNSON. Chairman Olsen has just assured me that as soon as we get through with this phase of our hearings, we are going into cost ascertainment. Would you be willing to prepare an equally fine statement, and elaborate on your statement on page 4, when we reach that point in our studies?

Mr. COLE. I would be pleased to.

Mr. JOHNSON. Well, I realize it is a big subject and I won't press it any further. We would be glad to hear from you later on it.

Mr. COLE. Thank you.

Mr. JOHNSON. That is all.

Mr. OLSEN. Thank you very much, Mr. Johnson.

Mr. Udall of Arizona.

Mr. UDALL. Mr. Cole, I think this is one of the most persuasive and effective pieces of testimony that I have seen before this committee in a long time. There is a real art to presenting testimony before a congressional committee, and I think many witnesses would do well to emulate not only the content, but the presentation of your statement. We want the facts. We don't just want complaints. We want to know what you suggest, and you have been very constructive and very effective.

We would do a much better job if we had more witnesses come in here and do what you have done this morning. Let me ask you a couple of questions relating to the cost ascertainment studies.

I think you know that I started off critical of your industry, but I tried to listen here with an open mind, and I became persuaded of just what you said, that third class does pay its way, and it not only pays its way, but it pays a little more.

We have a great educating and selling job to be done on this with the American public. These gentlemen remember the conference

committee. In order to get a bill we had to go a little further than we wanted to go on rates, because Members of the Senate, in particular, had been so persuaded by a flood of mail from so-called irate taxpayers who honestly believe that you are getting a free ride at their expense.

Mr. COLE. Yes, sir.

Mr. UDALL. Now, we have to have arguments that simply can't be denied, can't be quarreled with. I stood before the House of Representatives and waved that chart that you just mentioned. I was able to look my colleagues in the eye and tell them after months of study that third-class mail was paying, and would be paying, an adequate rate under these new proposals.

I guess what I am asking you is, how do we go about this to make it most persuasive, to nail it down beyond any arguments of editorial writers or people we deal with? It seems to me there are several ways we could go about it.

One would be to have an in-house study. Let our experts on the committee staff shake this down. Another way would be to supervise the Post Office Department in making a study. And this has, obviously, drawbacks. But the one that occurred to me of perhaps having more merit than the others would be to get whatever money it takes—the House has been pretty generous with us when we have studies that are really meritorious—that we get \$100,000 or \$200,000, if necessary, and go out and employ a top-notch business management consulting firm with personnel and leaders who have no conflict of interest. Then lay the problem before them to establish the guidelines and supervise them in this study.

Then, come back with a report that would be so clear on cost ascertainment that no sensible, reasonable man could argue with it. Of these different approaches, what is your judgment as to the one that would be the most effective in helping us prove, to the satisfaction of our colleagues in the House and the general public, that you do pay your way?

Mr. COLE. In my opinion, it takes three different types of expert to do this job the way I think you want it done. One is a cost accounting expert, some well-known Arthur Anderson type. Another is an economist. You do need an economist in on this picture. And a third is a sampling expert, people who are experts in sampling, because you want to measure everything this great Post Office does for us, so we need a separate sampling expert.

So whether all of these services can be hired from one outside firm, I am not in a position to say today. But in my opinion we do need those three areas of service to come up with what you really want.

Mr. UDALL. We might have different approaches and have the study actually made by the committee, by Chairman Olsen and his staff, but have them employ these three different experts and lay down the guidelines. You have to make certain assumptions on a cost-accounting system.

We would make the assumption, or make several alternate assumptions, and have each of these three experts give the necessary answer based on the alternate assumption. We have had these cost-accounting studies in the past. The Senate made them, and others, but they have never seemed to be quite as definitive or persuasive as we want them to be.

And I would hope when we do it this time, Mr. Chairman, we will get some answers that people couldn't really quarrel with.

Mr. COLE. We are all in favor of that.

Mr. UDALL. Do you believe that any adjustment in rates is justified, or increases for samples, for this part of third-class mail?

Mr. COLE. I am not in a position to say today. I do know that at the delivery end, as our distinguished Mr. Nicholson described to us with his picture, that there is a little more handling of samples. A little more expense on the delivery end. But all of the extra work and the fine way the mailers have prepared their material before it gets to the carrier represents a lot of cost savings in the Post Office and they don't have the handling costs that they do have with other classes of third class.

Mr. Nicholson has brought a very interesting principle to light here. He would like to charge a little more for one subclass of third class. He would like to charge a little more, and that may be agreeable, if he will give the local mailer who distributes only in his own community a nice discount.

So he started a very interesting principle here. If he wants to pick out a little subsection of the third class and charge them a little more, then he should give a little discount, or even a sizable discount, to some of these local mailers who are doing all the work and where there is a tremendous profit of the third class.

Mr. UDALL. Let me ask you another question. It is not entirely related to our hearings, but because you are one of the recognized leaders in the field, maybe you can shed some light on it. I have been reading recently that some company has attempted to establish a private post office department in some major cities to deliver what would be third-class mail.

Is there any future in this field? Is this likely to grow if we are so rigid in the operation of the Post Office Department that we shut out these kinds of things that you want to do?

Mr. COLE. It could very well be, and that is the one reason I am so very anxious for this cost study to get going so that we can see how much of a profit we are really gaining from bulk third-class mail before the Department loses the business. I know this, the very sampling thing that we are talking about today, that the thrust of my material has been, as long as the Department has their ax over the back of our necks, the advertiser cannot budget.

So as a result he is going to spend his advertising dollar in some other medium of advertising.

Mr. OLSEN. Where he can budget?

Mr. COLE. Yes, where he can budget. As a result, if we do have a profitable business in the distribution of samples, and I am sure that we do, don't let the Department lose it.

Mr. JOHNSON. If I were an advertiser faced with a \$40 per thousand rate for my regular third-class mail, I would start figuring out how I could distribute that mail for \$30, isn't that right?

Mr. COLE. Yes.

Mr. UDALL. Or \$38.

Mr. JOHNSON. Yes.

Mr. UDALL. Let me ask you this related question. Your first recommendation was to have the Post Office Department take the regulatory ax off the back of your necks until 1970. Are you saying

that there should be no new regulation, that you would be allowed to live with the ones that are in now and that they not experiment or impose additional requirements for this transition period? Is that what you are saying?

Mr. COLE. What I am saying is, get the ax off the back of our necks. We don't know when they are going to chop it off.

I am saying don't put any regulation on us for 2 years. In the meantime, continue with these studies that we are all cooperating with now and come up with your recommendations. In the interim, we will follow those regulations if they are reasonable, voluntarily, like we did the ZIP code.

Some of the people here in this room ZIP coded their lists and presorted by ZIP code, many, many months before it was mandatory.

Mr. UDALL. You apparently are apprehensive that in the next few months, or sometime in the near future, they are suddenly going to come out with some new regulations.

Mr. COLE. That is right. The Department is trying to regulate samples into single-piece third class, saying they don't conform with the bulk rate. I am not sure the Department has the authority to do this, but not being the lawyer that you are, sir, I would say, in my layman's opinion, I don't think it has any authority to do it.

Mr. UDALL. Well, again, let me compliment you on your presentation here. It has been most enlightening. I have seen those figures before, but I really had forgotten, and I think some of our colleagues who screamed about third-class mail will be amazed to find that the growth of this deluge in the last 8 years has been from 10,600 million to 11,900 million.

That is really a fantastic figure. I supposed it would have almost doubled from the outraged complaints that I have had.

Thank you, Mr. Chairman.

Mr. OLSEN. The Post Office Department's most recent figures on predictions for 1969 are that all of third class will grow at a much slower rate than the rest of mailing. I think all of the mail is supposed to grow at about 3.8 percent.

This is their estimate. But all of third class will not grow more than 3.6 percent. And I think this is significant, that again you are not keeping up with the commerce of the country.

Mr. COLE. That is right.

Mr. OLSEN. Because obviously the commerce of the country is reflected in mail. And if your mail isn't growing as fast as the rest of the mail, then you are not keeping up with the commerce. Let me say I, like my colleagues, am very happy with your presentation.

I have an announcement that I can make today which I know my colleagues will be glad to hear. Because of their attention, and because of the committee's attention to this problem, we have alerted the Post Office Department. The Department has offered a plan that we will have a genuine study of cost ascertainment.

Now, they don't want to supervise it, they want it to be a proposition that the committee participates in. I have offered them more than that, because there is such doubt about the integrity of everything these days. The President almost has to resign to prove that he is honest.

But, we are going to have them participate in an executive session with our committee. We are going to talk about how we include

business, first-class mailers—especially somebody out of the insurance and utility business that mail so much first class—second class, third class, and some representation out of the nonprofit groups are to be participating with us in determining who we are going to hire.

That is the announcement. The Post Office Department sent Mr. Desautels and their General Counsel as emissaries from the Postmaster General. They want something better than they have. They acknowledge what they have had is a cost allocation system, really, and they want a cost ascertainment system. They welcome the fact that the committee insists that there be time and motion studies, and that we have to negotiate this, for instance, with our employees.

I think our employees would like to know, I think they are kind of tired of the argument that one class or another class is such a burden. I think, collectively, they would like to know; because they are sick and tired of the Post Office Department being beat at, too.

They want to work for a good outfit, and they would like to prove it is a good outfit. So I think they will participate with us.

Mr. UDALL. Did they admit their error in this consultation, the error in the allocation of cost of 5.3 cents to move a first-class letter and 5.1 cents to move a third-class one, in 18 of the 38 steps that you perform in one and not the other?

Mr. OLSEN. They changed their testimony. Their testimony now is that it costs 5.7 cents for first class. And it costs 5.2 cents for third class, so it is a half-cent difference.

Mr. UDALL. A little more of a spread.

Mr. OLSEN. In any event, they agree that it is not accurate, and they want an accurate figure. This is a result of the attention that industry has given to these hearings and the attention of these good men on this committee.

Mr. Johnson?

Mr. JOHNSON. Again, on the subject of expounding future expansion of third-class mail. Have you seen any tendency on the part of large mailers to give consideration to, let's say, going to first-class mail in view of the fact they are going to pay \$40 a thousand? Have they figured they might as well pay \$60 a thousand and get first-class mail service? They could forget about the present 18 steps and might lay off 50 people in their mailing department, and come out ahead? Is there any tendency along that line?

Mr. COLE. A very small tendency, that I am aware of. And that is on the national level. The small merchant in your community, no, and mine—he can't afford that type of a postage expense. He doesn't get that much advantage from first-class mail.

Mr. UDALL. I wondered at the time Mr. Johnson used to make this argument, and it seemed to have a lot of validity to me—in fact, I used it in conference with the Senators—why someone didn't run a test. The ones who could afford to do it would have half of the mailing in the city, third class, presorted, and all, and then take the other half of the mail and just dump it down in the first-class box with a first-class stamp and see how it would come out.

Mr. COLE. It might frighten the Post Office Department.

Mr. OLSEN. I do think that the Post Office Department is frightened, and they are more alert than ever to the problem. They know they are not going to be able to censor the mail, and that is what it would be if they started to eliminate the classes or types of pieces that they carry.

I must say, for the most part, they convinced me of their earnestness that they want to carry everything that people send, but they don't want to carry it at a loss. They are going to participate with us, and with you, in a genuine cost ascertainment determination.

Mr. COLE. That is great news.

Mr. OLSEN. Thank you very much.

Mr. COLE. Thank you.

Mr. OLSEN. We will now hear from Elnor-Jo Beall, president, and Stephen Q. Shannon, executive director, of the National Association of Greeting Card Publishers.

Please come forward to the table and proceed in your own fashion with whatever you wish to present.

Greetings to the greeting card people. We are very happy to have you here.

TESTIMONY OF MISS ELMOR-JO BEALL, PRESIDENT, NATIONAL ASSOCIATION OF GREETING CARD PUBLISHERS, ACCOMPANIED BY STEPHEN Q. SHANNON, EXECUTIVE DIRECTOR

Miss BEALL. Thank you. It may be a relief to you that I did bring notes, and I will know when to stop.

My name is Elnor-Jo Beall. I am president of the National Association of Greeting Card Publishers and president of our member company, Fravessi-Lamont, Inc., of Springfield, N.J.

I am accompanied by Mr. Stephen Q. Shannon, executive director of the National Association of Greeting Card Publishers.

I am making the following statement on behalf of the members of the National Association of Greeting Card Publishers, an unincorporated trade organization founded in 1941, with headquarters at 30 Rockefeller Plaza, New York, N.Y.

Our membership comprises leading greeting card publishers of all sizes and also suppliers of products and services to our member firms. We estimate that about 85 percent of the annual output of about 7 billion greeting cards that are published in the United States annually are produced and distributed by our members.

We appreciate the opportunity to again appear before this committee.

Last year our former president, James W. Winston, accompanied by Stephen Q. Shannon, presented a statement on behalf of our association outlining in detail our position on H.R. 7977, a bill to adjust certain postage rates and for other purposes, with, we believe, resulting benefits to your committee and ourselves.

Your committee now has under consideration H.R. 14029, a bill to fix postage charges for certain nonstandard mail and for other purposes. Since this bill involves some of the matters which were considered in connection with the prior bill, we are submitting to you a copy of our prior written presentation of Tuesday, May 23, 1967, in order to avoid repetition.

I think we covered it fairly fully in that, and it will speed things up.

The proposed bill, H.R. 14029, would do three things.

It would first fix the additional postage rate on each piece of non-standard airmail, or nonstandard mail of the first class weighing not more than 2 ounces.

It would then define standard mail. It would finally authorize the Postmaster General to conduct a comprehensive study of the physical characteristics of mail handling, including among other things the matters set forth in subparagraphs (1) through (6) of section 2 of the proposed bill.

The additional postage rate for so-called nonstandard mail would be fixed at 2 cents apiece; nonstandard mail would be defined as, "mail which does not conform to all the physical characteristics of standard mail as defined by the Postmaster General in accordance with law."

We submit that while the rate would be fixed by Congress, it would apply only as prescribed by the Postmaster General. In our opinion, this would be flagrant delegation by Congress to the Postmaster General of the authority to fix postal rates, a right which we believe is reserved entirely to Congress.

We cannot accept the concept that the physical characteristics of standard mail may be determined by the Postmaster General, *carte blanche*, and that nonstandard mail will carry the rate or additional rate fixed by Congress. Postal rates and the definition of what constitutes first-, second-, third-, and fourth-class mail and airmail are fixed by statute, and they have it annotated under title 39 and the various sections—U.S. Code, Annotated, title 39, sections 4253, 4303, 4358, 4359, 4362, 4452 and 4554.

We therefore challenge the proposed delegation to the Postmaster General of the authority to determine the characteristics of standard mail which, in effect, would allow the Postmaster General to determine the rate or additional rate of postage for nonstandard mail, as we believe this would be an illegal delegation of authority by Congress.

Our position seems to be sustained by the fact that the proposed bill, having fixed the additional rate for nonstandard mail and having permitted the Postmaster General to formulate a definition of his term by omission, would then authorize a study by the Postmaster General of the physical characteristics of mail handling in the postal service.

Another way of putting it is to say, "Here is a 2-cent-apiece additional postal charge, Mr. Postmaster General. You go ahead and make your study and then decide who has to pay it." This is not our understanding of how postage rates are fixed. If the definition of and the rate for nonstandard mail is determined before the study, what purpose can the study serve?

Presumably the study, if conducted, would be all-inclusive on the subject of nonstandard mail, definitions, rates, et cetera, but the study would be utterly useless and after the fact if the Postmaster General is already authorized to be the judge and jury in determining standard mail.

We therefore urge that this committee recommend that only section 2 of the proposed bill, relating to the comprehensive study, be considered, and that all other matters regarding the nonstandard mail be deferred until this study has been completed and reported on by the Postmaster General.

On the assumption that the proposed study will delve into all phases of standard and nonstandard mail, definition, dimensions, rates, and so on, we further recommend that serious consideration be given to the problem that may arise if the Universal Postal Union sets international standards for sizes and shapes at its next congress in Tokyo in 1969.

In his statement to this committee on November 13, 1967, Ralph W. Nicholson, Assistant Postmaster General, indicated that while compliance with international standards can be treated as a separate issue it was his belief that it would be wise to consider what is taking place in the international field during the consideration of standards for domestic mail.

In view of the fact that the international standards of size and shape that will probably be set in Tokyo in 1969 will call for a minimum of $3\frac{1}{2}$ by $5\frac{1}{2}$ inches and a maximum standard size of $4\frac{3}{4}$ by $9\frac{1}{4}$ inches, we want to emphasize that adoption of these sizes for the domestic mails would be intolerable to the American greeting card industry. Such drastic size limitations would undoubtedly seriously curtail the sales volume and would therefore result in a great reduction in postal revenues at the same time.

Mr. Nicholson has stated that domestic letters outnumber international letters by about 60 to 1, and I think that is a fairly conservative figure. Some of the statements from the releases from the Post Office show it is running at times as high as 80 to 1.

In view of this great difference in volume, there would be no point in even considering conformation of international and domestic standards. Because of the vital need for a wide variety of sizes to be available to the countless millions who send greeting cards, we believe that any thought of having domestic regulations conform with the international proposed minimum and maximum sizes should be completely ignored in developing domestic standardization requirements.

At this point we would like to mention that we are very favorably impressed with the action recently taken by Assistant Postmaster General Leo S. Packer of the Bureau of Research and Engineering in forming the Industry Standardization and Advisory Committee on which our association is represented.

It is our feeling that a serious problem such as the international standards versus domestic standards and many other phases of this complex situation can be intelligently and effectively explored through the advisory committee.

Another aspect of standardization is the possibility of imposing the mandatory compliance with the ratio of 1 to 1.414. We strongly recommend that the possibility of determining a more equitable and practical ratio be thoroughly investigated. Thinking in terms of the many envelope sizes that have long been traditionally used and accepted by the American public, the dimensions of which adapt themselves to the vital need for variety in the publication of greeting cards, it should be possible for automation or mechanization of mail handling to be carried on under a more practical ratio such as 1 to 1.30 or even 1 to 1.25.

In conclusion, we again want to go on record in stating that our greeting card publishers are in full accord with finding practical ways and means of developing improved mail handling. We recognize that, in view of the tremendous increases in the volume of mail that will continue to present serious problems to the Post Office Department, some form of mail standardization is necessary.

It is therefore our earnest belief that the necessary establishment of regulations for automating and mechanizing the mail handling can best be obtained through the mutual cooperation of mailers and the

Department to study the many problems involved, with the objective of finding mutually satisfactory solutions.

Mr. OLSEN. Thank you, Miss Beall and Mr. Shannon, for being with us. That was a splendid statement. We need your contribution. We need it even more as we talk about the standardization in the future.

I think you folks are probably more deeply involved in this bill than anybody who is testifying. The third-class mailers are obviously fearful that when we commence to setting standards in first-class mail and airmail it will encourage the Postmaster General to do the same thing in other classes.

You folks would be directly affected immediately by anything we do.

Miss. BEALL. Yes.

Mr. OLSEN. That is why you are certainly welcome here to give us your contribution. We are going to have Dr. Leo Packer before the committee very shortly. We will also have Ralph Nicholson back to talk to us. But, especially, Leo Packer, as to what is nonstandard in relation to the machines now being developed.

I think it is an interesting thing that we were in Europe about 3 years ago and saw the Siemens machine at Pforzheim, Germany. We were very impressed with that machine.

But, we learned that Germany has discarded the Siemens machine and now they have a bigger machine that can accommodate more sizes. The Siemens machine didn't accommodate enough sizes. Dr. Packer has taken notice of this, and has sent some of the technicians of the Post Office Department to Europe to make another inquiry about what they are doing.

They are kind of catching up with us on sizes and shapes, so they are finding out they have to have a more sophisticated and better machine that will accommodate more sizes.

I think Dr. Packer is sympathetic to developing machinery for first-class mail and airmail that will accommodate as much as possible the common use that America has made of every kind of envelope for those classes. Thank you very much.

Mr. Udall?

Mr. UDALL. I appreciated the testimony, and I thought it was helpful. How many different sizes of envelopes or greeting cards are presently manufactured by members of your organization? Would they number in the hundreds, literally hundreds?

Miss BEALL. I think they were listed in the hundreds, Mr. Udall. But when you get down to basic sizes on a fair basis, I would say that most lines are published within 30 to 50 sizes, depending on the extent of the line. Some cards, of course, go very large, exceed the weight, take extra postage.

But we consider them all as part of the line.

Mr. UDALL. Well—

Mr. OLSEN. Let me interrupt you here. We are really talking about something that is an ounce or less.

Miss BEALL. Yes.

Mr. UDALL. I had a little exchange the last time your organization was before us, and I noted with interest the part of your statement which said that some standardization is probably inevitable. I gather it would be acceptable to you. I would like to ask in general terms,

and I am sure you can't spell out a precise definition today, what forms, such as a standardization requirement might take to be acceptable to you?

Would it simply be a minimum, not smaller than a certain minimum and not larger than a certain maximum, and within a certain ratio between width and length that we can agree upon? This is the kind of standardization?

Miss BEALL. Yes; because there is a 3 by 4¼ inch that is accepted, and we have never had any trouble with that. Everything has been adjusted to it, and we can live within any ratio that allows us to portray the designs or the artwork.

In other words, someone made a suggestion that they all go to a No. 10 envelope, or something. You just could not design artwork in a 4 by 9 ratio. There would be nothing there. You have to have something more in a logical ratio. If you are going to take a photograph or something, you take it in certain sizes, 4 by 6 or that sort of thing, and artwork is the same basic idea.

Mr. UDALL. This is the argument that I had when the greeting card people were with us before. I take it you would be rather firmly opposed to any standardization requirement which would take the form of, say, having only six permitted sizes of envelopes or only 10 permitted sizes, or only 15 permitted sizes.

You think there ought to be room for variety within the general guidelines that we were talking about earlier.

Miss BEALL. Yes. I think machinery that would just take 15 sizes, for instance, certainly there would be many sizes that can pass through that same machine at no problem, and, therefore, I don't think that we are down to tolerances of just slotting them into 15 areas.

I think that the ratio, or a logical minimum or a maximum, is a broader scale for them.

Mr. UDALL. I was told that in Switzerland they permit only four sizes of envelopes. You would be opposed to anything of that kind of dispensary, even if we made it eight?

Miss BEALL. I think if you were to say four, we would be out of business. It is as simple as that.

Mr. UDALL. All right. Mr. Chairman, that is all I have.

Mr. OLSEN. Thank you very much, Mr. Udall. You know, this is interesting, and I am going to have to dig up a book that I read once about an inventor by the name of Michael Pupin, who worked with Alexander Graham Bell on the telephone. He had full knowledge of how you could send so many messages by electronics. But when he built a house for his female cat, he cut a door for her size, and then cut little holes for the kittens, because it bothered him that the kittens would go through the big hole. He thought they ought to go through the little one.

I have been to Detroit to see the new machinery there. I saw them extending the number of bins, and I am more and more persuaded that if you had these two extreme sizes, smallest and largest, that all the bin has to be big enough for is the largest. It could take the smallest, you see.

Miss BEALL. Within reason, that is right.

Mr. OLSEN. Yes, and I think that we have to put it to the Department, headed by Dr. Packer, to advise us. We would hope that some of your organization could be here when we hear from Dr. Packer.

Miss BEALL. We are happy that one of our men is on that organization now, and that they have had their first meeting. I am sure that they will be developing some very interesting ideas.

Mr. SHANNON. Mr. Olsen, can I add one comment for the record?

Mr. OLSEN. Yes.

Mr. SHANNON. Being the organizational contact in this problem, going back 10 or 12 years ago, I just want to emphasize what we said here today. We are genuinely and sincerely desirous of cooperating with the Department.

We have a history of doing this. We went to a great extent of study and effort in getting samples and showing the problems we had, as I say, 10 or 12 years ago. So this is the kind of thing that we are not just complaining, we are anxious to find a solution, the same as the Department.

But we do have the one contention that we don't have to actually change the physical characteristics of our product to get it to the people, because if we do that, we may hurt the very thing that we all admire, the product and the revenue from it.

Mr. OLSEN. Of course. I am glad that you are cooperating, because, as Mr. Udall says, we have to do some standardizing. I am sure when you run the largest of your samples through the machine, that is the only thing that you run through that machine that day. Then you have to adjust the machine quite considerably to run the smallest through it. The Post Office has to build a machine that will—the same day, the same hour—take the largest and the smallest in between.

You have to sympathize with the Post Office Department and Dr. Packer's department that they do have a big problem.

Mr. SHANNON. That is right.

Mr. OLSEN. Thank you very much.

Mr. SHANNON. Thank you.

Mr. OLSEN. I have a statement, submitted by Mr. Carey W. Hilliard, president of the National Rural Letter Carriers' Association, which will be made a part of the record at this time.

(The statement referred to is as follows:)

STATEMENT OF CAREY W. HILLIARD, PRESIDENT, NATIONAL RURAL LETTER CARRIERS' ASSOCIATION

Mr. Chairman and members of the committee, my name is Carey W. Hilliard. I am president of the National Rural Letter Carriers' Association, an organization representing approximately 52,000 regular, substitute, and rural letter carriers of the Nation. We appreciate the opportunity of presenting our views and comments to this committee concerning the standardization of sizes for matter placed in the U.S. mails.

The rural carriers of this country have been concerned about this problem because the practice of mailing odd or nonstandard pieces of mail is growing and thus becoming a greater problem for delivering employees. We do not object to fulfilling the obligations of our position and will, of course, continue to perform as efficiently as possible in effecting delivery of all mail to the approximate 40 million people we serve each day on the rural routes of this Nation. The fact cannot be ignored, however, that odd and nonstandard size pieces contribute to a less efficient operation because of the difficulty in packing or handling such mail for final disposition in the mailboxes of the patron concerned.

The greatest difficulty experienced by the rural letter carriers of the Nation is in connection with the bulk, third-class mail which uses the simplified form of address such as "boxholder," "rural patron," etc. Neither the law or postal regulations have ever imposed any maximum size limit on this bulk third-class mail. However, prior to Public Law 87-793 enacted in October 1962, there was a penalty which established a charge of 5 cents per piece for such bulk mail using simplified address when it exceeded a size of 9 inches by 12 inches.

Public Law 87-793 eliminated this penalty on this bulk, third-class mail when it exceeded 9 inches by 12 inches. Prior to the elimination of this penalty, almost all mailers prepared these boxholder mailings by folding them to within the 9 inch by 12 inch limit and this permitted an efficient routing and delivery. With the elimination of this penalty, however, mailers, in growing numbers, are not folding this mail and thousands of mailings are being received by rural carriers for delivery. In a less frequent, but non-the-less troublesome type of mailing, they are being placed in the mail without even that fold and are arriving in sizes up to as much as the size of a daily newspaper, approximately 12 inches by 15 inches. This requires the rural carriers to individually fold these pieces of mail two or three times in order to properly handle it for placement in the rural mailbox. This limits the efficiency of the carrier, adversely affects the normal schedule he is expected to maintain and in general contributes to a lesser quality mail service than can be given when the mail is received folded to within the 9-inch by 12-inch limit. This association has met with the officials of the Post Office Department on several occasions to discuss this problem and explore the possibility of administrative regulations establishing a maximum size which would be accepted for mailing. Evidently, inasmuch as there never has been any maximum size spelled out by law or regulation and, in view of the fact that the Congress eliminated the penalty which in effect did result in keeping mail within the 9-inch by 12-inch size, the Department has not deemed it desirable to impose a size limit by administrative fiat. Inasmuch as the problem came about due to a change in law, and in consideration of the seriousness of the problem now existing by the acceptance of these large size, bulk mailings, we urge this committee to either enact a maximum size for this bulk third-class mail using the simplified address and/or to provide a penalty similar to that which existed prior to Public Law 87-793 in order to resolve a problem concerning mailing requirements which is presently unquestionably a factor which prevents something less than the most efficient service which can be provided to the American public served on the 31,000 rural routes of this Nation.

We make this recommendation not because we desire to be critical of bulk, third-class mail. We recognize that this does render a valuable service to our patrons. We make this recommendation because we believe that nonstandard size, third-class mail should be subjected to higher than minimum postage rates when it is clearly established that the office handling and delivering does require the greater period of time and contributes to a less efficient operation.

Mr. Chairman, may I again express our appreciation for the opportunity of submitting this recommendation in connection with the legislation pending before you. We trust you will give this matter serious thought and that any bill reported by the committee will contain a provision to resolve or correct this problem concerning oversize, bulk, third-class mail which uses the simplified form of address.

Mr. OLSEN. The hearing is now adjourned.

(Whereupon, at 11:30 a.m., the hearing was adjourned.)

STANDARDIZING THE SIZES OF MAIL

TUESDAY, APRIL 30, 1968

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON POSTAL RATES OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:10 a.m., in room 210, Cannon Building, Hon. Arnold Olsen (chairman of the subcommittee) presiding.

Mr. OLSEN. The subcommittee will come to order.

The witnesses today are Robert F. DeLay, president, Direct Mail Advertising Association; and John Jay Daly, vice president of the same association.

In understand that you have with you Herbert E. Gertz, marketing division of the Reuben H. Donnelley Corp.; Louis A. Kislik, executive manager, Publishers Clearing House; Samuel Wasserman, president, Lawrence G. Chait & Co.; and John M. Jenks, director of sales, Phillipsburg Division of Bell & Howell.

Mr. DeLay, will you proceed as you wish?

Mr. DELAY. In the interests of time and to try and get all of our testimony before you gentlemen, I would like to just summarize our opening comments—Mr. Daly and I—and if I may, I would like to submit my statement.

