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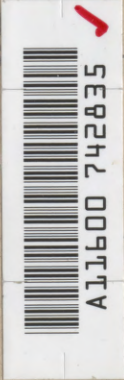
# POSTAL REFORM

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HEARINGS  
BEFORE THE  
COMMITTEE ON  
OFFICE AND CIVIL SERVICE  
USE OF REPRESENTATIVES  
NINETY-FIRST CONGRESS  
SECOND SESSION

ON

## H.R. 17070 and similar bills

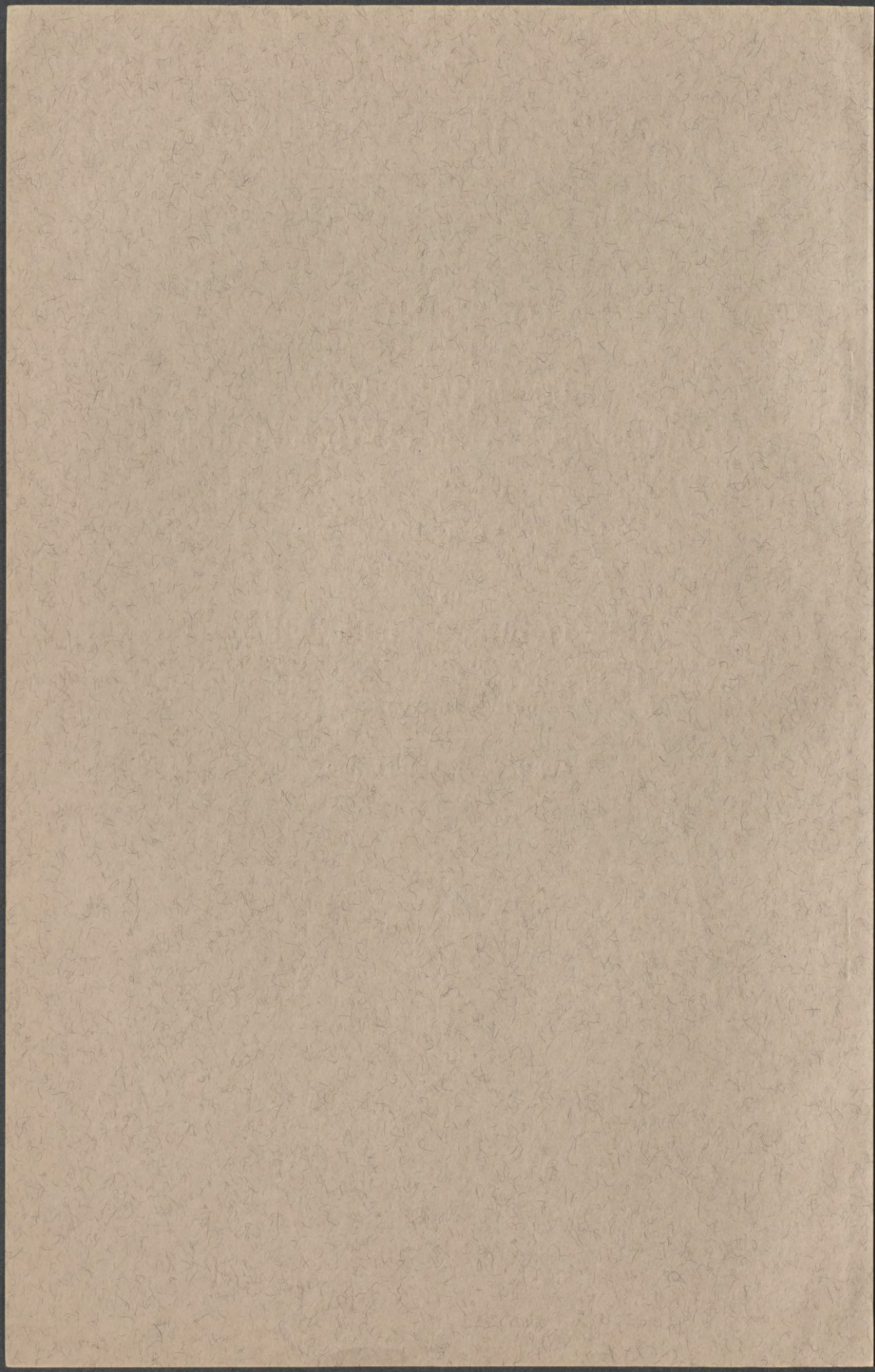
BILLS TO IMPROVE AND MODERNIZE THE POSTAL SERVICE,  
TO REORGANIZE THE POST OFFICE DEPARTMENT, AND FOR  
OTHER PURPOSES

APRIL 22, 23, AND 27, 1970

Serial No. 91-22

Printed for the use of the  
Committee on Post Office and Civil Service





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U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1970

POSTAL REFORM

HEARINGS

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(II)

Serial 26-10-22

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## POSTAL REFORM

WEDNESDAY, APRIL 22, 1970

U.S. HOUSE OF REPRESENTATIVES,  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,  
*Washington, D.C.*

The committee met pursuant to notice, at 10:15 a.m., in room 210, Cannon House Office Building, Hon. Thaddeus Dulski, chairman, presiding.

Mr. DULSKI. The committee will come to order.

The committee this morning is meeting to begin hearings on H.R. 17070 and companion bills to improve and modernize the postal service, to reorganize the Post Office Department, and for other purposes.

The list of bills, and their sponsors will be made a part of the record at this point.

(The list of bills referred to follows:)

H.R. 17070, by Messrs. Dulski, Corbett, Udall, and Derwinski.

H.R. 17071, by Messrs. Cunningham, Gerald R. Ford, and Button.

H.R. 17072, by Mr. Lukens.

H.R. 17082, by Messrs. Cunningham, Anderson of Illinois, Hamilton, McClure, Don H. Clausen, Hogan, Andrews of Alabama, Meskill, Cederberg, Conte, and Lukens.

H.R. 17144, by Mr. Wold.

Mr. DULSKI. It is planned to conclude the public hearings on this legislation next Monday, April 27. We will proceed then with the markup in executive session, beginning the following day, Tuesday, April 28.

The first witness this morning is Postmaster General Winton M. Blount. The Postmaster General has also agreed to return at 2:30 this afternoon.

I am reminded that this is our first anniversary; we started hearings on the postal reform bill 1 year ago today.

General Blount, it is a pleasure to welcome you back before the committee. I am sure that your testimony will be most helpful to all the Members in their deliberations on the new compromise postal reform measure submitted with the President's message of April 16.

As an aside, I may observe that it is exactly a year—to the very day—since our committee began hearings on April 22, 1969, on postal reform. At that time I took the unprecedented step of appearing as the first witness.

I am sure that we have all benefited, in our understanding of postal problems, by the wealth of information and evidence developed in our consideration of postal reform throughout the past year.

As I informed the membership of the House last week, this new postal reform compromise is a stride in the direction of achieving my personal objective of realistic and effective postal reform in the 90th Congress.

H.R. 17070 covers most of the fundamental principles, as well as the policy issues, outlined in my own postal reform bill, H.R. 4, which I introduced on January 3, 1969.

I am particularly pleased with the plan to keep the postal service as an agency of the Government, rather than convert it into a public corporation.

As chairman of this committee, I intend to expedite action on this revised proposal, as requested by the President.

With the full cooperation of the committee members, we can deal promptly with this matter on which we have held extensive hearings and executive sessions. At the same time, it is vital that we move responsibly and not with undue haste.

We will be pleased to receive your testimony at this time, General Blount, and you may want to identify your associates for the record.

You may proceed.

**TESTIMONY OF HON. WINTON M. BLOUNT, POSTMASTER GENERAL;  
ACCOMPANIED BY HON. DAVID A. NELSON, GENERAL COUNSEL,  
AND HON. JAMES W. HARGROVE, ASSISTANT POSTMASTER GEN-  
ERAL, BUREAU OF FINANCE AND ADMINISTRATION, POST  
OFFICE DEPARTMENT**

Mr. BLOUNT. I welcome this opportunity to discuss with you and members of the committee the proposed Postal Reorganization and Salary Adjustment Act of 1970, which you, Mr. Chairman, along with other members of the committee, have introduced as H.R. 17070 and companion bills.

I believe that the committee is familiar with the agreement that was entered into on the second of this month between the Post Office Department and the seven postal employee organizations that have had national exclusive recognition rights under the provisions of Executive Order 10988 and Executive Order 11491.

So that the record of the committee may be complete, I should like at this time to offer a copy of that agreement, with the thought that the committee may wish to have it incorporated in the transcript of this hearing.

Mr. DULSKI. Is there any objection?

The Chair hears none. It is so ordered.

(The copy of the agreement referred to follows:)

AGREEMENT

Memorandum of Agreement between United States Post Office Department hereinafter referred to as "Department" and National Association of Letter Carriers, AFL-CIO; National Association of Post Office and General Services Maintenance Employees, AFL-CIO; National Association of Post Office Mail Handlers, Watchmen, Messengers and Group Leaders (affiliated with Laborers' International Union), AFL-CIO; National Association of Special Delivery Messengers, AFL-CIO; National Federation of Post Office Motor Vehicle Employees, AFL-CIO; National Rural Letter Carriers Association; United Federation of Postal Clerks, AFL-CIO; hereinafter referred to as "Unions".

GENERAL WAGE INCREASE

A general wage increase of 6% retroactive to December 27, 1969 for all postal employees.

## OTHER POST OFFICE PROVISIONS

In order to meet the special needs of the unions in their representation of the Department's employees and the needs of the Department to enable adequate management of the services for which it is responsible, the parties will agree upon and jointly sponsor a reorganization of the Department which amongst other things will:

A. Enable collective bargaining procedures under a statutory framework establishing methods for conducting elections, providing one or more methods for resolving negotiating impasses, and requiring collective bargaining over all aspects of wages, hours, and working conditions including grievance procedures, final, and binding arbitration of disputes, and in general all matters that are subject to collective bargaining in the private sector.

B. Provide an additional 8% wage increase for postal workers effective as of the date the enabling legislation becomes law.

C. Provide that negotiations with the Unions be immediately undertaken to establish a new wage schedule whereby an employee reaches the maximum step for his labor grade after no more than 8 years in that grade. When the new schedule becomes effective, an employee will immediately be advanced to the next step in the schedule if at that time he has been in his present step for the period provided in the new schedule.

D. Provide a structure for the Department so that it can operate on a self-contained basis and endow it with authority commensurate with its responsibilities to improve, manage and maintain efficient and adequate postal services.

## ADMINISTRATION APPROVAL

It is the understanding of the parties that the Administration will recommend to Congress the necessary legislation to effectuate this Agreement.

## DRAFTING

It is understood that the parties will commence work at once to prepare the agreed legislation with a view to having it ready for submission not later than April 10, 1970.

## DISCIPLINE

No disciplinary action will be initiated by the Post Office Department at any level against any postal employee with respect to the events of March 1970, until discussions have taken place between the Department and such employee's union on the policy to be followed by the Department.

WINTON M. BLOUNT.  
J. H. RADEMACHER.  
MONROE CRABLE.  
LONNIE L. JOHNSON.  
MICHAEL J. CULLEN.  
CHESTER W. PARRISH.  
HERBERT F. ALFREY.  
FRANCIS S. FILBEY.

APRIL 2, 1970.

Mr. BLOUNT. Under the agreement, the parties undertook to recommend to the Congress, for its consideration, legislation granting postal employees a wage increase of 6 percent, retroactive to last December 27. President Nixon requested that the same retroactive pay increase be granted to all Federal employees paid under statutory salary systems, including the military.

Congress promptly enacted the necessary legislation, the President signed the bill last Wednesday, and I am pleased to be able to report that most of the back pay was in the hands of the postal employees on Friday. The first step called for by the April 2 agreement has thus been completed.

In the second part of the agreement, the parties undertook to agree upon and jointly sponsor a legislative proposal designed to restructure the existing Post Office Department so that it can operate on a self-

contained basis. It was agreed that this legislative proposal would include provisions for collective bargaining over wages, hours, and working conditions; would provide an additional 8-percent wage increase for postal workers effective upon enactment of the reorganization legislation; and would provide for prompt negotiations on a new wage schedule under which a postal employee would reach the top pay step in his labor grade after no more than 8 years in that grade.

The negotiations over the exact language of the legislative proposal went forward, as President Nixon has noted, "in an atmosphere of good will and good faith on both sides." The negotiations reached a successful conclusion last Thursday, when the text of the proposed bill was completed and a final memorandum of agreement was signed by the president of the AFL-CIO, Mr. George Meany; by the presidents of the seven national exclusive postal employee organizations (six of which are AFL-CIO unions); and by me as Postmaster General.

This memorandum of agreement has been incorporated in Committee Print No. 13, which was published for the use of the committee on April 20. The committee print also includes the message that the President sent to the Congress expressing his support for the proposal and urging that it be given prompt and favorable consideration by the Congress.

Finally, of course, the committee print contains the complete text of the legislative proposal that the Department, the seven postal unions, and the AFL-CIO have agreed jointly to sponsor.

Because this proposal was developed, in effect, through the collective bargaining process, it is a compromise bill. As is true in almost every negotiating situation, there was give and take on both sides. The end product, however, is one of which I think the AFL-CIO, the seven postal unions, and the Post Office Department can all be very proud. It is a bill to which both sides—labor and management alike—are able to give unqualified and enthusiastic support.

No one is more keenly aware than I am that this legislative proposal is exactly that—a "proposal." No amount of agreement downtown is worth very much in the absence of agreement here on Capitol Hill. The fate of this proposal is in the hands of Congress; and legislation as important and far-reaching as this clearly deserves—as I am sure it will receive—careful congressional scrutiny.

The need for the legislation is acute, however, and because of that fact I think it is fortunate for the country, Mr. Chairman, that this committee has worked as hard as it has over the past year on the whole question of postal reorganization. Now that time is of the essence, the importance of the careful work already performed by this committee should, I believe, be readily apparent to every interested citizen.

The committee will find that most of the language of the jointly sponsored proposal is familiar; much of it, indeed, comes directly from H.R. 4 as this committee voted to report it out on March 12.

With your permission, therefore, Mr. Chairman, I shall attempt merely to sketch the broad outlines of the proposal.

Title I of the bill would, among other things, reenact title 39 of the United States Code in a form that provides for the complete reorga-

nization of the Postal Establishment. Under chapter I of the new title 39, the present Post Office Department would become an independent establishment known as the U.S. Postal Service. While remaining within the executive branch of the Government, the new establishment would have a degree of independence that should enable it to develop faster and more efficient mail service, eliminate the huge postal deficit now being borne by the Nation's taxpayers, and provide better pay, better opportunities for advancement, and better working conditions for all postal employees.

The operating head of the new Postal Service would be called the Postmaster General, but he would not be a member of the Cabinet and would no longer be appointed by or serve at the pleasure of the President. Instead, the Postmaster General would be selected by the nine public members of the bipartisan Commission on Postal Costs and Revenues.

These nine Commissioners—not more than five of whom could be from the same political party—would serve staggered 9-year statutory terms, and would be appointed by the President with the advice and consent of the Senate. The Postmaster General, upon appointment, would become the 10th member of this Commission, and would join with the other members in selecting the 11th and final member of the Commission, who would have the title of Deputy Postmaster General.

Both the Postmaster General and his Deputy would hold office at the pleasure of the other Commissioners—their tenure would be based on performance, and not on politics.

The legislation would establish an Advisory Council, similar to the Advisory Board provided for in H.R. 4, to furnish advice regarding postal rates, services, and the compensation of postal employees.

Let me now turn to the personnel and labor relations sections of the proposal, which appear in chapter 2 of the new title 39. This chapter provides that when the new Postal Service begins operations, all employees of the Post Office Department except the nine presidential appointees at headquarters would automatically become employees of the Postal Service.

Every postal employee would retain his full civil service retirement rights. The Veterans' Preference Act and the existing Federal workmen's compensation laws would continue to apply. All postal employees would be transferred into the new Service with their accrued pension rights, leave, pay, and seniority.

Personnel policies and procedures developed by the Postal Service would be required to assure all postal employees of meaningful opportunities for promotion and career development, and assure them of full protection of their employment rights by guaranteeing them an opportunity for a fair hearing on adverse actions, with representatives of their own choosing.

Any modification in the fringe benefits now available to postal employees would have to result in a package at least as favorable as that which exists today, and the Postal Service would be required to maintain compensation and benefits for all employees on a standard of comparability to the compensation and benefits paid for comparable levels of work in the private sector of the economy.

Political influence in appointments, promotions, transfers, and other personnel actions would be strictly and explicitly prohibited by provisions that are identical to those in H.R. 4.

The existing provision of law protecting the seniority of rural carriers would continue to apply unless varied by the terms of a collective bargaining agreement between the Postal Service and the bargaining representative of the affected rural carriers. Organizations of supervisory personnel would be assured of consultation rights corresponding to the privileges they enjoy today.

The committee will be particularly interested in subchapter II of chapter 2, which deals with labor-management relations. Subchapter II provides that labor-management relations shall, to the extent not inconsistent with other sections of the law, be subject to the main provisions of the National Labor Relations Act, as amended.

Under that act, the National Labor Relations Board is responsible for determining the unit appropriate for collective bargaining. Subchapter II requires the Labor Board to decide in each case the national unit appropriate for collective bargaining in the Postal Service, and further requires that such units shall be national craft units such as those previously recognized under Executive Order 10988—that is, letter carriers, maintenance employees, mail handlers, special delivery messengers, post office motor vehicle employees, rural letter carriers, and postal clerks.

These requirements have been shaped, in part, by the traditional structure of employees' organizations in the Postal Establishment, and are consistent with the high degree of stability that is vitally important if postal labor-management relations are to be successful.

The Postal Service would be required to accord national exclusive recognition to a labor organization selected by a majority of the employees in an appropriate unit as their representative. Existing national exclusive recognition and national agreements entered into by the Post Office Department pursuant to Executive Order 10988 or Executive Order 11491 would, however, continue to be recognized until altered or amended pursuant to law.

Under the National Labor Relations Act, as amended, the Postal Service would be required to engage in collective bargaining with recognized representatives of its employees over wages, hours, and in general, all other matters that are subject to collective bargaining in the private sector.

Postal employees would still be employees of the Government, and, like other Government employees, could not lawfully engage in strikes against the Government. In lieu of the right to strike, however, provision is made for binding third-party arbitration. Labor-management disputes arising during the life of a collective-bargaining agreement would be settled in accordance with whatever procedures—including arbitration—the parties agreed to.

Disputes or impasses arising in the negotiation of a collective-bargaining agreement would likewise be settled under whatever procedures the parties agreed to. In the absence of such agreement, however, disputes that remained unresolved would have to be submitted to final and binding arbitration.

The provisions for binding arbitration include definite time limits. The bill requires that collective-bargaining agreements be effective

for not less than 2 years. No party to a collective-bargaining agreement may terminate or modify it unless that party serve written notice upon the other party at least 90 days prior to the expiration date of the agreement or the proposed date of termination or modification. If no agreement has been reached within 45 days, the Federal Mediation and Conciliation Service must be notified. If the parties have not reached agreement and have not adopted their own procedure for a binding resolution of the dispute by the end of 90 days from the first notice, the Federal Mediation and Conciliation Director must direct the establishment of a factfinding panel. The factfinding panel must report its findings, with or without recommendations, to the parties within 45 days.

If there is still no agreement within 90 days after the expiration or termination of the collective-bargaining agreement, a three-man arbitration panel must be established. This arbitration panel—consisting of a representative of labor, a representative of management, and a third member selected by the first two—must give the parties a full and fair hearing and render its decision within 45 days after its appointment.

The last provision, requiring a “closeout” on arbitration within 45 days after appointment of the arbitration board, is an addition to comparable provisions in H.R. 4.