Mr. OLSEN. Without objection, your prepared statement will be placed in the record, with the attachments, and you may proceed as you wish.

(The prepared statement is as follows:)

PREPARED STATEMENT OF ROBERT F. DELAY, PRESIDENT, DIRECT MAIL ADVERTISING
ASSOCIATION

Mr. Chairman and members of the subcommittee, it's a pleasure and a privilege to appear before this distinguished subcommittee.

You are to be commended for continuing this period of hearings for the action you will eventually take is important to every American.

We know your concern for time in the conduct of these hearings and we shall show our respect for it.

My name is Robert F. DeLay. I am President of the Direct Mail Advertising Association (DMAA) with headquarters in New York City. This association was organized in 1917 and our 2,500 members are located throughout the Nation and in many foreign countries. I am accompanied by John Jay Daly, our vice president, who maintains DMAA's Washington office in the National Press Building.

In addition, four other members of our association will discuss various facets of the sweeping provisions of this bill.

The chairman of our legislative committee, Louis A. Kislik, executive manager of Publishers Clearing House in Port Washington, N.Y., will discuss the impact of the optical scanners; Samuel Wasserman, president of Lawrence G. Chait &

Co., New York City, will show via color slides the need for creativity in mailings; John M. Jenks, director of sales of the Phillipsburg Division of Bell & Howell Co., in Chicago, will point out how inserting machinery already conforms to standard sizes; and finally, Herb Gertz of the Marketing Division of the Reuben H. Donnelley Corp., in Oak Brook, Ill., will show why the Post Office Department makes a profit on most merchandise samples, which themselves contribute so importantly to the vitality of our Nation's economy.

Our presentation will be brief since we have arranged a variety of competent witnesses from industry to present their views. Their remarks are carefully designed to illuminate specific facets of this multipart problem and should help guide the committee toward a further understanding of the vast implications of standardization on the direct mail industry.

Needless to say, we're grateful for the chance to present these views and point out areas where industry is deeply concerned, and subjects that need further study and attention.

We do want to emphasize by stating at the outset that DMAA recognizes the need for sensible standardization of mail, so the postal system—in whatever form it may remain or emerge—can continue to cope with the increasing quantity of all classes of mail. However, we also recognize that the setting of standards should neither be hasty nor arbitrary.

If we may, we would like to scotch a canard often made by some with less knowledge than we of postal problems. This concerns the rate of progress of modernization, mechanization, and standardization. There is a misguided notion that whenever industry testifies at hearings such as this or makes constructive comments during the very popular "Industry-Government dialogue" any objection to any proposal is only made to retard progress. Just the opposite is true. Business mailers such as DMAA representatives have a vital stake in a viable, ongoing, and efficient postal service. We want more modernization, meaningful mechanization, and sensible standardization. But hasty action in any of these areas could be disastrous.

DMAA has had a long record of cooperation with the Post Office Department and in many ways attempts to be a true partner in postal progress. For instance, this subcommittee may recall we testified in favor of Representative Olsen's bill to elevate the Post Office Department's Research and Engineering Division to full Bureau status. We laud the work of this new Bureau and have watched closely the work of its first Director: Assistant Postmaster General Leo. S. Packer. Dr. Packer and his growing staff of assistants have addressed our gatherings on several occasions to keep our members posted on their plans.

When Dr. Packer sought industry help to aid Dr. Edward M. Reilley, his Director of Research and Development, we immediately altered one of our major meetings to present an afternoon-long presentation by Dr. Reilley and four of his top technical staff. This was our special "Standardization Symposium," where more than 200 DMAA members were given the opportunity to hear a great deal about the Post Office's standardization plans and to question the panel about various details, particularly the problems encountered with the optical scanner.

The DMAA symposium served as an eye opener in many ways. It showed industry that the Post Office Department has firm goals; the industry comments, on the other hand, pointed out to postal planners some of the problems that might develop if they continue down certain proposed paths. As one industry participant put it, "It was both enlightening and frightening."

As more in industry become aware of the problems and as more planners in the Post Office realize the potential sweeping impact of even the most seemingly minor changes, greater understanding will develop. This is all to the good, for it will lead to continued close cooperation as these all-important standardization plans go forward. Hearings such as this are much in the same spirit.

Latest proof of DMAA's sincere desire to provide the Post Office with talented counsel comes with the announcement that we have established a special advisory committee on standardization which will willingly work directly with the Bureau of Research and Engineering and the Research and Development Division. This committee is composed of eight men experienced in specific areas whose expertise it seems is now needed.

If, during the shirtsleeves discussions with the Post Office, it develops that more men with different talents are also needed, you can be sure DMAA will search the industry to provide them. We have indicated that while we favor sensible standards, we wish a thorough study of all of the implications and ramifications of any proposals.

An example of hasty standards recently occurred when the Post Office Department unilaterally and suddenly altered the size of its money order forms. No doubt this was a noble idea in and of itself, but became troublesome and embarrassing because the Department failed to realize the vast inventory of envelopes—used by the Post Office, business, and ordinary citizens—required folding and mutilating (and, yes, even spindling) if they were to accommodate the new postal forms. They regretted this embarrassment and inconvenience, but the sudden standardization stuck.

Compared to the sweeping standardization proposals they now plan, this was relatively minor. Nonetheless, it's an object lesson that an all-knowing Post Office is certainly not omniscient.

Some standardization soothsayers urge, "Be reasonable, do it my way." Obviously this approach doesn't gain mutual cooperation and understanding and we're pleased to see that the Research and Engineering personnel have not pursued this philosophy.

To insure continued reflection of the problems, we advocate a modified version of what is set down in H.R. 14029, namely; study the problem thoroughly before setting the standard. To this we would add but one corollary. After the thorough and exhaustive study—which should involve calling on the best technical minds from all types of affected industries who can shed a gleam of light on the problems—recommendations should be presented to Congress for studied consideration before arbitrarily setting the standards.

Yes, DMAA agrees the standardization study needs to be made, but it should be expanded. Not only should all classes of mail be studied but also specific language should be inserted to cover the various scanning devices which might be utilized and improved in mail processes.

We also firmly believe that basic policy judgments concerning the implementation of the standards should remain with the Congress. Naturally, the congressional judgments would be made after a due explanation and reasoned discussion of technical details are thoroughly aired.

There are many reasons why Congress should continue to exert a reasonable degree of control in this vital area. Not only are we unsure what the views of future Postmasters General might be, but also we do not know who might hold that vital post or what role or form it will eventually take.

In sum—as later witnesses will point out—DMAA believes the standardization study should: include all classes of mail, provide that Congress control the implementation schedule of the standards, include study of optical scanners and other reading devices, and allow industry a 2-year breathing spell to adjust to the proposed standards.

DMAA pledges its support to work with Congress, the Post Office Department, and various industry groups to insure the needs of all parties are sufficiently served.

ATTACHMENT A—WHAT IS THE DIRECT MAIL ADVERTISING ASSOCIATION?

Representing over 2,500 members in 49 States and a dozen foreign countries, the Direct Mail Advertising Association (DMAA) is the largest national trade association servicing those engaged in all forms of direct mail advertising. Three-fourths of DMAA's members are users of direct mail advertising—that is, manufacturers, publishers, wholesalers, retailers, mail order houses, insurance companies, fund raisers, utilities, financial services. The remaining 25 percent are producers or creators of direct mail. For example, advertising agencies, letter-shops, and printers; or suppliers to the medium, for example, paper producers, envelope manufacturers, list brokers and compilers. Our membership represents a true cross-section of American business, ranging from the largest corporation to one-man business.

DMAA members are heavy users of all classes of mail. They use the mails to reach markets, to deliver products, to collect bills, to renew contracts, to sell all types of goods and services. In fact, the variety of uses never ceases to increase. While the word "industry" may loosely be used to group statistics, in fact, it really isn't an industry in the conventional sense. As the second or third largest advertising medium the uses for direct mail are so varied that the only common element is a reliance on dependable mail service.

DIRECT MAIL'S CONTRIBUTION TO THE ECONOMY AND THE GROSS NATIONAL PRODUCT

This year U.S. business—thousands of small businessmen and hundreds of larger organizations—is investing more than \$2.6 billion in direct mail advertising to promote the sale of products and services to heads of households and to industry.

Direct mail advertising is a selective selling medium that business uses to zero in on known likes, dislikes, and buying characteristics of customers.

In wisely investing this money, business also provides employment for more than 1 million persons—skilled craftsmen, artisans, and creative personnel—but also a large number of semiskilled, unskilled, and even handicapped people.

Since they are so vitally dependent upon an efficient postal service, DMAA members have a long record of cooperation with postal officials at all levels; national, regional, and local. DMAA has continually urged that modernization, mechanization, and advanced management practices be applied to this most important arm of government which provides services which affect every American every day.

DIRECT MAIL ADVERTISING ASSOCIATION, INC.,
Washington, D.C., April 25, 1968.

DR. LEO S. PACKER,
*Assistant Postmaster General,
Bureau of Research and Engineering,
U.S. Post Office Department,
Washington, D.C.:*

As we have indicated many times, Dr. Packer, the Direct Mail Advertising Association welcomes the opportunity to work more closely with the Post Office Department so we may be a "Partner in Postal Progress."

To support our representation on the Postmaster General's Technical Advisory Committee and to provide, as you requested, additional information about industry impact in the field of standardization, DMAA has formed an Advisory Committee on Standardization. Each man is willing to meet with you, Dr. Edward M. Reilley your Director of Research and Development and others of your staff to provide data or information you might desire. If additional areas of expertise are required, you can be sure we will supply them for you. The eight members of this Advisory Committee on Standardization are listed on the attached sheet.

Each man in accepting the appointment to this committee indicated an earnest desire to be of real and valuable assistance. This is by no means a "letterhead" committee. All we await now is specific word from your office of your needs. Relay your requests to me, as I will be serving as staff coordinator.

Best regards.

JOHN JAY DALY, *Vice President.*

DIRECT MAIL ADVERTISING ASSOCIATION ADVISORY COMMITTEE ON STANDARDIZATION

Optical scanners.—Louis A. Kislik, executive manager, Publishers Clearing House, 382 Channel Drive, Port Washington, N.Y.

Envelopes.—H. Kurt Vahle, vice president, the Gray Envelope Manufacturing Co., Inc., 55 53d Street, Brooklyn, N.Y.

Addressing equipment.—O. T. Slayton, Cheshire Inc., 408 Washington Boulevard, Mundelein, Ill.

Design.—Anthony Arau, Arau Associates, Inc., 15 East 48th Street, New York, N.Y.

Electronic data processing.—Vernon L. Valeska, manager EDP projects, Time, Inc., 540 North Michigan Avenue, Chicago, Ill.

Lettershops.—Lee Epstein, president, Mailmen Inc., 160 Eileen Way, Syosset, N.Y.

Paper.—Charles R. Ward, product planning manager, Converting Papers, Champion Papers, Knightsbridge, Hamilton, Ohio.

Staff coordinator.—John Jay Daly, vice president, Direct Mail Advertising Association, 921 National Press Building, Washington, D.C.

TESTIMONY OF ROBERT F. DELAY, PRESIDENT, DIRECT MAIL ADVERTISING ASSOCIATION, ACCOMPANIED BY JOHN JAY DALY, VICE PRESIDENT, DIRECT MAIL ADVERTISING ASSOCIATION; HERBERT E. GERTZ, MARKETING DIVISION, THE REUBEN H. DONNELLEY CORP.; LOUIS A. KISLIK, EXECUTIVE MANAGER, PUBLISHERS CLEARING HOUSE, PORT WASHINGTON, N.Y.; SAMUEL WASSERMAN, PRESIDENT, LAWRENCE G. CHAIT & CO.; AND JOHN M. JENKS, DIRECTOR OF SALES, PHILLIPSBURG DIVISION OF BELL & HOWELL

Mr. DELAY. I am Robert F. Delay. I am accompanied by John Jay Daly, our vice president. We are accompanied this morning by the chairman of our legislative committee, Louis A. Kislik, executive manager of Publishers Clearing House in Port Washington, N.Y., who will discuss the impact of the optical scanners; Samuel Wasserman, president of Lawrence G. Chait & Co., New York City, will show via color slides the need for creativity in mailings; John M. Jenks, director of sales of the Phillipsburg Division of Bell & Howell Co., in Chicago, will point out how inserting machinery already conforms to standard sizes; and finally, Herbert E. Gertz of the marketing division of the Reuben H. Donnelley Corp., in Oak Brook, Ill., will show why the Post Office Department makes a profit on most merchandise samples, which themselves contribute so importantly to the vitality of our Nation's economy.

Our presentation will be brief since we have arranged a variety of competent witnesses from industry to present their views. Their remarks are carefully designed to illuminate specific facets of this multi-part problem and should help guide the committee toward a further understanding of the vast implications of standardization on the direct mail industry.

Mr. Daly?

Mr. DALY. We simply want to emphasize at the beginning that DMAA recognizes the need for sensible standardization of mail, so the postal system—in whatever form it may remain or emerge—can continue to cope with the increasing quantity of all classes of mail. However, we also recognize that the setting of standards should neither be hasty nor arbitrary.

If we may, we would like to scotch a canard often made by some with less knowledge than we of postal problems. This concerns the rate of progress of modernization, mechanization and standardization. There is a misguided notion that whenever industry testifies at hearings such as this or makes constructive comments during the very popular industry-Government dialog any objection to any proposal is only made to retard progress. Just the opposite is true. Business mailers such as DMAA represent a vital stake in a viable, ongoing and efficient postal service. We want more modernization, meaningful mechanization and sensible standardization. But hasty action in any of these areas could be disastrous.

DMAA has had a long record of cooperation with the Post Office Department and attempts in many ways to be a true partner in postal progress. For instance, this subcommittee may recall we testified in favor of Representative Olsen's bill to elevate the Post Office Depart-

ment's Research and Engineering Division to full Bureau status. We laud the work of this new Bureau and have watched closely the work of its first Director; Assistant Postmaster General Dr. Leo S. Packer. Dr. Packer and his growing staff of assistants have addressed our gatherings on several occasions to keep our members posted on their plans.

We have an offer to the Director of Research and Engineering Bureau, Dr. Packer, offering them an eight-man advisory committee on standardization. Each man on this committee is willing to work, either as a group or individually with the Department and bring a particular area of expertise in optical scanning, envelopes, addressing equipment, design, EDP, lettershops and paper.

We will be glad to add additional people to this committee as it is necessary.

Mr. DELAY. So to summarize, prior to our witnesses providing their testimony, DMAA believes that the standardization study should, first of all, include all classes of mail; secondly, provide that Congress control the implementation schedule of these standards; third, include the study of optical scanners and other reading devices; and fourth, allow industry a 2-year breathing spell to adjust to the proposed standards.

Mr. Daly will introduce our first witnesses, unless you have any questions just from these opening remarks.

Mr. OLSEN. Well, just proceed. I think we will go through all the testimony before we have any questions.

Mr. DALY. Our first witness is Herbert E. Gertz, marketing division, the Reuben H. Donnelley Corp., Oak Brook, Ill.

TESTIMONY OF HERB GERTZ, MARKETING DIVISION, THE REUBEN H. DONNELLEY CORP., OAK BROOK, ILL.

Mr. GERTZ, Thank you, John.

Good morning, Mr. Chairman and members of the subcommittee. My name is Herbert E. Gertz, and first I would like to apologize for the sunglasses. My regular glasses are back on the dresser at home, so it was either wear these or not see at all.

I am an account executive with the marketing division of the Reuben H. Donnelley Corp. in Oak Brook, Ill.

We appreciate this opportunity to offer information on a particular type of mail. Although this mail has been receiving considerable attention for some time, I'll offer my thoughts on this subject in about 15 minutes. This category is third-class, bulk-mailed merchandise samples. Although this mail is not covered by H.R. 14029, currently under consideration by your committee, we understand that you have asked for information on these mailings, because questions of standardization are involved.

You will recall that merchandise samples were a subject of frequent discussion during hearings on the recent postal rate and pay bill, H.R. 7977. In particular, that bill, as originally introduced, included a subsection which would have resulted in transferring most merchandise samples from the third class bulk rate category to the third class single piece rate, approximately doubling the postage costs for most

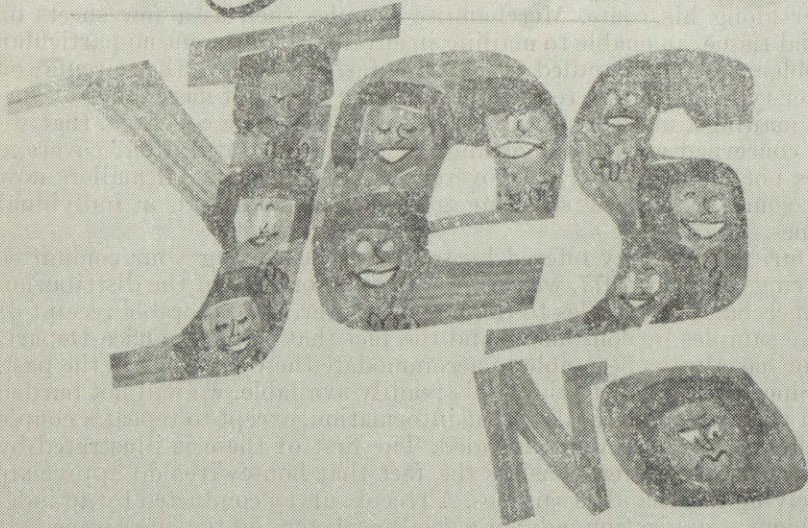
of these samples. Fortunately, this section of the original bill was dropped prior to passage. As recently as last November, however, during an industry meeting, a Department spokesman confirmed, again, the intention to move these nonstandard merchandise samples from the bulk to the single-piece rate by regulation, rather than through legislation, under the Administrative Procedure Act.

Testimony during the earlier hearings, and later comment, confirms that the Post Office Department's interest is substantially restricted to particular types of merchandise sample mailings: Consumer-directed mailings that are of "saturation-type" coverage, and mailed in cartons rather than in envelopes. Small-scale mailings, or those that involve very "thin" coverages, do not appear to be of particular concern, since the average letter-carrier might have only a couple of samples to deliver along his route. Merchandise samples such as a few sheets of facial tissue, amenable to mailing in envelopes, represent no particular problem, and are handled in the same fashion as any other circular or letter-type mail. As a result, it is only the group of merchandise sample mailings, mailed in cartons, to saturation-type coverage, that we are concerned with this morning. Incidentally, "saturation" coverage does not mean 100-percent coverage of any market. All mailers now use some method of selecting geographic areas and/or individual homes.

During testimony offered by several of us during your committee hearings on H.R. 7977, we reviewed the importance of the distribution of merchandise samples to the manufacturer, the favorable receipt of these samples by consumers, and the fact that the Post Office Department has always been able to accommodate these mailings in the past.

Since this earlier testimony is readily available, we will not burden you with a repeat of all of that information, except to repeat a couple of highlights that were included. The first of these is illustrated by Chart No. 1, and emphasizes the fact that housewives do appreciate receiving merchandise samples. A recent survey conducted by an independent organization, advising food marketers on the effectiveness of promotional techniques, submitted a research finding that 86 percent of housewives surveyed use merchandise samples received in the mail. This finding is typical of other research conducted in this area.

Surveys show that nine out of 10 housewives like to receive and use mail samples.

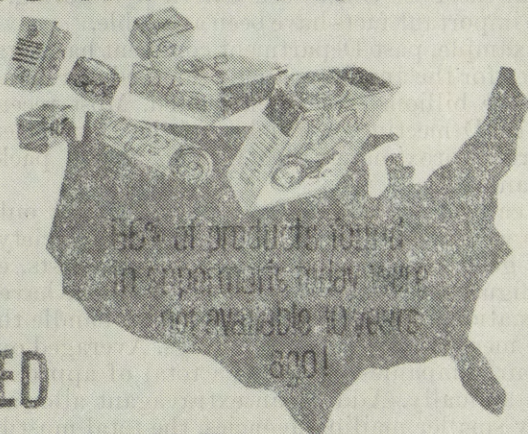
Like**YES**
NO

**SURVEYS SHOW ABOUT 9 out of 10
HOUSEWIVES LIKE TO RECEIVE
AND USE MAILED SAMPLES**

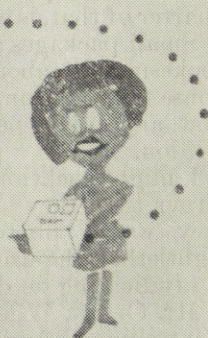
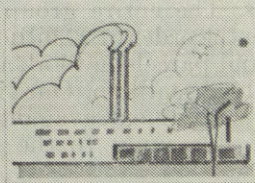
A second fact, illustrated by Chart No. 2, is the importance of new products to the national economy. Over half of the products available to consumers in supermarkets today were not available 10 years ago—and mailed merchandise sampling is far-and-away the most effective vehicle available for the introduction of these new products to consumers.

New products are vital to continued economic growth. Actually, 55 percent of products found in supermarkets today were not available 10 years ago. And mailed sampling is vital to the introduction of many

NEW PRODUCTS ARE VITAL TO CONTINUED ECONOMIC GROWTH



AND MAILED SAMPLING IS VITAL TO INTRODUCTION OF MANY NEW PRODUCTS



new products. The sample to the housewife, assuming the product is satisfactory, sets up the visit of the housewife to the supermarket.

With this background, those who promote their new products by distributing samples through the mail are concerned with any intention to change the postage rates for such samples without regard to true handling costs, or to revise preparation or handling requirements that would make distribution so impractical as to deny this new product exposure "cost free" to the American housewife. But, let me state very clearly, no one interested in this type of mail is expecting his promotion expense to be subsidized by the taxpayer.

If we could emphasize any single major premise this morning, it is the fact that manufacturers are not requesting, do not expect, and are not agitating for preferential consideration in postal rates for these samples. They do expect to fully pay their way.

However, we must keep the "problem" in perspective. To do this it is necessary to know the approximate annual volumes of such mailings, and the Post Office costs for their handling. Until now, neither of these important facts have been available.

For example, past Department comment has suggested a wide range of figures for the annual volume of mailed merchandise samples. Numbers in the billions have been quoted. Most recently, during an industry/POD meeting, a member of the Department commented that there are approximately 600 million "small packages and parcels" mailed annually.

This category would include, however, not only the merchandise samples we are discussing, but also a broad variety of other mailings, such as general merchandise, premium requests, et cetera. Since the needed figure on volume was not available, we have contacted the four largest national mailing companies, who handle the great proportion of these merchandise sample mailings. Averaged over the past 3 years, these four companies processed a total of approximately 145 million samples annually. Adding an extravagant allowance for limited activity by smaller mailing agencies, the total must be considerably less than 250 million such samples each year. Our Chart No. 3 illustrates the relation of this mailing volume to other mail totals.

The total number of pieces handled by the Post Office is on the order of 80 billion pieces. The entire group of third-class mail, about a quarter of that, is on the order of 20 billion pieces.

Small packages and parcels in total, are estimated by a Department spokesman at about 600 million. Our figures, derived from mailing-house information, with an extravagant, exorbitant increase to represent any other possible input to the system, are estimated at 250 million.

I might mention these are slightly out of scale. These are a little larger than they should be. The artist chose to do that in order that they would photograph. This bar—250 million—should be one-eightieth of the size of this bar—20 billion.

(Indicating on display.)

Mr. OLSEN. When you say this, you are indicating the bar showing 250 million should be one-eighth the size of the 20-billion bar?

Mr. GERTZ. One-eightieth. It would almost fade into the bottom here, but in order to photograph, it is a little large.

A related problem is that of determining the average weight of these merchandise samples. Are they principally of minimum weight (less than 2.6 ounces), so that the current postage would be 3.6 cents per piece, or are they considerably heavier, so that the postage would be substantially more than the minimum? During the same inquiry to the major mailing houses, we determined that, based on the past 3-year mailings, the average merchandise sample, of the type we are discussing, weighed just under 5 ounces. This would require postage of a little less than 7 cents a piece.

Five ounces, actually is 6 $\frac{7}{8}$ cents.

CHART No. 3

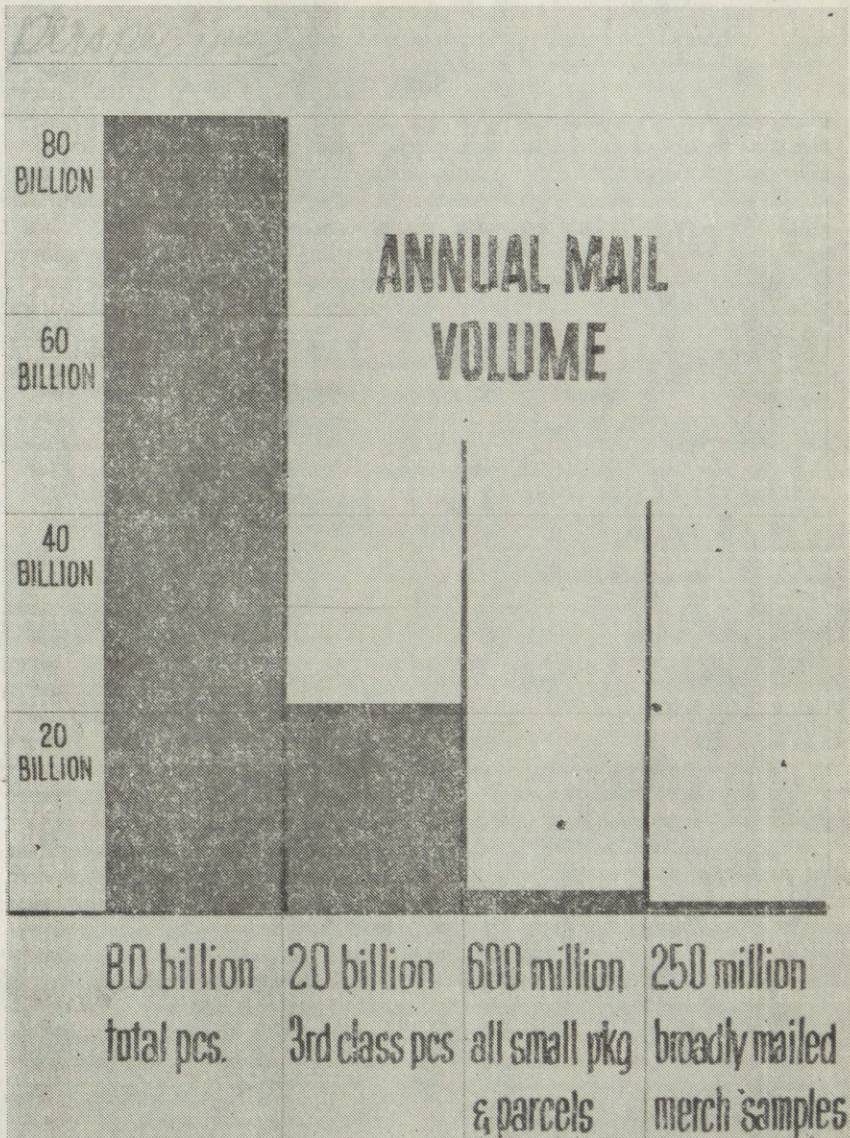


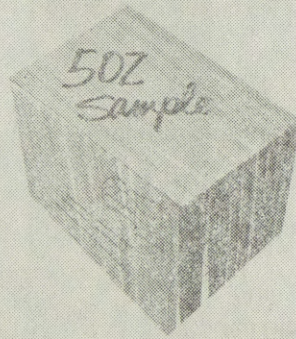
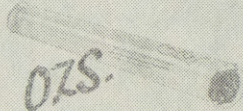
Chart No. 4 illustrates these findings. The average merchandise sample mailed broadly—and once again we are talking about saturation-type consumer samplings, in cartons, not in envelopes—which is properly 5 ounces, not 1 or 2 ounces. And they pay postage of about 7 cents each; not the 3.6 cent minimum, but about 7 cents.

With this information as background, and with handling costs unavailable from the POD, an industry group attacked the problem of determining Department costs for handling the average merchandise sample. Working from a variety of published information, and many

Respective

THE AVERAGE MERCHANDISE SAMPLE MAILED BROADLY WEIGHS APPROX. 5 OZS.

*not
1 or 2 OZS.*



AND PAYS POSTAGE OF ABOUT \$.07 EACH

*not
min.*

3.6¢



contacts with personnel familiar with post office procedures, estimates of hourly labor costs and processing volumes were developed. Although several sets of estimates were structured for various types and weights of samples, and using several different inputs for hourly processing volumes and labor costs, our chart No. 5 illustrates what we believe to be the most appropriate set of cost figures. (Indicating display.)

CHART NO. 5

MERCHANDISE SAMPLES MAILED BROADLY PAY THEIR WAY

ESTIMATED POST OFFICE COST (PER UNIT) GROSS WEIGHT: 5.234 OZ.

Post Office Operations	cost per unit
Postal transportation planning and advance preparation	+.00014
Originating Post Office control	.00047
Trucking cost to destination main Post Offices	.00532
Unloading and distribution to local Post Offices	.00225
Local Post Office operations:	
open cartons and sort to carrier	.00810
carrier arrangement to walking sequence	.01350
tie and sack for relay boxes	
relay to carrier boxes	.00399
delivery to homes or apartments	.01528
General, regional and local Post Office overhead	.01038
total cost per sample delivered	+.05943

Postage 1968 + .07197

Index-postage vs. cost (121)

and may show a profit to P.O. Dept.



Now, what we did is we took the steps, the processing and handling steps, that are involved in moving a national mailing of merchandise samples from a processing plant through the transportation and distribution steps ultimately to the consumer.

The steps, the individual steps are listed here from known information on volumes, from estimates received on the number of pieces that the clerks or the carriers could be involved with in an hour.

We built up this listing of steps and these estimates for each of these steps. These steps include the original planning, long before the mail is entered into the stream—the control, the expense to the post office personnel at the point at which the sample mailing is introduced in the postal system; the trucking to the various destinations from the central sources for all of the national distribution; unloading and distribution to the post offices; the various local post office operations at the destination post office; the opening of the cartons; the sorting to the carriers; the carrier arrangement in walking sequence; the additional tying and sacking he must make of these samples to send to the relay boxes for those he can't take out at the time he leaves the office; the actual delivery on the street to the homes and apartments and, superimposed on the remainder, the general regional and local post office overhead that are indirect costs that must be allocated to each of these samples.

The total for the sampling, once again we are talking now about a sample that had actually been mailed on a national basis weighing a little over 5.2 ounces, we come up with just a shade under 6 cents for these handling operations.

Current postage, according to 1968 rates, the 22-cents-a-pound rate, for this sample is a little over 7 cents. Ratio of postage to estimated costs, about 21 percent over cost.

The salary rates are current rates. While final confirmation of these costs is dependent on the opportunity to review internal Post Office Department records, we offer this exhibit as an unbiased effort to reflect Department costs, and we are currently seeking their comment on the accuracy of these figures.

We have recently presented this same cost information to the Department, including a substantial amount of additional detail, and full documentation. We expect to receive their comments soon, after a detailed analysis of this material, but initial reaction was that while the techniques used to determine costs may differ, overall totals appear to be in general agreement with the Department's information.

As indicated, the Department has reported two separate areas of concern. The question of cost recovery reviewed here, and the handling problem reported to result from these "nonstandard" merchandise samples. This area of standardization is different from that affecting first-class, airmail and other letter size pieces, anticipating problems involving mechanization—the facing, the canceling, the sorting, and so forth. These machine problems do not concern the bulk mailer, since his mail must be prepared to bypass these steps. He has already done all of the work currently anticipated by the installation of these sophisticated machines. Rather, the merchandise sample handling discussion centers around the final sorting and carrier casing, tying and delivery problems at the destination post office.

The direct mail industry has an excellent record of willingness to cooperate with the Department on mutual problems. Typical examples

are the activities of the Postmaster General's Technical Advisory Committee, the exchange of information that occurs during the DMAA-sponsored annual postal parley, and the postal forum, which the Department initiated as an annual event, last year.

Specifically, because of the sample handling problem reported by the Department, a special industry committee was recently formed under the auspices of the TAC and the Grocery Manufacturers of America. Several meetings have already been held, and, as an indication of initial results, industry has agreed to the following:

(a) To accept a 12-day delivery period for distribution of merchandise samples.

The clock doesn't start running on these 12 days till the samples are received at the destination post office. This does not encompass the transportation time from the mailer's plant to the final post office.

Currently, the Department makes an attempt to deliver samples received in the offices in 48 hours or thereabouts. Industry has agreed to 12 days.

This extended delivery period should allow the post office to schedule delivery most efficiently in coordination with varying volumes of other mail received.

(b) The industry has agreed to cooperate fully with a refined "Early Warning System" that may give the Post Office Department better advance notice of a major sample mailing, to allow for optimum use of personnel and facilities.

(c) The Post Office Department will supply a detailed summary of peak mailing periods through the year. This will allow major mailers to plan their mailings, as much as possible, around the Department's problem dates.

A Department official has commented that these steps alone might solve their handling and delivery problems.

In addition the industry is currently cooperating with the Department in a program of special mailing tests designed to study alternate handling techniques for merchandise samples. At the request of the Department, several manufacturers and mailing agencies have supplied merchandise samples, the mail preparation work, and the postage required for these tests. These tests are preliminary at best, and it is too early to determine what benefits, if any, will accrue from this effort, or to what extent industry input will be utilized by the Department, but we offer this as an indication of our good faith in trying to meet the Post Office Department more than halfway.

In summary, then, we believe we have demonstrated that:

(a) The magnitude of the merchandise sample problem is relatively insignificant when contrasted with the Post Office problems in moving the total volume of mail.

(b) As chart No. 5 shows, we believe the Department is already recovering costs for the processing of these merchandise samples, and netting a tidy profit.

(c) Industry has made, and will make, every reasonable effort to cooperate with the Department in studying any handling problems that may exist, and working toward solutions that would be beneficial to all concerned.

We therefore urge on this committee our conviction that the Post Office Department should not take precipitate or unilateral action with respect to the rate structure of and handling-preparation requirements for sample mailing.

Specifically, we request the committee to assert jurisdiction over bulk third-class samples by (1) including bulk third-class sample mail in the study called for by section 2(a) of H.R. 14029, and, in this connection, specifying that the study be conducted as a joint activity between the Post Office Department and industry, and (2) providing that the Postmaster General shall submit the findings developed by the study to this committee for review and such legislative action or other recommendation as the committee may determine after such review.

I would be pleased to answer any questions you may have. Thank you for this opportunity to present this information.

Mr. DALY. Thank you, Herb.

I think, Mr. Chairman, that this is, to our knowledge, the first time that such a study as this has ever been presented before, and it is truly a significant study in terms of this particular area of operation of the Post Office Department.

And, of course, we welcome critical analysis from the Department or anyone else concerning these cost figures, because we do believe that merchandise samples enable the Post Office Department to make a profit in this particular area.

I wondered if you do have any questions for Mr. Gertz. He has worked very closely in this study and has spent many years in this particular area of activity.

Mr. OLSEN. I have only one question, and that would be for some description of how you arrived at the carrier cost of delivery to homes or apartments.

Mr. GERTZ. In this case, this was a straight line figure; by determining the average number of mail pieces that the carrier distributes over a 5- or 5½-hour tour of his route and the division of the number of pieces, knowing the average hourly rate for the carrier with the average amount of service, and putting in the nonproductive time—the vacation pay, the sick leave and overtime, and so on—and then dividing that hourly rate by the number of pieces.

In a discussion with the Department, it was pointed out to us that for this particular figure, for example, their formula is a little more complicated and includes not only number of pieces but bulk and weight.

And so currently each of these figures is under review by the Department. It is a rather detailed report in total. We expect comment on each of these figures, comment from them on where we may have a different method, a different technique for arriving at these figures.

And ultimately, we are actively seeking response to this information. We recognize that we are outside of the other fellow's ballpark, we are an outsider trying to play his game, trying to simulate his costs.

So we have done everything we can as outsiders, without recourse to Department information, to simulate activities, to price them out.

We have now said, in effect, this is the best we can do. Since you were in no position to answer this question at the time we asked it, would you look at the information we have and let us know if you agree, or, if you differ, where you differ.

And so this was the approach we used.

Mr. OLSEN. I believe that is very good. Thank you very much.

Mr. DALY. Our next witness is the sales director of the Phillipsburg Division of Bell & Howell, John Jenks.

Mr. Jenks.

TESTIMONY OF JOHN JENKS, SALES DIRECTOR, PHILLIPSBURG DIVISION
OF BELL & HOWELL CO.

Mr. JENKS. Mr. Chairman, and members of the subcommittee, I would like to express my gratitude for the opportunity to present the views of my organization, the Phillipsburg Division of Bell & Howell Co., on H.R. 14029. For your background information, my firm, of which I am director of sales, is the largest manufacturer of multistation envelop inserting—stuffing, if you will—machines in the world.

Though our largest single market is the direct mail industry, our equipment is utilized by moderate and large volume mailers in many different lines of business—banks, department stores, insurance companies, utilities, oil companies, religious and fund-raising organizations, Federal governmental agencies, and so forth. Seventy-five percent of our business originates in these latter categories. It might interest you to know that both the House and Senate mailrooms have quantities of our machines to process the mailings of Congressmen to their constituents; that the U.S. Treasury is a large user for check disbursement, and that various armed service publishing centers employ our equipment for handling the distribution of technical information.

We would hope that cognizance of both our position in our industry and the wide exposure we have had with mailers in a variety of businesses, will add some weight to the views expressed herein.

My firm is wholly in agreement with the basic objectives of section 2(a) of the bill; that is, to study present and anticipated mailing patterns, to review available automated mail processing equipment, and to suggest standards that will permit the equipment to accommodate the mailing patterns uncovered.

We are most concerned that the Post Office avail itself of any and all reasonable means to expedite the mail in the most efficient manner possible.

However, we do fear that the present available automated mail-handling equipment might be used to dictate the standards at the expense of prevailing and projected mailing patterns. This fact, coupled with the lack of provision for a hearing by a public body prior to implementation, as expressed in section 2(b) of the bill, could mean that an unwise standard would be precipitated on the mailing public, with disastrous consequences to equipment manufacturers, such as myself, and to the mailing industry.

We would strongly recommend that the findings of the Post Office Department's study be subject to review by Congress and its appropriate committees prior to promulgation and enforcement to mitigate possible adverse economic effects of unrealistic conclusions.

We would like to offer as a constructive suggestion that, in the study of establishing the parameters of mailing standards, (and selecting automated mail-handling equipment) careful attention be paid to the

parameters of mailing equipment such as ours. This machinery was designed to accommodate the prevailing mailing patterns; the material processed was not designed to oblige the equipment.

The Phillipsburg inserter is a case in point. One series of models will handle envelopes ranging from $3\frac{1}{4}$ by 6 inches to $6\frac{1}{4}$ by $9\frac{1}{2}$ inches. At slight additional cost the maximum can be increased to $6\frac{1}{2}$ by 10 inches. Our other series can process envelopes ranging from $3\frac{1}{2}$ by $6\frac{1}{2}$ inches to $9\frac{1}{2}$ by $12\frac{1}{2}$ inches. Both series can accommodate thickness up to one-half inch. The rationale for the selection of these specifications, and those of common envelope sizes, was determined by market conditions. These, in turn, were determined chiefly by a singular fact: The common paper sheet size employed in this country is $8\frac{1}{2}$ by 11 inches.

If you two-fold this sheet into thirds, it fits into a No. 10 (business) envelope, measuring $4\frac{1}{4}$ by $9\frac{1}{2}$ inches. If you fold it in half, it fits into a 6 by 9 inch envelope. If you cannot, or do not wish to fold it—magazines, brochures, annual reports; and so forth—it fits into a 9 by 12 inch envelope. If you have a quantity of these sheets, which results in considerable thickness, slightly larger envelopes are required to permit insertion of the material into the envelope and the proper closing and sealing of the flap. This is the reason the specifications of our equipment are slightly greater than the maximum sizes of the common envelopes used.

The implementation of a Post Office standard which does not take the above realities into consideration would be unwise, in our opinion. Coupled with economic sanctions against those employing common, but nonstandard mail, it would be unfair. It could also play havoc with paper suppliers, printers, envelope manufacturers, folding machine manufacturers, and mailing machine manufacturers, such as myself.

Aside from a possibly adverse mail standard, which is my organization's chief concern, we were also intrigued by subhead (a) of section 4656 of the bill, concerning an additional charge of 2 cents per piece for nonstandard mail, for the following reasons:

(1) We could not understand the logic of a flat rate per piece without knowing the standards. It would appear that costs should vary depending on how nonstandard a nonstandard piece was, regardless of what the ultimate standard is.

(2) The philosophy expressed in this section, of penalizing non-conformists to standard, contrasts poorly to the common marketing technique employed today of inducing users of products or services to conform to practices which permit greater efficiency by offering better service and/or lower prices. The stick versus the carrot, so to speak. It would seem apropos to adopt the latter in view of the recent rather precipitous increase in postage rates.

In summary, my company is vitally interested in the establishment of fair and reasonable standards within the scope of present and future mailing patterns which will allow the Post Office Department to introduce economies of operation without inflicting undue hardship on either the mailing industry or its equipment suppliers.

It is my hope, Mr. Chairman, that this testimony has been of value to the committee.

Thank you.

Mr. DALY. Thank you, Mr. Jenks.

Now, to continue to shed more light on this complicated subject, we are going to have an experienced marketing man, Samuel Wasserman, the president of Lawrence G. Chait & Co., of New York, turn out the lights and, with the use of slides, show the need for creativity in the direct mail field.

Mr. Wasserman.

TESTIMONY OF SAMUEL WASSERMAN, PRESIDENT, LAWRENCE G. CHAIT & Co., OF NEW YORK

Mr. WASSERMAN. Thank you, John.

Mr. Chairman and members of the subcommittee, my name is Samuel Wasserman, president of Lawrence G. Chait & Co., of New York City. My company has, for more than 10 years, served successfully as a marketing agency and consultant. My own experience in this area extends back to 1939. Speaking for myself, my company and for more than a dozen major clients with whom I have discussed the provisions of H.R. 14029, I must express grave concern about certain elements of the proposed law.

This subcommittee has heard many hours of testimony that have indicated clearly that the mail advertising community is well aware of the need for new ideas and bold new thinking to make our Nation's postal service all it should be.

In fact, this was reiterated this morning.

Our concern is not with new ideas, but whether those ideas have been fully evaluated so as to encompass a long range view, or planned to make only brief, negligible dents in the surface of the problem. The concern is whether new ideas benefit the millions of customers the Post Office serves, or benefit only the Post Office. Our concern today, more specifically, is whether the ideas presented in H.R. 14029 will be implemented at the discretion of an executive agency or by the will of the Congress.

The bill, as we examine it, ultimately gives to the Post Office the authority to fix limitations and restrictions on mail size and dimensions and other physical characteristics.

We would like first to emphasize the fact that users of the mails, large and small alike, have long standardized the size of much of their materials because of conditions imposed by the graphic arts processes. We are quite certain the Post Office has data that describes the volume of mail moving in a relatively small envelope size range, especially the familiar No. 10 envelope; the equally familiar 6¾ inch, the 6 inch by 9 inch, and the 9 inch by 12 inch sizes.

I believe you have in front of you a kit of these very well known sizes—the familiar No. 10, equally familiar 6¾ inch, the 6 inch by 9 inch envelope, and the 9 inch by 12 inch sizes.

It is our belief that among the billions of pieces of mail emanating from business users, sent both first-class and third-class, more than 90 percent fits into the size range mentioned.

When we consider the implications of authorizing the Post Office Department to establish and promulgate limitations or "other physical characteristics" without specific control by the Congress, we find a potentially nightmarish situation. If the limitations be based on the technology of existing electronic equipment, rather than on the degree of service the postal customer deserves, we may find that much of the

creative thrust applied to marketing by mail is denied to the American businessman. We say this because we believe the proposition affecting first-class mail would soon be broadened into other classes, so largely used for advertising and selling.

With the subcommittee's indulgence, we will focus briefly on the creative latitude now employed so importantly in business mail.

We know that magazines change their covers with every issue. They do this to attract attention, to lead people to turn from the cover to what is inside. We find this done with books and book jackets, even with educational texts, where it is so important to make the book a living thing for the youngster who is going to study this.

You can see how much attention is given to this element. And we know that even as women will prepare themselves for a special occasion, by dressing up in special ways, this is what is done in direct mail to make it more attractive to the ultimate consumer.

Now, I have quite a few slides here and I will more or less whip through them, pointing out the envelopes and very briefly touching on some of the factors that led to their development. And as we go along, you will notice in every case they fall into the standard sizes of existing envelopes that have been mentioned this morning. [Slide.]

Here is United Air Lines. On the lower left you see an envelope with a special ticket enclosed.

Now, United Air Lines wanted the recipient of this piece to know there was something important to him in the envelope. Therefore, it was dressed up, a good deal of copy on the envelope, and, as we understand it, the present state of optical scanning would simply drive the scanner out of its mind—if I can put it in those terms—because the machine would be attempting to read the material on the envelope other than the address that will be showing through a window. [Slide.]

Here again is United Air Lines attempting to sell a deluxe concept, a rich-looking envelope in the lower left-hand corner, using the blue that is so familiar in the United Air Lines advertising.

As we understand it, the scanner reacts to blue as though it were black, and one can see the machine falling into a frenzy as it tries to reject such an envelope. [Slide.]

Here is 3M. In the upper left, an envelope with a great deal of copy on it, a window through which a number appears, a window through which the address appears. This is done on purpose. This is done to pick this piece of mail out of the many pieces of mail that may reach a business prospect in the course of his day. [Slide.]

Here in the upper right, a pink envelope. Again to take it out of the ordinary. The advertiser, 3M again in this case, looking for some means of capturing attention as it presents a business service—in this case introducing a new product. [Slide.]

Here in the upper left, from 3M, a premium offer, with the premium actually pictured on the envelope in full color. Again, this is an envelope that is a part of the advertising message itself. It is not simply a wrap, or it is not simply a vehicle for carrying the contents. [Slide.]

Here on the left you have actually a postcard with the address side and a fairly comprehensive message. This will say the Children Federation is a fund-raising project. Again the scanner will not be able to react to this kind of piece. Yet it is a low-cost way for the Federation to follow through its campaign to develop funds. [Slide.]

Here is a piece from an educational publisher. On the left, half hidden, you see an envelope, 9 by 12 envelope, that carried a child's picture dictionary, which is the piece lying over the envelope. Again, a good bit of information on the envelope, an illustration of a premium offer, a very valuable service to the parent with small children at home of preschool age. [Slide.]

Here from Great Books, again a self-improvement home education project. The envelope is in the upper left, extremely well decorated, a great deal of copy on it, and illustration. [Slide.]

On the upper right, this envelope again—this is an executive self-improvement program—and there is a certain richness that is identified with the envelope. It is part of the planning of the entire message—the content as well as the wrapper. [Slide.]

Here the envelope is in the upper left, an invitation to fellowship in the National Audubon Society. Again much attention has gone into this material. A great deal of this has been tested with variance in the envelopes. These are the envelopes and the contents that prove most successful for the advertiser. There is no question in this particular case that the extra attention given to the envelope makes it more effective for the advertiser. [Slide.]

Here is the New York Law Journal, using what is referred to as a piggyback envelope. You see the basic No. 10 size affixed to a 9 by 12 size. And again with copy, very simple, nothing gaudy about this. But again, the use of the envelope to carry something more than the addressee's name and street number. [Slide.]

Here in the lower right from Imperial Casualty Insurance Co., a division of Standard Oil of Indiana, and again with much testing. The envelope shown in the lower righthand corner, basic No. 10 size, proves more effective, part of a more effective mailing package than the plain envelope. [Slide.]

Again from Imperial Casualty, here in the upper left-hand corner, the envelope this time a 6 by 9 size, again a different policy offered. This envelope again favored with a great deal of copy on it. [Slide.]

Here in the lower left, the special use of color, home improvement, home education material, Encyclopedia Britannica. Again the free offer mentioned on the envelope made this more effective for the marketer. [Slide.]

Hertz, a rental agency, both in the States and abroad, has found the use of a specially treated envelope highly effective. The envelope here on the lower end, a great deal of information contained on it. It pinpoints the message. It tells the businessman what it is all about. He responds. [Slide.]

Again from Hertz, a postcard, again a piece of material that would be going through a scanner ultimately. The tilted scene, the upper portion, is the side that would be read by a scanner and, as you can readily see, a great deal of copy there—a complete advertising message contained on the face of the piece. And again a scanner would find it very difficult, in the present stage, to deal with this kind of material. [Slide.]

Again from Hertz, the lower left of the envelope, again more material on it, more type matter to be read by a scanner leading to the rejection of the piece, as we know scanners today. [Slide.]

American Telephone & Telegraph. The envelope is in the upper left. A business service being presented to executives, again the envelope is designed as a part of the total advertising message. [Slide.]

Dun & Bradstreet. The envelope in the upper left, case history portfolio, bringing very valuable information to businessmen about business correspondence. [Slide.]

General Electric. An item for home education, used in the home and in the school to give children visual lesson material. You see the product itself, which is a miniature TV phonograph combination, is displayed on the envelope in the upper left in its full natural color. Again a very effective way to get the recipient to turn to the content inside the envelope. [Slide.]

Golfer magazine, promoting subscriptions, the envelope in the upper right, an attractive drawing. The information, an invitation to participate. To a golfer, this is an important communication. If your hobby is not golf, it may seem less significant. But here again the envelope is used to make the message more important, and more effective. [Slide.]

Encyclopedia Britannica, the envelope is the blue and red material at the lower left. You notice the envelope is an extremely interesting one. The address appears in the window at the bottom, a very, very attractive use of an envelope as part of an overall communication. [Slide.]

Another from Encyclopedia Britannica, and again in the upper left you see a very unusual styling of an envelope, again a creative touch that picks this piece out of the ordinary and makes it more effective. [Slide.]

Here is a very interesting piece for a small manufacturer of uniform fabrication. The envelope, as you see it, is represented there twice. At the bottom you see the swatches of material showing through a dye-cut in the envelope. Immediately above you see the envelope with the swatch removed so that the dye-cut is more effectively demonstrated for you. Again, a highly unusual creative touch to pick this mailing piece out of the ordinary and to make it all the more effective for the advertiser. [Slide.]

Royal Typewriter—a sales effort to produce leads for it, it is substantial sales force. It uses the envelope on the left to attract attention, to get people into the message, to get the leads that keeps its sales force flourishing. [Slide.]

The Continental Illinois Bank & Trust Co. of Chicago—part of its Christmas promotion. The Town and Country charge card. You see the envelope at the center bottom, again highly decorated. The entire Christmas motif is represented there. It is used to get people into the envelope to respond.

[Slide.] The 3M Corp., a professional service for users of microfilm—libraries, schools, universities. The envelope is the blue piece to the right. You see the booklet that is offered is pictured on the envelope. The overall surface of the envelope is printed in blue. And again it is simply an attractive way to carry the message.

[Slide.] Again from 3M—on the left an olive green shade. "We request the pleasure of your presence." 3M is inviting businessmen to attend the seminar on the conduct of business meetings. This piece was tested against the use of a plain envelope. This piece was far more effective.

tive in producing the kind of results. The other materials were identical.

So there are many cases where we were concerned with marketing by mail and have proved to ourselves and to our clients that the dressing up of an envelope, the latitude to be creative with the envelope, is a highly effective addition to the marketing process.

Under the proposed legislation, as we see it, the kind of creativity that has been displayed in this series of slides will be eliminated in order for the Post Office to squeeze a piece of mail past the current model of an optical electronic scanning device. Perhaps that is what we have to come to. But we earnestly ask the Congress to look beyond a goal that will cover the next couple of years and to weigh the possible gain against the certain loss.

In the hunger for automation, what happens to the Nation's appetite for color, for visual pleasure, for esthetic and intellectual values? The examples you have just seen on the screen contain those values. It's obvious they are not wholly self-serving to the businessman.

In sum, we wish to emphasize:

(1) That size and dimension are already largely restricted by practical considerations in existence far longer than any postal handling problems.

(2) That limitations on other physical characteristics may offer only a short-lived gain for postal efficiency.

(3) The Post Office Department may be acquiring controls far beyond the desire of the Congress.

(4) The potential standards allowable in H.R. 14029 as written may seriously lessen the businessman's opportunity to compete freely in the marketplace with other media which are unfettered.

What we are respectfully asking is that the Congress retain in its own hands, the authority to impose any limitations projected by H.R. 14029, and that the Post Office not be allowed to establish and publish arbitrary standards without the specific prior approval of the Congress. Under those conditions, we believe the public—all the segments of the public—will be best served.

Thank you for your attention. If there are any questions I'd be pleased to try to answer them for you.

Mr. DALY. Thank you very much, Sam.

I think that in those slide presentations, we were hoping to show you, of course, that we need this infinite variety within a given standard size range and that, just like you like to talk to constituents in your district who are registered voters, we like to talk to qualified prospects.

And, of course, like the old mule trainer we need to get their attention. You have heard the story, of course, of the mule trainer who whumped the mule with a big hammer to get his attention. We find, of course, that by decorating the outside of the envelope, that the envelope gets opened. And this is keyed to the effectiveness of this particular medium.

So that an optical scanner that is essential in the standardization area, which would cause difficulties, could cause horrendous problems in our particular industry.

Our next witness will talk in this general vein. He is the chairman of DMAA's legislative committee, Louis Kislik, of Publishers Clearing House of Port Washington, N.Y.

Before joining the firm he was an applied science representative for IBM, so Mr. Kislik has expertise in this area.

Mr. Kislik.

TESTIMONY OF LOUIS KISLIK, EXECUTIVE MANAGER, PUBLISHERS
CLEARING HOUSE, PORT WASHINGTON, N.Y.

Mr. KISLIK. Thank you, John.

Mr. Chairman, members of the committee, I welcome the opportunity of being here today. My firm, Publishers Clearing House, is one of the largest independent sources of magazine subscriptions in the United States. And the subscriptions that we produce come only through sales generated by mailings. And mail is such an integral part of our business, in fact, that postage is our largest single item of cost.

We at Publishers Clearing House have been using an optical scanner since 1963. I think it is fair to say that we were one of the pioneers in using an alphabetic optical character reader for data entering into a computer system.

Over 25 million documents have been processed by our scanners. Now, that doesn't equal the Post Office's volume, and our scanning problems are not the same as theirs by a long shot. But certainly we have gained some insight into the problems generated by using an optical scanner.

In addition to the optical scanning knowledge John mentioned, I worked for a number of years for IBM. And the heart of making a computer system work is getting everybody to obey the rules.

There is an old saying that you may well have heard, "Garbage in, garbage out," in a computer system. You have got to keep very tight control over input. And the failure of many computer installations to live up to high promise has been due to insufficient attention to standards.

We are here discussing standards because there is a need for mechanization and systems simplification in our postal system.

I think the facts make this clear. We have heard of the rising postal volumes. We have seen the predictions of the Post Office for a continued future growth in volume. To attempt to keep pace with the growth and the flow of mail by using basic methods that have existed for years is most likely to fail and lead to a loss of that race with catastrophe that Postmaster General O'Brien has oftentimes stated and has been reaffirmed by the new Postmaster General, Marvin Watson.

In addition to the need for mechanization to handle a large volume of mail, the Post Office recognizes and all of us who are students on the scene recognize, that there is a need for increased productivity, to keep in check the rising unit cost of mail handling, and to somewhat try to reduce the Post Office's dependence on manual labor with all of its supervision problems and with great turnover—I believe 20 percent is the figure quoted by Post Office officials.

As further evidence of the need for modernization, let me quote from testimony of Assistant Postmaster General McMillan. He said:

There is another important reason for mechanization, other than the savings of manpower and money, and that is service.

He goes on to say:

Even in larger offices, where there is a need for mechanical equipment, such as edger-stackers and letter sorters and so forth, in many instances, the way the mail comes in and goes out, they can't get it done without the machines. Now, they may not have a pressing need for the machines for more than three or four hours a day. But if they didn't have them, mail would be delayed 24 hours. So you see there is a dual reason for mechanization, service, as well as money effects.

So said Mr. McMillan.

My experience in Publisher's Clearing House with optical scanners, and prior to that, with IBM, tells me that the required mechanization, systematization, and modernization program in the Post Office will require standards. I don't think there is any doubt about that. But all the successful systems I have seen—and this applies to both computer systems and manual systems—have been designed with the user of the system in mind.

The system is designed to perform a function, not to permit a piece of hardware to function.

Because of that, I welcome H.R. 14029, I welcome the type of study it proposes, and I am very enthusiastic about the words that Assistant Postmaster General Nicholson used in discussing this bill. He said the kind of comprehensive study that they have in mind is to arrive at the definition of standard letter mail that includes (1) the consideration of the requirements of mailers; (2) the characteristics of the manufacturing industry involved in producing stationery and envelopes—and we have heard about some of that; (3) the economics of purchases and operation of postal machinery; and (4) the degree of usage of various sizes at present.

Although I think that is an excellent statement, I must take issue with the words at the end of it. We can't just measure usage at present. I believe that one of the reasons the Post Office is facing a mammoth problem today is that 10 years ago, or however many years ago, not enough thought was given to the future.

The Post Office was deeply involved in solving day-to-day problems, and not worrying about the future.

We can't perpetuate a way of thinking that does not look ahead. We can't afford to plan and to study to get today's mail through today's machines. The real problem that must be solved—and I think we all recognize it—is that we have to plan to process tomorrow's mail through tomorrow's machines.

Equipment designed to handle the mail, as it is constituted today, will be woefully mismatched to the mail it actually faces when it goes into service tomorrow.

Some people may argue that is why we need standards. We are going to keep the mail static while we develop machines. But I don't think it is the desire of this committee or of the Post Office to place that kind of a restriction on as important a communications medium as mail.

Standards must take into consideration changes in communication methods. And the Post Office itself gives evidence of its interest in that regard through the establishment of the Department on Planning and Systems Analysis.

Not only tomorrow's mail must be measured, but tomorrow's machines. To set standards on the basis of today's capabilities would be unrealistic. It would ignore high costs that industry might have to

incur to meet the standards, when equipment may soon be available that doesn't require changes in press sizes, in paper capacity, in fiber content, in paper compliance, and the paper's coefficient of friction and in the color of the envelope and the style of the print and all those many other features that the people in the Post Office are working on.

I think this is one of the points that Sam Wasserman was making with his display. Many of the pieces that he showed could pass through today's scanner. Some of them could, anyway. Many, many more will pass through the scanners that are being developed, if we can rely on the words of the experts within the Post Office Department.

Now, I am not talking, when I say let's worry about tomorrow's machines and tomorrow's mail, about delaying the program. We can't afford to do that either. We must move on.