The Labor-Management Reporting and Disclosure Act of 1959 will be applicable to postal labor organizations, as it is to labor organizations in the private sector, but the Secretary of Labor is specifically authorized to prescribe simplified reports for postal labor organizations under regulations issued with the concurrence of the Postmaster General.

Let me now turn to the area of mail transportation. Here the proposed Postal Reorganization and Salary Adjustment Act adopts without change the provisions of H.R. 4. Regulated motor carriers and freight forwarders would have the same statutory obligation to transport mail and provide related services that now applies to the railroads. Additionally, the Postal Service would be authorized to enter into contracts with carriers at rates different from those set by the Interstate Commerce Commission.

Further, the Postal Service would have the same authority to negotiate with air carriers for mail transportation that the Post Office Department has today in regard to mail carried by railroads.

In the area of finances, the reorganization bill recognizes that access to capital through the sale of bonds is essential to any realistic modernization of this physical plant of the postal services. The Postal Service would be empowered to issue its own obligations upon the security of such of its assets and revenues as it sees fit. It would have broad discretion as to the terms and conditions of its obligations. The purpose of these broad grants is to carry out the proposition that the management of the Postal Service should be given the powers needed to manage the postal establishment well, and then should be held strictly responsible for the proper use of these powers.

The borrowing authority of the Postal Service would be subject to an overall ceiling of \$10 billion. The net increase in obligations in any one fiscal year could not exceed \$2 billion, of which not more than \$1.5 billion could be for capital improvements.

The terms and conditions of the obligations would be subject to consultation with the Secretary of the Treasury, and the Treasury Department could elect to purchase any or all of such obligations. The Treasury could be required to purchase obligations of the Postal Service in any amount that did not cause the total of such mandatory holdings to exceed \$2 billion at any one time.

Obligations sold to the public would carry the full faith and credit of the United States only if the Postal Service so requested and the Treasury Department so agreed. These provisions are the same as reported out by this committee on H.R. 4.

As to rate policy, the proposal looks forward to a self-supporting postal system. This, of course, cannot be accomplished all at once. The bill sets a target date of January 1, 1978. The Postal Service would be required to provide services "at reasonable and equitable rates and fees," and massive improvements in postal efficiency must be achieved before a self-supporting Postal Service becomes a reality. It would probably be unrealistic to suppose that this goal can be achieved much before 1978.

The Postal Service must be self-supporting if postal affairs are to be conducted with reasonable economy and efficiency. So long as postal management operates on the philosophy that congressional appropriations will always be available to make good any shortfalls of revenue or overruns of costs, there will be far too little incentive to make the best possible use of resources, and far too great a risk that the Postal Service will continue to rely on massive infusions of taxpayers' money.

Postal services are, and must continue to be, within the economic reach of all citizens within the national community. This is wholly consistent with the requirement that the Postal Service be self-supporting. Most mailers are well able to pay the full cost of the services that they receive.

The postal reorganization bill, however, provides a framework for the Congress to authorize appropriate exceptions to the general policy that each class of mailers should pay at least those costs demonstrably related to the particular service it receives. The existing categories of free and reduced rate mail would be continued unless changed by Congress, and the existing rate advantages for these categories would be continued so long as Congress, by specific appropriations, reimburses the Postal Service for the income that would have been received had such mail been carried at the regular tariff.

The bill, moreover, enjoins the Postal Service to take into account the financial impact upon affected users of the various classes of mail of any changes in the postal rate structure. The Postal Service is explicitly permitted to achieve the statutory rate policy goals over a duration of time that may be appropriate in view of the financial impact upon mailers of proposed changes.

It is clear that any abrupt increase in postal rates for an enterprise relying heavily upon the use of the mails could cause a severe financial dislocation; hence, this impact would be eased over a period of years as the new Postal Service begins its operations.

The concept of reasoned gradualism is further reflected in the bill's provision for a transition period of over 6 years during which there is authorization for public service appropriations computed on the

basis of a progressively decreasing percentage of total costs experienced by the Postal Service.

For the period from commencement of operations of the Postal Service through December 1972 an appropriation at an annual rate of 10 percent of the costs of the Postal Service for fiscal year 1972 is authorized.

For calendar year 1973, an appropriation of 9 percent of the total cost is authorized. For 1974 it is 8 percent; for 1975, 6 percent; for 1976, 4 percent; and for 1977, 2 percent.

In respect to ratemaking, the reorganization bill provides for the application of continuing ratemaking expertise to postal rate problems, while at the same time requiring that the Postal Service discharge its obligation to keep costs and revenues generally in balance and providing appropriate checks and balances in the form of congressional and judicial review.

The bill would establish a three-member Postal Rate Board which would be responsible for conducting public hearings on changes in postal rates or postal services proposed by the Postmaster General. The members of the Rate Board would be appointed by the President from a roster of persons named by the American Economic Association, the American Institute of Certified Public Accountants, the American Bar Association, and the Chairman of the Civil Service Commission. The members of the Rate Board would serve staggered 6-year terms.

The bill recognizes that postal rates represent the prices that the Postal Service charges its customers. Management must have a substantial voice in setting these prices in order that postal affairs may be conducted in a businesslike way. Accordingly, the bill provides that—subject to veto within 60 days by a two-third vote of either House of Congress—final authority for changes in postal rates rests with the presidentially appointed members of the Commission on Postal Costs and Revenues.

The bill also recognizes that the Postal Service is a highly labor-intensive operation and that, consequently, rate changes must be responsive to the needs of the Service as well as to the interests of the customers of the Service. Since wage costs represent a major part of all postal costs (currently over 80 percent), timeliness in the ratemaking process is imperative. Accordingly, the Rate Board is required to act promptly and, in the event of judicial review, the courts are also required to give priority to postal rate cases.

Since rate changes must be timely, the bill provides for interim rate changes in the event that proposed final changes are not acted upon by the Rate Board within 90 days of notice of the proposed change or in the event of judicial review.

The bill provides for judicial review of postal ratemaking, but because the congressional veto power will act as a check on unwise rate changes, judicial review would be limited to questions of constitutional or statutory right and to questions of procedure.

I might also note that there is less reason for judicial review here than in the conventional public utility situation, because the problem of confiscatory rates—rates that deprive the regulated enterprise of its property without compensation—cannot arise where the enterprise is an arm of the Government.

Most of the remainder of title I of the bill contains matter with which the committee is thoroughly familiar, and I shall not comment on it further here beyond noting that section 112 of the measure would provide that during the transitional period before the new Postal Service begins operations the Postmaster General could appoint postmasters at offices of all classes without Senate confirmation. The provisions of this section are similar to those of S. 1583, the postmaster appointment bill that passed the Senate last August.

Let me now turn to title II of the proposed Postal Reorganization and Salary Adjustment Act. As the President stated in his April 16 message to the Congress, the recent 6-percent pay increase for employees of the Federal Government does not take into account two important considerations that are unique to the Postal Service—the need to offset the limited opportunities for job advancement that most postal workers have traditionally faced, and the need to allow postal workers to share in the benefits of the improvements in efficiency and productivity that should be attainable under a properly reorganized postal system.

Title II would provide an additional pay increase of 8 percent for all postal employees (other than those in the executive schedule), effective immediately upon enactment of the bill. Title II also provides that, as soon as practicable after the enactment of the bill, the Postmaster General and the labor organizations that hold national exclusive recognition rights shall negotiate an agreement or agreements covering wages, hours, and working conditions; any such agreement must establish a new wage schedule under which postal employees will reach the maximum pay step for their respective labor grades after not more than 8 years of satisfactory service in such grades.

Let me say in closing, Mr. Chairman, that I appreciate the counsel that you have given us during the troubled period through which we have been passing, and I appreciate your scheduling hearings on this bill so promptly. I believe it is a good bill, and I believe that it merits prompt and favorable action by this committee.

In my judgment, the bill will do all of the things that you and your committee have identified as needing doing. It will take partisan politics out of the Post Office and take the Post Office permanently out of politics. It will combine responsibility for costs with responsibility for revenues, and will match responsibility with authority. It will not merely ease the irritations that have become so inflamed in the last few weeks, but, I am convinced, will lead to a cure of the disease that produced those irritations.

As the President said in his message, it will bring a new measure of fairness to postal employees, a new efficiency to the system itself, and long overdue equity to the taxpayer.

That concludes my prepared statement, Mr. Chairman.

I will be glad to attempt to answer any questions that you or the members of the committee may have.

Mr. DULSKI. Thank you very much, General Blount, for your fine statement. It is very short and very concise.

I notice on page 8, the second paragraph, of your statement, the new bill is a great deal more detailed and specific in the treatment of labor-management relations than your earlier bills, and I consider this quite an improvement.

My first question relates to the method of determining national unit recognition for collective bargaining. What effect does this method have on unions such as the National Postal Union and the National Alliance of Postal and Federal Employees? What is the effect on the dues checkoff rights?

Those are the two big areas, General, that have been in controversy in this committee.

Mr. BLOUNT. Mr. Chairman, representation questions would be handled by the NLRB under the proposed legislation. There are guideline provisions in this bill about national units determined on craft lines. Any unions, including the ones that you have suggested, of course, can contest any representation election, and can petition for recognition by the NLRB.

There is nothing in this legislation that prevents the continuation of dues deductions for the NPU and the Alliance; and we specifically provide, in the bill, that any employee can be represented by anyone of his choosing in grievance procedures.

Mr. DULSKI. Again referring to page 8 of your statement, it is the labor organizations that hold national exclusive recognition that can negotiate agreements.

Does that mean that the only unions you are going to negotiate with are those that have national recognition, or will these other unions have an opportunity to check off dues and be represented by the union of their choosing?

Mr. BLOUNT. The bill does provide for national collective bargaining units. But there is nothing in this legislation that prevents the continuation of dues checkoff for any organization.

Mr. DULSKI. I assume that some of the provisions of H.R. 17070 changed or modified the agreement recently reached on postal reform and pay. If this assumption is correct, could you very briefly outline for us any specific areas where we might make some modifications which would still be acceptable to the administration? We do not want to just sign a blank check.

Is there an area in which you feel that there is some way in which we can come to some agreement?

Mr. BLOUNT. Mr. Chairman, we have attempted, to the extent possible, to follow the guidance given us by the work this committee has already done. As you note, many of the provisions are adopted intact from H.R. 4 as reported out by this committee. I tried to highlight the significant differences and changes. As to our recommendation, we have recommended this particular legislation, and this is what we would hope the committee would find itself in agreement with.

As I said, a great portion of it follows H.R. 4 as reported out by this committee.

Mr. DULSKI. From your testimony, General, I assume that as long as we stay within the framework of this bill, the administration will not oppose changes that we feel would be in the best interests of the country?

Mr. BLOUNT. Well, Mr. Chairman, of course we are going to look very carefully at anything that comes out. We have tried to consider all of the principal proposals. Some of the changes that were made in the legislation passed out by this committee came from indications from the other body as to the kind of changes that body would like

to see. We would hope that this represents a bill that Congress could find agreement with.

Mr. DULSKI. Thank you, General, very much.

I yield to my cochairman, Mr. Henderson.

Mr. HENDERSON. Thank you, Mr. Chairman.

General Blount, would the Executive Order 11491 be applicable to the Postal Service if the bill is enacted?

Mr. BLOUNT. No, sir, the Executive Order would not apply.

Mr. HENDERSON. Therefore it would be necessary to amend the bill if Congress wanted to provide the continuing policy as announced in that Executive order, so that each employee shall have the right to freedom without fear of penalty or prejudice to form, join or assist a labor organization or to refrain from any such activity; each employee shall be protected in the exercise of the right?

Mr. BLOUNT. Yes, Mr. Henderson, that is different from the proposal contained in the legislation.

Mr. HENDERSON. Now, would it be possible under the terms of the bill to negotiate area wages?

Mr. BLOUNT. All matters that are negotiable between parties in the private sector would, generally, be negotiable in the U.S. Postal Service under the terms of this bill. That includes area wages.

Mr. HENDERSON. So if Congress wanted to continue the longtime policy of uniform wages over the country it would be necessary to amend the bill to insure that that was the case, would it not?

Mr. BLOUNT. That would be different from the provisions that are in the bill, yes, sir.

Mr. HENDERSON. Now, in the transportation section there has been some question raised with regard to the jurisdiction of the committees and the jurisdiction of the CAB. Would you object to an amendment to the bill that would provide that the CAB would have its continuing jurisdiction at the present time?

Mr. BLOUNT. Mr. Henderson, the transportation section of this bill is precisely the language contained in H.R. 4 as passed out by this committee. That language was satisfactory to us, and we adopted it in its entirety as the judgment of this committee.

Mr. HENDERSON. There are some problems with the jurisdictional question here that have been brought to my attention since we passed that out, and that is the reason I raised this question as to whether or not the committee ought to make an attempt to settle that question.

I think these three areas that I have mentioned are a little more specific than the general question that the chairman asked. But surely the committee would have a right to make these kinds of decisions if it was the majority opinion of the committee that provisions ought to be made for amendments.

Mr. BLOUNT. Mr. Henderson, I have consistently tried to make clear that all we could do is recommend a proposal. It is the prerogative of Congress to act in this regard. I would lay some emphasis on a couple of things. One is the compensation provision contained in this legislation—compensation that is vital as far as the postal employees are concerned. That provision for extra compensation becomes effective upon enactment of this legislation.

Secondly, this committee, as the chairman has pointed out, has been working for one year to the day of this hearing on postal reorganiza-

tion. Many of the provisions are in precisely the language that is contained in the bill that was passed out of this committee in March. We would hope, therefore, that the committee might be able to proceed rather promptly.

Mr. HENDERSON. General Blount, I will not ask that you express your position or the position of the administration, because I think we can determine that for the period of last year, or we have our own feelings. But there is one question. Do you feel that this bill ought to contain provisions that all Government mail should be metered or stamped and carry its full cost?

Let me say that I do. I think this is the vehicle in which we ought to do that. We are talking about a self-sustaining postal service.

Mr. BLOUNT. Let me first say, Mr. Henderson, that I agree wholly with you that the Government should pay its full cost of carrying the mail. On the other hand, I would question whether the legislation should make it mandatory for Government mailers to follow a particular method of evidencing the payment of postage. That is one of the things we are trying to get away from. As I see it, under this legislation the Postal Service is charged with collecting the full cost of Government mail.

Mr. HENDERSON. I am convinced that what we have got today is that the taxpayer, or the mail users, are subsidizing, say, the Defense Department. I am absolutely convinced that the Defense Department is not paying the full cost of the mail that is being moved by the postal service today. And I feel very strongly on that, and will offer an amendment at the proper time to see what the feelings of the committee should be.

Lastly, General Blount, have you recommended to the President that consideration, at least, be given to adjust wages under the present law in those areas where you are having problems in recruiting and retention of postal workers?

Mr. BLOUNT. I am sorry, I did not hear the first part of that question.

Mr. HENDERSON. Have you recommended to the President consideration for increasing wages in those areas where the Postal Department now finds problems in recruiting or retention of postal workers?

Mr. BLOUNT. We have been studying that problem, Mr. Henderson. We have not made any recommendations in that regard.

Mr. HENDERSON. Let me say that I think that President Johnson and the Postmaster General serving under him should have given serious study, and in my opinion should have taken action in this regard. And I would urge you to continue the study of this matter and not let the hearings that are going on on this legislation in any way influence the rapidity with which you reach a recommendation or a decision on that. I think that if it is justified under the law and that law ought to be fully executed.

Thank you very much, Mr. Chairman.

Mr. DULSKI. Mr. Gross.?

Mr. GROSS. Mr. Chairman, a moment ago you mentioned the fact that we started hearings 1 year ago on the so-called postal reform. In that time we have had four bills, this is the fourth, within 1 year.

Let me ask you, Mr. Blount, if we may expect another postal reform bill in the next 3 months, since that is the average?

Mr. BLOUNT. I would hope, Mr. Gross, that neither the American public nor the employees of the Post Office Department would have to wait that long for reorganization. I would hope that the same sense of urgency that prevailed during the work stoppage would continue to prevail as we deal with the remains of that problem.

We have tried very hard to reach an equitable agreement, a fair one, and one that had a reasonable chance of success.

Again, I would emphasize the closeness with which this legislation follows the work of this committee. This does not for 1 minute imply that all members of this committee agree with the output of this committee, because obviously there was a minority vote. But on the other hand, a majority of this committee did see fit to pass out legislation that was very similar in fact to the legislation that is proposed here.

Mr. GROSS. Would you please file for the record the respects in which this legislation differs from the first postal corporation reform bill which you endorsed before our committee in June of 1966?

Mr. BLOUNT. Yes, sir.

(See p. 62, for the comparison requested.)

Mr. GROSS. Do you consider the wage agreement reached with the postal unions providing pay increases of over 10 percent as the administration's approval of similar pay increases for all organized labor in 1970?

Mr. BLOUNT. I do not think that the negotiations that we conducted had anything to do with anyone but the postal employees.

Mr. GROSS. That may well be. But I am sure that you realize that this is something of a guide for all of organized labor, do you not?

Mr. BLOUNT. I do not view it myself in that manner, Mr. Gross.

Mr. GROSS. Then your answer to that is no, I assume.

Does this bill protect postal employees from compulsory union membership in all of the 50 States?

Mr. BLOUNT. This legislation relies to a large extent, Mr. Gross, on existing labor law. And to the extent possible we have subjected labor-management relations in the U.S. Postal Service to not only the provisions of the Taft-Hartley law but also to the provisions of the Landrum-Griffin law. The Taft-Hartley law makes it an unfair labor practice to refuse to bargain over union security matters in those States that do not have right-to-work laws. In adopting that law, our legislation also specifically includes the provisions of the Taft-Hartley law that give effect to the various State right-to-work laws, and the substance of those laws would be made applicable under this legislation to the U.S. Postal Service.

Mr. GROSS. Then your answer is neither yes nor no, is that correct?

Mr. BLOUNT. It is in some States a bargainable issue—in some States the right-to-work laws prevail.

Mr. GROSS. I think we had better look pretty carefully at this bill if that is your answer.

Mr. BLOUNT. And this bill, in that respect, Mr. Gross, is identical to the bill that we introduced last June, and identical also to the bill that was passed out in March of this year by this committee.

Mr. GROSS. They have come so fast and some have had so little consideration that we cannot keep track of what those bills contained.

Mr. BLOUNT. You have only passed out one.

Mr. GROSS. Aside from the veto of postal rate increases by a two-thirds vote of either House, cite and describe the provisions of each bill that provides congressional responsibility over the operations of the Postal Service. Is there any?

Mr. BLOUNT. I am sorry, I missed the first part of your question, Mr. GROSS.

Mr. GROSS. Aside from the veto of postal rate increases by a two-thirds vote—and I do not know why a two-thirds vote of either House—cite and describe the provisions of this bill which provide congressional responsibility over the operations of the Postal Service.

Mr. BLOUNT. Well, under section 166 of title 39, the section entitled "Reservation of Powers," Congress reserves the power to alter, amend, or repeal any or all sections of this title.

I personally would read that as being pretty all-inclusive.

Mr. GROSS. So we do not have much oversight, do we, under the terms of this bill?

Mr. BLOUNT. I think just the opposite. You have complete power to change it, to alter it, to amend it, to repeal it. And of course, as regards the appointment of the Commissioners, the President makes that appointment with the advice and consent of the Senate. Congressional powers are still involved here, and more importantly, congressional oversight is expressly continued.

Mr. GROSS. I thought we were trying to get away from politics, including you, Mr. Postmaster General. Yet you have embedded politics in this bill through a nine-man Commission or Board or whatever you want to call it. This is as political as it can be.

Mr. BLOUNT. Mr. GROSS, we have provided, first of all, that not more than five of those nine members shall be of the same political party.

Mr. GROSS. That is a majority vote, is it not?