But I have talked with Dr. Edward Reilley of the Bureau of Research and Engineering, and I have talked with members of his group—Walter Scott, Abe Tersoff, Tom Norman, and Charles Eliot, and I am impressed with what a bright, capable group they are. Their technical training gives them the ability today to tell us what tomorrow's machines will be able to do.

They can tell us how they may use summation logic, reading in context, feature detection, area matching and stroke interconnectivity—all features and methods of scanning that will permit the scanner to find the address amongst promotional material.

We can't afford not to use that knowledge in setting standards.

Let's not charge more for blue ink because the machine can't read it today, because the phosphor that is used in the current scanner is insensitive to blue, when tomorrow we may have new phosphors or new scanning methods that won't place such restrictions on the mail.

And if we contemplate such standards, and then a year or two from now measure the mail flow, we are very likely not to find any blue ink mail, because the mailers will be facing higher costs with it. That is not a reason to defer experimentation and development of new phosphors and new scanning methods.

There are other people who can look ahead—and I must applaud Chairman Olsen and the members of the committee. You were right.

The problem of standards is too complex to have been considered as part of last year's rate bill. Last year, in July and in November under the hearings began, the talk was only about standardizing sizes.

In fact, the bill pretty much says nothing about anything else except sizes.

In the last couple of months I think we have learned a lot more about how complicated the problem is. Mechanization involves equipment that not only can handle mail, but also has to "read" it, too.

There is no point in having the mail all the right sizes if the scanner can't read it. You would be losing out in one of the main areas in mechanization improvement.

So my first specific suggestion with respect to this bill—and I know I have taken a while to get around to it, but it is a complicated subject—is to broaden the wording in section 2(a), paragraphs (4) and (5), to include scanning specifically as part of the problem and make sure that it gets the full study coverage it really deserves.

At the outset of the testimony on this bill, Ralph Nicholson said, "I believe we should identify those types of mail that cause dispropo-

portionate costs and ask the mailers of those types of materials to pay more in proportion to the costs they create."

I agree with that statement, and most mailers I have talked to agree with that statement.

But, I don't understand how, till this study is performed, anyone can say that 2 cents is the right proportionate cost. Setting the costs without analyzing the problem is something like what the queen of hearts suggested—"Sentence first, trial afterward."

Undoubtedly, some change is called for in this provision of the bill.

I would like to make a further suggestion in regards to how to set up a differential rate between standard mail and nonstandard mail.

I believe that Congress can take this opportunity to establish a principle—and it will be a good principle. It can be done without costing the Post Office or the Government 1 penny, 1 penny of additional revenue that might come from changing the price charged for handling difficult material.

My idea is simply this: Instead of charging an additional amount where standards aren't met, raise the price of handling "regular" mail and give a discount—an earned discount—to those who meet the standards.

The result will be the same in dollars and cents. But you will have established an important principle, a principle that will lead mailers to find other ways of reducing post office costs and thereby earning new discounts.

Believe me, it will be a symbol of cooperation and understanding that will not be taken lightly by the industry.

At present, the bill deals only with lightweight, first-class and air-mail. That seems to make sense in terms of the current equipment in the Post Office, which handles outgoing first-class mail and airmail only.

Second- and third-class mail, being ZIP-sorted, doesn't require the sort at the outgoing post office. But Dr. Reilley, and the Research and Engineering Bureau, have already stated their belief that within 5 years we will be sorting incoming mail. At that point in time, it becomes very meaningful to sort all mail together. Priority mail and other classes of mail would be sorted at the same time to save on additional handling costs.

I implore you not to ignore this development. It is important to include all classes of mail—third, second, samples—in this study, so as to properly prepare now for the future and to give the Post Office and industry the time they need to adopt.

I would ask one further amendment in the bill. This study affects rates, and rates are an area of congressional concern.

So I think that the final action should come back to your committee and to Congress before any specific action is taken.

There is another more important reason for my suggesting that the bill include a report back to Congress. And that is there has to be a balance between postal savings on the one hand and industry costs on the other. That is not an easy job. And it is not a job that industry can do. And it is not a job that, no matter how objective the postal administration may be, they can do. It is a job that Congress must perform.

But the subject of standardization and mechanization doesn't end with this bill. It just begins.

The problem will not be solved without continued cooperation—cooperation between Congress, the Post Office, and mailers.

Frankly, the past is not a record of which any of us can be particularly proud. But I think now that our industry is ready, as the DMAA officials have already testified. We are ready to give our time and knowledge, individually and through our newly established advisory committee on standardization.

But unless, I am afraid, there is reciprocal action and mutual understanding and cooperation, we will be easily discouraged.

We need the cooperation of Congress. We need the cooperation of Congress to make sure that this bill does not generate a study that takes a narrow, short-term view and does not take a view that makes the machine predominant rather than making the machine fit the mail.

We need the cooperation of Congress in another very important area. If these programs are to be successful, Congress must provide the Post Office with the funds to carry out the programs.

I believe that the past record, while improving, is not particularly good. Capital expenditures for the Post Office are extremely low—2 percent of their budget.

And research and development expenditures, while sharply increased for the next fiscal year, will still be only one-half of 1 percent of the budget. ATT tells me that they spend 11 percent.

I think Congress and the public must face up to the fact that temporary deficits have to be incurred in order to insure an ongoing postal operation without ever-increasing future deficits.

We all need the cooperation of the Post Office, too. We need the cooperation of the Post Office to embark on a full-scale standardization program of their own, standards of delivery and mail handling that are clearly spelled out and uniformly enforced.

We need standards for establishing new addressees and reestablishing old ones. If mailers have to change—and I believe they do—it is not unreasonable to expect the public to make some changes, too. The Post Office is well aware—and Dr. Reilley has pointed out several times—that there are local problems in using mail sorting and handling equipment that are generated by complicated street address forms, difficult schemes, by duplication of street names.

These are problems that are not easily solved within the equipment itself. It is unfair, I believe, to ask the mailers to place more stringent requirements on themselves so as to overcome these problems.

The Post Office has to continue to work on their turnover problem, the problem that keeps productivity low.

They must recognize an important point. As they increase their expenditures for the capital items, machinery that will process mail, they must encourage the use of mail. It is only through the volume of mail going through the machines that the machines will be efficient.

We need the cooperation of Congress and the Post Office together. Congress and the Post Office must recognize that where large-scale equipment is introduced, mainly as an improvement in service, and where perhaps it is only used part of the day, that the costs, the extra cost burden of putting that equipment into that Post Office, should go into a service column on the cost reports where it belongs.

Now, I am encouraged by the recent developments in this area, of Chairman Olsen's intention of studying the Post Office costing system.

We can all see that there is much to be done, and I guess if I go on talking we won't get around to it. H.R. 14029 is a fine step forward. But I think we should make some amendments to it. And let me summarize what they would be.

One, a price differential to be established after the facts are in.

Two, a discount from a high regular rate for compliance rather than a penalty on top of a lower regular rate for noncompliance.

Three, inclusion of all classes of mail within the purview of the study.

Four, inclusion of scanability problems, specifically within the purview of the study.

And, five, submission of the report to Congress before any action is taken on establishing any standardization rules.

And, finally, while this is not an amendment, retention of the eminently fair time schedule in the bill for establishment and enforcement.

Thank you for your attention. If there are any questions, I would be glad to answer them.

MR. DALY. Thank you very much, Louis.

In our testimony, of course, we have tried to cover the broad spectrum of the problems, everything from merchandise samples to optical scanners to inserting machines.

And now, of course, we stand here and welcome whatever questions you might have, and we will be glad to try and answer them.

MR. OLSEN. Thank you very much, gentlemen.

That was an excellent presentation. I wish there were more members here to have observed it. I think you did a splendid job.

MR. UDALL?

MR. UDALL. Mr. Chairman, I would certainly concur in what you just said. I know Mr. DeLay and Mr. Daly and the other participants here this morning have gone to a great deal of trouble to put together and to present a very impressive and helpful record. We have made a record that perhaps this committee and other committees should have made a long time ago, and it has helped me to understand it.

Probably there is an argument with Mr. Olsen, but the presentation here today makes the point to me that the proposal for a corporation to run the Post Office may have a lot more merit than Mr. Olsen thinks it has. I think if he and I were the board of directors of the proposed postal corporation, and had power to make a decision without the delay, the politics, and the other problems we have in the present structure, we could probably reach an agreement and this would be good for you and good for the country and good for the mail users. But as it is, we have the present system, and we are going to have to do the best we can.

I want to commend particularly the emphasis today, not just on sizes of envelopes but on all the other characteristics and related problems. I have never been very impressed with the argument of the greeting card manufacturers that we can't have restrictions of any kind on the size of envelopes without stifling creativity—if I am an artist and can only get my message on a piece of paper which is 2 inches wide and 2 feet long that the Post Office Department has to handle it and no one can restrict me in any way. And I recognize the presentation that was made, and the fact that technical requirements and

other problems practically restrict us now to certain basic sizes of envelopes.

I made the argument with the greeting card people several times that the New Yorker magazine that you showed here, or the fellow who makes a movie, he is every month restricted to the same size of the cover of that magazine, and within that he can use shape and color and design and type size and 19 other different variables to get attention and to be creative. But we focused this morning, not just on size but on the other characteristics of envelopes that are related to this overall problem. And this was very, very helpful and very useful.

Let me ask you this, Mr. Kislik, and Mr. Wasserman in particular. We are even emphasizing now that we are talking largely about processing all kinds of outgoing mail through optical scanners. And the point is made that the present scanners can't read blue or they might not know just where to look for the address or they might be confused by some brilliant message or attention-getting copy on the envelope.

Is it true that the scanners that we are now talking about—today's scanners at least—are largely designed to read ZIP code? Or do they do more than this? Are they designed to read names and addresses and cities and all the rest?

Mr. KISLIK. They are designed to read the alphabetic material in addition to the ZIP code. In fact, now they read the city name. They are not reading the second line of the address. They are reading the city name and the ZIP code. And one of the improvements that the Department is planning, not yet established within the machine—they require I believe more computing facility—is to use those two pieces of information together, so that if they can't read the whole city name, that they can use the ZIP code to augment that information.

As a matter of fact, I believe they rely more on city name than they do on the ZIP code.

Mr. UDALL. This thought occurred to me—why could we not design scanners or program scanners so that you could still have all of your art work and all of your message on the envelope but still the scanner would seek out and find the address material? Why couldn't we have a bug or a specific symbol which would appear next to the address, then the scanner would look for the symbol and ignore all the pictures, messages, slogans, and all the rest of it. Why can't this be done?

Mr. KISLIK. I believe that can be done. In fact, I have made that suggestion to the Post Office.

Mr. UDALL. I thought you would probably be ahead of me.

Mr. OLSEN. We do have a problem. We have a problem in that the window on the envelope is never in the right place. I shouldn't say never. It varies. Some bookkeeper or some artist wants the address to be at a particular place in the envelope because of the kind of material that he has inside.

Mr. KISLIK. One of the thoughts I have had in this regard, Chairman Olsen, is that instead of using an optical search device to find the address, that many mailing pieces use labels. So it is a standard piece of paper. Even where you have an insert within a piece of material, you are printing that piece of paper. It is either a letterhead or it is a form. If, in the printing process, you were to print a phosphorescent or ultraviolet sensitive spot within the paper that couldn't be seen except by the machine, that could be used to lead the scanner to the address. And so it wouldn't make any difference where the window was.

Mr. UDALL. This was my point. You could have the window on the left or right or high or low. If you had this one identifying feature that the scanner could detect, it would immediately go to that place and read what was there and ignore anything else that might be there.

Mr. KISLIK. You use that technique on stamps now, to find the stamps for canceling?

Mr. UDALL. I don't have a lot of other questions. I think this is a real tribute to your presentation here, that you have made your points with me and you have left me without any questions. I think I understand what you are saying. It is very, very good.

Mr. OLSEN. Thank you, Mr. Udall.

I did want to comment on this point, that the merit of the surcharge is simply that it would be on 2 ounces or less. If the material is more than 2 ounces, we get paid then for hand handling. Our problem is with 2 ounces or less. With 2 ounces or less, hand handling is an expense to the Post Office Department.

Mr. UDALL. The point is that, however, it is a very small fraction of samples.

Mr. OLSEN. And I was wondering in the presentation that was made by Mr. Wasserman, isn't much of that material more than 2 ounces?

Mr. WASSERMAN. No. Only one piece of all those I displayed was over the minimum, as we referred to it.

Mr. OLSEN. I see.

Mr. WASSERMAN. That was the one that contained the child's dictionary, because that was a 32-page booklet for the child to use at home.

Mr. OLSEN. The other point I wanted to make with everybody here was that you say that we shouldn't have an ever-recurring or ever-mounting deficit—

Mr. KISLIK. I said that.

Mr. OLSEN. I see.

It would interest you to know that a vice president of the A.T. & T. was testifying in this room some years ago about the census. They wanted a census every 5 years because they wanted to know where to put their investment. And we are going to commence having that every 5 years, beginning in 1970, and thereafter it will be every 5 years.

But just as a curiosity, because of an argument about Government debt, I asked him about the debt of A.T. & T. And he told us what it was. I can't remember. I said, "Well, is it going to be bigger? Is it going to grow bigger?" And he sat back and said, "I hope so." I said, "Why?" He said, "The A.T. & T., if it isn't getting into greater debt, is not growing. So we can't finance the growth of A.T. & T. out of current income and equity investment." He said, "We have to have other methods of gaining the investment. That is necessary for the expansion."

I say the same for the Post Office. I think that we should face the fact that it has to have a tremendous growth in investment.

Mr. KISLIK. Yes, sir.

Mr. OLSEN. And we ought to find out what that has to be and obtain it even by special bonds.

Mr. UDALL. My friend is making another argument for my postal corporation. Because you ought to be plowing \$2 billion a year, like

A.T. & T. does, into modernization and this Congress, or any other Congress I can conceive, isn't going to give you a fourth of that.

Mr. OLSEN. That is right.

Mr. UDALL. If the Post Office could issue bonds that were to be repaid from soundly managed operation, they would pay them off and the debt would be used here like it is in every other corporation, as a tool for growth.

Mr. OLSEN. Oh, I am being persuaded more and more.

My only thought about it is how practical it is to pass the legislation when you look at all the free and cheap public service we do. With the A.T. & T., if you are a customer of the service and you have a phone in the house and never use it, you pay the fare. They have an entirely different financial system than we have. If you have a mailbox on your house, you don't pay anything, whether it is used, whether you are breaking the mailman's back or not. You pay nothing for the mailbox.

Mr. UDALL. As long as we are philosophizing, let me tell you something that occurred to me. There are three really important communication operations. One is "Mother Bell," the phone system. Look what a fantastic job they have done. Because they could wheel and deal and raise money and plow 11 percent into research, they came up with new equipment and gave us this magnificent new dial system and cut costs for everybody. That is one communications operation.

The other is the Post Office Department which moves the mail, an entirely different thing, a completely Federal operation.

The third is mass transit. I wonder where in the world we would be if, instead of 150 little railroad and bus companies all in the East here—each one controlled by State corporate commissions and local city councils and charters and whatnot—you had a "Mother Bell" operation going where they could combine the routes, they could raise the money to get modern, high-speed trains, they could have research and could do all the other things that the telephone company has done—I think instead of all of the jammed highways and freeways and commuters and all of the problems you have in transportation, particularly here in the East, you would have something that would really do the job.

These are the three major communication problems. And they are handled in three different ways, and the one is highly successful and the Post Office is moderately successful and the mass transit is a disaster.

Mr. OLSEN. As long as we are philosophizing, I want to say another thing about A.T. & T. You only use the dial system that they give you, and no matter how much you like letters in the dial system you are not going to have them much longer because they find they can accommodate more service with numbers. That is with the same equipment they can handle more service with numbers in the dial system.

This private corporation could, of course, bring all that into existence. And a hearing about modernization wouldn't be held.

Mr. UDALL. I thank you for your philosophy.

Mr. OLSEN. I have got to say again to these gentlemen we are going to have to do something about standardization and I would hope that we could pass legislation this year that will move this problem closer to solution. And somebody is going to get hurt while we do it. That is,

somebody is going to have to accommodate the Post Office Department too.

I wanted to observe that with Bell & Howell, you don't send even two different kind of envelopes through the same machine at the same time.

Mr. JENKS. That is correct.

Mr. OLSEN. You have to adjust that machine each time you send a package of envelopes through.

Mr. JENKS. That is correct.

Mr. OLSEN. The scanner up at Detroit can do better than that.

Mr. JENKS. Yes. We make equipment that sorts mail down by postage weights which will take a variety of intermixed mail right now.

In other words, we have equipment, that is not inserting equipment, that will handle intermixed thicknesses and sizes for sorting.

Mr. OLSEN. I saw equipment like that in North England, that would sort out odd sizes, but after they sort them out, they don't have a variety of equipment to handle more than a very few sizes.

Mr. JENKS. Well, in the other—

Mr. OLSEN. It is quite an adjustment for you to go from 9 to 12 to the smallest size here.

Mr. JENKS. Yes; that is correct.

Mr. OLSEN. It takes a mechanic to change it over.

Mr. JENKS. No.

Mr. OLSEN. Well, an operator.

Mr. JENKS. An operator, yes.

In other words, we do not run intermixed sizes on our inserting machines, but we do have equipment that will sort down, for example, your bank statement applications where they have variable thicknesses depending on how many checks you write.

We have equipment that will take these intermixed sizes and thicknesses and sort it down by 1 ounce, 2 ounces, 3 ounces, 4 ounces, 5 ounces, 6 ounces, so that they can affix the correct postage to these.

Mr. OLSEN. I visualize the Post Office Department can anticipate all of that.

And when we were talking about sizes in the previous hearings, they learned their errors. And they are willing to correct those errors, I am sure.

I am happy with your testimony though, because I can see that you are flexible, too. You fellows are technically enough informed that you know there has to be some accommodation given to the Post Office Department as well as to the mailing industries.

Mr. JENKS. I would like to make one comment.

On that brochure that we attached to the testimony, in the back page is an illustration of the fact that we have optics on our inserting machines, and the reason I thought this might be somewhat relevant—and we consider ourselves as being still new and somewhat primitive in this State—is that we have the capability of informing this eye that reads and searches for information when to turn on and when to turn off. In other words, it can look for information or ignore information based on somewhat the principle that was advocated by Mr. Udall about kind of a home position.

Mr. OLSEN. But if the sizes and shapes are variable, the eye has to behold several different things.

Mr. JENKS. Yes. Well, we have to work within certain tolerances. But we do have the capability now, which we didn't have when we first started, of informing the machine to ignore information because it would cause our machine problems.

Mr. OLSEN. Ignore the first 3 inches of the envelope?

Mr. JENKS. That is right. Or tell the machine to turn on, that the information you are seeking is on this particular document.

Mr. OLSEN. Yes. Well, thank you very much, gentlemen. We really appreciate your presentation.

Thank you very much.

Mr. DALY. Thank you.

Mr. OLSEN. The subcommittee is adjourned.

(Whereupon, at 11:40 a.m., the subcommittee adjourned.)

STANDARDIZING THE SIZES OF MAIL

TUESDAY, JULY 16, 1968

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON POSTAL RATES
OF THE COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee met at 10 a.m., in room 210, Cannon House Office Building, Hon. Arnold Olsen (chairman of the subcommittee) presiding.

MR. OLSEN. The subcommittee will come to order. Others of our colleagues will be in from time to time. They are all very familiar with the subject of the proposed standardization of mail regulations but we want to make a very complete record. That is why we are very happy to have you people here from the American Paper Institute.

Gentlemen, you may proceed in whatever manner you are prepared.

TESTIMONY OF DONALD S. TRISCHETT, AMERICAN PAPER INSTITUTE, NEW YORK, N.Y.

MR. TRISCHETT. Good morning, Mr. Chairman and members of the subcommittee.

I am Donald S. Trischett, manager, fine converting paper sales, International Paper Co., New York City. My company is a member of the American Paper Institute, the national trade association of the pulp, paper, and paper board industry. My appearance here today is on behalf of the kraft and packaging papers and printing-writing paper divisions of the American Paper Institute and its concern with certain aspects of the legislation you have under consideration.

We are concerned with the application of the optical character reader in postal service and its impact particularly on the use of unbleached, semibleached, and colored envelopes.

The paper industry appreciates the statement made by the distinguished chairman of this subcommittee, Representative Olsen, in November of 1967, that the subcommittee has an open mind toward bringing the postal service into the mechanical and electronic age, and that it hopes to draft constructive and farsighted legislation that will enable our Post Office Department to operate more efficiently and economically.

While subscribing to the constructive approach enumerated by Chairman Olsen, we in the American Paper Institute are concerned about what appears to us to be a delegation by the Congress to the Post Office Department of what might be termed "blank check" authority to prescribe standardization regulations, in addition to the sur-

charge of 2 cents on each piece of nonstandard airmail or of nonstandard mail of the first class weighing not more than 2 ounces.

As I have previously indicated, and want to again make clear, we in the paper industry support wholeheartedly more efficient postal service, but this should come after careful study, and not through granting undue blanket powers to the Post Office Department which would infringe upon the appropriate powers of Congress and more particularly on the powers of this distinguished committee.

My business, and that of many of my colleagues in the paper industry, is selling paper.

An important segment of our business is envelope paper. Various envelope papers are manufactured with distinct characteristics dependent upon end use requirements. Kraft envelope paper is just one of those items. You may recall the German word for "strong" is "kraft" and these papers are used in this natural brown shade to provide strength and privacy of mailing. They are true utility papers. The U.S. Government is the largest single user of brown kraft envelopes. They are used in virtually every department and independent establishment of the Government from Treasury Department disbursement checks to large size, heavyweight envelopes for military and civilian documents, reports and brochures.

The U.S. Department of Commerce, Bureau of Census, report No. M26A (1966) shows that upward of 185,000 tons of these unbleached and semibleached envelope papers were shipped for conversion into envelopes. That is just about 30 percent of the total 617,000 tons of all envelope paper consumed.

If that 185,000 tons had to be converted to a normal white wove type paper used in ordinary business mail, the weight of the paper would have to be increased at least 40 percent to provide comparative strength characteristics.

That would place a tremendous burden on the mailer by vastly increasing his envelope costs. The 185,000 tons of paper represents approximately 31 billion envelopes. On the average, such a conversion from unbleached and semibleached kraft papers to white wove envelope paper would increase the cost of those envelopes by approximately 60 cents per thousand. While this would seemingly increase mailers' costs by more than \$18 million annually, the true increase in their annual costs would be approximately \$10 million, since not all kraft envelopes enter the mail stream and, of those that do, a substantial number are envelopes with windows through which the optical character reader is capable of reading. This additional envelope weight would increase the weight of each mailing piece and could well result in additional postage costs to the mailers in the magnitude of at least \$100 million a year. A 40 percent increase in envelope weight would also increase post office raw tonnage handled. This change in type of paper used would also require many paper manufacturers to install expensive bleaching equipment costing many millions of dollars. Additionally, such a forced conversion might well result in a substantial decrease in the utilization of paper envelopes—through a substitution of plastics, wrappers, labels, and similar devices. This, in turn, would result in decreased paper sales resulting in lower profits for our industry.

The same Bureau of Census Report No. M26A shows the use of 432,000 tons of book grade envelope paper. We estimate that about 30,000

tons of this is colored wove or related grades representing approximately 5 billion envelopes. To this should be added an additional 5 billion envelopes represented by text and pastel stationary grade.

Colored envelopes are used for very practical as well as esthetic or design purposes. Many retail stores, banks, insurance companies, oil companies, and others use various colors to code types of accounts, policies, and credit status. Many billing systems use a variety of colors to alphabetize, and to route remittance type of envelopes to appropriate departments. For example, here is a goldenrod return envelope used by New York Telephone Co. It signifies to the telephone company's incoming mail sorting room that it has been mailed by a subscriber in New York County, Bronx County, or Westchester County. If it were brown kraft, it would indicate that the subscriber lived on Long Island.

Color is an extremely personal as well as a practical tool. Artists and designers use a wide range of envelope colors to convey a mood, coordinate a theme or create a specific response. For example, in direct mail advertising, blue is often known to evoke a warm response whereas a harsh cherry color is employed to flag delinquent accounts.

As you know, in August of 1967 the first optical character reader in any postal service completed its shakedown tests and began full-time operation in the new Detroit, Mich., post office. This date also marked the beginning of a period of considerable concern for many of us in the paper industry. On the face of it that was an historic date—a date marking a new era of progress for the Post Office Department and to repeat, we support this kind of progress in our postal service. However, in a booklet prepared by the Post Office Department to give mailers technical information required to adjust their addressing formats to the requirements of the optical character reader, specific recommendations were made concerning colors and patterned and colored backgrounds. In the case of colors the booklet states:

Dark print clearly imprinted on a light background—preferably black on white—is recommended. Clear, well-inked typewriters, printers, metal plates, etc. will provide the most acceptable results. Printed characters that you and I could not read when taken out of context most certainly cannot be recognized by the reader. Blue or purple inks, as well as manila envelopes offer very poor contrast, and should be avoided if possible.

The booklet further states that “patterned or colored envelopes or inserts should also be avoided.”

It is our understanding that by the end of next month there will be in operation at post offices throughout the United States some 10 of these optical character readers with the indicated limitations.

In view of the adverse effect which the use of the present optical character reader would have upon the use of unbleached, semibleached, and colored envelopes, we believe that further research and development in this type of equipment is indicated. We believe that it is important for a comprehensive study of the physical characteristic of mail handling in the postal service to go forward, and that such a study should be all encompassing. We also believe that the results of this study when completed must be made available to this committee, together with such recommendations as would seem to be warranted for legislation.

The American Paper Institute, the paper industry, and we at International Paper Co., offer to your distinguished committee and to the

Post Office Department any assistance we may be able to render to further such a study as we have recommended. We all have a great stake in seeing that such a study is carried forth with competency and validity through cooperation.

Thank you for the opportunity to express our industry's views to your subcommittee.

Mr. OLSEN. Thank you very much, Mr. Trischett.

I was in Detroit a few months ago and observed their scanner. As I recollect it, all of the examples were black on white. I think they culled out everything else.

Of course, they are handling only first class and airmail in the scanner. The scanner never sees any third class mail or bulk mail.

We will now hear from Mr. Ackley of the American Paper Institute.

TESTIMONY OF ROBERT R. ACKLEY, CHAIRMAN OF THE GLASSINE AND GREASEPROOF DIVISION OF THE AMERICAN PAPER INSTITUTE

Mr. ACKLEY. Thank you, Mr. Chairman.

I am Robert R. Ackley, vice president in charge of sales for the Westfield River Paper Co., Inc., Russell, Mass. I am privileged to appear before you today as chairman of the glassine and greaseproof division of the American Paper Institute.

Mr. Donald S. Trischett has already spoken relative to the views of the American Paper Institute towards H.R. 14029.

We recognize the desirability of automated mail handling, and we wish to commend the progress made thus far.

We feel that a reappraisal of the proposed 2 cents surcharge for nonstandard airmail and nonstandard first-class mail not over 2 ounces is highly desirable. We hope that all efforts will be made to determine accurately the added financial burden imposed by such mail and that every effort will be made to adapt the automated mail handling equipment to cover the broadest possible range of sizes, shapes, colors, etc.

We hope, also, that the decisions required may be made by proper legislative process, for the best interest of those who use the mails.

We in the glassine and greaseproof division are specifically concerned with compatibility of envelope window materials with the optical scanner.

Seven American corporations, manufacturing virtually all of the glassine produced in this country, are members of this division. They operate nine glassine mills, employing over 2,500 people.

The window envelope glassine produced by these mills accounts for approximately 5 percent of the dollar sales of all glassine products, and the percentage is increasing steadily. We should not like to see this percentage of our volume jeopardized if we can protect it by constructive action, while still supporting those principles which make automated mail handling so desirable.

We do not claim that our products are perfect, and we are prepared to intensify our research to effect even greater quality improvement than has been accomplished in recent years.

The glassine mills currently produce approximately 9 million pounds of window envelope glassine per year. Each pound will produce approximately 1,800 envelopes. The total is certainly over 15 billion en-

velopes per year. This accounts for the overwhelming majority of all window envelopes produced.

Until late last year we felt no cause for alarm. Then four events occurred which indicated that we should take an objective view lest we lose an important market for our products by default. These events were:

1. POD Publication 114, dated November 1967, stated: "If window envelopes must be used, the window should be either open or transparent. Translucent windows reduce contrast."

2. Dr. Edward Reilley, of the Post Office Department, Bureau of Research and Development, presented an interesting and informative talk before the Envelope Association. He stated that good glassine with good printing posed no problem, but that poor glassine decreased the readability of inserts with degraded or marginal printing. He indicated a willingness on the part of the Bureau to cooperate with industry groups to establish meaningful standards.

3. In March, the General Services Administration issued proposed Federal Specification UU-E-522a. Paragraph 3.1 "Window Envelopes," item 1, on page 4, specifically eliminates the use of glassine papers for window envelopes, by limiting window envelopes to "... clear, transparent, synthetic film covering * * *".

4. We have heard of a mailer educational program in which large mailers were advised that automated mail handling is facilitated by the use of clear synthetic window covering material.

We understand that the research and procurement program for optical scanners has thus far cost approximately \$10 million. This cost appears modest if the ultimate goals can be realized. We understand also that there have been substantial improvements in efficiency as the program has progressed. It appears that large mailers are cooperating well in supplying mail which is more easily read.

We would not like to see glassine excluded as window covering material while the optical scanners are still improving in efficiency. Such an exclusion might needlessly cost members of our division \$3 million per year, with the further loss of the growth potential of this market.