Mr. BLOUNT. Yes.

Mr. GROSS. So they can be as political as hell, can they not?

Mr. BLOUNT. And they serve staggered 9-year terms, and they can be changed. Of course, one term will expire every year.

Mr. GROSS. I will say to you that I am going to insist to the best of my ability here in this committee and on the floor of the House upon the provisions of the bill which I introduced which would give the Postmaster General a 9-year tenure, and subject to removal only for cause. I do not understand why we should establish a political commission to deal with the subject of the hierarchy in the Post Office Department.

Mr. BLOUNT. Mr. GROSS, similar provisions were also contained in H.R. 4 as reported out by this committee.

Mr. GROSS. Mr. Chairman, has my time expired?

Mr. DULSKI. Yes, it has.

Mr. GROSS. Is the Postmaster General to be here again?

Mr. DULSKI. Again at 2:30.

Mr. GROSS. I have many more questions.

Mr. DULSKI. Mr. Olsen?

Mr. OLSEN. Thank you, Mr. Chairman.

I have a few questions. But when we are authorizing the Postmaster General and his Commission to determine the service administered for the people on the basis of the appropriation from the Appropriations

Subcommittee, are we opening the gate for, let us say, the rural delivery to be curtailed?

Mr. BLOUNT. Mr. Olsen, the bill expressly provides that we shall provide service to all of the people of this country, and all areas of the country. It provides further that none of the small fourth-class post offices, which are in rural areas, can be closed solely and purely because they do not meet a break-even criterion.

I would think that a real attempt has been made, not only in H.R. 4 as it was reported out by this committee, but also in this legislation, to build assurance that this service will continue in the rural areas of the country.

Mr. OLSEN. When you are saying on page 14 that in a period of 6 years you are going to reduce public service costs from 10 to 2 percent, you are not talking about service to the people of the country?

Mr. BLOUNT. No, sir, not at all.

Mr. OLSEN. You are talking about public service costs of mailing?

Mr. BLOUNT. We really are talking about eliminating the postal deficit through efficiencies and better operation; and the deficit really has nothing to do with the service involved.

Mr. OLSEN. So that nonprofit mailers, nonprofit corporations or charitable corporations that are mailers or postal patrons, are going to be carried by other postal patrons?

Mr. BLOUNT. No, sir; we provide, of course, for the Congress to continue to prescribe what classes of users will receive reduced mail rates or free mail privileges.

We also provide that the Congress—separate and apart from the interim percentage of cost appropriations that you were referring to—separate and apart from that, the Congress will reimburse the Postal Service the difference between the rate that Congress prescribed for that particular user and the appropriate rate as determined by the Postal Service.

So that following 1977, we will continue to be reimbursed by the Congress for the public service cost of carrying mail for those mailers that Congress determine should pay less than the full rate.

Mr. OLSEN. Is the Congress going to still be in the ratemaking business, then, for some classes of mail?

Mr. BLOUNT. As far as the rates are concerned, the Postal Service will, through the procedures prescribed, set the rates for each class of mail. And that rate shall be, in the language of the legislation, not less than that which is required to cover the demonstrably related costs for each class. The Congress in its wisdom can say to the Postal Service that it desires certain classes of mailers to have a reduced rate—

Mr. OLSEN. But that would not be this committee, that would be the Appropriations Committee. If the Appropriations Committee does not provide the money to subsidize in-county second class, then your rate commission would increase that rate to demonstrably related costs?

Mr. BLOUNT. This committee would be the committee, as I understand the workings of Congress, that determines which class of mailers shall receive reduced rate mail. The Appropriations Committee, as it does today, will appropriate to the Department the amount necessary to make up the difference between the rate prescribed by the

Congress and the rate that the Postal Service has stated to be the appropriate rate for that particular class.

Mr. OLSEN. I am not arguing with you. But in reading H.R. 17070 it seems to me that if the Appropriations Committee fails to appropriate the subsidy for mail that is not paying its own way, then your rate commission will make a rate that they must pay a demonstrably related cost.

Mr. BLOUNT. If the Congress itself does not appropriate funds to make up to the Department the cost of carrying these classes of mail at the reduced rates, then the rates will be adjusted automatically to the prescribed rates for that class.

Mr. OLSEN. I am saying, it is comparable to a few years ago when Summerfield decided to curtail some mail service because of lack of appropriations, substantive changes were made in the service of the Post Office Department simply because the Appropriations Committee did not appropriate the money.

Mr. BLOUNT. Mr. Olsen, if the Appropriations Committee does not appropriate money today we cannot continue operation; we would have to curtail service.

Mr. OLSEN. That is true. I am not arguing with you. I just want the record clear that this committee will not have anything to say about postal rates if the Appropriations Committee does not appropriate the money that the Postal Rate Commission thinks is necessary to pay demonstrably related costs for that service.

Mr. BLOUNT. I do not recognize the difference between the situation today and the situation you describe, but that is correct. If the Appropriations Committee today does not appropriate funds to run the Department at all, we would have to shut it down. And if they do not appropriate funds to run the Department as we are presently running it, then we have got to do something that we are not presently doing.

Mr. OLSEN. You would have to curtail service of some kind if you did not get the money?

Mr. BLOUNT. That is correct.

Mr. OLSEN. And, of course, what you do is curtail the general service, you would not curtail any specific service? You would not refuse in-county mail, for instance?

Mr. BLOUNT. I suppose we really are talking about a hypothetical situation about which there is little point in getting into an argument.

Mr. OLSEN. I do not want to get into an argument about it, I just want to point out the fact that the authority of the Post Office Department is going to become more specific about what kind of service they will give any segment of the mail service, the mail patrons.

Mr. BLOUNT. I think that is very true; yes, sir.

Mr. OLSEN. And that is the intention of the legislation?

Mr. BLOUNT. The intention of the legislation is to enable the Department to have authority commensurate with its responsibility.

Mr. OLSEN. Put it another way, the nature of the legislation is finally to be sure that everybody pays their demonstrably related costs?

Mr. BLOUNT. With the exception of those millions Congress decides should use the mail at reduced rates or for free.

Mr. OLSEN. And Congress will have to pass not only legislation but they will have to pass appropriations to take care of any such subsidy?

Mr. BLOUNT. That is very true; yes, sir.

Mr. OLSEN. And that is the clear intent of this legislation?

Mr. BLOUNT. Yes, sir. And it is also precisely the intent contained in H.R. 4, as passed out by this committee.

Mr. OLSEN. Concerning the area wages, under the present law the President has authority to delegate and has delegated authority to the Civil Service Commission to determine additional wages in areas of hardship, isn't that correct?

Mr. BLOUNT. Yes, sir; where the Government is significantly handicapped in recruiting or retaining well-qualified individuals.

Mr. OLSEN. And has the Post Office ever taken advantage of this to apply for higher wages in these areas of hardship?

Mr. BLOUNT. The criterion spelled out in this legislation is extremely limited, Mr. Olsen. But we have not recently—we may have in the past—taken advantage of that legislation. I am not familiar with what has happened in the past.

Mr. OLSEN. Would this legislation change that present law?

Mr. BLOUNT. I do not believe that the present law would apply to the Postal Service under the reorganization.

Mr. OLSEN. In effect, you have an entirely separate system?

Mr. BLOUNT. Yes, sir.

Mr. OLSEN. Thank you.

Mr. DULSKI. Mr. Cunningham?

Mr. CUNNINGHAM. Thank you, Mr. Chairman.

I want to congratulate the Postmaster General—he is an outstanding individual—and the seven exclusive postal unions for bringing this legislation to our attention. I think it is a wonderful package. As we go into it we may make a slight change here or there, but overall it is a tremendous job that you have done. I think that most everybody realizes that.

I also serve on the Interstate and Foreign Commerce Committee. We had a bill up the other day which the CAB and ICC testified on to keep their fingers in this ratemaking pot. I am very much opposed to that, because I think we should have complete control over all mail rates, transportation of mail, and the fixing of rates. I do not think there is too much opposition in that regard. I think if we are going to have an efficient postal service you have to have everything in your office in and under your control.

I think, also, that CAB particularly has objected to what this committee reported out on March 12, and I think their only reason is that they are jealous of their authority. They do not want to give it up. I suggested to the Chairman of the CAB that they have enough other things to do. For example, we have a case pending—it has been pending for 6 or 9 months—to get better and more efficient air travel between here and Omaha, Nebr., where I live. I think they could speed those things up if they did not have to piddle around with these so-called ratemaking provisions.

So that is about all I have to say. This bill, H.R. 17070, is a wonderful package. Again, I will repeat that we may have to change a word or two, but it is a wonderful package. I must compliment you and the seven exclusive unions for bringing this to us.

Mr. BLOUNT. Thank you, Mr. Congressman.

Mr. DULSKI. Mr. Hanley?

Mr. HANLEY. I observe that we have arrived at an apparent meeting ground here. I am specially pleased that the corporation concept per se has been abandoned.

I would like to clarify in my mind the matter of union recognition. And as you refer to page 6 of your testimony, you suggest that the assurance be given to all postal employees, regarding a fair hearing with representatives of their own choosing. I would be interested in your comments here. Now, are you suggesting representatives regardless of what status that union or organization might enjoy?

Mr. BLOUNT. Mr. Hanley, I think that it means precisely what it says, that they would have an opportunity for a fair hearing with a representative of their own choosing.

Mr. HANLEY. Regardless of the status of that particular union or organization?

Mr. BLOUNT. Yes; that could be, Mr. Hanley, an individual or anybody else. It is not qualified in the legislation; it is a representative of their own choosing.

Mr. HANLEY. On page 7, then, we move to the aspect of supervisory personnel. Now, do I interpret this as saying that, for instance, the status of the National Association of Postal Supervisors would remain unchanged? As I read your testimony "organizations of supervisory personnel will be assured of consultation rights corresponding to the privileges they enjoy today." My question is, do they retain the exact status that they have today?

Mr. BLOUNT. This really writes into the law something that has long been practiced. There may be practices that are not included in this. But as to consultation, it is writing into law something that has not been in the law previously. And there is nothing in this legislation that prevents the deduction of dues from any organization; for some organizations, indeed, it becomes mandatory.

Mr. HANLEY. You say that there may be things that are not included. Will you expand upon that statement?

Mr. BLOUNT. I think just the opposite. I said it only out of an abundance of caution. I cannot expand on it because I am not aware of any existing practices that are not covered.

Mr. HANLEY. So when you comment on page 8 with respect to union recognition, that is, those previously recognized under Executive Order 10988, to me this says that the status of unions enjoying the provisions of that Executive order remains unchanged. Is that right?

Mr. BLOUNT. That is right. On a national basis, yes, sir, that is correct.

Mr. HANLEY. Now, to go down a little further on that page, you say that agreements entered into by the Department pursuant to Executive Order 10988 or Executive Order 11491, would, however, continue to be recognized. Now, is that telling me that again in this case that their status remains unchanged?

Mr. BLOUNT. Yes, sir.

Mr. HANLEY. With regard to civil service retirement benefits, I note the description of "retirement." Now, does this say that any other benefits might be excluded? Retirement, does that preclude any other benefits that are now being enjoyed?

Mr. BLOUNT. All the fringe benefits will remain in force, and shall really operate as a floor. All of these matters become bargainable matters between the parties themselves.

Mr. HANLEY. So in essence, then, the provisions of this legislation do not alter civil service benefits legislation?

Mr. BLOUNT. We really think that the legislation as drawn is a substantial improvement in that regard; retirement benefits continue, and the rest of the things operate as a floor, really, in bargaining between the parties, Mr. Hanley.

Mr. HANLEY. Then you are saying that if anything it is an improvement over the present?

Mr. BLOUNT. I think that is true.

Mr. HANLEY. I might touch on the matter of your capital improvements. Do you have any estimate with regard to how much will be required to completely modernize the existing postal plant?

Mr. BLOUNT. We do not have any precise estimate of that, Mr. Hanley. There have been various estimates in the past that \$5 billion would be required. We have studies going on as to major changes at the present time, but at this point we could not be precise about the kind of expenditures. The entirely new system we are talking about may entail \$800 or \$900 million. These things are not finalized. But there is a substantial amount of money required, and there will be over the years.

Mr. HANLEY. You feel, then, that \$1.5 billion that is suggested in the language of this legislation will pretty much take care of the ability of the Department to develop an ongoing modernization program on an annual basis, that this is about as much that we can responsibly spend in the way of construction and modernization?

Mr. BLOUNT. Yes, sir, I do.

Mr. HANLEY. With regard to your testimony on page 18, we are talking about compression, under which postal employees will reach the maximum pay. Are we talking about all postal employees, including those in the supervisory category?

Mr. BLOUNT. The matter which we are dealing with here involves negotiations, Mr. Hanley, with the postal unions. I would anticipate that what we would end up with is really an entirely new pay schedule, and that it would not take that long for any of our employees to reach the top of the grade.

Mr. HANLEY. That being the case, recognizing that any inequities will evaporate hopefully in the near future subsequent to the implementation of this legislation, with that thought in mind, will the Department or the administration have any objection to including supervisors at this point?

Mr. BLOUNT. Yes, sir; we would object to that, because we do not negotiate agreements with our management personnel. And that is where we put our supervisors; we put them in our management category.

Let me say this to you, that what we are trying to get here is the right of management to manage. And we do not think that the management prerogatives really ought to be legislated. No management can run any institution without its supervisory personnel. I recognize that the term "supervisory personnel" has a particular connotation here. But in the context of running any organization, you have got to have your

management people, from the first level through the top level, on the team of the organization. And that means that you have got to deal with them in such a manner that they will be on the team.

I just do not believe that it is the appropriate thing to try to legislate how the Post Office Department is going to manage its affairs. And that is one of the things that we are trying to get away from.

Mr. DULSKI. The gentleman's time has expired.

Mr. HANLEY. Thank you, Mr. Chairman.

Mr. DULSKI. Mr. Derwinski?

Mr. DERWINSKI. Mr. Blount, having worked for the final version of H.R. 4 and now as the cosponsor of this bill, I would like to clarify for the record, some of the minor or even major changes that have come out of this negotiation process. I note you have Mr. Hargrove with you, and he spends most of the year working on injecting real sense into the study of rates. What figures do you have by which you could realistically approach this problem of comparability as envisioned in these bills?

Mr. BLOUNT. The matter of comparability, Mr. Derwinski, is a matter that will be of major concern in the negotiations that we enter into with the postal unions. We have here legislation that says that comparability shall be the standard. But the matter of developing those figures is a very involved process, and one in which the negotiating parties themselves are going to be very deeply involved.

Mr. DERWINSKI. But you did not, in fact, get into any details in the the negotiations that led up to this bill?

Mr. BLOUNT. No, sir.

Mr. DERWINSKI. Taking up one concern Mr. Hanley has, and a concern which I understand the supervisors have, do you envision that you could correct the possible complication where a supervisor might be drawing a salary less than someone he supervises? This is the immediate complaint that we hear from some circles.

Mr. BLOUNT. Again, Mr. Derwinski, without being precise on that, this is the kind of thing that I think that management of any organization has to deal with. And I think that it is a part of the total job of management in its relations with its supervisors to see that they are adequately compensated, that they are fairly treated, and that they have an environment and climate which will inspire them.

I do not think the kind of condition that you describe is one that is very helpful to an organization.

Mr. DERWINSKI. Without putting too much of a burden on Mr. Hargrove, is there enough genius in his shop to take into account the value of civil service protection in comparing salaries with private industry? Will that concept be a factor in the figures?

Mr. BLOUNT. I believe the question that you are posing, Mr. Derwinski, is one that really goes to the subject of collective bargaining. And an answer to a question of that nature, it would seem to me, might tend somewhat to prejudice the negotiators on one side of the table. It would not appear to me, really, to be appropriate to make a commitment in that regard at this point in time.

Mr. DERWINSKI. You have a provision in the new bill applying to Landrum-Griffin. And the provision would authorize a simplified report from postal employee organizations. How did that develop in those negotiations? What is the history behind this clause?

Mr. BLOUNT. I am not myself familiar with the details or the complications of the report that is required under that legislation. It is my assumption that it could be of such complexity that it may not be necessary for us to follow it in all of its details. And if in the view of the Secretary of Labor and in the view of the Postmaster General this is the case, then they can concur in a simplified form that would facilitate the reporting job to be done by the postal unions.

Mr. DERWINSKI. Would it, however, amply protect the employees, giving them full knowledge of the financial and other actions of the officers of their organizations?

Mr. BLOUNT. We certainly have that completely in mind, yes, sir.

Mr. HENDERSON. Would the gentleman yield on that point?

Mr. DERWINSKI. Yes, sir.

Mr. HENDERSON. I would like to ask General Blount, if this provision was a part of the negotiations, did the organizations present this in the negotiations?

Mr. BLOUNT. This was a matter of discussion between us, as, I might say, were all provisions of this legislation. The parties discussed these matters in detail, and this was a part of the discussion.

Mr. DERWINSKI. In the appointment of postmasters, Mr. Blount, you envision applying the procedures you have set up under your present administrative authority. The Board of Selection that you developed, is that the procedure you intend to follow?

Mr. BLOUNT. The Management Selection Board, yes.

Mr. DERWINSKI. And in this procedure you do not completely foreclose the occasional selection of a postmaster from outside the service who might in effect bring in new blood similar to the procedure the State Department goes through on occasion?

Mr. BLOUNT. That is right. I think you need that, as I think you need, as a matter of general policy, promotion from within. You can follow the policy of promotion from within to the point where you run the risk of becoming too ingrained, and I do not think you should be bound one way or the other, personally.

Mr. DERWINSKI. But as a matter of principle you will be emphasizing the job opportunities and promotion opportunities that under the old system were not available to career clerks and carriers and supervisors.

Mr. BLOUNT. By all means—as a matter of principle and a matter of guiding policy.

Mr. DERWINSKI. Thank you. I have no further questions.

Mr. DULSKI. Mr. Wilson?

Mr. WILSON. Thank you, Mr. Chairman.

General Blount, I would like to commend those of you who were able to get together to sit down and work this agreement out. The only regret I have is that other postal organizations which have large memberships were not able to join in the negotiations. I think that since the postal strike began in New York City, where you have such a large number of NPU members—it would have been preferable to invite the National Postal Union and also the National Alliance of Postal and Federal Employees to the bargaining sessions. But that is behind us now.

This is a very sensitive proposal. It is going to take a lot of cooperation by members of both political parties in order to achieve the goals that you are seeking.

Therefore, I was very disturbed when I read the remarks of the Vice President last week when he attempted to blame the Democratic Party and the members of the Democratic Party in Congress for delays in achieving postal reform. I have the rollcall on which H.R. 4 was voted out of the committee, and there were nine Democrats and eight Republicans who voted in the affirmative, that is, in support of meaningful postal reform.

I think you will agree with me that you have had cooperation from many Democrats in trying to achieve the goals that you and the administration are seeking. I realize that no one can muzzle any particular person in the Government, but I would hope that you might be able to—

Mr. BLOUNT. Nor Members of Congress.

Mr. WILSON (continuing). Persuade the President to direct his people to walk softly until we can accomplish our goal of reforming the postal service?

Mr. BLOUNT. Mr. Wilson, I have consistently emphasized the bipartisan nature of postal reorganization. The President, when he sent the first postal reform message to Congress almost a year ago, stated that there was no Democratic or Republican way of delivering the mail, there was only the right way. The idea of a postal reorganization has got roots that go way back—the earliest I have seen is 1906, when a private corporation wanted to take over the operation of the Postal Service, and during the 1950's there was a proposal to make a Government Corporation out of the Post Office Department. But the most dramatic proposal in this regard was made by Postmaster General Larry O'Brien—a Democratic Postmaster General—about 1967. And President Johnson endorsed that concept, after having a commission investigate it and put meat on the bones of that suggestion.

President Johnson endorsed it in his last message to Congress, and President Nixon endorsed it in his proposal to Congress in May of last year. And I have endorsed it. So it is bipartisan in nature, and it is bipartisan certainly on this committee.

As you pointed out, there has been strong cooperation from the Democratic members and the Republican members of this committee in working out this legislation. I hope that we can continue and get this bill passed very soon.

Mr. WILSON. I agree with you. I think the year's hearings that we have held have been productive, they have been worth while, and they have been thorough. And I think it is time now that we produce something tangible, that we produce something worth while for the American people. Additionally, while the President is talking to the Vice President, I would also hope that he might get Mrs. Mitchell to refrain from saying anything about postal reform.

Seriously, there are only two areas in which I have reservations at the present time. One is the requirement for a two-thirds vote by either House of Congress to veto postal rate recommendations.

Now, did you feel this was necessary in order to make the bonds more salable? Exactly what was the reason for it?

Mr. BLOUNT. Very decidedly this is a factor, Mr. Wilson. The original proposal we sent to the Congress contained a provision re-

quiring a concurrent resolution by both Houses. This committee, in its deliberations over this matter in the past few months, passed out a bill that said a two-thirds vote by one House would be sufficient. We adopted that in this proposed legislation.

We think that anything less than that might be harmful to the sale of the bonds, which we anticipate selling to the public without the full faith and credit of the Government behind them. That was one of the principal things that guided our original suggestion.

Mr. WILSON. Fine.

The second area I have reservations about is that which has been referred to by Mr. Dulski and Mr. Hanley and others—the labor-management section. It appears to me that certain postal organizations will probably be put out of business if the labor-management section remains as it is now written.

I do not like to see Congress in the business of legislating a labor group out of business. And that is what the effect would be. I had hoped that this problem could have been settled among the organizations involved by fair elections held between the organizations. But I would hope that any legislation that Congress passes would at least guarantee the continuance of postal organizations which are now operating and have a significant membership.

Mr. BLOUNT. Mr. Wilson, I do not believe that there is anything about this legislation that would operate in the fashion that you are talking about. There is nothing in this bill that prevents continuation of the dues deduction for any organization. This bill, as I stated, includes the provision that a person can be represented by anyone of his own choosing in adverse action proceedings. Basically, what those unions that do not have national exclusive recognition have now is dues deduction and a representation of people in their grievances. It is not my interpretation that this puts anybody out of business as far as Congress is concerned.

Mr. WILSON. I appreciate that. And we will be hearing from their representatives during the course of the hearings. And perhaps they will clarify it insofar as members of the committee are concerned.

Again I want to commend you and your Department for the fine job you have done. And I want to assure you of my support for the legislation, while reserving the right to support one or two changes. Thank you.

Mr. DULSKI. Thank you, Mr. Scott?

Mr. SCOTT. Mr. Chairman, I have three primary areas of concern about this bill. I am concerned about the lack of legislative oversight. Then, I am concerned about the provision that would force a government employee to join a union in some States in order to hold a job. Third, I am concerned about the removal of the postal employees from the protection of the civil service merit system. In response to a question from Mr. Hanley, General, I noticed that you seem to feel that this perhaps was a better system from the viewpoint of the employee.

Mr. Chairman, I would like to ask unanimous consent to insert in the record at this point a letter dated March 31 from the Assistant Comptroller General of the United States, Mr. R. F. Keller.

Mr. DULSKI. Is there any objection? The Chair hears none. It is so ordered.

(The letter referred to follows:)

COMPTROLLER GENERAL OF THE UNITED STATES,  
Washington, D.C., March 31, 1970.

HON. WILLIAM L. SCOTT,  
House of Representatives.

DEAR MR. SCOTT: This refers to your letter of March 13, 1970, transmitting for our consideration a copy of the postal reform bill which was reported out of the Committee on Post Office and Civil Service, House of Representatives, on March 6, 1970. Specifically, you request information regarding the extent to which the rights and benefits of present postal employees would be altered by the provisions of such bill if enacted into law.

Initially, we point out that section 209 of title 39, United States Code, as proposed by section 102 of the bill provides, inter alia, that no Federal law dealing with officers and employees of the United States shall apply to the exercise of the powers of the United States Postal Service Authority except as otherwise provided in title 39 and except insofar as such laws remain in force as bylaws or regulations of the Authority.

Subsection 801(a) of the proposed title 39 provides that the officers and employees of the United States Postal Service Authority shall be in the postal career service, which shall be a part of the civil service, and that appointments and promotions shall be in accordance with procedures established by the Authority. We believe the intent of subsection 801(a) is to remove postal employees from the competitive service. In the competitive service appointments and promotions are based upon merit and fitness as determined by examinations. See 5 U.S.C. 3304 and 3361. However, as stated, subsection 801(a) provides that appointments and promotions shall be in accordance with procedures established by the Authority. It is evident, therefore, that such personnel actions are not to be subject to the laws and regulations governing the competitive service. Moreover, bearing in mind the language of section 209, as discussed above, we note that the provisions of title 5, United States Code, pertaining to the competitive service, are not specifically made applicable to employees of the Authority.

Subsection 801(a) further provides that the provisions of chapter 75 of title 5 shall be applicable to employees of the Authority subject to the provisions of any collective bargaining agreements and subject to procedures established by the Postal Service (the Authority) and approved by the Civil Service Commission. Chapter 75 of title 5 encompasses provisions derived from the Lloyd-Lafollette Act of 1912 prohibiting removal of individuals in the competitive service except for cause, provisions relating to actions adverse to preference eligibles, provisions relating to removal of hearing examiners, and provisions relating to suspension and removal of employees for reasons related to the national security. Subsection 801(c) of the proposed title 39 specifically adopts the veterans preference provisions of chapter 75 and subsection 1251(b) adopts the hearing examiner provisions. Therefore, we assume that only those provisions of chapter 75 that are derived from the Lloyd-LaFollette Act prohibiting removals except for cause (section 7501) and those concerning national security (sections 7531 and 7532) are subject to collective bargaining agreements and procedures established by the Authority as provided in subsection 801(a).

With the exception of the provisions of title 5 which were formerly known as the Veterans Preference Act and of retirement benefits, which would continue to be provided under the civil service retirement program (chapter 83 of 5 U.S.C.), all compensation, benefits and other terms and conditions of employment would be determined by the Executive Council of the United States Postal Service Authority through collective bargaining in accordance with section 806. No change in those rights occur until affirmative action is taken by the Authority. It is not possible to determine the extent to which benefits such as leave, travel, training, back pay, etc., would be affected by the bill. With respect to unemployment compensation, compensation for injuries and death, life and health insurance, subsection 803(c) provides that the present statutory provisions governing such benefits shall apply to employees of the Authority unless varied, added to, or substituted for pursuant to that subsection. However, the subsection provides that no variation in fringe benefits shall result in a program which, on the whole, is less favorable to the employees than that in effect on the date the Authority commences operation. Although the bill provides for employee protection through collective bargaining agreements and sets forth procedures

for the settlement of disputes, we note that it does not contain any minimum requirements for compensation such as for fringe benefits but, rather, provides only for comparability with the non-Federal sector. See section 805 of title 39 as proposed.

Under subsection 803(d) any employee of the Post Office Department on the effective date of that section would be eligible to transfer to any position within the Government which is open and for which he is qualified. The subsection places no time limit on such transfers. Compare subsection 803(d) of H.R. 11750, 91st Congress, which provides for a one-year period on transfer eligibility.

In summary, it appears that very few of the statutory provisions presently applicable to postal employees would continue to be mandatorily applicable to them under the bill in question. Generally, however, the provisions of the bill are designed to afford postal employees benefits and protections no less than they presently enjoy.

Sincerely yours,

R. F. KELLER,

*Assistant Comptroller General of the United States.*

Mr. SCOTT. Mr. Chairman, quoting from one paragraph of this letter—I asked the Comptroller General whether it was true that the civil service employees would lose their status under this bill, and he says this:

We believe the intent of subsection 801(a) is to remove postal employees from the competitive service. In the competitive service appointments and promotions are based upon merit and fitness as determined by examination. See 5 U.S.C. 3304 and 3361. However, as stated, subsection 801(a) provides that appointments and promotions shall be in accordance with procedure established by the Authority. It is evident, therefore, that such personnel actions are not to be subject to the laws and regulations governing the competitive service.

Moreover, bearing in mind the language of Section 209, as discussed above, we note that the provisions of Title 5, U.S. Code, pertaining to the competitive service, are not specifically made applicable to employees of the Authority.

General, this letter was written under H.R. 4 as revised, which of course is an administration bill that was submitted by your Department to the Congress. And as I read them, there is no difference in the two bills other than a minor variation that has to do with workmen's compensation. Would you agree with the views of the Comptroller General on this matter of the civil service merit system?

Mr. BLOUNT. Mr. Scott, I have not seen that letter. It is true that, in the main, this bill is substantially like H.R. 4.

Mr. SCOTT. As amended, which is the bill that you submitted, and not the one that we considered for a year up here?

Mr. BLOUNT. As amended, that is correct. I am told that this letter from Mr. Keller—which is, I believe, in the committee report—states in its last sentence:

Generally, however, the provisions of the bill are designed to afford postal employees benefits and protections no less than they presently enjoy.

I presume that that is the same letter to which you are referring.

Mr. SCOTT. Yes. I am inserting the entire letter in the record. But I was reading one paragraph from that letter, that they are removed from the protection of the civil service merit system. Would you agree that they are?

Mr. BLOUNT. That is correct. I think that the parties themselves will bargain over many of the rules and regulations under which the Department will proceed on things such as grievances, and so forth. In the meantime, of course, the existing rules and regulations will continue in effect.

Mr. SCOTT. In all candor, General, I think the Government employee is selling his birthright for a bowl of porridge. I think they are making a mistake which will come back to haunt them. I oppose this bill. And you know this.

Now, tell me this, Do you think it is right for a Government employee to have to join a union in any State of the Nation in order to have a Government job? Is this the American way of doing things?

Mr. BLOUNT. Mr. Scott, there is no provision in this bill that would force an employee to join a union.

Mr. SCOTT. Isn't it true that in the States that do not have right-to-work laws, that there are union shops, or union shop agreements can be negotiated, and a person has to join a union if he is going to retain his job, isn't this true in private industry in the non-right-to-work States?

Mr. BLOUNT. That is a matter that is a bargainable issue between the parties. There is nothing in this legislation that provides that a person has to join a union in order to have his job.

Mr. SCOTT. Aren't the same laws applicable under this legislation that are applicable in private industry?

Mr. BLOUNT. Generally that is correct.

Mr. SCOTT. Then wouldn't it be true that it would be a bargainable issue, and the Government could bargain with the employee and with the unions—incidentally, they are not bargaining with the employees but they are bargaining with the union—that the employees would all have to join a union—couldn't you establish a union shop under this legislation?

Mr. BLOUNT. It is true that that is a bargainable issue.

Mr. SCOTT. Now, going back to my original question, do you think that it is a proper thing for any Government employee to have to join a union in order to hold a Government job, when this is his government? We believe that this is a people's government. Do you think this is a proper thing, or would you be agreeable to legislation to provide that no Government employee—to an amendment to the bill to provide that no Government employee would have to join a union to hold his job?

Mr. BLOUNT. Mr. Scott, in designing this legislation which is precisely the same on this point as the bill we introduced a year ago, and the same as the bill that was reported out by this committee on March 12, we have attempted to subject the U.S. postal service as much as possible to the labor laws of the land. We have not viewed the matter of labor law reform as a subject to be carried on the back of postal reform.

Now, whatever the Congress chooses to enact in that regard we, of course, intend to abide by.

Mr. SCOTT. As a matter of principle, General, should any Government employee have to join a union to hold a Government job? What is your opinion on that?

Mr. BLOUNT. I do not think, Mr. Scott, that my personal opinion makes any difference—

Mr. SCOTT. As Postmaster General, as head of one of the major agencies that employs perhaps one-fourth of all Government employees—you are proposing to take them out from civil service any—

way—do you think they ought to have to join a union to hold their jobs?

Mr. BLOUNT. Mr. Scott, I think that to the extent that I as Postmaster General would be involved in the bargaining of the parties over this issue, if in fact it becomes a bargainable issue, I think that any comment on my part would be inappropriate. Again, I do not believe my opinion in that regard is pertinent.

Mr. SCOTT. General, you are here as the representative and as the head of the Post Office Department, and we are considering legislation. And I am going to offer an amendment, if somebody else does not do it, to provide that no Government employee shall be compelled to join a union. I have such an amendment. I was going to offer it to H.R. 4 as amended. You know we did not have any time to offer amendments here when this measure was being considered.

Now, would you support such an amendment? What would be the position of your Department on this?

Mr. BLOUNT. Mr. Scott, we have agreed to support the provisions of this bill as it has been submitted to the Congress. And we would not plan to support any amendment.

Mr. SCOTT. You know, of course, that the National Right To Work Committee is opposed to your legislation on this ground, among others. And I assume that you have read the various statements that they have circulated. Do you find yourself in disagreement with these statements?

Mr. BLOUNT. I am quite certain, Mr. Scott, I have not read all of the statements that anybody has gotten out on this subject, much less the group you refer to. I have read some of the statements, and I think that some of the things I have read are misleading and are distortions of fact.

Mr. SCOTT. Is it a distortion of fact if I ask you the question, should any Government employee have to join a union in order to hold his Government job? Do you refuse, General, to give me an answer to that? It is not an unreasonable question, in my opinion.

Mr. BLOUNT. Well, Mr. Scott, I explained that I believe that it would be inappropriate for me to answer such a question if I, as Postmaster General, am going to be one of the parties to the bargaining.

Mr. DULSKI. The gentleman's time has expired. Mr. Purcell?

Mr. PURCELL. Thank you, Mr. Chairman.

Mr. BLOUNT. I want to compliment you on your having worked so diligently with the organizations which represent the Government's Post Office employees in bringing us this legislation.

But I would emphasize, Mr. Chairman, and Mr. Postmaster General, that there are some of us that have deep concern in the area that Mr. Henderson touched on. And I have no specific questions. If it is agreeable, Mr. Chairman, I would like to yield the balance of my time to Mr. Henderson.

Mr. WILSON. Would you yield to me for just one moment?

Mr. PURCELL. Yes.

Mr. WILSON. I just felt that the record should show, Mr. Chairman, that about 87 percent of the postal employees are members of postal unions on a voluntary basis. Therefore, the effect of the legislation, in this respect, will not create any great change.

I think the fears of Mr. Scott are unfounded.

Mr. HENDERSON. Will the gentleman yield?

Mr. PURCELL. I yield to the gentleman from North Carolina.

Mr. HENDERSON. In response to the gentleman from California, I do not think it will make a great deal of difference if the amendment is adopted either.

Mr. WILSON. Then to nail it down we might as well have it.

Mr. HENDERSON. General Blount, on page 19 of the bill, as I understand the impetus of the language, the provisions of the Dual Conversation Act that we referred to are not applicable to the employees of the Postal Service that would be established under the legislation, we went into this last year in the bill that the administration presented. But my specific question is—which I will ask of the organizations when they testify, but I would like to have your answer to it—did the organizations agree to that provision of this bill?

Mr. BLOUNT. The whole of the bill that has been submitted was discussed and agreed to by all of the postal unions represented in the negotiations.

Mr. HENDERSON. The general law of the land today is contained in that act. So this bill would amend it and provide in the Postal Service that retired military could save their full retirement and the salary from the Postal Service if the bill is enacted as presented to us?

Mr. BLOUNT. Yes, sir. I believe, Mr. Henderson, that the people that serve in the military earn their retirement separate and apart from what they do in the future.

Mr. HENDERSON. All of them will agree with you, and they want the basic law amended. And what we are doing here—and this emphasizes the point that I think Mr. Scott was trying to make—we say we are giving them all of their right, but this is one amendment that I am a little surprised they would agree to have in the bill; except as a concession to help them carry other points.

Mr. DULSKI. Does the gentleman yield further?

Mr. PURCELL. I yield my time.

Mr. BLOUNT. Let me make one comment, if I may, in response to your last question, Mr. Henderson. This is a compromise bill, and it does contain some things—

Mr. HENDERSON. I want the record to show that they did compromise on this point. I think they did.

Mr. BLOUNT. That may be right. But we also compromised on many points.

Mr. HENDERSON. On page 8 of your statement I note that the mail handlers are named as one of the craft unions. It is my understanding that this group is not a division of a craft union which has a large membership outside the postal service. My question is: Were they objecting to the treatment of other unions whose memberships consist exclusively of Federal employees, although covering one or more particular crafts?

Mr. BLOUNT. These crafts that are named here are those that have national exclusive recognition at the present time.

Mr. HENDERSON. Then I think I would ask this question. It will be possible under this legislation and the authority granted to the NLRB under its usual authority to decertify any organization if the facts warranted that, would it not?

Mr. BLOUNT. Yes, sir.

Mr. HENDERSON. Finally, I would like to point out—and I feel sure that the legal counsel will agree with me—that if H.R. 15693, the obscenity law, passes the Congress and becomes law before this legislation is enacted, there should be an amendment to this legislation to provide that bill would not be repealed by virtue of the fact that it is not enumerated in the legislation here.

I realize that we are going to have some problems during that time, and I am sure, General, you would not object to the bill finally passed by Congress on this subject being specifically covered by an amendment to this bill?

Mr. BLOUNT. That is right, sir.

Mr. HENDERSON. Thank you very much, Mr. Chairman.

I thank the gentleman for yielding.

Mr. DULSKI. Mr. McClure?

Mr. McCLURE. Thank you, Mr. Chairman.

Let me start with a general observation. I am sure that most of us would agree that we have discussed general and particular problems rather fully for the past year. What I am really looking forward to in these hearings is a discussion of the changes from H.R. 4 incorporated in this bill and the reasons for those changes. As I understood the request of the gentleman from Iowa, Mr. Gross, and your response, General, you will furnish us with such an analysis, is that correct?

Mr. BLOUNT. Yes, sir. We have furnished to the committee the analysis of the difference between this legislation and H.R. 4 as reported. Mr. Gross, I believe, asked me for an analysis of the difference between this legislation and the bill that we originally submitted known as H.R. 11750.

Mr. GROSS. Let us have both.

Mr. McCLURE. I wonder if we could have both?

Mr. BLOUNT. By all means.

Mr. DULSKI. Would the gentleman yield? We have one of the copies.

Mr. McCLURE. I have gone through what is before us, which is called the Highlights of the Differences Between H.R. 17070 and H.R. 4 as Reported, and I find that there is a rather general statement of the differences. But I would like to have in addition a specific statement of differences with supporting arguments for the changes.

Mr. BLOUNT. Yes, sir.

Mr. McCLURE. I thank you.

I might say to the gentleman from California that Mr. Agnew was speaking of the other body when he referred to obstruction of postal reform.

Mr. WILSON. Did he identify them as the other body?

Mr. McCLURE. No. But I think our chairman this morning pointed that out.

On page 4 of the "Highlights of Differences" being supplied to us the statement is made that the present bill makes certain portions of the labor laws inapplicable. I wonder if you could briefly tell us what the significance of that change is and the reasons for it?

Mr. BLOUNT. Mr. McClure, subchapter I of chapter 7 of title 29 is just general provisions, and is really not pertinent one way or the

other. The National Labor Relations Act, as amended by Taft-Hartley is contained in subchapter II, which is included in the legislation which we have submitted. Subchapter III deals with the resolution of national strikes on an emergency basis, which again is not applicable here because we do not have the right to strike.

And the substance of subchapter IV is written out in the language of the bill that we submitted, rather than being incorporated by reference.

Mr. McCLURE. Are all of the liabilities and restrictions that are contained in subchapter IV made applicable under this by a specific provision?