Additionally, this exclusion could needlessly cost the mailers of the country an estimated \$8 million per year. This represents the approximate difference in list price between envelopes with glassine windows and envelopes with synthetic film windows, when applied to 15 billion envelopes per year.

We hope that developments will even further improve the efficiency of the optical scanners. In the meantime, our division wishes to cooperate fully in gathering meaningful information on the compatibility of our products with the reader. We are also desirous of helping to develop specifications properly descriptive of satisfactory window material.

With the assistance of the Bureau of Research and Engineering, we have devised a series of experiments to help us mutually to attain these goals.

Last week, in Detroit, 4,200 envelopes were processed through the "Optical Character Reader." These envelopes represented five varieties of glassine products, together with synthetic film and open windows. Three different grades of printed inserts were employed.

The results of these trials were extremely encouraging. It appears that further tests are warranted in order to obtain statistically significant results.

I would like to say at this point that the trial in Detroit was an excellent example of joint effort between a Government agency and industry. The participation of the Post Office Department and its contract research facility literally could not have been improved upon. We hope to present the detailed results of this test at the forthcoming Second National Postal Forum.

The glassine and greaseproof division of the American Paper Institute looks forward to continuing the cooperation which has been started and is hopeful that it will not be deprived of its market without adequate research being completed.

I wish to express our appreciation of the opportunity to bring this progress report before the subcommittee.

Thank you very much.

Mr. OLSEN. I expect to be at the second meeting myself. I wish we could have samples of what we are talking about in the way of window envelopes.

Mr. ACKLEY. I would be pleased to send sets of these to the subcommittee, sir. I have them here in town and actually considered bringing them over. I did not do so but we can certainly do this for you.

Mr. OLSEN. I think everybody ought to see them.

Mr. UDALL. Most of us sitting on the committee have had little experience in envelope making and the paper business. If we could see these samples it would help us considerably in understanding these terms which mean a lot to you but do not necessarily register with us.

Mr. OLSEN. Did you run any colors through the scanner?

Mr. ACKLEY. No, sir. Our interest was primarily the degree to which the glassine window would affect it and we were doing this on white paper. The sorts of results that were obtained were these: We used one grade of glassine that was terrible looking. Nobody would ever make a window out of it. You look at it and it was very poor. It gave an acceptable rate of about 78 percent. The regular commercial window envelope glassines which were tested gave results of about 85 percent.

Open windows on the same subject matter gave 97 percent, so that when we speak of the fact the results look encouraging one needs to look at the overall economic impact of 85 versus 97. Open windows, of course, will have some problems in this regard, too.

Mr. OLSEN. What would be the problem with the open window?

Mr. ACKLEY. It was very interesting. When we were running these through the trial, even under the controlled conditions of this test where the mail entered in a squared-up position, generally speaking all of the envelopes went through very well. These were sealed just as mail would be and they had folded inserts.

Instead of being put into the letter-sorting machine they were collected at the doubles separator position in the unit.

When the open windows went through the impingement of one envelope, the corner of one envelope, upon the open window of another caused tearing. When you look at them if you did not know it was just a test, if you were a housewife, you would think that your nosey neighbor or mailman had torn it open to find out how much you were overdue on your bill.

If you ever had 25 percent of the letter mail with open windows the percentage of catching would certainly be much greater than it is now with the relatively small percentage of open letters.

Mr. OLSEN. So glassine is an improvement on that problem?

Mr. ACKLEY. We would think glassine is definitely an improvement there.

The competitive material, if I may add, is the transparent film cover. The transparent film covering is not without its problems. These materials have very high gloss, very high specular reflection as people in the laboratory would say. If that film is wrinkled the scanner light strikes it at an angle and simply never returns to the light collection system.

The scanner reads this wrinkle as being a black area in the address and just wipes out the characters which are beneath it. We are totally unable to give a statistical reading as to what percentage of these have windows of that sort which are wrinkled.

Mr. OLSEN. What was the other type? You had the open window, glassine window, and transparent film?

Mr. ACKLEY. That is right.

Mr. OLSEN. Is synthetic any different?

Mr. ACKLEY. The synthetic film was the transparent synthetic film.

Mr. UDALL. Would you enlighten us on this particular problem? What is glassine made of? Is it a trade name or a brand name?

Mr. ACKLEY. It is a generic name for papers of very high density made out of chemical wood pulp.

Mr. UDALL. Glassine is actually paper that you can see through.

Mr. ACKLEY. There are some glassines which you cannot see through because pigments have been added to prevent that. In the area where we are talking now you can see through them because they have no trapped air within their construction.

Mr. UDALL. The competing material is a synthetic similar to what?

Mr. ACKLEY. Specifically polystyrene seems to be the outstanding one. The film they use is identical to this film used to wrap lettuce. It breathes air and not moisture vapor, nor does it exclude it.

When you take it off the lettuce and put it in the wastebasket you will think you have a mouse in the wastebasket because it crackles back at you. It is a clear film and derived from petroleum products.

Mr. UDALL. You indicated that this material would cost 60 cents to 90 cents more per thousand envelopes than glassine?

Mr. ACKLEY. Fifty cents to 90 cents is what we have seen in the price lists we have checked.

Mr. OLSEN. I find this standardization of mail getting more complicated all the time. There is some determination on the part of the committee that we must support the Post Office Department in its efforts to standardize sizes. I thought it was sizes more than colors and the problems you bring about regarding the window.

Until now all of our witnesses have spoken of the numbers of sizes and the advantage of having different sizes.

Mr. Udall particularly emphasized standardizing the sizes and using different colors.

We will not rush to any conclusion, at least not this year. However, I would think next year, whether I am here in Congress or not, I would think there would be some legislation on this subject.

Mr. UDALL. Let us pray you do return next year, Mr. Chairman.

Mr. Olsen said that it always appeared to me that we ought to be able to agree on six, eight, 15 or 20 or some limited number of envelope sizes similar to the European post offices. It does not accommodate the artistic ideas of every single envelop designer and it places some limitation on what you can do but surely we can have some kind of reasonable limitation and still allow a fair scope for the imagination and creativity of merchandisers.

Starting from that premise it then seemed to me there was considerable latitude beyond that, as Mr. Olsen said, for color, printing, shape, and many other characteristics of the envelope.

Then we get into the scanner business. We find we have problems there.

To start with fundamentals, the cheapest of all envelopes I take it is the brown envelope. This is the way the wood product comes out.

To get it white you have to bleach it.

Mr. TRISCHETT. That is right.

Mr. OLSEN. Are colors more expensive than white?

Mr. TRISCHETT. Yes, because it is fully bleached and then color is used. Color dye is expensive and it depends on the amount of dye.

Mr. UDALL. You have to bleach it and color it?

Mr. TRISCHETT. That is right.

Mr. UDALL. When you get into scanners what is the effect of color? Can scanners read any color? Is it the lighter shades they can read? Give me a little exposition on the problem of scanners and colored envelopes.

Mr. TRISCHETT. Basically, as I understand scanners, they operate on the basis of light reflection. The more color you have in a sheet of paper the less reflection you get and the less apt the scanner is to read the address or the ink that is on the sheet. It depends, I imagine, upon the amount of color. Some of the pastels might be read.

Mr. UDALL. Is there a contrast between the black printing and the white?

Mr. TRISCHETT. And the white paper or whatever it is. Certainly the deeper colors do not offer as much contrast as the white or very light pastels.

Mr. UDALL. Could the scanner read a very dark blue or black if it had white ink on it?

Mr. TRISCHETT. I don't think so. I am not sure, however.

Mr. UDALL. When you have colors you eventually complicate the already complicated problem of the scanners.

Mr. TRISCHETT. Absolutely.

Mr. UDALL. You have been most helpful to us.

Is it the view of you gentlemen that some standardization affords a reasonable degree of activity? You are not against all attempts to standardize?

Mr. TRISCHETT. No; somewhere down the line——

Mr. UDALL. You are reasonable and you do not think it will have a tremendous economic impact on industry if we have a reasonable changeover period, that you would be in on the takeoff and be consulted?

Mr. TRISCHETT. I would hope so. I would hate to think that the whole paper industry would have to stop manufacturing brown kraft or semibleached papers shortly because as far as we are concerned it would have a drastic effect on our operation within the envelope industry.

I think this is generally true of most mills that make the full gamut of envelope grades.

Mr. UDALL. I thank you, Mr. Chairman.

Mr. OLSEN. How about sizes?

Mr. TRISCHETT. That is up to the gentlemen in the envelope industry. We wouldn't be affected, I think, by the size of the envelope.

Conceivably if you were to cut out a 9 by 12 envelope which would go through the mail it might have some impact on the amount of paper sold unless a substitute size could be found which would be acceptable to the Post Office authorities.

Mr. OLSEN. The size is a real problem in the post office which has to sort it and deliver it to the household. It affords a tremendous problem.

Then it is a difficult problem to carry it, by vehicle or on back.

I think how easy Western Union has it compared to the Post Office Department. Yet their big problem is delivering their package after they get it to the destination.

If it is not convenient they have the post office deliver it for them.

I appreciate the fact that you folks see we do have to mechanize and standardize. I want you to know that I certainly see your problem and appreciate your fears. We will just have to do the best we can.

Next year we will have to give some real relief to the Post Office Department as well in the way of revenues for nonstandard sizes. We don't know what kind of relief that will have to be but I look forward to this next meeting with the Post Office Department so we can begin to make some progress in facilitating this situation.

Thank you very much, gentlemen.

The subcommittee will now adjourn.

(Whereupon, at 10:40 a.m., the subcommittee adjourned.)

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STANDARDIZING THE SIZES OF MAIL

WEDNESDAY JULY 17, 1968

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON POSTAL RATES
OF THE COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10 a.m. in room 210, Cannon House Office Building, Hon. Arnold Olsen (subcommittee chairman) presiding.

Mr. OLSEN. The subcommittee will come to order.

I understand we will have some other colleagues here later, but we will proceed.

We have before us Mr. Leslie J. Weil, president, Envelope Manufacturers Association, who is accompanied by Mr. William H. McManus, executive vice president of the Envelope Manufacturers Association.

Gentlemen, please proceed as you see fit.

TESTIMONY OF LESLIE J. WEIL, PRESIDENT, ENVELOPE MANUFACTURERS ASSOCIATION, ACCOMPANIED BY WILLIAM H. McMANUS, EXECUTIVE VICE PRESIDENT, ENVELOPE MANUFACTURERS ASSOCIATION

Mr. WEIL. Thank you, sir.

Mr. Chairman and members of the subcommittee, I am Leslie J. Weil, president of American Envelope Co., Chicago, Ill., and president of Envelope Manufacturers Association, on whose behalf I will testify. I am accompanied by Mr. William H. McManus, executive vice president of Envelope Manufacturers Association. Envelope Manufacturers Association is the overall national association of manufacturers of commercial envelopes in the United States, its territories, its possessions, and the District of Columbia. It was founded in 1933, the successor to an association of envelope manufacturers founded in 1909.

The commercial envelope manufacturing industry is comprised of more than 230 establishments, employing upwards of 23,000 workers with more than 80,000 dependents, consuming more than half a million tons of paper annually and manufacturing more than 77 billion envelopes a year. The overwhelming majority of commercial envelope manufacturers are appropriately classified as small business.

The members of Envelope Manufacturers Association operate 157 establishments, located in 33 States and the District of Columbia, which produce more than 80 percent of the total dollar volume of

the industry. In 1967 the dollar volume of the industry approximated \$430 million.

We in the commercial envelope manufacturing industry are highly concerned with the postal service of this Nation. Therefore, we are pleased to submit our views on H.R. 14029, a bill to fix additional postage charges for certain nonstandard mail, and for other purposes. We hope our statement will be helpful to the subcommittee. Before we begin, we should like to compliment you on your perspicacity in holding these extensive hearings and thereby bringing out into the open the tremendous complexity of the subject of standardizing the mail. The Post Office Department, the entire mailing fraternity, and the public at large have all benefited from your work and are all in your debt. You have our grateful thanks.

We are not certain that we did not use an obsolete word and phrase in our last paragraph when we said, "standardizing the mail."

In the current issue of his "Memo to Mailers" Postmaster General W. Marvin Watson says:

We are not seeking standardization. It would be unrealistic in this country to expect real standardization. We are seeking, however, some kind of compatibility between the mail we must process and the machines and systems we must use in building a modern postal service.

Standardization has become a nasty word. Mail-machine compatibility is a much more felicitous phrase, and we shall try to remember to use it in the future.

We met with the new Postmaster General 2 weeks ago and found him to be most pleasant and extremely knowledgeable about the Department despite his short time in office. We were most pleased to find him entirely aware of the shortcomings of the first generation optical character reader, particularly in regard to its inability to read addresses against colored backgrounds. He told us that he knew this inability could be overcome, and that he was determined that it would be overcome.

At the outset of our testimony on H.R. 14029, we wish to emphasize that the envelope industry subscribes to the need for some kind of compatibility between the mail which the Department must process in the future and the machines and systems the Department must use in building a modern postal service. We believe that increased mechanization is essential if the Post Office is to meet the demands which will be placed on it in the future. The members of this association are prepared to accept such reasonable product limitations as are indisputably necessary to facilitate the use of such mechanized equipment.

While we believe the Department in principle should make every effort to handle the mail as it exists today, we do not suggest that it develop a so-called universal machine to accomplish that purpose. We recognize that this would be infeasible, if not impossible, and, indeed, in our own industry envelopes of sizes outside the range of our machines are made by hand.

Further, we believe there is a strong possibility, if not a probability, that the Department will find it desirable, if not necessary, to develop different machines and equipments to handle two separate standard size ranges—for letter mail and for large flats. We were most pleased to find, in studying the Bureau of Research and Engineering's 5-year research and development program which we shall discuss at some

length later, that it intends to develop a letter mail processing system and then, almost simultaneously, turn to its program for the processing of flat mail.

Again, we find a direct parallel in our industry. We have fast machines which are size-changeable to make a broad but still limited range of relatively small envelopes. We have slower machines which are size-changeable to make a broad but still limited range of larger envelopes.

Unfortunately, when we read section 4656 paragraphs (a) and (b) of H.R. 14029, we do not find a parallel between our industry and what the Post Office Department proposes, for it wrote the bill. In the envelope industry, when we take our broad range of smaller envelopes and our broad range of large envelopes to the marketplace, we find that, try as we will, we cannot sell them at prices at which we arbitrarily decide we would like to sell them. Rather, we find that in order to sell them at all we must sell them at prices which correspond directly with their cost of manufacture.

The bill, written by our postal monopoly, proposes to establish new mail classifications of standard and nonstandard first-class and air-mail, and to levy an arbitrary surcharge of 2 cents on each such piece of nonstandard mail weighing not more than 2 ounces which does not conform to all of the physical characteristics of standard mail as will be defined by the Postmaster General after he conducts a comprehensive study of the physical characteristics of mail handling.

Generally speaking, postal rates historically have reflected the cost of the service plus or minus certain intangibles. The service which is to be performed, and the requirements necessary for the patron to enjoy it, have usually been described in reasonable detail, if not in the bill at least in the committee and floor discussions prior to passage.

We firmly believe that any such nonstandard surcharges as may ever be required should be based on the true differences in costs between machine and hand operation for each specific kind of nonstandard mail. Arbitrary surcharges, whether they be punitive or not, have no place in our postal system. Therefore, since true cost figures must be available before Congress can set fair rates for each kind of nonstandard mail, it will be necessary to know what those costs must cover. Definitions of standard and nonstandard mail must be made before the costs of handling its various kinds can be determined.

As the bill is written, you not only do not know whether or not the punishment fits the crime, you don't even know what the crime was. The cart is before the horse.

You will note that we have been referring to the different kinds of nonstandard mail. We would like to give you an example of what we mean by different kinds.

On March 12 of this year, Dr. Leo S. Packer, Assistant Postmaster General, Bureau of Research and Engineering, testified before a subcommittee of the Committee on Appropriations of the House of Representatives.

In discussing the application of the systems engineering approach to research and development, he stated that the initial impact of the Bureau's systems effort will be in the mail processing area. He said:

With the emphasis we are giving this segment of the systems engineering program, we expect to develop new systems concepts for letter mail processing

within 1 year. Parcel post and flat mail systems definitions should follow with collection and delivery system definitions formulated during fiscal year 1970.

In our opinion, it is a virtual certainty that the system which will be defined for letter mail processing will be one which employs a coding device to imprint the key components of its address in simple code form on each piece of first-class letter mail. This kind of code is known as an extractive code. For coding addresses, only as many components of the address would be extracted as would be required to insure that each coded address would be unique in the postal universe of the United States. For instance, the address of our association is: room 1525, 1 Rockefeller Plaza, New York, N.Y. 10020. The key components of its address for extraction purposes might be 1525-1-ROR-10020. Those key numbers and letters would be converted by the coding device into simple binary bit form and printed on the envelope by nonimpact electrostatic printing in almost invisible fluorescent ink.

There would be two means of instructing the coding device.

If the first-class mail piece were machinable and readable by the optical character reader, the optical character reader would read the address, extract its key components and deliver them to the coding device which would convert them and then print the result on the envelope, without the intervention of any human.

If the first-class mail piece were machinable but not readable by the optical character reader, a human would read the address, extract its key components and deliver them to the coding machine probably by depressing keys on a device similar to a Stenotype machine. As when activated by the optical character reader, the coding device would convert the key components into binary bit form and then print that information on the envelope.

In either case, the binary bit code would be imprinted on the envelope only once—either by a human or by an optical character reader, which now costs \$300,000. Once the address was imprinted on the envelope in fluorescent ink, very inexpensive—perhaps \$5,000—non-optical machines would be able to read it for each subsequent sorting required, all the way down to carrier route sequence, if desired.

For all such subsequent sorting, no optical characteristic of the mailing piece would affect its ability to be read. In other words, no amount or degree of color, so-called extraneous printing or other matter on the face of the envelope would prevent the nonoptical machine reader from reading the address.

Therefore, since these first-class mail pieces had no characteristics which prevented them from being processed by machine, the only difference in the cost to the Post Office Department in handling an OCR readable piece as against the OCR nonreadable piece would be the difference between the cost of having the OCR activate the coding device and the cost of having a human activate the coding device.

Even if the cost of the optical character reader were reduced to one-fifth or one-tenth of \$300,000, we find it difficult to conceive that the optical character reader method of encoding would cost more than a small fraction of a cent per piece less than the human method.

In contrast, if the first-class mail piece did have a characteristic which prevented it from being processed by machine, such as being

too thick, it would be necessary to handle it manually, and it is conceivable that a surcharge of 1 cent or possibly more would be warranted by the difference in handling costs between it and the totally machinable, OCR readable piece.

To get back to H.R. 14029, in this bill the Department is, in effect, asking the Congress to give it a blank check. A careful reading will persuade you that it would give the Postmaster General the power to construe as nonstandard not only those pieces which do not conform to all of those characteristics which the layman considers physical, but also those pieces—because they are technically physical—which do not conform to all of the required optical characteristics too. Examples of physical characteristics are: minimum size, maximum size, shape, aspect ratio, minimum and maximum thickness, uniformity of thickness, sealing on all four edges, paper coefficient of friction, paper tiffness, paper texture, paper abrasion resistance, paper moisture resistance. Examples of optical characteristics are: color and shade of paper, paper opacity and inside tinting of envelopes, printed patterns on envelopes, location of address, address format, typefonts, address printing quality, handwriting, handprinting, content of address including ZIP code and key numbers, letters and symbols, visibility through open face windows, one-piece chemically treated windows, glassine windows, synthetic film windows.

It is our feeling that if he gave a tight construction to the definitions, the Postmaster General might well find that 75 percent or more of first-class mail was nonstandard.

It is our carefully considered recommendation that the Congress not sign this blank check at this time, or any future time. We do not feel that the decisions on these matters should be made by the executive branch of the Government.

Section 2 of the bill pertains to a comprehensive study which the Postmaster General would be instructed to conduct before he defined standard first-class and airmail. Since we are recommending that the Congress not vote a blank check arbitrary surcharge, since we hope that this subcommittee will express to the Department the desire that it not undertake to define any such standards unilaterally, and since Assistant Postmaster General Ralph W. Nicholson, in his testimony before this subcommittee on November 13, 1967, indicated that the Department intends to undertake the study whether the legislation is acted upon or not, we see no useful purpose being served in recommending that section 2 be made legislation.

Rather, we would recommend that the study be broadened to include all classes of mail, and that it also be broadened to cover but not be limited to the physical and the optical characteristics listed earlier. We would hope that the results of the study, including descriptions of each individual standard proposed, supported by a factual, detailed analysis of why it is needed and what its financial or other effects might be expected to be on the Department, the users of the mail, their suppliers, and the public-at-large, could be laid before the Congress within a year. Realistically, we doubt that the study can be completed in less than 2 years' time, and when it is presented to the Congress we feel that the Congress and the Congress alone should decide what is and what is not standard—after suitable hearings, of course.

On March 7 of this year, testifying before a subcommittee of the Committee on Appropriations of the House of Representatives, Assist-

ant Postmaster General William M. McMillan, Bureau of Operations, noted that the value of mail handling mechanization per clerk mail-handler employee had only increased from \$269 in 1962 to \$384 in 1967.

He stated that the Bureau's fixed mechanization program calls for an increase in that amount to \$1,000 per clerk mail-handler employee during the next 5-year period, and that concerted efforts were being directed toward the development of mechanization designed for the smaller volume post offices.

As an example, he said :

We started out with a 12-position letter sorter. We now have the eight-position and the six-position and we are putting the six-position sorter in such cities as, for example, Shreveport, La., that would never qualify on a break-even basis for a 12-position letter sorter. This is what we hope to do in other areas.

Other testimony revealed that approximately 348 edger-stackers, 360 Mark II facer-cancelers and 137 multiposition letter sorters are now deployed in the field. By 1972, the Department expects to have deployed at least twice as many of each of these three types of equipments.

At a briefing for industry held on November 3, 1967, Dr. Edward M. Reilley, Director of Research and Development in the Bureau of Research and Engineering, outlined the Bureau's research and development program for the next 5 years.

He indicated that the systems approach would be used throughout, wherever possible, "for important cost benefits can be obtained only through systems oriented programs."

He further indicated that the development of a complete new line of equipment is contemplated.

At that time, the Bureau had scheduled the beginning of the development of advanced major system modules for a complete letter mail processing system as follows :

Fiscal 1969 :

High capacity letter sorter.

Low capacity letter sorter.

Fiscal 1970 :

High speed culler.

High speed metering lines.

Interfaced edger stacker.

Coding equipment.

High capacity facer-canceler.

Low capacity facer-canceler.

Second generation optical character reader.

Fiscal 1971 :

Second generation script reader, capable of reading handwritten ZIP code numerals.

Reader/coder.

Second generation presorter.

Dr. Reilley stated that the Bureau also had a program for the processing of flat mail, with the beginning of the development of major system modules scheduled as follows:

Fiscal 1970:

Sorter.

Coding equipment.

Fiscal 1971:

Singulation equipment.

Optical character reader.

Reader and sorter for precoded flats.

Fiscal 1972: Facer-canceler.

It is clear from this 5-year program that the first generation equipment now deployed in the larger post offices of the country or on order is already outmoded and will presently be obsolete. So will all the additional first generation equipment which the Bureau of Operations plans to install by 1972—even though it is without doubt efficient equipment.

We feel sure that within approximately 2 years, Dr. Leo Packer's group of brilliant research and development people will be able to tell what the reasonably near future holds for mechanization equipment. They should even be able to see fairly clearly the future role, if any, of the new technology of fluidics—which we will describe a little later on.

Then, and only then, do we feel standards should begin to be set—and those standards should not be set to achieve compatibility with the first generation machines. Standards should only be set to insure mail compatibility with second generation equipment which will be designed for deployment in the total mail handling system. Setting standards before then would be premature, since further research and testing would undoubtedly lead to different regulations. The confusion on the part of business as well as the public will be catastrophic if these standards have to be changed and changed again.

We would now like to refer back to section 2(a) (6) of H.R. 14029, and make a few observations on it. This section provides for a study of the feasibility of adopting size and dimension limits and other physical characteristics with respect to domestic mail matter consistent with those which are in effect, or which have the status of executory propositions, under the Convention of the Universal Postal Union.

In his testimony to the subcommittee last November 13, Assistant Postmaster General Ralph W. Nicholson stated:

The proposed UPU dimensions are these: The minimum size would be 3.5 inches by 5.5 inches and the maximum size would be 4.72 inches by 9.25 inches. I believe it is almost certain that the Congress at Tokyo in 1969 will adopt the proposed UPU standards.

International mail is increasingly important in this interconnected world. But domestic letters outnumber international letters by about 60 to 1. I would not propose that 60 domestic customers of the post office be required to use a certain size or type of envelope solely because the one customer who mails abroad is held to a certain standard. However, if the international and domestic standards could

be conformed, the merging of the two would provide useful simplification for the benefit of both the public and the Department. I believe our purpose should be, first, to analyze the domestic requirements in the way I outlined earlier and then to check the domestic characteristics against the pending international characteristics. If the two are close together, there may be some opportunity of joining them in a single standard.

Gentlemen, please prepare yourselves for a shock. It would be complete and absolute insanity to conform our domestic standards to the proposed UPU standards, and it doesn't take a year-long comprehensive study by the Postmaster General to determine this. It will take each of you perhaps as long as a half-second to make that determination when you have the following facts:

(1) The proposed UPU maximum size is, as Mr. Nicholson stated, 4.72 inches by $9\frac{1}{4}$ inches.

(2) The most popular, most used, and probably most necessary envelope size in the United States, of which billions upon billions upon billions are produced each year by both the commercial envelope manufacturing industry and the stationery industry, is the No. 10 envelope.

(3) The size of the No. 10 envelope is $4\frac{1}{8}$ inches by $9\frac{1}{2}$ inches, one full quarter of an inch beyond the proposed UPU maximum length.

As you know, this country of ours with only 6 percent of the world's population produces 50 percent of the world's mail. It would seem logical that the UPU might give favorable consideration to the most used envelope size in such a country.

For more years than we care to remember, we urged those representatives of our Post Office Department who were responsible for our UPU relations to try to bring about the inclusion of our No. 10 envelope. We were told, in effect, that the single vote of the United States carried no more and no less weight than that of a small, agricultural country with virtually no mail, part of whose population might still be communicating with each other by means of drums.

Believe me, gentlemen, if you are shocked by that revelation, you are no more shocked than we were when we read H.R. 14029, which was prepared by the Department, and subsequently heard Mr. Nicholson's testimony on it. We could only conclude, as we have had to conclude many times since the subject of standardization was first broached by the Department with us more than 11 years ago, that in the great postal organization of more than 700,000 persons devoted almost exclusively to fostering communications, internal communications are many times incredibly bad.

We believe that the exclusion of the No. 10 envelope should make crystal clear the infeasibility of conforming our domestic standards to those which have been proposed for adoption by the UPU.

However, with your indulgence, we would like to discuss for a few minutes some other physical aspects of standardization which are brought to mind by the UPU proposals.

The first aspect we would like to discuss with you is what has come to be known, without punning, as the aspect ratio. That is, the minimum ratio of envelope width to length that will be compatible with mechanized equipment.

The proposed UPU standards contain an aspect ratio, in addition to minimum and maximum sizes, minimum and maximum thicknesses, and a minimum paper weight. That aspect ratio is the by now famous 1 to 1.414 or 1 to the square root of 2. You will undoubtedly recall

that the Post Office Department incorporated it last year in the standardization section of H.R. 7977, which you so intelligently removed.

That ratio first appeared on the domestic scene on May 4, 1960, when it appeared in the Federal Register as part of a long and exceedingly involved set of standardization regulations which were proposed by the Department. One of the effects of that proposal, which was published more than 8 years ago, would have been to place a surcharge (through application of an odd size minimum charge) of 1 cent per piece on all third-class piece-rate envelopes of what is probably the second most needed envelope size in this country—the 9 by 12 inch envelope, which carries unfolded $8\frac{1}{2}$ by 11 inch material. The aspect ratio of a 9 by 12 inch envelope is 1 to 1.333. I think you will all agree that a standardization system in the United States which places such a surcharge on a standard 9 by 12 inch envelope is one which is unreasonable. At the time this surcharge was proposed, there was no mechanized equipment deployed in any post office in the country which required a ratio of 1 to 1.414 for large flats. Today, 8 years later, there is no such equipment deployed. With the good judgment of Congress, there never will be equipment for large flats deployed which cannot handle 9 by 12 inch envelopes as a part of its regular diet.

If that proposal had not been radically amended, the third-class mailers of the country would have been taxed for the last 8 years without representation and without reason. Is it any wonder that virtually every industry witness who has appeared before you during these hearings has, in effect, requested you to act as the judge or the arbitrator, if necessary. We also request that you provide the conduit for the mailing industry's representation in the matter of standardization of mail—no matter how trivial the questions may seem, no matter how picayune the arguments may be. Response to a proposal in the Federal Register, gentlemen, is not representation.

The aspect ratio of 1 to 1.414 puzzled almost everyone in 1960. There were rumors that it had come from the UPU, which later proved to be well founded. That the Department should have proposed it then was equally puzzling because only the year before, on March 26, 1959, it had stated to Congress that its research showed that the least ratio to give stability was 1 to 1.375 and that it intended to effectuate that ratio on July 1, 1961. It took us until last year to finally learn the genesis of the ratio of 1 to 1.114, and we would like to put it in the record for all those who have been puzzled these past 8 years.

We had always felt that it was basically an engineer's theorem and that it bore no true relationship to the performance of any given envelopes on any given machines. We felt that it was so safe from an engineering standpoint that it would work with virtually any machines developed by any country to handle any envelopes—and represented no post office's best efforts to meet the needs of its users.