Mr. BLOUNT. I think as a general statement that is correct. I am not completely certain whether something is left out or not, but generally that is true.

Mr. McCLURE. In the analysis which you will furnish us later would you point to any such differences if they do occur?

Mr. BLOUNT. Yes, sir.

Mr. McCLURE. Again on page 4 of the "Highlights," in the next one you have indicated that the bargaining units must be national in scope, and along craft lines, as distinguished from H.R. 4 as presently reported, which refers to chapter VII, title 29. What is the reason for that change?

Mr. BLOUNT. This legislation recognizes the traditional way in which these matters have been handled in the Postal Service, and continues that.

Mr. McCLURE. If I read the bill correctly, it provides that recognition of labor bargaining units will be by national craft. And then it goes on further to say that bargaining will take place only with recognized units. Where does this leave the other units which now have local recognition?

Mr. BLOUNT. This provides for national recognition, and provides that bargaining shall be on that basis.

Mr. McCLURE. But the local units that now have recognition under the law, you will have no requirement to bargain with them, is that correct?

Mr. BLOUNT. Under the new law we will only be required to bargain with national unions which are recognized either now or in accordance with the future procedures.

Mr. McCLURE. I think that that refers back to some of the colloquy that has taken place here earlier with respect to the fact that the recognized local units now that are less than national units and are not members of national craft organization would not be affected by the legislation, and I think it very clearly does affect it.

Mr. BLOUNT. They do not have bargaining rights today over the kind of things we are going to bargain over. Recognizing that we have got some 30,000 individual post offices or more, it is obvious that if we were subjected to bargaining with all 30,000 units in this country, it would be an almost impossible situation.

Mr. McCLURE. I appreciate your answer. And I am sure that that is something that this committee is going to take a look at before we pass out the legislation.

On page 5 of the highlights you have made a general statement that the provisions of chapter II, title 29, the Landrum-Griffin Act, with

regard to reporting will not be required, that you can submit a different kind of a statement.

General, let me make a rather general statement here, that I do not ordinarily support the attempts of the Government to exempt itself from the provisions of law which it sees fit to make applicable to other people. I think if it is suitable for them it ought to be suitable for the Government itself. I am going to have to be persuaded that this is necessary.

I would invite comment if you would like.

Mr. BLOUNT. As I understand it, Mr. McClure, there are provisions in the Landrum-Griffin Act that provide for simplified procedures. As you are, I am sure, aware, the postal unions at this point in time are not required to make these reports under Landrum-Griffin. We felt that it may well be—and we have not predetermined that—it may well be that the Secretary of Labor and the Postmaster General will agree on these simplified forms.

Mr. McCLURE. I am concerned about a little clarification of the financing section of the bill. At the bottom of page 11 and the top of page 12 you indicate that the obligations could not exceed \$2 billion in any one fiscal year, of which not more than \$1½ billion could be for capital improvements. What is the reason for the difference between those two figures?

Mr. BLOUNT. This is precisely the language of H.R. 4 as reported out by this committee. It does contemplate that bonds could be sold for purposes other than capital expenditures.

Mr. McCLURE. Would that also encompass some of the additional expense that might be incurred by refinancing earlier obligations?

Mr. BLOUNT. I do not know that it is anticipated that that would be the manner in which it would be used. For instance, we could have a year in which we do not reach our break-even requirement, and might need to have some bond money for that purpose, or take care of seasonal fluctuations.

Mr. McCLURE. I understand, General, that you will be back this afternoon, and that the committee will again go into this. I have some questions that I want to go into, and will do so this afternoon, in regard to the revenue and cost analysis which has been filed showing the percentage of costs under the demonstrably related cost system that I think is very revealing, and I would like to go into that this afternoon.

Mr. DULSKI. Now we come to the anchor man of the entire committee, Mr. Hogan, who has been very patient.

Mr. HOGAN. Thank you, Mr. Chairman.

General, I am concerned about some of the same problems enumerated by my colleagues, and, specifically, the compulsory union system, and the problem of the possibility of putting some of the independent unions out of business. And I frankly do not read the bill as you do.

I think the result of this legislation would in effect put the independent multicraft unions out of business. And I do not think you can get away from that. But, since you do not feel that that is the case, I am sure that you would not be displeased with an amendment which would insure that, before the legislation passes the committee.

Mr. BLOUNT. Mr. Hogan, as stated, the legislation that we have

agreed to represents a compromise. And we are not going to support any amendment, or do not plan to support any amendment, to this legislation.

Mr. HOGAN. I phrased what I said very carefully. I said that you would not be displeased if this committee adopted such an amendment. I did not ask for your endorsement of it.

But to go beyond that and further explore what Mr. McClure said, you are correct in your analysis of the current Landrum-Griffin Act, which does provide for the possibility of simplified written reports from the unions. But what the proposed bill before us does in plowing new ground is that it gives the Postmaster General the power to concur in those simplified forms. And that is new. I see your counsel shaking his head. But I have just reread the Landrum-Griffin provision, and there is no provision in it for management to have a voice in the kind of reports that labor unions file, and to me to do so would be pretty absurd.

It is like asking the president of General Motors to concur in what the United Auto Workers report to the Department of Labor or the NLRB. I think that ought to be stricken from the bill before it leaves the committee, because if we are going to respect the integrity of management and labor in negotiations, we ought not to give management the extra whip hand to be able to say, "Yes, we are going to let them have simplified forms"—and so forth.

Mr. BLOUNT. Mr. Hogan, can I ask the General Counsel to reply to that?

Mr. HOGAN. Yes.

Mr. NELSON. I have been here a little over a year now, Mr. Hogan, and I still have not learned not to shake my head.

Mr. HOGAN. You telegraph your blows.

Mr. NELSON. As I understand it, sir, the provisions of 29 U.S.C. 438, would be applicable without change. That section does authorize the Secretary of Labor to prescribe simplified forms under certain circumstances.

Mr. HOGAN. I agree.

Mr. NELSON. He could continue to do that without change. In addition to this authority, the Secretary of Labor would be authorized, if he saw fit to do so, to prescribe simplified reporting forms for the national collective bargaining representatives with whom the Postal Service deals, but he could do so only if the Postmaster General concurred. And I think your analogy is a good one. I do not think that General Motors would be likely to concur in a simplified reporting form unless there were pretty good reasons for doing so—unless it made sense from both standpoints.

Mr. HOGAN. I agree with your analysis of the existing law, but what I am saying is, that what is new is giving the Postmaster General any involvement whatsoever in the Secretary of Labor's allowance of simplified reports. What I am saying is that the Postmaster General ought not to be involved. This is something between the Secretary of Labor and the union. No other management official has it and the Postmaster General should not have it.

Mr. NELSON. I suppose this is another example of the way that checks and balances have been written into this bill, not only with regard to the relations between the Postal Service and the Congress, and

the Postal Service and the White House, but also between the Postal Service and the Secretary of Labor.

Mr. HOGAN. And this is one of the other things which troubles me, because when the Taft-Hartley Act and the Landrum-Griffin Act were enacted, some employees were specifically exempted from their provisions. So the effect of this bill we have before us today is to amend the labor relations laws of the Nation, specifically those to which I referred. And I think we ought to do that with the greatest reluctance, and the closest possible scrutiny, because the ramifications of it are such that all Government employees and all management and union relations, I think, could be affected by it.

I yield back the balance of my time.

Mr. DULSKI. Thank you very much. The meeting stands adjourned until 2:30.

(Whereupon, at 12:10 p.m. the committee recessed, to reconvene at 2:30 p.m. on the same day.)

#### AFTERNOON SESSION

Mr. DULSKI. The committee will come to order.

#### TESTIMONY OF HON. WINTON M. BLOUNT, POSTMASTER GENERAL; ACCOMPANIED BY HON. DAVID A. NELSON, GENERAL COUNSEL, AND HON. JAMES W. HARGROVE, ASSISTANT POSTMASTER GENERAL, BUREAU OF FINANCE AND ADMINISTRATION, POST OFFICE DEPARTMENT—Resumed

Mr. DULSKI. I am glad, General, that you found time to be with us here this afternoon.

I have one question that is rather disturbing. In the air transportation section of H.R. 17070, section 853, certain judicial questions are raised which have been brought to my attention by the chairman and members of the House Committee on Interstate and Foreign Commerce.

Such a dispute simply could cause serious delay in action on postal reform legislation. Every committee is proud of the jurisdiction that it has.

What would your position be if this section were amended to continue the existing authority for transportation of mail by air?

Mr. NELSON. Of course, basically that is a policy question, Mr. Chairman, rather than a legal question, and perhaps I am really not the one who should respond to it. But I think it is a fact that the parties to the agreement that was signed on April 16 between the AFL-CIO, the seven exclusive postal units, and the Post Office Department did agree that they would jointly sponsor in its entirety the particular legislative proposal that we now have before us.

Mr. DULSKI. The Assistant General Counsel for Transportation stated before the Interstate and Foreign Commerce Committee that he was not an expert on committee jurisdiction.

Mr. NELSON. Perhaps I could speak to that, Mr. Chairman, because I was present at the hearings before Chairman Friedel's subcommittee, at which the Assistant General Counsel for Transportation, Mr. Meagher, was asked that question. As I understood it, the question related

to the manner in which our legislative proposal was referred to the committees of Congress. And he testified, I think quite properly, that he was not an expert on the manner in which Congress disposes of its business, and he would not presume to tell Congress to what committee or committees any legislative proposal should be referred. It really is not our bailiwick.

Mr. DULSKI. Suppose we have an amendment. Would you agree to let the present law stand as it is?

Mr. BLOUNT. Mr. Chairman, again, as Mr. Nelson pointed out, we do not presume to get involved in the manner in which Congress conducts its affairs, but it is my understanding that this committee has dealt in the past with matters such as this regarding the Post Office Department. We have many laws on the books relating to transportation at present. The answer is that the present situation regarding transportation is not satisfactory to the Department. We have worked with this committee, and as a matter of fact, the transportation section largely follows the concept originally contained in H.R. 4. Both the committee and the Department recognize the need for changes in the transportation system that the Department has to deal with, and this is not unusual or different from the way in which this committee has acted in the past regarding transportation matters.

Mr. DULSKI. The reason I bring it up, General—and I appreciate your position—is that I would not like to bring a bill to the floor and then find out that there is going to be points of order raised in that category. And that is the reason I say to you now that we would like to get the record straight and be justified when a point of order is raised. And I would have no opportunity to defend, because the jurisdiction will lie in a certain committee. This is what I want to bring out. I have no further questions. Mr. Corbett?

Mr. CORBETT. Mr. Chairman, in that connection I am wondering why the postal unions or associations care about this particular section of the bill. Is there any reason for them to have concern about how you handle your transportation?

Mr. BLOUNT. Mr. Corbett, both the postal unions and the Department have made it very clear that what we were doing was recommending to the Congress a complete postal reorganization measure. This recommendation involved the entire bill. We did discuss and talk about all the legislation. And certainly the employees of the Department are extremely interested in the manner in which we are able to handle our business, because they want to provide the best service to the American public that they can.

So our negotiations were on the matter of a recommendation to the Congress, and that recommendation included an entire legislative package.

Mr. CORBETT. By not having any interest, I meant direct interest, in that it did not affect their salaries, fringe benefits or anything of their working conditions, or matters of that kind.

So I was going to suggest to the chairman that if there is a jurisdictional fight on this matter, and if it does belong over in the other committee, why wouldn't it be right and proper to just pull it out of this bill and let them introduce it and consider it over there? This package does not have to be in this particular bill.

Mr. BLOUNT. This provision, Mr. Chairman, of course is precisely the provision contained in H.R. 4 as passed out of the committee before.

Mr. CORBETT. I yield the floor.

Mr. DULSKI. Mr. Olsen?

Mr. OLSEN. On this subject I think that the administration program is correct, that it should be one package. Now, I have disagreement as to what ought to be in it. I do believe that the Post Office Department, whether it would be in or out of the Cabinet, should have a better control over transportation. I have said it before when we were in executive session, and I want to say it in open session, that I think it is long established in English law that certainly whoever is a franchised monopoly carrier—and that is what they are when they get a franchise—they should have to carry the King's mail. And in this case it is the people's mail, and they should be required to carry it.

And I think that certainly the people of this country through their Post Office Department should have an opportunity to negotiate whatever price they can negotiate to carry their mail. And I think that the Department should have that kind of authority, even if we do not pass this bill. There are many parts of this bill that I believe in.

Mr. DULSKI. Would the gentleman yield?

This is off the record.

Mr. OLSEN. What I said was on the record.

Mr. DULSKI. This is off the record.

(Discussion off the record.)

Mr. DULSKI. Back on the record.

Mr. OLSEN. I am thinking of a fellow called George the Third, not George the Fifth. He started a mail route between Boston and New York. And he moved it by ship or by coach, and they had to carry it. And I believe in that kind of system.

Of course, you have to compensate people for carrying the mail. But I do believe that the commerce of America is so dependent on the postal system that the Post Office Department has to have an opportunity to be superior to any other system.

They have to require the transportation system to do what is needed. And I would remind some of the members of the committee—you and I, Mr. Chairman, were in Europe together, and we know that in Europe the French have their own airline system for the mail. So I just wanted to get that mentioned here.

But some of us think that you should not have borrowed from the committee's text on limiting the authority of the Postmaster General on transportation, and you should have retained what authority you have with the railroads, and you should have that same authority with the other systems.

Would you respond on how you have reduced your authority on railroads, on handling the mail?

Would you respond, Counsel?

Mr. NELSON. Yes, Mr. Olsen. There are some changes in the statutes pertaining to the carriage of mail by rail. To a certain extent those changes have become appropriate because of changes in the pattern of mail distribution. Railroads do not function today in the same way that they functioned a hundred years ago when some of these statutes were originally prepared.

Some of the changes were proposed by the railroads, and frankly, the Department had no difficulty with most of the changes, and was happy to acquiesce in them in the interest of getting—

Mr. OLSEN. You say something, but it is too general. You could levy a fine against the railroads for not picking up the mail when you told them. Now, that has been reduced, has it not?

Mr. NELSON. My recollection is, Mr. Olsen—I would want to check it—that the authority to fine is still in here and extends—

Mr. OLSEN. It is not at all, not if you copied it from H.R. 4. And I do not think that you should reduce that authority. And I do not think that you should reduce your authority over any franchise carrier.

Now, they have got a great privilege. And if they do not do what the PMG tells them, and at the time, why they should be fined. I am not arguing that they should not be paid, they should be paid. But by golly, they should be required to carry the mail when they are told to carry it. And I think you have reduced that authority if you have copied H.R. 4. And the same goes for trucks and for air carriers.

I would like you to supply that for the record, that comparison of present law and what you propose in this bill.

Mr. NELSON. We certainly shall, Mr. Olsen.

(The information requested follows:)

#### CHANGES IN STATUTORY PENALTIES RELATED TO TRANSPORTATION OF MAIL BY RAILROAD

Sections 6203 and 6204, of existing title 39, U.S. Code, provide for the services, equipment, and conditions required of a railroad engaged in transportation of the mail. Similar provisions are contained in Section 827 of title 39 as revised by H.R. 11070. Provisions for penalties which may be imposed upon railroads are presently contained in existing Section 6207, and provision for fines and deductions are contained in the proposed Section 831.

The differences are as follows:

a. Fines and deductions provided for in Section 831 under H.R. 11070 would be made applicable to any carrier, *i.e.*, railroad, freight forwarder, motor carrier, or express company, performing mail transportation, instead of railroads alone.

b. Fines for refusal to perform mail service required by a carrier at properly established rates of compensations would be in an amount not to exceed \$500 per day, instead of the present fixed amount of \$100 a day applicable to urban or interurban railroads and \$1000 per day applicable to any other railroad.

d. The existing list of specific infractions for which fines may be imposed—*i.e.*, refusal or failure to furnish cars or equipment or construct and maintain cars and appliances for use in case of accident—is not contained in H.R. 11070; instead, general language is used—*i.e.*, that fines may be imposed for failure or refusal to transport mail as required by the Postal Service under the various provisions of Subchapter II, Chapter 8 of the Bill.

e. Authority to make deductions from compensation of a carrier for failure to perform required mail transportation and, if failure is due to the fault of the carrier, authority to make deductions in the amount of three times the compensation applying to such service, would not be changed from provisions in the present law, but deductions authorized by H.R. 11070 may not be made prior to 60 days after the Postal Service has served a notice of the intention of assessing a fine or making a deduction and the basis therefor.

Authority to impose a fine in an amount deemed reasonable by the Postal Service for failure or refusal by a carrier to transport mail as required by the Postal Service would not be changed, and such authority would not be limited by 39 U.S.C. 831(a), under the bill to any greater extent than the authority now contained in 39 U.S.C. 6207(b) is limited by 39 U.S.C. 6207(a).

Mr. OLSEN. The other thing I would like to have for the record—and I do not think you can supply it right now—is whether or not under the new bill the Postmaster General may consolidate rural

routes and reduce rural service without the permission of the legislative committee, this committee. I would like a discussion on that because I know we were a little vague on it in our exchange this morning.

But it is important, I think, to rural America to know whether or not you can reduce service simply because—I mean, reduce service in a specific category simply because the Appropriation Committee does not appropriate the service money.

Now, I know that since time began that PMG could reduce service generally for the whole of America if they did not have enough money. But what I am concerned with about this bill—and I want just an intelligent discussion—is whether or not specifically a service could be reduced or abandoned because there was not an appropriation of money.

Mr. NELSON. We would be happy to supply that.

Mr. OLSEN. We will have that exchange for the record. Thank you very much.

(The information requested follows:)

#### SERVICE CHANGES

Existing law requires the Postmaster General to maintain a rural delivery service for the free delivery of mail serving as nearly as practicable the entire rural population of the United States. 39 U.S.C. 6005. The proposed legislation, in 39 U.S.C. 401 (a), would generalize this requirement by imposing a mandatory duty on the Postal Service to "serve as nearly as practicable the entire population of the United States." In addition, section 101 (a) of the bill imposes an obligation on the Postal Service to provide a postal system adapted to the needs of all the people, and to provide postal service to patrons in all areas of the country.

Under existing law, a failure on the part of Congress to appropriate funds necessary to maintain an adequate rural delivery service would necessarily result in reductions in service without any action by Congress and without the permission of any Committee of Congress. Under the proposed legislation, however, postal service in rural areas of the country would not, after 1977, be dependent in any way upon Congressional appropriations. While changes in the manner in which rural service is provided would be permissible—subject to the requirements that the system be adapted to the needs of all the people, that service be provided to patrons in all areas, etc.—the proposed legislation goes on to provide, in 39 U.S.C. 1255, that such changes could be made only after public notice, with an opportunity for affected persons to be heard on the proposed change. The legislation would thus provide a measure of protection that does not exist under present law.

Mr. NELSON. If I may, Mr. Chairman, while Congressman Olsen was talking, I have found the section, section 831 on page 78 of the committee print. And I think Mr. Olsen was right, there has been a change in our fining authority; but we do retain the authority to fine any carrier not to exceed \$500 for each day that the carrier refuses to perform mail transportation services required by it under rates of compensation established under this subject.

Mr. OLSEN. I have to ask unanimous consent, if I may, for additional comments on section (b) on page 78.

Now, this is the one that I think is most important. I think this is the real authority that we should maintain for the Post Office Department. And I wonder, how much does this section (a) reduce the authority in section (b) ?

Mr. NELSON. Perhaps I could supply a detailed response to that for the record, Mr. Olsen.

Mr. OLSEN. We lost this contest in the committee earlier. Enough members thought that there should not be such great authority over

the franchised carriers. But I would like to take it up again, because I think if we are going to move the mail efficiently, the Department has to have an authority over carriers. And I would like to have some exchange with the committee preparatory to marking up this bill.

Thank you, Mr. Chairman.

Mr. DULSKI. Mr. Gross?

Mr. GROSS. Thank you, Mr. Chairman.

Mr. Blount, this morning you stated, and repeated your statement, that you wanted no amendments to this bill. You sent a bill to the committee, the one previous to this, which was adopted without a single amendment, according to your wishes, or perhaps dictates.

At any rate there were no amendments to that bill, a substitute for H.R. 4. Now you are back saying that you want no amendments to this bill, and yet you yourself are amending the legislation that you are proposing to Congress—amending it all over the lot.

Why do you want to deny this committee and the House the right to amend a bill that you send to Congress? Are you the legislative authority now in the executive branch of Government? What is the story? I was utterly amazed when I heard you say this morning that you opposed any amendments to this bill.

Mr. BLOUNT. Mr. Gross, we are very keenly aware that we could only recommend to the Congress, and that we have done. What I have stated and repeated was that we were recommending this entire legislation, and we were not supporting any amendments to it. It is Congress' prerogative, of course, to dispose of whatever legislation we propose. We proposed it, and we would hope very much that the Congress would see fit to pass it.

Mr. GROSS. And so you are still this afternoon obdurate on that point, that you want no amendments to this bill; that you are the moving force back of the bills that amend bills in Congress, and no other.

I find myself utterly in disagreement with you on that point. I am not about to sit here as a member of this committee—and I have been on it for about 22 years—I am not about to sit here and take from any source whatever, within or without Congress, legislation on an unamendable basis. I will protest it every time, and vote against it if I have to.

I do not like this procedure—this attempted dictation from the executive branch.

Now—

Mr. BLOUNT. Mr. Gross, I think that this is misstating my position, if you would allow me to say so. I simply said, and I repeat, that we have recommended legislation, and we are not supporting amendments to it, and that is what we are doing.

We recommended this legislation. And we hope that the committee and the Congress will see fit to pass it.

Mr. GROSS. I must say with regret that we could have reform legislation out of this committee long ago had we had any cooperation. I say in all seriousness that I think we could have solved the so-called reform problem long ago had we been given any cooperation.

And out of curiosity, I wonder how Mr. Larry O'Brien, the co-chairman of the Committee for Postal Reform, has been able to keep up with all the different bills and numbers that he has propa-

gandized over the country as your chief propagandist? I wonder how he has been able to keep up with all of this, or has he?

Mr. BLOUNT. I would not know anything about that, Mr. Gross.

Mr. GROSS. That is now part of the job of the Democrat National Chairman.

Mr. OLSEN. Let him come next week.

Mr. GROSS. Is he now propagandizing this bill?

Mr. BLOUNT. Mr. Gross, just to make this clear, he is not my chief propagandist. He happens to be cochairman, along with former Senator Morton, of a citizens committee that is supporting postal reform. I do not know anything about how he keeps up with his business. You will have to ask him.

Mr. DULSKI. Will the gentleman yield at that point?

Mr. GROSS. I will be glad to yield.

Mr. DULSKI. I just got a bulletin that he is supporting this legislation, he and his associate, Senator Morton. A bulletin came out this morning. I hope that clears up a point.

Mr. GROSS. And this is the same Larry O'Brien who is now the Democratic National Chairman, is that right?

Mr. DULSKI. I am trying to get politics out of the Post Office.

Mr. BLOUNT. And I might also point out, Mr. Gross, that the co-chairman used to be the Republican National Chairman, and is the brother of the man who is now the Republican National Chairman.

Mr. GROSS. I have not seen his name or heard any word from him. I have heard from Mr. O'Brien, but I have not seen nor heard from the cochairman since he became the cochairman and appeared before this committee. Maybe he is still in circulation, I do not know.

Mr. Blount, would you explain why you have not sent any nominations for permanent postmasters to the Senate since you became Postmaster General nearly a year and a half ago?

Mr. BLOUNT. Mr. Gross, we have inaugurated a procedure for selection of postmasters that utilizes a management selection board, one in each of the 10 regions, and one National Selection Board. We have submitted to the Congress legislation to remove Senate confirmation of postmasters. The Senate passed that bill in July of last year. It has not yet been passed by the House. Our effort has been to remove the appointment of postmasters from the political process, and we have been utilizing the method of selection of candidates for these positions under the procedure that was spelled out in quite some detail to this committee.

Mr. GROSS. Under section 112 of the bill that you have proposed it says:

Between the date of enactment of this Act and the effective date of Section 102 of the Act, the Postmaster General shall appoint postmasters at offices of all classes in the competitive Civil Service. Enactment of this subsection shall not affect the status or tenure of postmasters in office on the date of enactment, of this Act.

And I believe somewhere it provides for non-Senate confirmation; is that correct?

Mr. BLOUNT. Yes, sir.

Mr. GROSS. I do not quite understand why and how nonpartisan the appointments can be between the effective date of section 102 of the act, the postmaster—why don't you hold up these appointments until

the legislation is in full force and effect, since you have already delayed so long?

Mr. BLOUNT. There are several sections of the legislation, Mr. Gross, that would become operative upon enactment of the legislation. One is the section 112 that you referred to. Others have to do with labor-management relations, and would permit bargaining between the parties. It was our view that this was the appropriate thing to accomplish in this legislation at this time.

Mr. GROSS. Was this a part of the negotiations that were carried on down at the other end of Pennsylvania Avenue to the exclusion of this committee?

Mr. BLOUNT. The entire bill was discussed by the parties who participated in the negotiations.

Mr. GROSS. I wonder how nonpartisan these appointments are going to be? There are approximately 4,000 vacancies now. The Senate has passed a bill saying it does not care about confirmation of postmasters. Why shouldn't you go ahead as of now, this day, hour, tomorrow, the next day, and fill these 4,000 without this bill?

Mr. BLOUNT. We would be just delighted to do that, Mr. Gross, if this Congress, or the House of Representatives, would pass the Senate bill that has been waiting since last June.

Mr. GROSS. But you do not need it, the Senators have already put you on notice that they have no interest in it because they passed the bill. Why don't you proceed?

Mr. BLOUNT. Because the law still requires that we send them up for Senate confirmation. Until the House completes action on that bill, or completes action on this bill, that requirement is still effective.

Mr. GROSS. All they have to do is give them the once-over-lightly treatment—and they do many things over there. They do not have to bother with what you send up there, all they have to do is put the hand stamp on them and turn them loose. I am beginning to believe that we could run a lot of post offices in this country without postmasters, because some of these vacancies are of several years duration, not just a year and a half. Why postmasters? If post offices can be run for years by something other than postmasters, by temporary postmasters, or assistant postmasters, why have postmasters?

Mr. BLOUNT. We have been installing the candidates selected by the management selection boards as officers in charge. They are the ones that they have selected to assume postmaster positions when the law is passed here in Congress.

Mr. GROSS. I see I am not going to get very far on that.

Someone has handed me a question to ask you, Mr. Blount. Does the Citizens Committee distribute its propaganda under a nonprofit mailing permit?

Mr. BLOUNT. I do not know, Mr. Gross. I will be glad to find out and supply the answer for the record.

(The information requested follows:)

CITIZENS COMMITTEE FOR POSTAL REFORM PERMIT

39 U.S.C. 4452(e) provides that:

"(e) Upon payment of a fee of \$30 for each calendar year or portion thereof, any person may mail in the manner directed by the Postmaster General, separately addressed, identical pieces of third class mail in quantities of not less than fifty pounds of or not less than two hundred pieces subject to pound

rates of postage applicable to the entire bulk mailed at one time." (Emphasis supplied.)

39 U.S.C. 4452(b) provides that:

"(b) Matter mailed in bulk under subsection (e) by *qualified nonprofit organizations* is subject to a minimum charge for each piece equal to 40 per centum of the minimum charge per piece provided in the table under subsection (a), rounded off to the nearest one-tenth cent. (Emphasis supplied.)

Permit No. 43821 was issued to the Citizens Committee under the provisions of 39 U.S.C. 4452(e).

This is *not* a "nonprofit permit." The Citizens Committee is not a "qualified nonprofit organization", and the Committee is not, therefore, entitled to mail at the nonprofit rate.

Mr. GROSS. I will be getting another piece of propaganda pretty soon. I can take a look at that, but I will be glad to have your report on it.

President Nixon indicated recently that a 10-cent first-class regular letter rate was required to pay for the 6 percent pay increase which Congress has just approved. Will you please estimate how much of a first-class rate increase will be required to pay for the 8 percent postal pay increase, and for adjustments so that the top in grade pay rate will be payable to postal employees at the end of 8 years instead of 21?

Mr. BLOUNT. Well, we have proposed to Congress, Mr. Gross, a rate bill that would involve an increase in the first-class rate to 8 cents, and appropriate increases for both the second- and third-class rates as well. We have testified before a subcommittee of this committee on that rate bill.

Now, the rate increases that we have proposed, in conjunction with the transitional ratemaking philosophy embodied in H.R. 17070, would be sufficient, for ratemaking purposes, to absorb the cost increases that are going to be placed on the Department, including the 8 percent increase that you referred to.

Mr. GROSS. By the way, who urged the President to make that ill-advised recommendation for a 10-cent first-class letter rate increase? Was that part of the negotiations in the package that was engineered with the help of Mr. Meany?

Mr. BLOUNT. The matter of rates was not a matter of collective bargaining between the parties, Mr. Gross, and I would not speculate on anything regarding the President.

Mr. GROSS. Well, somebody evidently advised him to come out for a 10-cent first-class letter rate.

Mr. BLOUNT. We have had a proposal before this Congress for over a year of an increase of 1 cent and the Congress has not yet acted on it.

Mr. GROSS. It has now been reduced to 8 cents?

Mr. BLOUNT. We are now proposing an 8-cent first-class stamp, along with appropriate increases in the first- and second-class rates.

Mr. GROSS. Has there been any change in the 120 million increased revenue from second and third class?

Mr. BLOUNT. Yes, sir.

Mr. GROSS. There has been a change in that formula?

Mr. BLOUNT. Yes, sir; considerably.

Mr. GROSS. What led the President to recommend only a \$120 million increase in second and third class as a result of the negotiations carried on at the other end of Pennsylvania Avenue, as compared with around a \$2 million increase in first-class letter rates? What led to all of this?

Mr. BLOUNT. Mr. Gross, I am not going to comment on any actions of the President. I do not understand the import of your question. The rate recommended to the Congress by the President in his message was 8 cents for the first class letter, plus a 50-percent increase in second class rates, and a 33-percent increase in third class rates.

Mr. GROSS. It is important just to this extent, Mr. Postmaster General, that you seem to predicate the pay of postal employes upon revenue in the Post Office Department. No one predicates an increase for classified employees or any other employees on whether there is a dollar in the U. S. Treasury, or whether there is in the works a tax increase to pay for those increases.

Now, let me ask you, why should any negotiating be contingent upon how much money is raised through postal revenues? I want to see proper rates charged, but I know of no reason why the pay of postal employees, postmasters, or any of them should be predicated upon the mail revenues in the Post Office Department. And I do not know how you or the President can justify a rate increase of 10 cents on first class letters.

Mr. BLOUNT. Mr. Gross, I guess you are reading what you want into whatever you are reading, but neither the President nor I have said that postal wage increases were dependent on revenue increases.

Mr. GROSS. You have made the 8 percent pay increase to postal workers contingent upon the acceptance of this package of so-called reform.

Mr. BLOUNT. That has nothing to do with the rate increase for first-class letters or second- or third-class mail.

Mr. GROSS. It is all a part of the so-called package.

Mr. BLOUNT. That is not a part of the package, Mr. Gross.

Mr. GROSS. Coincident with this so-called settlement on April 2 came the statement from the President, a copy of which I have here, and from which you have read, calling for an increase in postal rates—to do what? To take care of the increase in pay, and allegedly to put the Post Office Department on a paying basis. You can try to separate it all you want to.

Mr. BLOUNT. The law passed by this Congress, the Postal Policy Act of 1958, requires that the Post Office Department seek revenues to approximate its costs. Now, when our costs increase we are required by that Act of Congress to seek the rate increases that will generate revenues that will approximate costs. So it is incumbent upon the President and the Post Office Department to seek those revenues, and we are doing it.

Mr. DULSKI. The gentleman's time has expired.

Mr. Henderson?

Mr. HENDERSON. Thank you, Mr. Chairman.

General, I will just take a minute and come back to the point I made this morning. Let us talk about how to save some money and not have to raise rates so much.

Seriously, I would like to ask that your staff assist our staff in drafting an amendment to the bill that would require all of the other departments of the Government to pay the full cost of their mail. And I want to clarify the position I took this morning. When I referred to metering and stamping I was not restrictive in that, I would certainly like to offer language to assure the payment of postage

whether it is done by metering, stamping, or weighing. But I think we would appreciate any help that your staff could give us on this point.

Mr. BLOUNT. Mr. Henderson, of course the other agencies and departments of the Government pay the appropriate rate for the class of mail that they send out; they reimburse the Department for that. And our analysis of revenues and costs, which we have submitted to the Congress, demonstrates fairly substantial coverage of the demonstrably related cost of all Government mail.

Mr. HENDERSON. This has supposedly been the policy for a number of years; and yet I can go to postmasters all over this country—I have done it—and they all tell me that this is not the case. I was at a military base just a few days ago, and I saw a truckload of airmail. And the postal employees, not the postmaster in that instance, told me that on that military base it is his understanding that the airmail from that base—the conversation in the Post Office Department was \$10,000, and they said, “Congressman, we do not send out \$50,000 a year, we do not send out any.” These fellows are handling the mail. I do not know how they knew what the Defense Department pays the Post Office Department. But I think we have laid this to rest once and for all, and if we cannot do it any other way I will offer an amendment that they be metered or stamped. Because I think the American people are entitled to absolutely clear evidence that the other departments and agencies are paying the full cost of mailing.

My objective is not only to get in the revenue, but I am convinced that 10, 15, or possibly 25 percent of it is going out that is not necessary. I believe if they had to pay they would cut some of it out.

Mr. BLOUNT. Mr. Henderson, I am sure you are aware that the Defense Department reimburses us, as do the other departments of the Government, here in Washington and not in the local areas. The problem probably arises in the local areas because one of the criteria for the pay of a postmaster is the amount of revenue his post office takes in. And he feels that if he has a great deal of Government mail, he does not get credit for the revenue as he should under the criteria on which his own salary is set.

Mr. HENDERSON. We hear all the time that when you have these mail counts that everybody knows about it, advance word is given on the day of the count, and if you do not believe that they are not counting at all, you ought to be there the second or third day after they have the count. So I just feel very strongly that we ought to have the language in the bill and that we absolutely require it. I have felt very strongly about it for a long time. We should just be able to tell the other mail users—and I would not care if every one of our letters from Congress had to go out under a meter or stamp—that we pay the Post Office Department.

We talk about free mail. We do reimburse it. But I have no idea in the world—and if any member of this committee thinks that the House of Representatives and the United States Senate compensates the Post Office Department for the full mail service that we get, I would like to hear him tell me that. I just do not believe we do it. And I think we ought to. Because what I am trying to say is that your department, or the new system that we set up, ought not to have to carry the mail except at the full cost.

Mr. CORBETT. Will the gentleman yield?

Mr. HENDERSON. I would be delighted to.

Mr. CORBETT. If memory serves me correctly, when we are arguing about actual cost of public service chargeable to the post office, it was I who proposed that the House and Senate pay to the Department the exact cost of the mail which was sent out by Members of either body. And I believe that that is done.

Now, does anyone know? I would assume that for every franked piece of mail that was sent out the first-class rate is collected from the House of Representatives, and the same in the Senate.

Mr. HENDERSON. Perhaps the committee ought to go into this. I do not want to take all of my time on it. But I do feel that we ought to have in this bill a clear expression of the intent of Congress to do just exactly what the gentleman proposes to do, and then we will see how it works.

Let me talk about this just a minute, General Blount. Did I understand you to say this morning that only the national exclusive recognized organization would have dues checkoff rights?

Mr. BLOUNT. No, sir. I said that there is nothing in this legislation to prevent the withholding of dues, under the proper request, for any organization. It is a mandatory checkoff only for those that are national exclusive.

Mr. HENDERSON. It is mandatory for the national exclusive, but for others it is not?

Mr. BLOUNT. That is correct.

Mr. HENDERSON. I think what we are all disturbed about—and I am somewhat concerned about the language, but I do not know of a better way to put it—I think what we are concerned about, as I understand from talking to the other members of the committee—and it disturbs me too—is the National Postal Union and the National Alliance. As I interpret the legislation and your comments this morning, unless they are designated as appropriate units by the NLRB, they would not be accorded national exclusive recognition.

Mr. BLOUNT. They do not have it now, either, Mr. Henderson.

Mr. HENDERSON. So that their dues checkoff would not be mandatory under this legislation, as I understand it?

Mr. BLOUNT. That is right.

Mr. HENDERSON. Again one of the things that disturbs me is that if we do not amend the bill to provide the right to join or not to join, and that were to be negotiated, negotiable, it seems to me that these organizations that do not have the national exclusive and may or may not have dues checkoff could be even in a worse position than they have been to this time because the others have some advantages that they do not have.

One further question. General Blount, has the rate bill been introduced in the other body?

Mr. BLOUNT. No, sir, to my knowledge it has not been introduced at this time. We have testified before the subcommittee of this committee as to its contents.

Mr. HENDERSON. I should know, but I do not know. The messages have come up, but has a recommended bill been transmitted?

Mr. BLOUNT. Yes, sir.

Mr. HENDERSON. Thank you, Mr. Chairman.

Mr. DULSKI. Mr. McClure?

Mr. McCLURE. Thank you, Mr. Chairman.

To pursue the latter line of questioning with respect to bargaining units again, according to information which has been presented to this committee last year in the Postal Operations Subcommittee, there were 1,762 dues withholding agreements in effect with 76 separate employee organizations. This legislation would at least pose the probability that all but a few of those would be eliminated; is that not correct?

Mr. BLOUNT. I am not familiar with the numbers that you refer to, Mr. McClure, but there is nothing in this legislation that would prevent dues deduction for any organization.

Mr. McCLURE. You indicated in your testimony this morning, if I understood it correctly, some feeling as to the desirability as far as management is concerned of reducing the number of bargaining units with which you have to deal, that although the legislation does not prohibit you dealing with them, it would be your intention not to deal with them?

Mr. BLOUNT. The legislation requires us to deal with the organizations that represent members of units that are determined by the NLRB, which must be national craft units. And at the beginning they would be craft unions such as the ones that presently exist today that do have today national exclusive rights.

Now, withholding of dues is a separate matter from the matter of collective bargaining. We do not negotiate, in the true sense, with the number of organizations that you indicated previously today.

Mr. McCLURE. But there are not very many of these organizations that are represented by present union dues withholding that would qualify under the tests set forth in this law; is that correct?

Mr. BLOUNT. Again, there is nothing in this law that prohibits dues deductions for any organization.

Mr. McCLURE. I mean as bargaining units.

Mr. BLOUNT. As bargaining units, we would be required only to bargain with recognized representatives of employees in those national craft units.

Mr. McCLURE. And there are not very many of the 76 that now have such union dues withholding that would qualify as such bargaining units under the existing legislation?

Mr. BLOUNT. That is correct.

Mr. McCLURE. According to the information again in that report, which is now about a year older than it was at the time given, but I understand is the latest figure available, about 84 percent of all employees are now represented by some bargaining units; is that correct?

Mr. BLOUNT. I am not precise about those figures, but it is a very high number.

Mr. McCLURE. You have no later figures to give us at this time than that represented by that reported a year ago, is that it?

Mr. BLOUNT. No, sir.

Mr. McCLURE. I indicated this morning that I would like to ask a few questions in regard to your postal rate bill. Although this legislation is not directly tied to the postal rate bill, nevertheless the philosophy of the Department with respect to the allocation of costs of

doing business are of concern to us as we go into legislation which proposes to set up an outside Commission that would remove from Congress the oversight on the rates that we now have.