Last year our association sent our most recent past president, Mr. Darby, and our executive vice president, Mr. McManus, to England and the continent to determine the status of standardization over there—a trip similar to the one some of you gentlemen took several year ago. In Germany, our Mr. Darby and Mr. McManus found the origin of the 1 to 1.414 ratio as it applied to paper.

The ratio was first promulgated in a 1922 German standard for the trimmed sizes of German paper. By 1959, it had been adopted by the standards bodies of 22 countries, mostly European and South American, and the United Kingdom, for the trimmed sizes of their paper. By 1961 it was part of an International Standards Organization recommendation for trimmed sizes of writing paper, and by 1962 it had been picked up by the ISO engineers and incorporated in an ISO recommendation on sizes of correspondence envelopes and pockets. In view of the relationship between the ISO and the UPU it is hardly surprising that it is contained in the UPU proposals. We are happy to submit for the record the German standard, as published in 1939, and the two ISO recommendations to which we have referred, each showing the same charming, little engineering drawings illustrating the engineers' rationalization.

Mr. OLSEN. Without objection, it will be placed in the record.

ISO

INTERNATIONAL ORGANIZATION FOR STANDARDIZATION

ISO RECOMMENDATION R 216

TRIMMED SIZES OF WRITING PAPER
AND CERTAIN CLASSES OF PRINTED MATTER

1st EDITION

November 1961

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BRIEF HISTORY

The ISO Recommendation R 216, *Trimmed Sizes of Writing Paper and Certain Classes of Printed Matter*, was drawn up by Technical Committee ISO/TC 6, *Paper*, the Secretariat of which is held by the Association Française de Normalisation (AFNOR).

Work on this question by the Technical Committee began in 1958 and led in 1959 to the adoption of a Draft ISO Recommendation.

In November 1959, this Draft ISO Recommendation (No. 330) was circulated to all the ISO Member Bodies for enquiry. It was approved, subject to a few modifications of an editorial nature, by the following Member Bodies:

Austria	India	Sweden
Belgium	Israel	Switzerland
Burma	Japan	Turkey
Chile	New Zealand	United Kingdom
Czechoslovakia	Norway	U.S.S.R.
Denmark	Poland	Yugoslavia
Germany	Portugal	
Greece	Romania	

Two Member Bodies opposed the approval of the Draft:

France	Ireland
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The Draft ISO Recommendation was then submitted by correspondence to the ISO Council, which decided, in November 1961, to accept it as an ISO RECOMMENDATION.

FOREWORD

In many countries, far more sizes of paper are used than are really necessary. Many of them came into existence under conditions different from those prevailing today, while the origin of others was due to chance. Consequently they do not fulfil the present need for consistency between the sizes of paper and printed matter for various purposes, nor do they meet the many requirements for a coherent relationship between the sizes of paper, printed or not, papermaking, printing and converting machinery and equipment, and storage and filing equipment.

The purpose of this ISO Recommendation is to improve the present position by providing a rationally designed *ISO System* of trimmed sizes which can bring about a reduction in the number of sizes and create more rational, clear and consistent ranges. This will simplify and cheapen ordering, production, use, dispatch and storage and will also provide a sound basis for standardization in related fields.

One of the considerations leading to the present ISO Recommendation was the fact that the standards bodies in the following countries had already adopted this system of sizes in their national standards, and others were known to be using the sizes:

Date of adoption	Countries	Standard No.
1922	Germany	DIN 476
1924	Belgium	NBN 18
1925	Netherlands	NEN 381
1926	Norway	NS 20
1927	Finland	SFS P.I. 1
1929	Switzerland	SNV 10120
1934	U.S.S.R.	GOST 9327
1938	Hungary	MOSz 16
1939	Italy	UNI 923-924
1941	Sweden	SIS 73 01 01
1943	Argentina	IRAM 3001-N.P.
1943	Brazil	—
1947	Spain	UNE 1011
1948	Austria	A 1001
1949	Romania	STAS 570-52
1951	Japan	JIS P 0138
1953	Denmark	DS 910
1953	Czechoslovakia	ČSN 01 0402
1954	Israel	S.I. 117
1954	Portugal	NP-4 and NP-17
1957	India	IS:1064
1957	Poland	PN-55/P-02001
1959	United Kingdom	B.S. 3176

The Universal Postal Union has specified certain of these sizes.

TRIMMED SIZES OF WRITING PAPER AND CERTAIN CLASSES OF PRINTED MATTER

1. SCOPE

This ISO Recommendation applies to trimmed sizes of paper for administrative, commercial and technical use, and also to certain classes of printed matter, such as forms, catalogues, etc.

It does not necessarily apply to

newspapers,
published books,
posters,
other special items which may be the subject of separate ISO Recommendations.

2. UNDERLYING PRINCIPLES

2.1 Basic principles (regularly derived sizes)

The system of paper sizes is built on the following basis: each normal series (regularly derived sizes) consists of a range of sizes formed in such a manner that each size is achieved by dividing the size immediately above it into two equal parts, the division being parallel to the shorter side (the halving principle). Consequently the areas of two successive sizes are in the ratio 2 : 1 (see Fig. 1).

All the sizes in each series are geometrically similar to one another (the principle of similarity) (see Fig. 2). This requirement, combined with that explained in the preceding paragraph, gives the following equation for the sides x and y of a given size:

$$(1) \quad y : x = \sqrt{2} : 1 = 1.414 \quad (\text{see Fig. 3})$$

In other words, the ratio between the sides x and y is equal to the ratio between the side and the diagonal of a square.

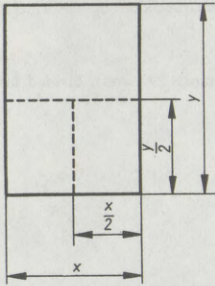


FIG. 1

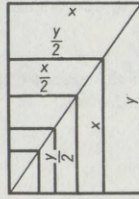


FIG. 2

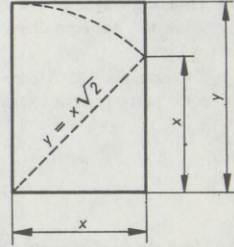


FIG. 3

2.2 System of measurement

These sizes are based on the metric system of measurement.

2.3 Main series (ISO-A Series)

The basic size of the A Series (A0) has an area of 1 m², the following equation therefore applies:

$$(2) \quad x \times y = 1 \text{ m}^2$$

The equations (1) and (2) give the following lengths of the sides for the basic size of the A Series:

$$\begin{aligned} x &= 0.841 \text{ m} \\ y &= 1.189 \text{ m} \end{aligned}$$

The main series of sizes is arrived at by taking the basic size described above and applying the principles explained in clause 2.1. This series is designated: ISO-A Series.

2.4 Subsidiary series (ISO-B Series)

A subsidiary series of sizes is obtained by placing the geometrical mean between adjacent sizes of the A Series in sequence; this series is designated: ISO-B Series.

2.5 Long sizes (specially derived)

Long sizes are obtained by dividing any appropriate regularly derived sizes from the two series previously mentioned into 3, 4 or 8 equal parts, parallel with the shorter side, in such a manner that the ratio between the longer and the shorter side is greater than $\sqrt{2}$.

3. DESIGNATION OF TRIMMED SIZES

- 3.1 Each trimmed size in the main and the subsidiary series is designated by a letter followed by a number.

The letter (A or B) indicates the series of sizes, and the number indicates the number of divisions that have been made (according to the rules of clause 2.1) starting from the basic size, which has been given the number 0.

For example, size A4 corresponds to size A0 divided four times.

3.2 Trimmed long sizes are designated by the original size preceded by the fraction into which this has been divided.

For example, $\frac{1}{4}$ A4 corresponds to the size A4 (210 mm $\times$ 297 mm), divided into four equal parts, parallel to the 210 mm side.

4. TRIMMED SIZES

4.1 Main series of trimmed sizes (ISO-A Series)

The trimmed sizes of the A Series are intended for all kinds of stationery and printed matter as specified in clause 1. These sizes are as follows: *

Designation	millimetres	inches	Designation	millimetres	inches
A0	841 $\times$ 1 189	33.11 $\times$ 46.81	A5	148 $\times$ 210	5.83 $\times$ 8.27
A1	594 $\times$ 841	23.39 $\times$ 33.11	A6	105 $\times$ 148	4.13 $\times$ 5.83
A2	420 $\times$ 594	16.54 $\times$ 23.39	A7	74 $\times$ 105	2.91 $\times$ 4.13
A3	297 $\times$ 420	11.69 $\times$ 16.54	A8	52 $\times$ 74	2.05 $\times$ 2.91
A4	210 $\times$ 297	8.27 $\times$ 11.69	A9	37 $\times$ 52	1.46 $\times$ 2.05
			A10	26 $\times$ 37	1.02 $\times$ 1.46

* The rarely used sizes which follow also belong to the series:

4A0: 1 682 mm $\times$ 2 378 mm 66.22 in $\times$ 93.62 in
 2A0: 1 189 mm $\times$ 1 682 mm 46.81 in $\times$ 66.22 in

4.2 Subsidiary series of trimmed sizes (ISO-B Series)

The trimmed sizes of the B Series are intended for use only in exceptional circumstances, when sizes are needed intermediate between any two adjacent sizes of the A Series.

These sizes are as follows:

Designation	millimetres	inches	Designation	millimetres	inches
B0	1 000 $\times$ 1 414	39.37 $\times$ 55.57	B5	176 $\times$ 250	6.93 $\times$ 9.84
B1	707 $\times$ 1 000	27.83 $\times$ 39.37	B6	125 $\times$ 176	4.92 $\times$ 6.93
B2	500 $\times$ 707	19.69 $\times$ 27.83	B7	88 $\times$ 125	3.46 $\times$ 4.92
B3	353 $\times$ 500	13.90 $\times$ 19.69	B8	62 $\times$ 88	2.44 $\times$ 3.46
B4	250 $\times$ 353	9.84 $\times$ 13.90	B9	44 $\times$ 62	1.73 $\times$ 2.44
			B10	31 $\times$ 44	1.22 $\times$ 1.73

4.3 ISO trimmed long sizes

So far as possible, trimmed long sizes should be produced from the regularly derived sizes of the A Series (see Fig. 4 and table below).

They are used for labels, tickets and certain other purposes.

Examples:

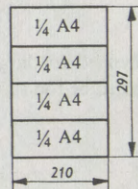


FIG. 4

Designation	millimetres	inches
$\frac{1}{8}$ A4	99×210	3.70×8.27
$\frac{1}{4}$ A4	74×210	2.91×8.27
$\frac{1}{8}$ A7	13×74	0.51×2.91

5. TOLERANCES

5.1 Unless closer tolerances are specified at the time of ordering, the permissible tolerances on the above dimensions should be as follows:

(a) for dimensions up to and including 150 mm:

upper deviation +1.5 mm
lower deviation -1.5 mm

(b) for dimensions greater than 150 mm and up to and including 600 mm:

upper deviation +2 mm
lower deviation -2 mm

(c) for dimensions greater than 600 mm:

upper deviation +3 mm
lower deviation -3 mm

5.2 The dimensions should be measured under standard testing conditions, as specified in ISO Recommendation R 187, *Method for the Conditioning of Paper and Board Test Samples*.

APPENDIX

EXAMPLES OF USE OF ISO SIZES

Size A3

This size, flat or folded to size A4, is intended for large tables, charts or diagrams for official or commercial use, when size A4 is found to be too small.

Size A4

This size is primarily intended for use as the standard size for paper for correspondence and for printed matter for official or commercial use.

It is further intended as the principal standard size for forms, catalogues, etc.

Size A5

This size is intended for similar purposes to the A4 size, when this is found to be too large.

Size A6

This is the size proposed by ISO for picture postcards and letter-cards.*

It may also be suitable for similar purposes to those described under A4 and A5, when these sizes are found to be too large.

* ISO Recommendation in process of development.

ISO

INTERNATIONAL ORGANIZATION FOR STANDARDIZATION

**ISO RECOMMENDATION
R 269****SIZES OF CORRESPONDENCE ENVELOPES AND POCKETS**

1st EDITION

August 1962

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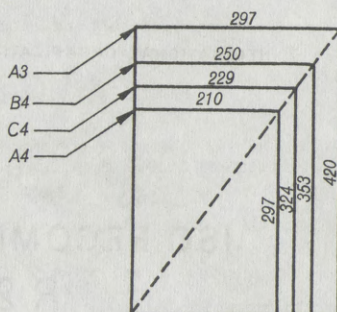
Also issued in French and Russian. Copies to be obtained through the national standards organizations.

FOREWORD

In view of the development of ISO Recommendation R 216 relating to *Trimmed Sizes of Writing Paper and Certain Classes of Printed Matter*, it has been considered desirable to prepare an ISO Recommendation for the *Sizes of Correspondence Envelopes and Pockets* suitable for use with the principal sizes of paper in that ISO Recommendation.

(Dimensions in millimetres)

The general principles underlying the development of the ISO-A and ISO-B Series of paper sizes can also be applied to the correspondence envelopes and pockets to contain papers in these sizes (as will be seen from the figure on the right), especially if the sizes of an intermediate series, known as the C Series, are introduced between sizes in the ISO-A and ISO-B Series.



The sizes of this intermediate C Series are as follows:

Symbols	Sizes	
	millimetres	inches
C0	917 × 1297	36.10 × 51.06
C1	648 × 917	25.51 × 36.10
C2	458 × 648	18.03 × 25.51
C3	324 × 458	12.76 × 18.03
C4	229 × 324	9.02 × 12.76
C5	162 × 229	6.38 × 9.02
C6	114 × 162	4.49 × 6.38
C7	81 × 114	3.19 × 4.49
C8	57 × 81	2.24 × 3.19
—	— —	— —
—	— —	— —

In practice, it is not necessary to have available every one of the C Series sizes. In fact, papers are folded in many different ways and therefore some adjustment is necessary. This ISO Recommendation takes account both of the underlying principles and of practical necessities.

SIZES OF CORRESPONDENCE ENVELOPES AND POCKETS

1. SCOPE

This ISO Recommendation covers sizes and designations of correspondence envelopes and pockets intended for postal purposes. It does not contain any specification as to the ways of closing them.

2. DESIGNATION

- 2.1 Correspondence envelopes and pockets should be designated by a reference to type (see clause 2.2), followed by an indication of size (see clause 2.3).
- 2.2 The *type* should be indicated according to the following principles:
if the opening is on the longer side *: "banker shape" (French: "enveloppe");
if the opening is on the shorter side **: "pocket shape" (French: "pochette").
- 2.3 The *size* is expressed either by the size symbol (see section 3), followed by the letters ISO, or by its two dimensions in millimetres, giving the smaller dimension first.
- 2.4 Examples of designation:
Banker shape, C4—ISO,
Pocket shape, 229 × 324.

3. SIZES

For postal purposes, it is recommended that the following sizes of correspondence envelopes and pockets be used, which are suitable for ISO paper sizes according to ISO Recommendation R 216, *Trimmed Sizes of Writing Paper and Certain Classes of Printed Matter*.

Symbols	Sizes	
	millimetres	inches
C3	324 × 458	12.76 × 18.03
B4	250 × 353	9.84 × 13.90
C4	229 × 324	9.02 × 12.76
B5	176 × 250	6.93 × 9.84
C5	162 × 229	6.38 × 9.02
B6/C4	125 × 324	4.92 × 12.76
B6	125 × 176	4.92 × 6.93
C6	114 × 162	4.49 × 6.38
DL***	110 × 220	4.33 × 8.66
C7/6	81 × 162	3.19 × 6.38
C7	81 × 114	3.19 × 4.49

4. TOLERANCES

The deviations permissible on dimensions are : ± 1.5 mm (± 0.06 in).

* In certain English-speaking countries, this shape is known as the "open side" (French: "côté ouvert").

** In certain English-speaking countries, this shape is known as the "open end" (French: "bout ouvert").

*** DL = Dimension Lengthwise.

BRIEF HISTORY

The ISO Recommendation R 269, *Sizes of Correspondence Envelopes and Pockets*, was drawn up by Technical Committee ISO/TC 6, *Paper*, the Secretariat of which is held by the Association Française de Normalisation (AFNOR), with the participation of the *International Bureau of the Universal Postal Union*.

Work on this question by the Technical Committee began in 1958 and led, in the same year, to the adoption of a Draft ISO Recommendation.

In August 1960, this Draft ISO Recommendation (No. 398) was circulated to all the ISO Member Bodies for enquiry. It was approved, subject to a few modifications of an editorial nature, by the following Member Bodies:

Austria	Greece	Republic of
Brazil	India	South Africa
Bulgaria	Japan	Romania
Chile	Mexico	Sweden
Colombia	New Zealand	Turkey
Czechoslovakia	Norway	United Kingdom
Denmark	Poland	U.S.S.R.
Germany	Portugal	

Three Member Bodies opposed the approval of the Draft:

Belgium, Finland, France

The Draft ISO Recommendation was then submitted by correspondence to the ISO Council, which decided, in August 1962, to accept it as an ISO RECOMMENDATION.

Papierformate

Formatordnung Faltungen Gebrauchsformen Druckvermerke

DIN
476

Die Papierformate stimmen überein mit den Empfehlungen des ISA*)-Komitees 6 — Papierformate — vom August 1934, denen sich gemäß ISA-Bulletin 7 — Papierformate — folgende Länder angeschlossen haben: Belgien, Deutschland, Finnland, Japan, Niederlande, Norwegen, Österreich, Polen, Rumänien, Schweden, Schweiz, Tschechoslowakei, Ungarn und Union der Sozialistischen Sowjet-Republiken.

A-Reihe

Kurzzeichen	mm
4 A 0	1682 × 2378
2 A 0	1189 × 1682
A 0	841 × 1189
A 1	594 × 841
A 2	420 × 594
A 3	297 × 420
A 4	210 × 297
A 5	148 × 210
A 6	105 × 148
A 7	74 × 105
A 8	52 × 74
A 9	37 × 52
A 10	26 × 37

Die Formate der A-Reihe gelten als **Fertigformate** für alle unabhängigen Papiergrößen, wie Geschäftsbriefe, Betriebsvordrucke, Zeichnungen, Werbesachen, Zeitschriften. Einzelheiten sind den unten aufgeführten Normblättern zu entnehmen. Soweit für einzelne Verwendungszwecke besondere Normblätter noch nicht bestehen, gibt DIN 198 Anleitung zur Formatwahl.

Normformat A 4 ist die Einheitsgröße für Briefblätter an Stelle der früheren Folio- und Quartgrößen.

Normformat A 6 ist internationale Postkartengröße. (Beschluß des Weltpostvereins 1925)

Normblätter für Anwendungen der A-Reihe

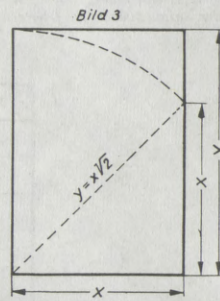
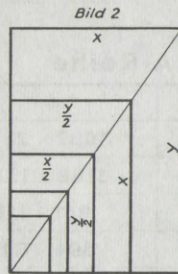
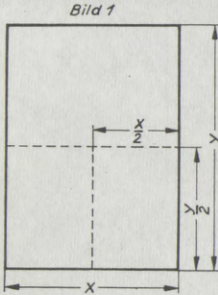
DIN 198 Papierformate — Anwendungen der A-Reihe	DIN 1504 Verlegerbuchkarte, Inhaltsfahne, Inhaltskarte
DIN 676 Briefblatt A 4 — Vordruck	DIN 4520 Photographische Wiedergabe von Bild- und Schriftvorlagen (Photokopien) — Formate
DIN 677 Halbbrief A 5 — Vordrucke	DIN 4544 Karteikästen — Kartenformate
DIN 679 Postkarte A 6 (Weltpostformat) — Vordruck	DIN 4991 Rechnung A 4, A 5, A 6 — Vordrucke
DIN 681 Geschäftskarte (Warenkarte) — Format A 6	DIN 4992 Bestellung A 4, A 5, A 6 — Vordrucke
DIN 683 Anschlaggrößen, Anschlagstellen	DIN 4993 Bestellungsannahme A 4, A 5, A 6 — Vordrucke
DIN 823 Zeichnungen — Blattgrößen, Maßstäbe	DIN 4994 Lieferanzeige A 4, A 5, A 6 — Vordrucke
DIN 824 Zeichnungen — Faltung auf A 4 für Ordner	DIN 4995 Besuchsmeldung A 7 — Vordrucke
DIN 825 Schildformate	DIN 4999 Blöcke und Durchschreibebücher
DIN 826 Zeitschrift — Format A 4, Satzspiegel, Bildbreiten	DIN 5000 Falblätter für Verkehrawerbung

*) Internationale Föderation der Nationalen Normen-Vereinigungen (International Federation of the National Standardizing Associations)

Fortsetzung Seite 2 bis 4

Aufbau der Formatordnung

- Häftungsatz** Je zwei benachbarte Formate einer Formatreihe gehen durch Hälften oder Doppeln auseinander hervor. Die Flächen beider Formate verhalten sich demnach wie 1:2 (Bild 1).
- Ähnlichkeitsatz** Die Formate sind einander ähnlich. Aus Satz 1 und 2 ergibt sich für die beiden Seiten x und y eines Formates die Gleichung $x:y=1:\sqrt{2}$ (Bild 2). Beide Seiten verhalten sich also zueinander wie die Seite eines Quadrates zu dessen Diagonale (Bild 3).
- Anschlußsatz** Die Formate sind dem metrischen Maßsystem angeschlossen: Die Fläche des Ausgangsformates ist gleich der metrischen Flächeneinheit (Quadratmeter), d. h. $x \times y = 1$.



Ausgangsformat Für das Ausgangsformat mit den Seiten x und y gelten nach den drei Grundsätzen die beiden Gleichungen $x:y=1:\sqrt{2}$ und $x \times y = 1$. Das Ausgangsformat, ein Rechteck mit dem Flächeninhalt 1 m^2 , hat somit die Seiten $x = 0,841 \text{ m}$ und $y = 1,189 \text{ m}$.

A-Reihe Nach Satz 1 wird aus dem Ausgangsformat durch fortgesetztes Hälften die A-Reihe abgeleitet.

Zusatzreihen Die geometrischen Mittelformate zwischen den Formaten der A-Reihe ergeben die B-Reihe, aus den geometrischen Mittelwerten zwischen den Formaten der A- und B-Reihe ist die C-Reihe gebildet.

A-Reihe mit Zusatzreihen B und C

Formatbezeichnung	A-Reihe	Zusatzreihen	
		B	C
B 0		1000 × 1414	
C 0			917 × 1297
A 0	841 × 1189		
B 1		707 × 1000	
C 1			648 × 917
A 1	594 × 841		
B 2		500 × 707	
C 2			458 × 648
A 2	420 × 594		
B 3		353 × 500	
C 3			324 × 458
A 3	297 × 420		
B 4		250 × 353	
C 4			229 × 324
A 4	210 × 297		
B 5		176 × 250	
C 5			162 × 229
A 5	148 × 210		
B 6		125 × 176	
C 6			114 × 162
A 6	105 × 148		
B 7		88 × 125	
C 7			81 × 114
A 7	74 × 105		
B 8		62 × 88	
C 8			57 × 81
A 8	52 × 74		
B 9		44 × 62	
A 9	37 × 52		
B 10		31 × 44	
A 10	26 × 37		

Anwendungen der B- und C-Reihe

Die Formate der Zusatzreihen B und C gelten nur für abhängige Papiergrößen wie

Briefhüllen (DIN 678)

Fensterbriefhüllen (DIN 680)

Mappen, Aktendeckel usw.

Streifenformate

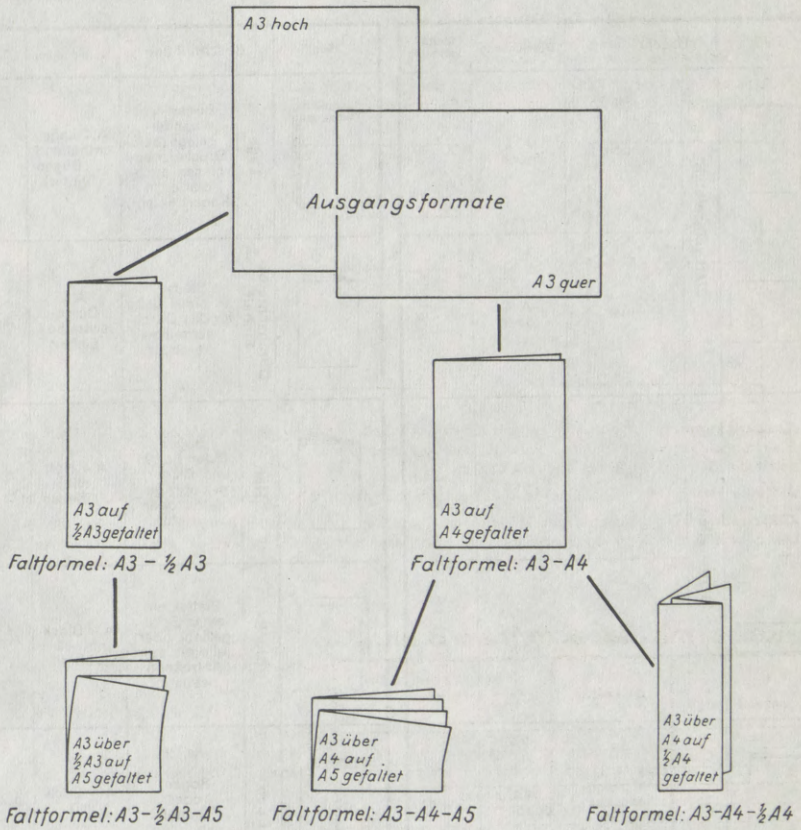
Streifenformate werden durch Langhälften, -vierteln, -achteln der Hauptformate gewonnen.

Format	Kurzzeichen	mm
Längshälfte von A 4	1/2 A 4	105 × 297
Längsviertel von A 4	1/4 A 4	52 × 297
Längsachtel von A 7	1/8 A 7	9 × 105
Längshälfte von C 4	1/2 C 4	114 × 324
usw.		

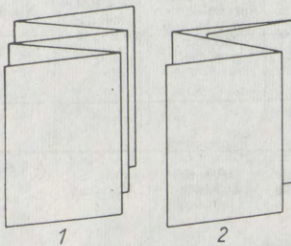
Anwendungen: Briefhüllen, Schilder, Fahrscheine, Zinnscheine, Zeichnungen usw.

Faltungen

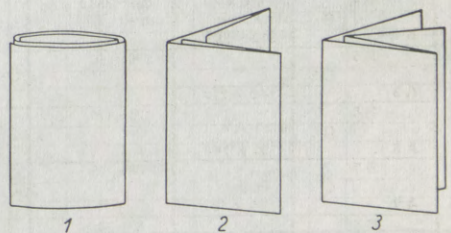
Beispiel, durchgeführt für Format A 3; auf alle übrigen Normformate sinngemäß anzuwenden.



Zickzackfaltungen



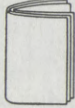
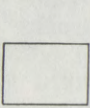
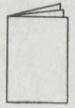
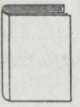
Wickelfaltungen



Faltungen der Geschäftsbriefe für Fensterbriefhüllen siehe DIN 680
Faltungen der Zeichnungen siehe DIN 824

Gebrauchsformen und Druckvermerke

Beispiele, durchgeführt für Endformat A 4; auf alle übrigen Normformate sinngemäß anzuwenden.

Bild	Beschreibung	Bezeichnung	Druckvermerke	Bild	Beschreibung	Bezeichnung	Druckvermerke
	Blatt (Einzelblatt)	hoch	A 4 hoch A 4 h		Lage	Bogen ineinandergelegt (bei Druckerzeugnissen auch Blätter in Bogen gelegt)	A 4 Lage, enthaltendBogen (Blätter) A 4 L ...
		quer	A 4 quer A 4 q		Durchschreibe-Einheit	Blätter, an einer Seite für das Durchschreiben vereinigt	A 4 Durchschreibe-Einheit A 4 D
	Blattstreifen	hoch	1/2 A 4 hoch 1/2 A 4 h		Heft	Bogen (oder Bogen und Blätter), geklebt, geheftet oder gedrahtet	A 4 Heft mitSeiten A 4 H ...
		quer	1/2 A 4 quer 1/2 A 4 q		Block	Blätter an einer Seite geklebt oder geheftet, zum Abtrennen bestimmt	A 4 Block mit..... Blättern A 4 Bk ...
	Bogen	Blatt A 3, einmal gleichlaufend zur kurzen Seite gefaltet	A 4 doppelt A 4 d*		Buch	Bogen oder Blätter gebunden	A 4 Buch mitSeiten A 4 Bu ...
		Blattstreifen 1/2 A 2 quer, gleichlaufend zur kurzen Seite gefaltet	A 4 quer doppelt A 4 qd		Rolle	Papierbahn, 210 mm breit, mit Reißlinien im Abstand 297 mm, gewickelt	A 4 Rolle mit..... Abrissen A 4 R ...
		Blatt A 4, einmal gleichlaufend zur langen Seite gefaltet	1/2 A 4 doppelt 1/2 A 4 d		Band	Papierband, 210 mm breit (A 4 in Zickzackfaltung)	A 4 Band mit..... Abrissen A 4 Bd ...

* Der Druckvermerk wird nicht geändert, wenn Bogen zur Aufbewahrung aufgeschlagen oder zum Versand weiter zusammengefasst werden.

Mr. WEIL. This ratio has never borne any relationship whatsoever to paper sizes, envelope sizes, or machine requirements for standardization purposes in the United States and in view of the demonstrated infeasibility of conforming to the UPU proposed standards, we hope the Post Office Department will ultimately remove it from the Postal Manual as a recommendation—or rather as a nonrecommendation, as it appears.

In connection with this ratio, which has been published consistently in the "Postal Manual" since the beginning of 1963. We were most pleased to recently learn that the Bureau of Research and Engineering, in conjunction with the National Bureau of Standards, is now conducting tests which it hopes will be definitive and permit it to describe a ratio which is truly required by the first generation equipment which has been and is now being deployed in major post offices and which might meet the needs of the second generation equipment, too. It is possible that more than one ratio will be required. Preliminary and nonconclusive but perhaps indicative tests show that envelopes in a middle range of sizes with ratios of as little as 1 to 1.20 appear to run well. This is good news, even if it is not definitive. Also, first-class mail which is metered or carries a first class permit imprint is faced and tied or trayed when it is mailed. It need not be faced or canceled. Its ratio requirement might be significantly less than that for mail which must be faced and canceled, since it only must pass through a sorting machine. In addition, of course, first-class mail which is voluntarily presorted by ZIP code will not pass through any machine for many years, and therefore cannot have a ratio requirement at this time.

Further, in connection with the aspect ratio and also possibly in connection with larger maximum sizes which might be permitted by slower running but relatively inexpensive sorting machines, we were also most pleased to recently learn that the Bureau is right on top of the relatively new science of fluidics, and is supporting research by two pioneering companies in this field. It is extremely hopeful that within a year or two sufficient progress will have been made in this field so that it can realistically put into development fluidic facer-cancelers and fluidic sorting machines. In this new technology in industry, streams of gases and liquids perform sensing, and control machines and processes. In the Post Office Department's application, air jets would sense, control, propel, turn over and otherwise handle envelopes all through the processing cycle. Such machines should be virtually self-cleaning as to paper dust and other such matters, and have very low maintenance costs. While they might be slower than today's machines, they would probably be much less expensive to acquire and to operate and might well lend themselves to a universal mail handling system. Quite possibly, they would have no aspect ratio requirement whatsoever.

If we may take a little more time, we would now like to comment on optical character readers, beginning with the first generation Philco-Ford Corp. machine which is now deployed in four large post offices—Detroit, Boston, Los Angeles and Houston.

In our view, optical character readers, along with extremely large capacity but inexpensive memory devices, are the key components for any successful future mail handling system in the United States—for letter mail or for flats.

Without them, the Department will be lost. With them, we must insure that the business mailer, and particularly the mail advertiser, won't be lost.

We believe that the ability to read addresses against certain colored backgrounds was not a part of the specifications which the Department must have issued to potential contractors several years ago when it was contracting for its first-generation optical character readers. Perhaps there were many other requirements that seemed more necessary at the time.

We are informed that the Bureau of Research and Engineering has high hopes and expectations that its advanced optical character reader, for which development was scheduled to start next year, will be capable of reading addresses on 90 percent of the letter mail. Brown kraft, manila, and other colors represent substantially more than 10 percent of that mail so we assume that the Bureau had, in the specifications it issued to potential contractors for work on its advanced optical character reader, a requirement that it be capable of reading addresses against such colored backgrounds.

To avoid any possible misunderstanding and potential recriminations and bitterness several years from now, we most urgently request that the interested mailing community, not just this committee, be provided with the exact language which was incorporated in the specifications pertaining to all aspects of reading ability, so that we may determine now that what is contemplated will be adequate and, if not, voice our opinions before it is too late.

In a sense, the Bureau might be accused by some of being wildly optimistic in expecting to read 90 percent of the nonhand addressed first-class mail. We, unfortunately, are in the position of having to say to the Department, "90 percent is not good enough. You should make every effort to read 100 percent of the nonhand addressed first-class mail." The Bureau says that there is 10 percent of that mail which it doesn't believe it can ever read by machine—primarily due to the fact that the address is surrounded by so-called extraneous printing. We say that the Bureau is being unduly pessimistic. It should develop a machine that will handle all reasonably light colors, all printing, all glassine and all one-piece chemically treated windows. It should also disregard all lightly printed outside patterns and all light show-through inside tints.

We believe that such a machine can be developed. We believe that it should be developed. For instance, two scanners—one in the ultra-violet range and one in the infrared range could be placed on each reader and quite possibly solve the color problem. We are informed that there exists at least five different approaches to solving the brown kraft reading problem. American Telephone & Telegraph Co.'s Bell Telephone Laboratories have recently found a way to tune the color, or frequency, of a continuous light beam from a laser just as a radio might be tuned from station to station. RCA is also, among others, doing excellent work in the area of advanced laser development.

The importance of developing 100 percent OCR reading is not primarily to read first-class mail, although that is important. Dr. Reilley has stated his belief that within 5 years the OCR will be used operationally for sorting incoming mail. When that day comes, the OCR will be used for sorting bulk third-class mail from the fifth digit of the ZIP code to which it will have have presorted, all the way down to the sequence in which the carrier walks his route, if that is desired.

Bulk third-class won't be 10 percent unreadable because of extraneous printing, it may be 30 percent unreadable.

If necessary, the Department should institute a crash program. Indeed, it may already have done so. The development costs to the Department—whatever they might be—could not weigh against the continuing annual losses and costs to the mailers and their suppliers of the possible magnitude of hundreds of millions of dollars, and the subsequent loss in annual income taxes to the Federal Government in amounts greater than the total one-time research and development costs.

There has been a slogan used in our industry almost since its very inception and each time I see it, it reminds me how true it is. The slogan is "The envelope is the first impression." What this means is that the envelope is the first part of a mailing piece that the recipient sees, and it can to a large degree affect the image which the recipient has of the sender. It can also affect to a large degree the receptivity of the recipient to its contents. In fact, it can many times determine whether the recipient will open it and read its contents or throw it away unopened.

The ability to persuade millions of people—through the use of well-written copy and well-designed layout printed on the envelope itself—to open their envelopes and read the contents, has been responsible for the growth of many large business enterprises in this country. It wasn't the existence of a category of bulk third-class mail that was responsible for their success. It was the successful use of that medium that permitted them to grow.

There is a tendency on the part of all human beings to accept as permanent all things which exist today, and seem solidly based. Please do not make the mistake of assuming that these great companies which have grown and prospered through the successful use of direct mail will continue to prosper so long as there is a bulk third-class medium. They prospered because they were able to get their potential customers to open their envelopes, read the contents, and act. They will not continue to prosper if they cannot get their potential customers to open their envelopes. The most beautiful and persuasive direct mail piece inside the envelope cannot sell 5 cents worth of goods if the recipient does not open the envelope to get at it.

If it ultimately turns out to be truly impossible to successfully read 100 percent of this nonhand-addressed mail, then reasonable alternatives should be made available to the mailer—such as providing him with means by which he could encode his mail—or have it encoded—prior to entering it in the mail system, if he wishes to print all over the face of the envelope. Another alternative would be to let him print something extra on the face of the envelope—some simple, esthetically acceptable symbol or other marking which will immediately tell the optical character reader exactly where to find the address—thus making the piece OCR readable.

The mailer should have more alternatives offered to him than just refraining from printing what he wants to print where he wants to print it, or paying a direct monetary penalty. The encoding alternative which I referred to should be available in one form to bulk mailers who address by computers—and it should be equally applicable to addresses placed directly on the envelope, placed on a label to be subsequently

affixed to the envelope, or placed on a card to be subsequently inserted into a window envelope.

In another form it should be available to bulk mailers as an off-line optical character reader whose scanning area could be quickly and easily adjusted to read only in a certain prescribed area and be fixed directly on the address area.

The last subject in connection with mail-machine compatibility which we would like to discuss today is the dimension of $5\frac{3}{4}$ inches which the Department established in 1959 as the maximum width of an envelope which could be called a "letter" envelope, and to which for the past 10 years it has slavishly adhered as the maximum size which it should be required to handle in the development and deployment of its letter-sorting machines, and all associated equipment, primarily the Mark II facer-canceler.

In its report of March 26, 1959, to the House Committee on Post Office and Civil Service, pursuant to section 210 of Public Law 85-426, the Department stated that it had studied, both through its own experts and through contractors, the incidence of various sizes of mail in use. It further stated that surveys had been made of random samples of all kinds of mail in various post offices, and that all sampling studies showed letter size mail in common use to be of less dimensions than 6 by 12 inches. It further stated that "our research shows that practically all letter mail is less than 6 by 12 inches, and, also, it is less than $5\frac{3}{4}$ by $11\frac{1}{2}$ inches. These latter dimensions provide a more efficient and economical size for the development of letter sorting machines."

What post offices were sampled, and to what degree, deponent knoweth not.

We do know, however, that beginning shortly thereafter we explained at every opportunity year after year to those persons at the highest levels of the old Office of Research and Engineering the absolute need for increasing that width dimension to 6 inches plus a manufacturing tolerance of one-eighth inch in order to handle the ever increasing volume of 6 by 9 inch envelopes. The constant increase in 6 by 9 inch envelope volume was in large part due to the constant increase in the deployment of inserting machines which could handle that size envelope and insert into it $8\frac{1}{2}$ by 11 inch material which had been folded in half widthwise, with an absolute assurance of the minimum top to bottom clearance which the machines require. Ten years ago 6 by 9 inch envelopes were being manufactured by the hundreds of millions annually. Today, they are probably being made in billions annually. From the beginning, this envelope should have been considered to be a letter-size mail envelope, and the importance of incorporating the $6\frac{1}{8}$ inch width as a minimum requirement in all mechanized equipment purchased from this day forward cannot be emphasized strongly enough.

You have heard the Printing Industries of America, Inc., testify that more equipment is designed to print, process, finish, and bind paper products in the $8\frac{1}{2}$ - by 11-inch range or its multiples than in any other size. You have heard the director of sales of the Phillipsburg Division of Bell & Howell Co. testify that his company has one series of models which will handle envelopes up to $6\frac{1}{4}$ by $9\frac{1}{2}$ inches, and that the rationale for the selection of these specifications was determined by market conditions. You heard him say that if you have a quantity of $8\frac{1}{2}$ - by 11-inch sheets folded in half, slightly larger en-

velopes are required to permit insertion of the material into the envelope and the proper closing and sealing of the flap.

For the record, I am enclosing a letter dated January 19, 1968, received from Mr. Marion, regional sales manager of the Phillipsburg Division of Bell & Howell Co., which shows without a shadow of a doubt that a 6-inch wide envelope is needed for material 5½ inches wide, 8½ inches long, and one-quarter inch thick—the maximum letter mail thickness recommended by the Department since 1959.

Mr. OLSEN. Without objection, that letter will be placed in the record at this point.

(The letter follows:)

BELL & HOWELL Co.,
Philadelphia, Pa., January 19, 1968.

Mr. WILLIAM H. McMANUS,
Executive Vice President, Envelope Manufacturers Association,
New York, N.Y.

DEAR Mr. McMANUS: Confirming our discussion yesterday, it is our recommendation that the insert material described—8½ inches in length, 5½ inches in width and one-quarter inch thick would require a 6 inch by 9½ inch outside envelope for most efficient mechanical inserting.

Where thickness is introduced it is extremely important that throat clearance also be increased. The critical area is in the closing of the flap. Insufficient throat clearance will result in the inserts causing an obstruction to the flap closing properly which in turn affects expected production norms.

If we may be of any further assistance concerning mechanical insertion matters, please feel free to contact me or our Regional Sales Manager in New York, Mr. Joseph A. Klein (697-1556) at anytime.

Cordially yours,

EARL R. MARION,
Regional Sales Manager.

Mr. WEIL. The reason an extra one-eighth-inch manufacturing tolerance is needed is that the envelope folding equipment which manufactures these envelopes is size-changeable and it cannot be guaranteed that the machine will not be out of adjustment at any given time so as to overfold or underfold by a maximum of one-eighth inch.

In addition to changing its ordering specifications at the earliest possible moment, the Department should retrofit or alter all affected equipment now deployed in the field as soon as possible. It should first undertake an analysis of all points of machine interference and then determine the absolute minimum expenditures which would be required to modify existing machines to handle 6½-inch-wide envelopes well enough so as to cause no substantial sorting cost losses to the Department.

The users of the mails should not be penalized now or in the future simply because the Department did a poor market research job in 1959.

We realize that our testimony has been long. We thank you for your patience in hearing us out.

We hope that we may have shed a little light on some of the complexities of mail-machine compatibility. If you have any questions concerning our testimony or otherwise, Mr. McManus and I shall be happy to try to answer them.

Mr. OLSEN. Thank you very much, Mr. Weil. That was an extensive and very fine statement.

I guess you know our problem better than anybody. We do have to recognize the Post Office and the question of when we get compati-

bility is getting increasingly critical. I mentioned to Mr. Kappel of the Commission investigating the Post Office that I wondered, if the Post Office had been a private company, if they would be giving all the services they are giving today.

When you build a machine to handle envelopes, one machine handles one size at a given time, doesn't it?

Mr. WEIL. Yes, sir.

Mr. OLSEN. And if you are going to handle a different size envelope you have to adjust that machine. So there is our problem. It is to sort the material for different machines on a given day. I saw a machine in England in their mechanized post office. It looks like a concrete mixer, it has a big tank, and it separated what was machinable for their machines from everything else, and the flats and other things came out to be hand-handled. I was in the Detroit Post Office and we do the same thing there but we do it manually. People separate mail on a big table and some goes to machines and the rest is hand-handled. I would hope that industry would become more and more sympathetic to the fact we have to quit hand-handling mail, because this, I believe, is becoming impossible and our deficit will grow and grow. So I welcome every bit of advice industry can give to the Post Office Department, but I would like to hear somebody tell the Post Office Department how to operate in a manner suitable for the 20th century. It has been said that the Post Office Department is a 19th century institution trying to cope with 20th century conditions. I think it is a miracle that they handle the mail as well as they do. We will not worry about a compatibility bill, but I think next year, or the year after, there will have to be some kind of authority such as is provided in this bill requested by the Postmaster General. I don't think we can much longer make the Post Office Department wait for the Congress to pass laws that would regulate the mail. I think we have to give more authority to the management of the Post Office Department.

I say this because I want to encourage industry to help the Post Office Department find methods that would make mail more compatible with machines.

Thank you very much, Mr. Weil. I think you did a splendid job. Any questions, Mr. Nix?

Mr. NIX. I concur with the chairman in saying this was one of the most informative statements I have ever seen or ever heard. However, I cannot escape the thought that with machines performing so many functions I don't know what we will do with the population explosion all over the world. What will people do? I suppose then we will ask you to come before us and make certain proposals as to how to use the extra number of bodies we have in the world. I suppose we will have the labor unions saying we should cut the workweek down to 1 day, and we will have arguments from economists saying that 1 day's work deserves a wage scale equal to 6 days of work. I do not expect to see the 21st century, but it would be most interesting if I were on another planet to look down and see what you were doing with the problem.

With that, I thank you, Mr. Chairman.

Mr. OLSEN. There are many places in the world where they don't have things for people to do and we have to take a lesson from that too. If people are going to handle the mail or people are going to do these jobs instead of machines, the rates are going to have to go up. I

have noted time and again out in Montana that very frequently Western Union doesn't make the final delivery. More often than not the post office delivers the Western Union message. They used to have young men on bicycles, but they don't have them any more. The Railway Express Agency a long time ago quit making the final delivery. If you are not in one of the larger populated areas in Montana you will get a post card from the Railway Express Agency telling you that you have a package waiting for you at Missoula, Mont., and you have to go get it.

I see by Mr. Watson's statement before the Ways and Means Committee last week that there will be a lot of people around the country that will not have fourth-class post offices, and there will be a lot of people who will not have a letter carrier, people in new areas and in new buildings. They will have to come get their mail. Of course problems will not cease as long as we have people, and we are thankful we have people.

Thank you very much, Mr. Weil.

Mr. WEIL. Thank you, Mr. Chairman.

Mr. OLSEN. I don't think we have any questions. I think all of us understand these problems. Thank you.

Mr. WEIL. Thank you.

Mr. OLSEN. The subcommittee will stand adjourned.

(Thereupon, at 11:05 a.m., the subcommittee adjourned.)

STANDARDIZING THE SIZES OF MAIL

TUESDAY, JULY 30, 1968

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON POSTAL RATES OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:10 a.m. in room 210, Cannon House Office Building, Hon. Arnold Olsen (chairman of the subcommittee) presiding.

Mr. OLSEN. Dr. Packer, we are happy to have you here this morning, as well as Mr. Nicholson, Mr. Hanes, Mr. Riley, and Mr. Shaw.

You may proceed with your discussion of what we have earlier called standardization of mail sizes.

TESTIMONY OF DR. LEO S. PACKER, ASSISTANT POSTMASTER GENERAL, BUREAU OF RESEARCH AND ENGINEERING, ACCOMPANIED BY HON. RALPH W. NICHOLSON, ASSISTANT POSTMASTER GENERAL, BUREAU OF FINANCE AND ADMINISTRATION; A. P. HANES, CHIEF, INDUSTRIAL ENGINEERING DIVISION, BUREAU OF RESEARCH AND ENGINEERING; EDWIN A. RILEY, DIRECTOR, CLASSIFICATION AND SPECIAL SERVICES DIVISION, BUREAU OF OPERATIONS; AND CHARLES SHAW, SENIOR INDUSTRIAL ENGINEER, BUREAU OF RESEARCH AND ENGINEERING, POST OFFICE DEPARTMENT

Dr. PACKER. Thank you, Mr. Chairman.

I am very happy to have this opportunity to appear once again before this committee to bring you up to date on our recent activities and on our current views relating to mail processing compatibility. Since our first appearance several months ago, we have made a great deal of progress and we have noted the helpful and responsible testimony of many representatives of industry before this committee.

We have found this testimony to be instructive, as well as constructive. We are very pleased to note the consistent support of industry representatives for the urgent need to generate and implement meaningful guidelines for machine processing compatibility.

We appreciate the helpful and objective attitude of this committee with respect to this important objective of the Post Office Department. During the past few years, President Kennedy, President Johnson, and the Bureau of the Budget have directed Government agencies to conduct vigorous cost-reduction programs. During my own 2 years of service in the Post Office Department, Postmaster General O'Brien and

Postmaster General Watson have strongly supported these programs in all areas of postal operations, as well as in the Bureau of Research and Engineering.

Our progress toward mail processing compatibility is one of the most important cost reduction programs we are conducting. I am well aware that the chairman of this committee sponsored the bill which authorizes the formation of the Bureau of Research and Engineering and, incidentally, created the position which I hold.

I fully intend to carry out our responsibility toward postal cost reduction and to justify the confidence in our Bureau shown by the Congress.

We have talked about standards for mail pieces for over 15 years. Extensive studies have been conducted, tests have been conducted in the field, and contractors have worked on these problems for years. We have acquired a rich store of experience and information. Tentative conclusions have been drawn, specifications have been written, and excellent production machines have been designed and placed into operation.

We are working on improved machines all the time and will continue to do so for the foreseeable future. We still do not have all the answers and we are placing substantial resources into this work on a high-priority basis.

Our primary problem, unique to postal processing, is the efficient utilization of current and future mechanization. We are engaged in the materials-handling business, moving and processing materials in bulk and in single pieces. The latter is the most troublesome because of the excessively broad and uncontrolled variation of characteristics of mail pieces, specifically letter mail.

At the Xerox Corp. where I worked before entering Government service, we spent millions of dollars over a period of years in developing paper feed mechanisms for our office copiers. These mechanisms feed sheets of paper which are virtually identical in physical characteristics; of the same size, thickness, stiffness, friction, et cetera; and we had serious problems for many years handling the very slight differences from sheet to sheet and from package of paper to package of paper.

I think that our postal engineers and contractors deserve a great deal of credit for their achievements thus far in developing high-speed equipment to handle individual letter mail pieces. With the tremendous diversity in height, length, ratio of dimensions, thickness, weight, stiffness, color, indicia, address location, and format, it is almost a miracle that we have done as well as we have.

We have estimated that if our currently developing guidelines for Government mail were implemented today, we would be saving about \$4 million per year. If similar guidelines were implemented for business mail, we would be saving about \$50 million per year. If these figures are reasonably accurate, and our technical experts believe they are, we could be saving about \$200,000 per working day in unproductive postal labor; that is, in culling unsuitable mail, in monitoring processing machines, and in removing jams, not to mention the serious problem of damaged and mutilated mail.

We will show you in a few minutes some exhibits demonstrating the difficulty of the problem. Under these conditions, we would be

seriously derelict in our professional duties if we permitted undue delay in facing this problem or if we continued endlessly to study the problem instead of acting on the valid information we now have.

I am sure that Congress shares our urgent concern in the executive branch to achieve all possible cost reductions.

I would like at this time, with your permission, Mr. Chairman, to read a memorandum issued last week at the White House and signed by the President, and to insert it into the record at this point.

Memorandum from the President to the heads of departments and agencies: In the past several years, the Post Office Department has aggressively sought to cope with rapidly increasing mail volumes by operational and transportation improvements, research and engineering, modernization of obsolete facilities, and construction of modern mail-processing plants.

One of the basic problems in efficient utilization of mechanization systems arises from the wide diversity of mail pieces characteristics, making it impossible to achieve continuous smooth-running operation of this complex equipment. Expensive manual labor is needed to monitor the machines, to extricate jammed mail and to manually re-process it into the mail flow. Postal engineers are unable to obtain desired machine performance until mail with undesirable characteristics is eliminated. These vulnerable characteristics are now well understood.

The Post Office Department is planning an ambitious national program to make letter-size mail more nearly compatible with high-speed machine processing. This will not involve arbitrary or harsh restrictions but merely the following of certain simple guidelines and an understanding of the problems involved.

It is my intention that the Government, which generates a substantial part of national mail volume, provide the leadership and example to achieve the important cost savings possible from this program. The business and industrial community will certainly following our example.

The Administrator of the General Service Administration will act as central coordinator for the Government community. Each department and agency is directed to designate its chief administrative officer to carry out mail improvement recommendations within his organization. The name of each designee will be provided to the Administrator of GSA. The Post Office Department will provide guidelines, technical advice and test services to the General Services Administration and through them to other agencies and departments to support the reform of postal practices within government.

I consider this program to be a vital aspect of our cost reduction efforts in government warranting urgent and continuing attention to postal processing requirements in government.

As engineers, we are convinced that a reasonable improvement in mail processing characteristics can permit more continuous high-speed operation of our current mechanization equipment. This will give us lower processing costs per piece, more productivity in our post offices, more rapid return on our mechanization investment, and better and more reliable service to our patrons. All our studies and experience indicate that reduction or elimination of expensive, time-consuming manual labor used to nurse our machines, which cannot do the impossible task of handling all varieties of mail, will pay handsome economic rewards.

Also, it is expensive and time consuming to use manual labor to cull out the nonmachinable pieces of mail and separate them from the main mail stream. It is a simple fact that we need more uniform characteristics to provide larger volumes of machinable mail to flow smoothly and rapidly through our machines.

Let me emphasize, as I have on many occasions, that we are not considering limiting the specific numbers of machine-acceptable mail types, as several foreign countries have done. We are talking only about permissible ranges, upper and lower limits with an infinite

number of possibilities in between, or a single limit with an infinite number of possibilities on the acceptable side of the limit.

As you know, Mr. Chairman, we are very proud of the Postmaster General's Research and Engineering Advisory Council, a group of distinguished scientists, engineers, and industrial managers drawn from industry, Government, and universities, who advise us on the planning and conduct of our research and engineering programs.

It is interesting to note that at one of our first meetings over a year ago the Council was astounded to learn of the wide variations of mail our equipment attempts to process. Their first panel report to the Postmaster General carried a very strong recommendation that we move forward to achieve better mail machine compatibility by providing a reasonable degree of mail uniformity while at the same time striving to improve the performance and acceptance range of our machines.

In response to this recommendation, Postmaster General O'Brien and, more recently, Postmaster General Watson, have directed our Bureau to intensify our efforts in this area, and we have done so to the best of our ability and to the maximum extent of our resources.

Having spent almost all of my working life in private industry, I would like it understood that we are seeking and will continue to seek the advice and guidance of industry in developing and implementing appropriate standards for mail pieces. We have taken the initiative to organize a committee of industry representatives who speak for a broad range of interested groups. We are happy to add additional members as we learn of their interest. We have explained our plans, our programs, and our current thinking with complete candor and in great detail.

At the recent Postal Forum, we devoted a day and a half to a panel discussion of mail processing compatibility, which attracted as many as 500 people. We are now working with the American Paper Institute in conducting tests of glassine window envelopes to determine their performance in optical character reading machines. These tests were fully reported upon by the representative of the American Paper Institute at the Postal Forum. We have received splendid cooperation from the Envelope Manufacturers Association in providing information on varieties of envelopes manufactured and in providing samples for test.

We have talked to a group of members of the Business Equipment Manufacturers Association about the relationship of their computers, office equipment, and mail preparation equipment to postal processing needs and have obtained their interest and cooperation. We are seriously considering the possibility of working with industry to develop mail standards under the framework of the United States of America Standards Institute which coordinates and publishes standards in this country. We have a most generous offer from USASI to provide us with their facilities and experience in developing standards, with the Post Office Department, the manufacturers, and the mail users as the primary participants.

Obviously we cannot consult individually with each firm and each individual interested in this work or we would have a hopelessly complex situation. Nor can we abdicate our responsibility for progress to new committees, to study groups, to contractors, or to anyone else. We are necessarily in a central position here and must provide technical leadership. On the other hand, we cannot succeed unless we merit the

confidence of industry and benefit from their specialized knowledge and experience and advice. Only in this way can we arrive at standards and guidelines that are practical, sensible, and fair to all concerned.

Since any kinds of new standards involve changes from the status quo, it is unrealistic to expect that there will be no impact on any part of the industry. We certainly hope that the impact will be a favorable one and that the adjustments will not involve hardship to any part of the industry. Standards that are realistic and practical will do nothing to reduce the volume of Government or business mail and the expenditure of funds for mail materials. There are some indications that in some respects such expenditures might even rise very slightly but the offsetting saving in postal costs would be many hundreds of times higher. That is why we wish to be careful and deliberate in developing standards for business mail and why we must have the cooperation of industry in generating good standards.

I must emphasize once again that we have no plan, no intention to ban or prohibit any kind of mail product, whether it be glassine windows, colored envelopes, paper of any kind, greeting cards, or anything else. We are making full and comprehensive studies of the relationship between mail products and materials and mail processing efficiency. We are responsible for planning, conducting, and evaluating these studies and tests with full objectivity and the highest available level of engineering competence. Responsible representatives of industry are welcome to participate in our work, to keep informed of our progress. I would hope that we could all depend on the facts as they are developed and refrain from anticipating conclusions or reacting to unreliable information.

The problem of efficient utilization of mail processing mechanization is with us today. We need standards for machine processable mail today. We cannot wait for future generations of equipment which we confidently believe will provide a liberalization of mail standards. We must develop these standards as rapidly as possible. We feel that we have the basis for standards of mail within the Government community, to serve their specialized mailing practices. We do not yet have standards for business mail that are comprehensive enough. We believe that industry must help us to develop these standards as rapidly as possible, building on the foundation we have already acquired in past years.

On the basis of our experience thus far with industry, we know that they will work with us enthusiastically. Our contacts with industry have been very gratifying thus far and we intend to do everything in our power to keep the relationship as cordial as possible.

Our current guidelines for Government mail are close to completion and we hope to make them available to industry in the near future. I know that this committee will maintain its active interest in the development of machine processing mail standards.

I would now like to present Mr. Alvin P. Hanes, chief of our industrial engineering staff, assisted by Mr. Charles Shaw, senior industrial engineer, who will describe some of our studies and conclusions dealing with Government-generated mail.

I am proud to have technical experts of this caliber in our Bureau of Research and Engineering. They have made a comprehensive study

of Government mail that I am sure you will find interesting and persuasive.

We will be happy to answer any questions you may have at the conclusion of their presentation.

Mr. OLSEN. We will ask questions later, when the testimony is complete, but I hope that the volume of mail generated by the Government will be shown in the testimony. I am sure you gentlemen have the answers.

Mr. HANES. We will show you the volume, Mr. Olsen, of the Government mail, in this presentation. We haven't broken it out by each agency. However, we could do this at a later time.

Mr. OLSEN. The ZIP code has had tremendous problems with mailers. I know that imposing restrictions on people can become an element of great confusion for the civilian population.

Mr. HANES. We hope to bring this point out, that we are addressing ourselves mainly today to Government-generated mail. That mail such as is originated from your office, or Dr. Packer's office, is not like the mail coming to the Government. We do not intend to impose anything on you or your constituents as to how they would handle the mail they send to you.

Mr. OLSEN. We will pursue that later.

Mr. HANES. I would like to briefly describe for you today then the findings of our study of official or Government mail or penalty mail, that Dr. Packer has talked to you about this morning.

Many of the problems I will describe pertain to Government and business mail as well, but this specific study was limited to Government-generated mail. We feel that if any serious improvement is to be made in what people enter into our mail system, the most logical place to start would be with the Government-generated mail itself.

First of all, this chart shows Government is a large and steadily growing mailer.

In the last 10 years it has grown from 1.5 billion pieces a year, to nearly 2.5 billion in 1967, so we are a very large mailer.

Another reason Government mail is important to improve is the wide impact of Government correspondence on the business and private affairs of our country. Perhaps the main reason we should look at Government mail is this: Lack of control of the input into the mail system is a major problem and perhaps, I may add, the major problem hindering the effective use of our high-speed mechanization systems today. We feel the Government should be setting an example for other mailers to follow.