I have gone through what has been submitted as a revenue and cost analysis, fiscal year 1969. I am very frank to say that I am a little confused. That is not to say that it is your fault, it is a deficiency on my part, I am sure. For instance, there is a glossary of terms in the back of that report which purports to give the definition of various terms. But one of the terms which is used in the tables has no such definition, at least not one that is contained in the glossary. It sets forth definitions of such things as distributed costs and institutional costs and demonstrably related costs, and so on. But one of the columns on page 5 of that report is fully distributed cost. What is the difference between distributed costs and fully distributed costs?

MR. BLOUNT. There is no difference, Mr. McClure.

MR. McCLURE. What is the difference between fully distributed costs and fully allocated costs?

MR. BLOUNT. There is none.

MR. McCLURE. The only percentage breakdown that we have by classes of their share of the cost is that percentage of the demonstrably related costs. Is there any such tabulation of their percentages on fully distributed costs?

MR. BLOUNT. One of the things that we have done with this report, Mr. McClure, is to try to present for the Congress, as well as for ourselves, a much more understandable picture of what the costs of moving the mail are. Under the so-called cost ascertainment system previously used they had what was called fully allocated costs. We felt that "fully allocated costs" did not present a clear and true picture of what it really costs to move the mail. We have attempted here to set out very clearly what the demonstrably related costs were for handling each of the classes of mail, setting aside the institutional costs that are not attributable to any one class alone.

Now, in ratemaking there are many things that come into the decision what is an appropriate rate for a particular class. And I do not believe that it is appropriate ratemaking philosophy just to distribute institutional costs on a percentage basis to all of the classes of mail. There are some classes of mail that are more valuable than others. Some classes of mail cost more to handle than others. Some classes of mail are handled at the convenience of the Post Office Department where we can utilize the excess capacity that is in the Post Office Department and not otherwise being used. There are many of these things that end up as judgmental factors in allocating institutional costs as to the various classes.

MR. McCLURE. Is it your contention following that philosophical basis that the full institutional costs be borne by first-class mail?

MR. BLOUNT. Not at all.

MR. McCLURE. If I understand the statement that was presented to the Postal Rates Subcommittee, although the first class is shown to carry 185.4 percent of the demonstrably related costs, it bears only about 85 percent of the fully allocated costs, and that therefore a rate increase on first class is justified. And you went further in that statement presented by Mr. Hargrove to say that it should be in one penny increments, and a 1-cent increase on first class, and if you have not

fully increased the amounts above 100 percent, vote a 2-cent increase, which would go some 14 percent above the fully allocated cost, which, if I read it correctly, would relieve the second and third classes of their share of institutional costs.

Mr. BLOUNT. That is not correct, Mr. McClure. I do not believe that the statement says that to begin with. And if it does it is certainly not our intention. We think every class of mail should carry not only its demonstrably related cost, but the appropriate part of our institutional cost. I doubt that you want me to get into all of these details on rates now.

Mr. McCLURE. I recognize that this is a little bit off the subject of this hearing. But we are concerned about the effect of setting up a ratemaking commission as to what may be the probable impact as far as your department is concerned in the ratemaking decision.

Mr. BLOUNT. Of course, we are having hearings in the rate subcommittee on this subject. I am quite certain that there is nothing in the record of the subcommittee that states what you have just concluded, and I assure you that that is not our philosophy.

Mr. McCLURE. Without pursuing it any further, it is a matter of concern to us, because we are shifting, as you well know, from one kind of cost of allocation to another. I am one who has assumed over the years that third class, for instance, is not paying its share. The percentages that have been given to us before would indicate that they are not, but the analysis based upon demonstrably related costs again on ordinary third-class mail shows them to be paying 198.7 percent of demonstrably related costs and first class 185.4 percent.

Mr. BLOUNT. That is correct.

Mr. McCLURE. Now, the adjustment, then, will lie in the judgmental factors to which you refer, in the division of institutional costs, as between those classes. We have at the present time no guidance as to what the thinking of the Department may be as to what kind of division should be made on institutional costs, other than as will be brought out in the rate hearings. And although, again, I realize that it is not a direct part of this legislation, nevertheless it is a matter of concern to us.

Mr. DULSKI. The gentleman's time has expired. Mr. Nix?

Mr. NIX. Thank you, Mr. Chairman.

I would like to pursue further the questions put by the gentleman from North Carolina, Mr. Henderson, having to do with union recognition and dues checkoff. And I would like to read section 226, page 33. And I quote:

When a labor organization holds national exclusive recognition—

I want to pause there—either the National Postal Union or the Alliance holds such recognition—now I continue—

or when an organization of personnel not subject to collective bargaining agreements has consultation rates under section 208—

Obviously you are speaking of supervisors—

the Postal Service shall deduct the regular and periodic institution fees, dues, and assessments of the organization from the pay of all members of the organization in the unit of recognition if the Postal Service has received \* \* \*

Now do you construe that to include the National Postal Union and the Alliance?

Mr. BLOUNT. I do not, Mr. Nix.

Mr. NIX. You do not. That is one point I want to clarify. They are not included, those two?

Mr. BLOUNT. In this section that you have just read, the key words are in lines 7 and 8, the words "shall deduct." That is a requirement. There is nothing in this legislation, however, that would prevent a voluntary deduction of dues for other organizations.

Mr. NIX. And likewise there is nothing in the section that would authorize it?

Mr. BLOUNT. That is correct, sir.

Mr. NIX. The conclusion is inevitable, then, that they are excluded unless something in addition to what has been done is done or said?

Mr. BLOUNT. I would not think that would be necessarily so, Mr. Congressman. There is nothing in the law today that says that we shall deduct the dues for anybody.

Mr. NIX. Mr. Postmaster General, we are in the process of writing the law. And presumably it is going to be abided by. Now, if it is not in there, how are we to accommodate the organizations that I am talking about, unless the law is amended? I see no other way. Perhaps counsel can give me another way.

Mr. BLOUNT. Again I would just repeat, Mr. Congressman, that there is nothing in this legislation that will prevent the deduction of dues for other organizations.

Mr. NIX. Would you be averse to changing this legal verbiage and inserting language that makes it crystal clear that these organizations are included?

Mr. BLOUNT. Mr. Congressman, as you know, this is a compromise bill which we have agreed with the postal unions to support. It was arrived at through collective bargaining between the national exclusive unions and the Post Office Department. And we have agreed to support the legislation as it is presented.

Mr. NIX. It just seems to me that wherever a compromise is reached between two parties who are not in possession of the final authority to finalize their agreement, then that third party, which is the Congress, should at least be accorded the privilege of doing something on its own.

Mr. BLOUNT. I am very conscious of that. And we have repeatedly said that we are only recommending legislation to Congress, and it is up to the Congress to dispose of this legislation.

Mr. NIX. I further pursue the subject matter because it is clear to me, and I think any fair appraiser of the language and its meaning would have to conclude, that these organizations would just be out of business unless you contemplate members paying dues into two organizations. And that is completely unrealistic.

Mr. BLOUNT. I agree with you about it being unrealistic. But we have people that work for the post office today paying dues into as many as three organizations.

Mr. NIX. Those are those rare individuals that I call joiners. They represent a limited segment of our population.

There is another section that I would like to refer to. It is on page 27, 208:

The Postal Service shall provide a program of consultation with recognized organizations of officers and employees of the Postal Service other than those subject to collective bargaining agreements under subchapter II of chapter II

of this title. Such organizations, upon presentation of evidence satisfactory to the Postmaster General that their membership constitutes a majority of all officers and employees in their occupations or positions, shall be \* \* \*.

And so forth and so on.

Now, I would like to have your construction on that particular section as it applies to the two organizations.

Mr. BLOUNT. Mr. Congressman, this paragraph refers specifically to supervisory personnel. It has nothing to do with the NPU and the Alliance.

Mr. NIX. That is what I wanted, Mr. Postmaster General, I wanted it crystal clear for myself that this section had nothing to do with the organization, and that the section I just left did not include it. Therefore so far as I am concerned it seemed to me that the only way in which equity can be brought about is to add something to the first section that I read, and that is, if we are to preserve the existence of those organizations, I think it is inevitable that we have to take further action, to take some action so far as changing the language in the first section I read is concerned. Thank you, Mr. Chairman.

Mr. DULSKI. Thank you, Mr. Hanley?

Mr. HANLEY. Thank you, Mr. Chairman.

Mr. Postmaster General, what is the merit of the two-thirds vote requirement as opposed to that of a straight majority as suggested in your statement?

Mr. BLOUNT. Mr. Hanley, the requirement for a two-thirds vote of either House was taken directly from H.R. 4 as passed by this committee on March 12—I believe that is the correct date. Our recommendation in the legislation that we originally submitted was a concurrent veto by both Houses of Congress. How, we think that anything less than either a concurrent resolution by both Houses of Congress or a two-thirds vote of one House would be detrimental to the sale of bonds to the investing public, particularly when the sale of these bonds is without the full faith and credit of the Government.

Mr. HANLEY. That would be the sole reason; there is no other reason, with the exception of the bonding ranges, and so forth?

Mr. BLOUNT. So far as I am aware. There may be some others.

Mr. GROSS. Would the gentleman yield on that point?

Mr. HANLEY. I yield to the gentleman from Iowa.

Mr. GROSS. Would not \$2 billion of these bonds be issued as a Government obligation with full faith and credit of the United States back of them?

Mr. BLOUNT. Mr. Gross, we would have the right to call on the Treasury Department for up to \$2 billion—to require the Treasury to buy up to \$2 billion of these bonds.

Mr. GROSS. And thereafter it would be optional, would it not, whether the full faith and credit of the United States was back of these bonds?

Mr. BLOUNT. We are not required to call on the Treasury Department for the first \$2 billion.

Mr. GROSS. But you could?

Mr. BLOUNT. But we could.

Mr. GROSS. And therefore the two-thirds vote by both Houses of Congress, as protection for the integrity of the bonds is unnecessary, is it not, if you have the option to ask for the sale of the bonds backed by full faith and credit?

Mr. BLOUNT. Mr. Gross, we only have the right to call on the Treasury for \$2 billion of the \$10 billion told. The Treasury Department is not required to pledge the full faith and credit of the Government on bonds sold to the public by the Postal Service.

Mr. GROSS. But it could?

Mr. BLOUNT. It could. But under the debt management problems that they have got already it is not conceivable to me that they really would.

Mr. GROSS. So that the two-thirds vote requirement is for the purpose of locking Congress out of this oversight?

Mr. BLOUNT. That is not true, Mr. Gross.

Mr. GROSS. You can have it your way, Mr. Blount, and I am going to have it my way. I see a two-thirds vote as a deliberate move to lock the Congress out of any oversight over postal revenues.

Mr. HANLEY. Can you relate the \$2 billion purchase by the Treasury Department to the total of \$10 billion?

Mr. BLOUNT. We are authorized to have outstanding at any one time not more than \$10 billion of indebtedness. And of that \$10 billion we have the right to call on the Treasury Department to purchase up to \$2 billion of these bonds.

Mr. HANLEY. Referring to page 18 of your testimony, "existing rate advantages, inasmuch as third-class mail has generally been the whipping boys in this ball game," would you make some comment with respect to it and how is it actually profitable? I think a few days ago you allegedly, according to a newspaper report, described it as a myth, the fact that this was an unprofitable operation. Could you comment on that?

Mr. BLOUNT. We have recently submitted to Congress, Mr. Hanley, an analysis of the revenues and costs of the Post Office Department. This is replacing the old so-called cost ascertainment report which fell in such disrepute over the years. In this analysis we have detailed the demonstrably related costs for all of the classes of mail. You can read that "demonstrably related" as the direct cost of handling the mail, if you will. It indicates that the first-class mail generates revenue in the amount of 185 percent of direct cost of handling it. And the third-class mail that you referred to generates revenue in the amount of 198.7 percent of the direct or demonstrably related costs of handling it. As I have tried to point out, for many years it seems that the costs have been somehow fuzzed up in such a way that—and I think it is a myth—that it appeared that the third-class mail was being carried at way below what it cost the Department to carry it.

So that we have tried to put this out where it can be clearly seen.

Mr. HANLEY. So then it would be an accurate statement to say that, generally speaking, the information related to the cost and the rates associated with third-class mail has been grossly distorted; is that right? As you know, that is one class of mail consistently—it is referred to as junk mail, and it is the bad boy in your rate structure. And we just want to assure that what you said is true, and that in effect it is not the bad boy in this ball game, and that it is paying its way, and more than its way.

Mr. BLOUNT. We have tried to present the figures in a way in which they could be understood. I think that it is true that there are complaints among the recipients of the mail as to the amount of third-

class mail that they get. On the other hand, as far as the cost of handling it is concerned, in the past there have been charges that it was carried at such a cheap rate that it cost the Department a lot of money. I do not believe that to be the case. We have presented these figures in a way in which that could be understood.

Mr. HANLEY. With regard to the ratemaking commission, now, as I understand it, it will make a determination, and then report to the Postmaster General, who will either approve or disapprove, is that true?

Mr. BLOUNT. No, sir. The rate board will make a report to the commissioners on costs and revenues, and they will make the decision, which will go into effect subject to the veto by the Congress.

Mr. HANLEY. Tell me, what is the status of the National Association of Postmasters and the National League of Postmasters under the language of this legislation?

Mr. BLOUNT. Generally the language in the legislation that deals with supervisory personnel is applicable to all organizations, whether they be postmasters' organizations or supervisors' organizations, other than organizations that represent the employees.

Mr. HANLEY. So that in essence these two associations in addition to the National Association of Supervisors would meet the description contained in section 208?

Mr. BLOUNT. In section 208—I believe that is the section of the bill that refers to supervisory personnel—any of the organizations that meet the qualifications will of course be dealt with in the fashion outlined in that part of the bill.

Mr. HANLEY. Assuming that this legislation prevails, and it is enacted into law, when will you anticipate the commencement of operations within the Postal Service?

Mr. BLOUNT. Some portions of the legislation become effective upon enactment of the bill. However, the U.S. Postal Service is required to go fully into operation not more than 1 year after enactment of the legislation.

Mr. HANLEY. Would you repeat that, the latter part of your statement?

Mr. BLOUNT. The U.S. Postal Service would be required to go further into the business not more than 1 year after enactment of the legislation.

Mr. DULSKI. The gentleman's time is up. Mr. Wilson?

Mr. WILSON. No questions, Mr. Chairman, but let me again commend the Postmaster General for his willingness to appear before us and to be as responsive to questions as he has. In my four terms here in Congress I have known no other Postmaster General who, whether we agree with him or not, has been willing to appear and give us the time that Mr. Blount has. And I appreciate it very much.

If Mr. Hanley has further questions I would be glad to yield to him.

Mr. HANLEY. I would be glad to associate myself with the remarks of the gentleman.

Mr. DULSKI. Mr. Purcell?

Mr. PURCELL. I have no questions, Mr. Chairman, except that I, too, admire the improved attitude of the Postmaster General and commend him for being here.

Mr. DULSKI. Are there any further questions?

Mr. GROSS. Yes, I have a couple or three questions.

Mr. DULSKI. We will try to keep to the 5-minute rule. The gentleman has another appointment. We do not want to delay him too long.

Mr. GROSS. The gentleman is an obliging official of the Government. I know he is in no particular hurry.

I want to go back to this nine-man, nonpartisan, out-of-politics committee.

Let us see if I have this straight. The President appoints nine men, is that correct?

Mr. BLOUNT. Yes.

Mr. GROSS. Five of whom may be from one political party, and four from another, is that correct?

Mr. BLOUNT. That is right, sir.

Mr. GROSS. And you would assume, would you not, Mr. Postmaster General, that Mr. Nixon would appoint five Republicans and four Democrats?

Mr. BLOUNT. Mr. Gross, I do not believe that I would presume to say who the President would appoint to that Commission.

Mr. GROSS. I happen to be a Republican, and I would think the President would appoint, five Republicans, at least I would expect him to. And I think most Republicans would expect him to.

Then in 1972 or on down the road we might get a Democrat President—we might get him in 1972, I hope not, but we might. And then the chances are that the Commission would change, would it not? And so every 4 years we could have a new Postmaster General. We could have a new Postmaster General if the balance of power changed?

Mr. BLOUNT. No, sir; Mr. Gross, that is not correct. This Commission—those individual Commissioners are appointed for 9-year terms. And they would continue in office to the expiration of their term beyond the election of a President. And when this got into operation the President would appoint a new member of the board for another 9-year term, and only one a year would expire.

Mr. GROSS. The only restriction is that it be limited to five from one party?

Mr. BLOUNT. Not more than five from one party.

Mr. GROSS. And that is the only restriction, isn't it?

Mr. BLOUNT. As far as the political composition of the board, that is correct.

Mr. GROSS. So that the Postmaster General could be removed without cause, could he not?

Mr. BLOUNT. The Postmaster serves at the pleasure of this Commission. And if he is not doing his job, I would imagine that he would be removed.

Mr. WILSON. Would the gentleman yield?

Mr. GROSS. Briefly, yes.

Mr. WILSON. I was only going to say that there would probably be five Republicans and four Southern Democrats. Then it might take the Democrats 6 years to straighten things out.

Mr. GROSS. I cannot think of anything wrong, if they must be Democrats, with four Southern Democrats, I do not see a thing wrong with that.

Mr. BLOUNT. There is some indication that a southerner could not be confirmed by the Senate.

Mr. Gross (reading) :

The bill would establish a three-member Postal Rate Board which would be responsible for conducting public hearings on changes in postal rates or postal services proposed by the Postmaster General. The members of the Rate Board would be appointed by the President from a roster of persons named by the American Economic Association, the American Institute of Certified Public Accountants, the American Bar Association, and the Chairman of the Civil Service Commission.

Whence came the American Economic Association and the American Institute of Certified Public Accountants and the American Bar Association? Why were they selected?

And I note that for the first time you have dropped the American Arbitration Association.

Mr. BLOUNT. Well, these again, Mr. Gross, are rather well-known organizations. I must say very candidly, there is no particular reason why you could not select other organizations to make these recommendations, if we wanted to have a choice for the President to make these appointments from, and we wanted it from varied sources that were responsible, recognized, and reputable.

Mr. GROSS. I am reminded that the American Bar Association did not do too well on the selection of two Justices.

Mr. BLOUNT. They had the bailing that I just spoke to Mr. Wilson about of being southerners.

Mr. GROSS. Where is the public represented here, the general public, that is, Mr. and Mrs. Common Garden Variety Citizen? Where do they come into this picture, anywhere at all?

Mr. BLOUNT. You mean in the selection of these rate commissioners?

Mr. GROSS. The selection of any of these commissions or advisory board or advisers to advisers or whatever—you have got a lot of them, Mr. Postmaster General.

Mr. BLOUNT. I think that the public is represented by the President's appointment, and I think that the organizations that you have just referred to are, generally speaking, the kind of organizations that have a public responsibility. I think that the Advisory Board which we have set up has three representatives of the public, so that the general public is represented on a number of places.

Mr. GROSS. What will occur if the part-time Advisory Council disagrees with the part-time Commission on Postal Costs and Revenues?

Mr. BLOUNT. Well, the relationship between those two is a consultative relationship. The Commission on Costs and Revenues are the ones who will make the decisions. And they are required to consult with this Advisory Commission, which would advise on other matters as spelled out in the legislation. Their opinion could be taken into consideration by the Commissioners on Costs and Revenues when they are making their decisions.

Mr. GROSS. Where will this leave the Postmaster General, if these two cannot agree?

Mr. BLOUNT. I do not see that it leaves him in any different position whether you have got those groups or not. It is not a question of agreement, it is a question of—

Mr. GROSS. One recommends and the other confirms, and the Postmaster General takes what is left, doesn't he, whatever that is?