Now, I would like to show you some characteristics of Government mail which we have on this chart.

As you can see, Government mail comes in all sizes, shapes and colors. As a matter of fact, the GSA supply schedule lists 60 basic styles of envelopes, 20 of which cannot be processed on our present equipment.

Now, these 60 basic styles are ordered in about nine different variations, so you can see that we are faced with 500 or 600 different envelopes in current use within our Government today.

I will show you more examples in detail and discuss the individual characteristics of Government mail in a moment.

We admit all mail can be processed somehow. We can and do handle baby chicks and baby alligators. So the question of compatibility is a matter of degree.

With much of our mail we must decide if the mailer can afford the delay in getting his mail, and the risk of damage, and can the Post Office Department afford the cost of handling the mail.

Now, the first thing that we find when we look at Government mail is that absolutely none of it presently can get past the first step of our mechanized processing. Now, that is a startling statement, but we feel it is a fact. There is not one piece of Government mail today that can be dumped into the receiving area of our most automated system and have anything of value done to it other than perhaps setting it on its edge. Why is this? Because there is no way to mechanically find the face of a Government piece of mail. The standard penalty marking—I am sure you are all familiar with this—as required by title 39 of the United States Code does not contain enough density of print for contrast searching by our present Mark II facer-canceler, which is our very best piece of equipment for facing and canceling.

In our modification for luminescent searching, it will not help us find the face because our Government envelopes are not luminescent-tagged. Also of increasing importance is the fact that much of our Government mail is addressed in such a manner that it cannot be read and sorted by optical character reading equipment.

Now, before we take a look at some pieces of mail, I would like to show you two simplified examples of what we call processability criteria. These are groups of rules or tests by which the processability or the compatibility of the item with the process can be determined.

Even in a very small post office in which mechanization is not feasible, there is still a need for mail to meet certain bare minimum criteria for efficient handling. For completely manual processing, it should be possible to rapidly find the front of the mail piece and the delivery address must be obvious to the eye. Also, the piece should be large enough to handle a legible address, a return address and a stamp, and yet we would like it small enough to easily fit into our manual distribution cases.

A typical mechanized post office may have several individual machines, one of which might be a mechanized edger-stacker, which is quite common in most of our larger post offices. This card shows some of the requirements for rapid mechanized edging and the criteria we would use for checking the mail piece to see if it is compatible with the edger-stacker. It must not catch other mail as it falls on edge or is accelerated and decelerated. It must have enough strength to resist bending. Inserts must fully fill the envelope, et cetera.

Now, 8 inches by $10\frac{1}{2}$ inches is the standard size of our Government paper. We should put this standard size piece of Government paper in an envelope that is $3\frac{7}{8}$ by $8\frac{7}{8}$ inches, but it is a common practice in Government agencies to use a $4\frac{1}{8}$ - by $9\frac{1}{2}$ -inch envelope with 8- by $10\frac{1}{2}$ -inch paper. I imagine your secretaries use this same small size Government paper and large envelopes.

Mr. OLSEN. Ours is a different size than generally used, though.

Mr. HANES. I think all Government paper is the same 8 by $10\frac{1}{2}$, which is smaller than private industry. I have some samples of paper from a Congressman's office, and it is the same as ours. However, yours might be different.

Mr. OLSEN. No; I am saying that Government paper is smaller in dimension than private industry.

Mr. HANES. Yes, sir; it certainly is. This is a point we are just about to make, that your paper, and all Government paper is the 8 by 10½, which is smaller than industry. However, we do have a common practice in Government to use a 4½- by 9½-inch envelope and put our small size Government paper in it. This leaves a flimsy end, or flimsy tail of an inch or inch and one-half on our envelopes that make them difficult to machine process.

Mr. OLSEN. An envelope is 4½ by 9½ inches. That is comparable to industry.

Mr. HANES. Yes.

Mr. SHAW. That is a No. 10 commercial envelope—the 3⅞- by 8⅞-inch envelope is a No. 9 commercial envelope.

Mr. HANES. On this card are examples of envelopes too large for the job being done. For instance, this 9- by 12-inch envelope was used to mail one standard size envelope and a small piece of paper. Practices such as this cost the agency as much as an extra \$6 per thousand for envelopes, plus the fact it adds a significant cost to us in the Post Office Department for handling this mail, not as a letter size, but as a flat, and handling manually.

This photograph shows our mail stream moving smoothly through a Mark II facer-canceller. I think it is significant to point out that the mail travels through a Mark II at about 20,000 to 30,000 letters per hour, so it is really clicking through. You can see the letters here are just blurs as they are going through the different belts.

This slide shows typical damage that can occur when a bent letter gets into the mail. By the way, I will point out a little later that these are not staged pictures; these are actual pictures of real jams.

Now, what people often fail to realize is that sometimes their mail pieces cause a jam and is not damaged; but look, in this slide, at the destruction which sometimes follows when you suddenly stop mail that may be moving 5 or 6 miles an hour.

We find the Government letterheads and forms are nearly all 8 by 10.5 inches and require the 3⅞- by 8⅞-inch envelopes we have been speaking of, but last year the Government purchased only 371 million of the proper size, 3⅞- by 8⅞-inch envelopes, and purchased at the same time 890 million 4½- by 9½-inch envelopes, which are more susceptible to bending and other damage, such as shown here, and also cost about 25 cents extra per thousand envelopes. So there is a two-pronged approach of cost avoidance by using the right size envelope.

Mr. OLSEN. The trouble arises because of the contents in the envelopes.

Mr. HANES. Because of our smaller size paper.

Mr. OLSEN. It causes the tag end?

Mr. HANES. Yes, sir. This is a typical thing that happens to a Government piece of mail [indicating the 1½-inch flimsy end].

Mr. OLSEN. Would it be better to stay with the commercial sizes than change the size of the contents?

Mr. HANES. The standard 3⅞- by 8⅞-inch envelope we are talking about is a commercial size envelope, also No. 9. It is just a matter of using the proper envelope which happens to be also a cheaper envelope for our Government mail.

This is common throughout all of Government and we are not saying it to be critical. Really, the problem is we have not informed the people that this is causing us trouble. I know my own secretary has been using the wrong envelopes.

Mr. OLSEN. I have often wondered why we don't use the common size paper.

Mr. HANES. I really don't know.

Mr. OLSEN. I will pursue this with GSA and find out why they have that extraordinary size.

Mr. HANES. Aerodynamically speaking, with the flimsy end, this is a very unstable piece of mail for us.

Mr. OLSEN. You have to change the envelope or change the content.

Mr. HANES. As we would like to say, use the proper envelope because they both are in the Federal supply catalog and you can order the proper ones.

By the way, there is a use for this larger (4 $\frac{1}{8}$ by 9 $\frac{1}{2}$) size envelope, and that is when we use it to send out a return envelope.

If you would send something out and you would like a return to you, then you would put the smaller envelope in the larger and then we have a very fine piece of mail. We are not saying we want to do away with the larger envelope. We just want them used properly when they are used.

Part 122.4 of the Postal Manual, says the address must be on white paper or paper of a very light color. Only the address and a key number used by the mailer may appear in the address window. It also says brilliant colors must not be used for envelopes. This card shows a number of violations by Government agencies of these guidelines.

I also might note that not one of these addresses can be read by our optical character reader because of extraneous information printed too close to the address, and other things, such as inserts not properly fitting the windows and the background colors that we are faced with. I think you can see that these are really difficult for a human being to read, let alone asking a piece of equipment to do it.

Mr. OLSEN. I can't read them from here.

Mr. HANES. I think I can get it close to you and you will still have difficulty, Mr. Olsen.

Mr. SHAW. A typical problem is adding two five-digit numbers to the bottom address line of a check. It is difficult to determine which of the numbers is the ZIP code.

Mr. HANES. This is a piece of mail where if we really wanted to design a piece of mail that would jam up the machinery, this is just about what we would come up with. It catches other mail—this is the one we are talking about here [indicating on card]—it catches other mail which is edged or crumpled. It is a square piece and therefore we can't find the bottom of it. It is not sealed, so, in other words, it is just about the Utopia in how to jam up a piece of mechanized equipment.

Mr. OLSEN. I was going to ask you about that rectangular item, or the square piece. The square piece is something you want to restrict?

Mr. HANES. A square piece causes a problem such as this. When it goes through a piece of equipment, we can't find the bottom mechanically. In fact, a round piece would be impossible, and when it comes to a square, the more difficult it is to get the piece to fall and fall on its long axis so that we can find it.

Mr. OLSEN. When you talk about a rectangle, you want a rectangle that has the long axis?

Mr. SHAW. A rectangle but not a square. A square is a rectangle, but a rectangle is not necessarily a square.

Mr. OLSEN. I see your point, but I wondered about the definition.

Mr. HANES. I think that is one of the reasons we get into a little bit of a hassle on one of the guides or criteria we want; it is trying to define a rectangle a little more closely than we have.

This card shows more self-mailers which don't have a chance in our mechanized society today in the post office. Even if these items are faced, they can't be sorted on letter sorting machines because vacuum pickoffs would make them fly apart. For instance, you can see what would happen if that went into our mailing system today and was picked up with a vacuum pickup. It would certainly jam the machine.

There is a piece that actually went through. This is how it got through. It did get through, but I wonder how many behind it or in front of it didn't get through because of it.

This is another actual mailing. The patron did staple the sides but we just can't have a piece of mail like this in mechanized equipment when we are trying to handle 20,000 to 30,000 pieces of mail per hour through a piece of equipment. Anything like this definitely has to be handled by hand.

Mr. OLSEN. You are saying that items that are folded and open at each end, however stapled, cannot be handled?

Mr. HANES. They can be handled and we will handle them, but they do damage to our equipment and also impede the flow of our mail and we are recommending to Government agencies to restrict the use of open-ended or open-sided letter-size mail.

Mr. OLSEN. We have to make this record so somebody can read it and know what we are talking about.

Thank you.

Mr. HANES. We have not defined brilliant envelopes well enough, or light colors for address backgrounds, but we do know with the present optical character readers these pink cards are all black. This particular card [indicating].

Mr. OLSEN. You are pointing to some cards that are pink and you say the optical scanner thinks they are black?

Mr. HANES. Our present optical character readers, or scanners, whenever they read a pink or a red, they read it as a black so when you would read a card like this, you could not find an address. Everything would come out as a black card.

Mr. OLSEN. Those are your own cards?

Mr. HANES. Yes, sir.

This particular card was also designed so small that, with all the information printed on it, it is hard for you or myself, as a human being, to find the front or the back of it.

We find that also some of our Government cards are designed so small that with the normal tolerances allowed in printing, they come out under the legal minimum size for mail by at least a sixteenth of an inch. As you have pointed out, these happen to be post office cards.

If you will notice the blue card right here in this slide, this is the jam that resulted from this one undersize card. There were about 15

good pieces of mail damaged by this card, and, by the way, it took us 5 minutes to clear the machine and put us about 2,500 letters behind for the night. Just that one little jam.

Here is a slide showing another example of a card that is too limber to properly process through our facer-canceler.

This slide shows what occurs when an irregular object—this time it happened to be a fountain pen—is included in an envelope. It just disintegrates the envelope and jams.

This slide shows the result of an extra-long envelope which did not swing into place in the stacker of the Mark II before the following mail could stack and we had what is known in our business as a blowup. In other words, the mail goes straight up in the air at 6 miles an hour and, by the way, the letters that you see in the picture are those that happened to land back on the piece of equipment, but the whole floor is normally covered by this mail by the time the man can push the red stop button to get in and clear the jam.

This slide shows one of the problems in trying to mix a wide range of sizes into one machine. The vacuum pickoff arm is about to pick up the envelope and the small yellow card in front of it. This type of error will not cause a jam, but the card and the letter will end up in the same sorting bin and the card will be misrouted. In other words, if the letter is going to New York and the card to San Francisco, they will both be picked up with the vacuum arm and the card will end up in New York as an error. We will have to get that card back in the stream and send it back to the proper location.

Now, as Dr. Packer has pointed out, and we have stated many times, we are striving very hard to make our machines more universal and to be able to handle the majority of the mail, but we are killed with what we call the multiplier. With our machines, which handle about 25,000 pieces of mail per hour, if we have one-tenth of 1 percent noncompatible mail, which really isn't bad, that is 99.9 percent perfect, each machine will have 25 jams per hour or have 25 errors per hour, so we would have 25 dissatisfied customers every hour for every piece of equipment and this is if we are 99.9 percent perfect.

Each time something like this happens (showing photograph) or like this, we lose the use of the machine for a period of from several seconds to several minutes. Sometimes serious damage is done and we lose the use of the machine for the rest of the shift.

Now, I think it is very important to realize, as stated before, that these slides that you have seen today were made of actual live mail jams as they occurred. I think the significant thing is that these jams occurred in 1 hour in a large post office. We didn't stage them. We didn't set them up, and to be frank with you, I have only shown you a fraction of the jams and problems that actually occurred in that 1-hour period.

The large Government mailers do a good job of handling the mail, as a rule. The reason is that the Post Office Department has put emphasis on how the agencies hand the mail to us, but we have not put much emphasis on the mail piece itself, which we have been addressing ourselves to here today. Without the help these people provide to us, we would have even more problems in handling the present volume of mail than we presently have. Two things that our customers do are important to us. One is how they hand it to us and the other is what they prepare and call "mail" and give us.

Now, what do we need to do about this? Do we need to standardize? We have pointed out what the dictionary says about a rectangle and a square. So, going back to the dictionary, the dictionary defines standardize as "to reduce to a standard" and as Dr. Packer has stated, that is not really what we are trying to do. The 30 or so sizes that I showed you on the first card are not really what hurts us if they are properly used. If you use the proper envelope with the proper piece of paper, they really don't hurt us. We need some standards, perhaps, but the problem we are faced with is that the connotation in people's minds regarding standardization is that of regimentation rather than a standard such as most of us know, like machine screw thread standards.

Really, all we are trying to do is make official mail, and we hope eventually all mail for that matter, more compatible with our processes.

Again, as the dictionary might say, capable of coexistence in harmony.

Before absolutely definable and all-inclusive process compatibility criteria or guidelines can be published, as Dr. Packer has stated many times, much difficult research must be conducted regarding the characteristics of mail pieces and mail processing equipment. However, despite the need for continuing research, many of our problems, and the basic desired characteristics of mail pieces we already do know, based on more than 10 years of research and field experience. We also feel that it is only good management to start mail piece improvement within the Government and start it as soon as possible. Therefore, we are preparing mail process compatibility guidelines to be used throughout the Government covering such items as shown on this next card.

Before we can start processing mail, we know it must have an indicia, or stamp that we can readily find both by eye and machine. The optical contrast characteristics of Government letter-size mail could be improved quickly at little or no cost. By the time our luminescent detectors are installed on all of our facing machines, we will see to it that Government indicia is suitably tagged. Other processability criteria that we are defining are minimum and maximum sizes, ratio of height to length, color of address areas, address format, window clarity and construction.

At this point I feel that it is important to mention two items regarding our guidelines for Government that are of considerable interest to the business community.

First, we have included a specification in the guideline which is much less restrictive than the one proposed several months ago by GSA in proposed Federal specification UU-E-552-A, which was mentioned in a statement to this subcommittee on postal rates by Mr. Robert Ackley, of the American Paper Institute, Inc., in July 1968.

Our forthcoming specification draws the line at a point beyond which addresses become especially difficult to read, either by eye or machine if the print is at all degraded. Although every effort will be made to promote clean, accurate printing, certain variations in the print are inevitable as ribbons or plates wear. We feel, therefore, that both the window, as well as the address printing must be of reasonably good quality.

Our tests show that some of the better grades of glassine do meet these specifications.

Secondly, there is concern by some that we might adversely affect the sulfate, or better known as kraft, paper industry and at the same time increase the cost to the Government of buying envelopes.

I would like to explain that we are not proposing to eliminate any envelopes from the current Federal supply schedule. We are only asking that people use the correct envelope for each mailing.

During the last year the Government purchased 1,056,650,000 kraft envelopes through GSA with a weight of 13,624 tons. Over one-half of these envelopes are larger than letter size and will not be affected by our guidelines; except to the extent, as we have pointed out before, that mailers decrease the use of flats and increase the use of letter-size mail, which will save them and the Post Office a significant amount of money.

Now, one-fourth of the kraft envelopes today are letter-size window envelopes which will not be decreased by our guidelines at all. We won't affect them.

The remaining 25 percent of kraft envelopes are letter size with no windows and they constitute only 1,380 tons, or about 10 percent of the production weight of sulfate envelopes sold to the Government.

We are asking that if these envelopes are to be mailed, they be addressed with a white, light blue, or light green label, which is already being done in many instances.

These envelopes are also used extensively for intradepartmental purposes and do not enter the postal system. These are not going to be affected at all.

Now, the cost of these versus white envelopes is quite interesting. In the current GSA Federal Supply Schedule for FSC group 75, part 5 envelopes, again the $3\frac{7}{8}$ by $8\frac{7}{8}$ brown sulfate envelopes cost \$2.46 per thousand in the Washington, D.C., area and the $4\frac{1}{8}$ by $9\frac{1}{2}$ sulfate envelopes—which we have been buying the most of, by the way—cost \$2.39 per thousand. In most cases the correct envelope for mailing Government-size letters is $3\frac{7}{8}$ by $8\frac{7}{8}$, the smaller one. In white 20-pound paper, these envelopes cost us only \$2.37 per thousand. So agencies which do make the switch, to the proper-size envelopes from the improper-size brown envelope or kraft envelope, will experience a savings of 2 cents or 9 cents per thousand envelopes that they purchase.

Mr. OLSEN. I notice the white costs \$2.89. I have been handed a note on this with regard to the Federal Supply Schedule.

Mr. HANES. We have taken the latest Federal Supply Schedule which Mr. Shaw has in his hands here, and we have used the figures in the Washington, D.C., area as stated. There could be some price differentials. There could be some interesting facts and statistics proven by using different areas. However, the figures we have used are the f.o.b. destination, Washington, D.C., area prices and from the latest FSC Schedule.

Mr. SHAW. There are different prices at various destinations, and there are also wide variations in the f.o.b. point of origin prices, depending on the particular contractor's bid in the various zones. F.o.b. origin contracts are not to be used when there is an f.o.b. destination price for a given envelope style. Since a large concentration of Government mail is generated in the Washington, D.C., area, we have used the prices actually being paid by Government agencies in the District of Columbia and contiguous areas.

This is the Federal supply schedule for FSC class 7530, envelopes, printed and plain, for the period October 1, 1967, through September 30, 1968.

Mr. OLSEN. Thank you.

Mr. HANES. After publication of our process compatibility guidelines, we must get them distributed and explained throughout the Government agencies in such a manner they can appreciate and understand the need for compliance. The channels already exist to accomplish this. The General Services Administration, National Archives, is charged with the responsibility of giving Federal agencies guidance in matters of forms. Our guidelines for application for official mail are nearly completed. The President announced our program on July 24, 1968, and specified that GSA would be the coordinator. We are truly convinced, as a result of our engineering analysis, that application of our guidelines throughout the Government will result in faster, more efficient, and more reliable mailing at a lower cost to the Government.

Mr. OLSEN. Thank you very much.

I just have a few questions. The larger size that is more popular is 6 $\frac{1}{8}$ inch by 11 $\frac{1}{2}$?

Mr. HANES. No, sir; I don't believe you would be able to find many 6 $\frac{1}{8}$ -inch Government envelopes today.

Mr. OLSEN. How about generally in industry?

Mr. HANES. In industry there has been, to quote Mr. Weil's testimony before you on July 17, he states that 10 years ago 6 by 9 envelopes were being made in the hundreds of millions and he would estimate today in private industry they are in the billions. However, 6-inch envelopes do cause us trouble not only in our mechanization but in manual handling. The Post Office Department went on record in 1958 that the 6-inch envelope does give us trouble in manual handling.

In our manual casing, if you are familiar with the pigeonhole, the standard size of the pigeonhole is 6 inches in width, so when a carrier or anyone else tries to put something in it that has deviations in construction, it has the possibility of bridging and making it difficult for the employee to insert the letter in the pigeonhole.

Mr. OLSEN. Can it be handled as a flat?

Mr. HANES. It can be and we do handle them as flats today, which costs us extra because flat sorting is slower.

Mr. OLSEN. In casing them, then, you have trouble putting them in a pigeonhole?

Mr. HANES. Yes, sir. We do have a slide here that does not specifically show a 6 by 9, but it shows the back of our letter sorting machine where there is difficulty in the letters gapping and bridging, which cause us trouble.

Mr. OLSEN. You do not have a 6 by 9 envelope?

Mr. HANES. We do not have a 6 by 9 envelope; no, sir.

Mr. OLSEN. A 6 by 9 envelope is very popular.

Mr. HANES. In industry, yes.

Mr. OLSEN. In our comparable envelope in Government what is its size?

Mr. SHAW. We use 6 $\frac{1}{2}$ by 9 $\frac{1}{2}$'s, which are definitely flat handled. The next size smaller is 5 $\frac{1}{2}$ by 11, which does qualify as a normal letter mail size.

Mr. HANES. This is what we would handle as a flat.

Mr. OLSEN. That is a 6 by 9?

Mr. HANES. I believe it is. This happens to be $6\frac{1}{2}$ by about $10\frac{1}{4}$. This is a Government piece of mail too.

Mr. OLSEN. Another thing, this ratio of height to length, you have it 1 to 1.414. Is that the dimension of the Universal Postal Union?

Mr. SHAW. Yes, that is the number they are recommending. I think we have sufficient data to indicate that can be rounded out to 1.4. It happens that particular number has a rather unusual history but regardless of the history of the 1.414 it happens to be in the ball park where we have trouble with edging. Not only do we have to turn the piece on the edge once, but every time we put it in the stacking mechanism we want it to stay on the long edge. In Government there is no particular problem in using 1.4 because the Government mail is well within that or well over it. Government mail gets in trouble where one piece of Government paper is folded twice. This gives you a very poor piece of mail so far as mechanized edging or maintaining it on the proper edge. It is far too square. However, most letter size Government mail is within the proper range of ratios of length to height.

Mr. HANES. I think we hope very strongly we will be able to liberalize this 1.414 for industry. We have testing now underway. It is not a magic number. It is debatable and we do feel that our tests indicate before we impose something like this on industry we would try to liberalize it, working with industry to arrive at a number that is compatible with our machines.

Mr. SHAW. Here are examples of some long thin pieces of mail. You see how the pieces fall upside down in the letter sorting machine bin, if they are too short in height for their length, so we are recommending the ratio be between 1 to 1.4 and 1 to 2.5.

Mr. OLSEN. We have heard quite a lot of testimony about window material from industry and they are concerned that in a very few years you will have more sophisticated scanners that can read through any window material you have now. Is that true?

Mr. SHAW. Our research is directed toward improving the resolution of the scanner to read degraded characters. It is also directed to improving the color sensitivity. The third aim is to reduce the cost of character readers. We don't foresee the ability to read through a piece of material that is difficult for the human eye to read.

Mr. HANES. I will take a piece of paper and insert it in a window envelope. This happens to be pretty good, but if this were passing before you at 2,000 or 3,000 an hour, 8 hours a day, and you were trying to key a difficult address in, this happens to be good typing, but we want not only a good piece for the reader to read but for the human eye to read. We have liberalized, in our criteria for Government, the proposed specifications GSA was going to buy window envelopes on.

Mr. OLSEN. Have you had any response from industry concerning these particular guidelines or have they been published yet?

Mr. SHAW. No, they are not completed in their final form. We did show a rough draft to the GSA approximately 2 weeks ago.

Mr. OLSEN. I think the toughest thing you have is the elimination of kraft.

Mr. HANES. I would hope we could rephrase that. We are not emphasizing the elimination of any kraft today. We are asking that they use a proper size and if they use letter-size kraft envelopes without windows that they use a light colored address on them.

Mr. SHAW. We might point out 80 percent of the weight of kraft paper bought by the Government is in flats.

Mr. OLSEN. That is one place you might make some change?

Mr. SHAW. Yes, only from the standpoint that we are emphasizing use of letter size, and the Government will save some money.

Mr. OLSEN. What is the smaller size of kraft?

Mr. SHAW. $3\frac{7}{8}$ by $8\frac{7}{8}$.

Mr. OLSEN. What about the cost?

Mr. SHAW. The cost is higher than for white.

Mr. OLSEN. In the Washington area?

Mr. SHAW. All cost figures we have shown today are based on prices in the Washington, D.C., area.

Mr. OLSEN. The cost of the smaller one in kraft?

Mr. HANES. \$2.46 per 1,000, so it would still be 9 cents more per 1,000 envelopes than if they use the white, which are \$2.37 per 1,000 in the $3\frac{7}{8}$ by $8\frac{7}{8}$ inch size.

Mr. OLSEN. You are making guidelines that if they use kraft they must have a white label?

Mr. HANES. Yes, or light blue or light green.

Mr. OLSEN. Let me say I think your Department has been doing good work and I am very pleased with the progress you are making in research. I hope you can proceed in developing a better scanner and a better machine, and I especially hope, for the sake of industry, that it be done before we have guidelines for industry. I speak for all segments of the industry but I am especially impressed with the envelope people and the paper people. I feel sorry for all of these accountants in the country who decide on a new form and then some accountant in Government, in the Bureau of the Census or some other bureau, designs a new form and the envelope people build a new envelope. It is well, though, that everybody has this warning that there has to be more compatibility with the machine.

Your proposition, I read somewhere, was that you were asking industry to follow the lead of Government. Is that your position, Dr. Packer?

Dr. PACKER. Well, sir, we were asking industry to follow the lead of Government by using these guidelines to advise them as to our thinking and the progress we are making. There is no obligation on industry to follow these guidelines at this time. We will make them available and tell them this is our thinking, we are carrying these steps out within the Government community and these guidelines show them what our thinking is. That is the way we look at these guidelines with respect to industry, Mr. Chairman.

Mr. OLSEN. I am wondering if you will not have a new scanner, a new model?

Mr. SHAW. We find that despite our research, increased flexibility in one area will reduce flexibility in another even with advanced readers. For instance, right now we scan a particular area for an address. If it is desired, we can increase the area we will scan for an address, but when we do this your address would have to look more like an address and everything else on the envelope would have to look less like an address for our optical scanner to pick out and read the address.

I can show you this piece of mail. You can see what an extensive computer we would have to have to pick up an address from all the

other printing on this card. So there will have to be some trade-off to find out where it is necessary to have flexibility.

Mr. OLSEN. A piece of advertising mail such as you showed me, how much chance is there of that going to a machine at all?

Mr. SHAW. This is an extreme example of business reply mail.

Mr. OLSEN. I thought that was third class.

Mr. SHAW. That happens to be business reply mail, which means it would be dropped into a box from the public.

Mr. OLSEN. This is a return piece?

Mr. SHAW. Yes.

Mr. OLSEN. You will have trouble with these return pieces?

Mr. SHAW. Yes.

Mr. OLSEN. And cards that are tagged on?

Mr. SHAW. Yes; this is another example of business reply mail which with this brilliant violet printing is very difficult and tiring to read with the eye.

Mr. OLSEN. It is not very hard from here.

Mr. SHAW. Any increased flexibility would cause other problems, too. For instance, the ability to read printing with poor contrast could then create problems with the purity of the paper.

Mr. OLSEN. Do you have any timetable of when you will have suggested guidelines for industry?

Dr. PACKER. Our guidelines for Government we hope will be ready in about a month in final form for distribution to Government agencies. At that time they will be available to interested people in industry. The generation of the guidelines for industry will take a longer period of time because we want to develop them in consultation with all segments of industry and the trade associations and so on, and I think it will be sometime next year before we will have the first draft of meaningful guidelines for industry.

Mr. OLSEN. You gentlemen have done an excellent job here this morning and I am pleased that we could have your testimony, and I am sure industry will be happy to read your testimony and be able to make their reaction.

In connection with the guidelines for Government, I am hopeful that top Government officials will withhold further recommendation concerning the desire of the executive branch that private business concerns as well as State and local governments emulate the standards set by the President for all executive branches. While Dr. Packer and others in the Department have made tests of Government mail in arriving at its own standards, this subcommittee is finding that the needs of the private business community are not so easily met. Department officials should recognize that very often the expression of a desire on their part is tantamount to a command on volume mailers.

I think we are making progress. I hope it is not too rapid. I thank you again for your testimony. You prepared a splendid piece of testimony here. I think we ought to make the testimony available to you before we print it so that you can identify some of the objects you were pointing to.

Again, thank you very much. The record will be kept open until September 6 and the subcommittee is adjourned subject to the call of the Chair.

(Thereupon, at 11:30 a.m., the subcommittee adjourned.)

other persons on the same date will have to come (and off to
 and on where necessary to the hospital).

Mr. Oakes: A piece of my own mind, and as you showed me how
 the business of that date is a matter of fact.

Mr. Oakes: This is an example of business very much
 Mr. Oakes: I thought that was the case.

Mr. Oakes: That happens to be business, which means
 would be the same thing for the public.

Mr. Oakes: This is a return piece.

Mr. Oakes: You will have trouble with these people, I think.

Mr. Oakes: And with that, I am sure.

Mr. Oakes: I think it is the responsibility of business men to
 which is a very different thing from the very different and the

with the very different.

Mr. Oakes: It is not very different, I think.

Mr. Oakes: Any business, I think, could have other problems.

Mr. Oakes: The business of the industry is not very different, I think.

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