Mr. BLOUNT. I just do not see it that way, Mr. Gross. You may, but I see the Commissioners on Postal Costs and Revenues as being the governing body of this organization. And I see the Advisory Council as being representative of some very key factors—the users of the mail, the employee groups, and the public at large. And they will meet to make recommendations that would be important for the Commissioners on Costs and Revenues in making their decisions.

Mr. GROSS. It may be in the legislation, and perhaps you can point it out to me, where there is complete authority to the Commission on Postal Costs and Revenues to make a binding and final decision. If it is in the legislation I would be glad to have you, Mr. Blount, Mr. Nelson, or anyone else point it out. And if neither of these part-time commissions or boards or whatever they are can make a decision, how the devil can the Postmaster General make a decision?

Mr. BLOUNT. Mr. Gross, on the matter of rates, the Commission on Postal Costs and Revenues makes the decision subject to the veto of the Congress. On the other hand, the Commissioners on Costs and Revenues are charged with the responsibility for running the entire Post Office Department. They are charged with the responsibility of selecting the Postmaster General and the Deputy Postmaster General, and they make all of the decisions relevant to the operation of the Department from a policy standpoint.

Mr. GROSS. Mr. Blount, with respect to section 206 beginning on page 22, would you explain the intent of subsection (b) of this section. Why, for example, do you subject to collective bargaining procedures the rights of the postal service to maintain the efficiency of the operations entrusted to it, determine the method, means, and personnel by which such operations are to be conducted, and take whatever actions may be necessary to carry out its mission in situations of emergency?

Mr. BLOUNT. I did not understand your question. You were referring to page 22—

Mr. GROSS. Page 22, subsection (b), and those provisions in which it is stated, maintain the efficiency of the operations entrusted to it, determine the method, means, and personnel by which such operations are to be conducted, and take whatever action may be necessary to carry out its mission in situations of emergency?

Mr. BLOUNT. This states that the postal service shall have the right consistent with subchapter II of this chapter to do those various things.

Mr. GROSS. By collective bargaining?

Mr. BLOUNT. Some of these things are subject to collective bargaining, but some of them are not.

Mr. GROSS. It is stated that these are subject to collective bargaining procedures.

Mr. BLOUNT. I do not read it that way, Mr. Gross. Subsection (b) says that the Postal Service shall have the right consistent with some other things. If the other things are not inconsistent the service has that right. And this service does have the right to maintain the efficiency of the operations entrusted to it. And that is not subject to these kind of restrictions.

Mr. GROSS. All right. Let me ask this question. Suppose you had another strike such as you had a few weeks ago, and you have this legisla-

tion. What could you do with this legislation, with the strike already in progress, that you cannot do under the present law?

Mr. BLOUNT. Mr. Gross, it is my own view that this work stoppage came about maybe for many reasons. Obviously pay was one of the principal things that was involved. The legislation that we have proposed, provides for the employee groups to bargain with the management, with a definite time limit, to solve the problems that concern the employees. You have a contract termination date, and you have definite bargaining procedures, and if you cannot agree at the end of that contract termination date, you have a time certain when these problems will be resolved. I do not think that is true, necessarily, in the congressional process. So I think that the legislation that we have suggested will be much better for handling the problems of the Post Office Department than the present laws. This is the reason we have suggested the legislation.

Mr. GROSS. But the hard fact of life is that the enactment of this legislation would not prevent a strike on the part of the postal employees if they want to go on strike as they did a few weeks ago, is that correct?

Mr. BLOUNT. I think this legislation provides a means to deal with the problems in an equitable manner. And I think that that will tend to do away with any necessity for a walkout such as we have in the past.

Mr. GROSS. Let me ask, what in the package that we have heard so much about, and the compromise that we have heard so much about, what in the negotiations and in this package deals with penalties for the strike of a few weeks ago? Were there any penalties? Have any penalties been inflicted? Are there any penalties in this legislation?

Mr. BLOUNT. As far as the agreement is concerned, Mr. Gross, we agreed that disciplinary matters would not be initiated by the Department until such time as the Department has discussed the policy it intends to follow with the appropriate unions. We are going to follow that agreement.

Mr. GROSS. How long are you going to discuss it? Until after this bill is jammed through Congress under perhaps a gag rule, a closed rule, something of that kind?

Mr. BLOUNT. Mr. Gross, we have been pretty busy for a while—

Mr. GROSS. I am sure of that.

Mr. BLOUNT. Trying to clean up this mess. And we are going to deal with those problems just as fast as we can. We had a monumental occurrence in the Post Office Department, and we have not finished dealing with all the matters that came from it.

Mr. GROSS. One final observation, Mr. Chairman, and Mr. Blount. I have a copy of an editorial from the AFL-CIO official publication, and I note with interest that this is labeled as the official text of the editorial. Mr. Meany in this editorial deals with the negotiations that were carried on down on the other end of Pennsylvania Avenue from which we were excluded. The editorial is entitled "What's Good For Uncle Sam." It reminds me of the Charlie Wilson deal some years ago when he said "What Is Good for General Motors Is Good for the Country." This might be entitled, "What Is Good for George Meany is Good for the Country." There is not one word in this editorial about anything other than the labor-management provisions that were agreed to in the negotiations and Meany claimed a great victory. There is not

one word as to how the general public fared as a result of those negotiations; not one word about the bill that you have now sent up here, or the agreement with respect to the bill, postal rates or anything else. I am sure that rank-and-file postal workers all over this country are interested in postal rates. They have to meet the public every day. Letter carriers tell me out in Iowa that when the 10-cent letter rate was proposed they had the devil of a time getting from house to house without being cussed out.

I am surprised that the editorial said nothing at all about the good things of life that were to come to the public who uses the mail as a result of the recent negotiations.

I do not know whether I can be here tomorrow when Mr. Meany appears, I have another important committee meeting. But this to me is very, very interesting.

Mr. BLOUNT. I am sure you are aware, Mr. Gross, that I did not write that any more than the matters that come from the committee that is chaired by Mr. O'Brien and Mr. Morton.

Mr. GROSS. You might have suggested something to them, I do not know.

Mr. BLOUNT. I am not in the business of suggesting to them, Mr. Gross.

Mr. DULSKI. Mr. Henderson?

Mr. HENDERSON. Mr. Chairman, my colleagues have commended you gentlemen for your appearance here today, and I certainly want to join them in it.

I would also like to take the rest of this two minutes to try to clear the record, and I will ask you to let Mr. Hargrove respond to my question, because the staff has brought my attention through your revenue cost analysis that Government mail, contrary to what I believe, paid 273.9 percent of demonstrably related costs.

Mr. HARGROVE. Yes, sir.

Mr. HENDERSON. I believe that there is only one other category on this report, dealing with priority mail, and that is 310.8. So my question perhaps ought to be the other way. Why should the Government departments pay more than the cost of their mail?

Mr. HARGROVE. I do not think they should. This coverage of costs on Government mail comes about because so much of the Government mail is heavy—it is very similar to the priority mail, which is, in effect, heavy pieces of first-class mail. The Congressional Record, for instance, is one of the large things that is mailed out as Government mail. And it takes a large amount of postage.

We make more profit on heavy pieces of mail than we do on light pieces of mail. And this is the whole reason. It is charged the standard rate that we charge all first-class mails.

Mr. HENDERSON. This would be true of the airmail category. And what is the priority mail beyond first-class airmail?

Mr. HARGROVE. "Priority mail" is an unfortunate misnomer that exists in the statute. The term relates to heavy pieces of first-class mail in excess of a certain number of ounces. Under our new rate bill it would be 12 ounces. When you get up above a certain number of ounces, the price that is being paid entitled that piece to air transportation, "priority" transportation under the existing statute.

This is why it is called priority mail.

Mr. HENDERSON. So that except for that category, your analysis finds that the Government mail is the most profitable mail that the Post Office Department carries?

Mr. HARGROVE. That is correct.

Mr. GROSS. Will the gentleman yield?

Mr. HENDERSON. I said I was going to limit myself to 2 minutes. But I would be glad to yield.

Mr. GROSS. I notice in the morning paper a statement by Mr. Hargrove, in which he properly deprecates the bad publicity that third-class mail has gotten. I do not happen to think that third-class mail if it pays its way is junk mail.

Mr. Hargrove, after saying that he does not like the stigma that has been attached to third-class mail, then says that we must in practical assessment charge it with a substantial premium because of its lack of social acceptance. Are we fixing postal rates to conform to social acceptance, or to conform to the costs of handling the mail?

Mr. HARGROVE. Both, Mr. Gross.

Mr. GROSS. Why social acceptance?

Mr. HARGROVE. Because we happen to think that the value which a recipient places upon a piece of mail matter is a significant element in determining the rate which is attached to that mail.

Mr. GROSS. You would put a premium price on it because it is not socially accepted; you would put a premium price on it for that reason?

Mr. HARGROVE. Because it is not desired by the recipient, yes, sir.

Mr. HENDERSON. Mr. Chairman, if I may comment, it would seem to me that there would be a lot of this Government mail that would not move at all.

Mr. GROSS. And some of our own mail.

Mr. HARGROVE. This is the principle, incidentally, Mr. Gross, which has been established in previous actions by the Congress. The controlled circulation category bears a higher rate, for instance, than second-class publications, primarily because it is not subscribed for and therefore it is not wanted by the recipient. And the Congress has customarily, in past years, attached a penalty to this type of mail.

Mr. GROSS. There are a lot of things that I think are socially unacceptable, but I am not about to tax them out of existence just because I can.

Mr. HARGROVE. We do not think it will tax it out of existence.

Mr. DULSKI. Will the gentleman yield to one brief question? What about our Newsletter?

Mr. HARGROVE. This is a congressional frank mailing.

Mr. DULSKI. Would it be acceptable? I receive a lot of answers back from people who said, who asked you to mail this?

Mr. HARGROVE. When we get as many complaints from your constituents as we have gotten on junk—excuse me—on advertising mail, we will have to take that into account, I suppose, in what we propose to be done.

Mr. DULSKI. Mr. McClure?

Mr. McCLURE. I would just comment in that respect, that because your mail is so heavy you can make more money on it. And that is the reason why they like your Newsletters better than the so-called junk mail. I have no further questions.

Mr. DULSKI. Would you give me a statement to that effect as a Republican so that I could mail it to my constituents?

Mr. McCLURE. I was speaking of its physical weight, not its content.

Mr. DULSKI. Mr. Nix?

Mr. NIX. Mr. Chairman, while Mr. Gross was putting the questions to the American Bar Association, the American Economic Association, the American Institute of Certified Accountants, I turned to this page 107, and I was confident that I would find that NAACP was one of the components.

Mr. DULSKI. Mr. Purcell?

Mr. PURCELL. Mr. Chairman, I find myself past a quitting place, so I have nothing further.

Mr. DULSKI. If there are no further questions, gentlemen, we want to thank you for being here this morning and this afternoon to answer our questions. I am sure that we will develop a bill that will be within the framework of this bill. We will do our best to try to get the bill out as soon as possible.

Thank you very much, gentlemen.

Mr. BLOUNT. Thank you very much, Mr. Chairman and gentlemen of the committee.

(Whereupon, at 4:15 p.m., the committee adjourned, to reconvene at 10 a.m., Thursday, April 23, 1970.)

(The material which follows was submitted by the Department in answer to question submitted to the Postmaster General by Congressman William D. Ford.)

QUESTIONS FOR POSTMASTER GENERAL BLOUNT SUBMITTED BY CONGRESSMAN  
WILLIAM D. FORD RE SUBCHAPTER 2 OF POSTAL REFORM ACT

*1. Question. How about the right to strike guarantee in Section 13 of the Taft-Hartley Act? Is that not "inconsistent" with the Postal Reform Act? May postal employees strike for the "mutual aid and protection"? May postal employees strike to protest employer unfair labor practices?*

Answer. Section 13 of the Taft-Hartley Act is inconsistent with Section 114 (1) and (2) of title 39 of the U.S. Code as it would be reenacted by the Postal Reorganization and Salary Adjustment Act of 1970, and under 39 U.S.C. 222, as set forth in the proposed Act, labor-management relations in the Postal Service would not be subject to the Taft-Hartley amendments of the National Labor Relations Act to the extent of the inconsistency. The proposed Act is intended to continue the existing statutory ban on government employees strikes contained in 5 U.S.C. 7311 and the criminal counterpart contained in 18 U.S.C. 1918. Those provisions would bar any type of strike, including an unfair labor practice strike or one engaged in for "mutual aid and protection."

*2. Question. Suppose there is a strike in violation of a no-strike contract clause. Do you want courts to have power to enjoin? They do not have it now under Taft-Hartley.*

Answer. The courts now have power to enjoin strikes of postal employees in violation of 5 U.S.C. 7311 and 18 U.S.C. 1918, and we want that power to continue. Nothing in H.R. 17070 would impair the existing jurisdiction of Federal Courts to enjoin illegal strike activity by postal employees.

*3. Question. Is there a right under the Postal Reform Act to enter into a "union-security agreement"? Is Section 226 (deduction of dues) inconsistent with Section 8(a)3 of Taft-Hartley which deals generally with union security?*

Answer. Under the proposed Postal Reorganization Act "union security" is a bargainable issue to the same extent as under Taft-Hartley. If the issue were "placed on the table," the Postal Service would be required to bargain thereon in good faith, although not required to agree to same. If a union security clause were negotiated, it would not be applicable or enforceable in any State or Territory where State or Territorial law prohibits the execution or

application of agreements requiring membership in a labor organization as a condition of employment. Cf. 29 U.S.C. 158(a)3 and 29 U.S.C. 164(b).

There is no inconsistency between Section 8(a) (3) of Taft-Hartley and Section 226 of the Postal Reform Act. Section 226 directs that the Postal Service deduct initiation fees, dues and assessments when an employee authorizes such an allotment to a labor organizations holding national exclusive recognition. It does not compel an employee to make an assignment for this purpose. It does not preclude other "check-off" actions.

Section 226 is a statutory direction to conduct a voluntary check-off similar to that conducted under Executive Orders 10988 and 11491.

*4. Question. Is section 14(b) of Taft-Hartley "inconsistent" with the "National Bargaining unit" proposed in Section 223 of the Postal Reform Act?*

Answer. It is not inconsistent. Under Taft-Hartley, a collective bargaining unit may well include employees in several jurisdictions, some which have right-to-work legislation and some of which do not. If the collective bargaining agreement for such a unit contains a union security provision that is not applicable or enforceable in right-to-work states under 29 U.S.C. 164(b), the provision is simply not enforced or applied in those states.

In the case of the national units proposed in Section 223, if there were a negotiated union security agreement, that provision would be inapplicable in jurisdictions where such provisions are prohibited under State or Territorial law. This would not affect the representation rights of the exclusively recognized labor organization. Neither would it affect the labor organization's obligation to represent all employees in the unit, regardless of union membership.

*5. Question. Do the ordinary unfair labor practices provisions of Section 8 of Taft-Hartley apply to the Postal Service? What is to be done about jurisdictional disputes? Suppose the postal employees refuse to pass a lawful picket line? Will this be grounds for discharge?*

Answer. The unfair labor practice provisions of Section 8 of Taft-Hartley would apply to the Postal Service unless inconsistent with Title 39 of the United States Code as revised by H.R. 17070.

Jurisdictional disputes would be handled in accordance with Section 8(b) (4) (D) of Taft-Hartley, and collective bargaining agreements which may be in effect at the time of the dispute.

The proviso to Section 8(b) (4) (D) of Taft-Hartley says, in effect, that nothing in the subsection shall be construed to make unlawful a refusal to cross a lawful picket line at the premises of an employer whose employees are engaged in a strike ratified or approved by the collective bargaining representative of such employees. This proviso does not, of course, legalize conduct which, if engaged in by postal employees, would be violative of 18 U.S.C. 1700, 1701, 1702, 1918, or any other law. A postal employee who was under a legal duty to enter premises at which there was a picket line would not be relieved of that duty by reason of the proviso, and wilful refusal to discharge such a duty might well be grounds for discharge.

*6. Question. Suppose the Postal Service or the union refuses to abide by an arbitration award. The court cannot enforce arbitration awards by enjoining strikes under current laws. Do the emergency strike provisions of Taft-Hartley apply to this situation? Does the administration favor here the proposals sent up by Schultz in connection with the transportation industry generally?*

Answer. The courts would be empowered, under H.R. 17070, to enforce both agreements to submit to arbitration and the arbitration awards themselves.

The emergency strike provisions of Taft-Hartley would not be applicable under H.R. 17070. Those provisions are not needed in view of 5 U.S.C. 7311 and 18 U.S.C. 1918.

The Department is not in a position to comment upon the proposed legislation relating to strikes in the transportation industry.

*7. Question. Under one interpretation, all the proposed act does is—*

- (1) determine that bargaining units will be national in scope, and*
- (2) introduce compulsory arbitration of contract terms. Would it not be better draftsmanship to amend Taft-Hartley in these two respects and leave out all the rest?*

Answer. The Postal Reorganization and Salary Adjustment Act is, of course, concerned with total reform of the postal establishment, including postal labor

relations. It seems entirely appropriate to legislate on postal labor matters in this postal legislation, rather than undertake amendment of the general national labor legislation encompassed in Taft-Hartley. There is as little justification for amending title 29 of the U.S. Code in respect to postal labor matters as there would be for amending title 31 in respect to postal money and finance matters, title 40 in respect to postal buildings, or title 41 in respect to postal contracts.

8. *Question. Should not the arbitrators contemplate under Section 228 the question of statutory standards and guidelines for their decisions?*

Answer. Arbitrators would presumably refer to the guidelines for private sector arbitrations established by the federal case law on labor arbitrations and any collective bargaining agreement provisions pertaining to arbitration. In addition, they may be expected to find adequate standards and guidelines within the terms of H.R. 17070—particularly in section 205 of the reenacted title 39, regarding policy on compensation and benefits.

9. *Question. Why should Congress freeze the bargaining units along existing national craft units rather than on an industrial union basis when that is the decision of the workers?*

Answer. The proposed reorganization bill, H.R. 17070, was agreed to by the Department and the seven national exclusive postal unions after intensive negotiations. The final product represents some measure of compromise by all parties. The limitation of unit determinations to national craft units reflects the history of national bargaining units in the postal establishment and may be expected to contribute materially to stability in labor relations in the new Postal Service.

Industrial unions are not precluded, of course, from contesting representation elections in one or more of the collective bargaining units decided upon by the National Labor Relations Board. In any such election, the will of the majority will prevail; it is by no means inconceivable, therefore, that a single union might in the future represent all postal employees who are in collective bargaining units.

(The comparative analysis of postal reorganization proposals embodied in H.R. 17070, H.R. 4, as reported, and H.R. 11750, which was requested for the record by Congressman H. R. Gross, is as follows:)

COMPARATIVE ANALYSIS OF POSTAL REORGANIZATION PROPOSALS

CHAPTER I—GENERAL PROVISIONS

Chapter 1 of title 39, as it would be revised by H.R. 17070, generally corresponds to similar provisions in Chapters 1 and 2 of revised title 39 in H.R. 4, as reported, and H.R. 11750. The following analysis notes specific differences. The differences in names and titles are noted in this portion of the analysis, but no special note is made of these differences in the analysis of subsequent chapters.

H.R. 17070

H.R. 4

H.R. 11750

§ 101. Defines terms used in H.R. 17070.

§§101 and 201. Define terms used in H.R. 4, as reported.

§§ 101 and 201. Define terms used in H.R. 11750.

§ 102 Reorganizes the Post Office Department as an independent establishment in the Executive branch of the Government known as the "United States Postal Service."

§ 202. Establishes the "United States Postal Service Authority" as an instrumentality of the United States for the purpose of owning and operating the Nation's postal system.

§ 202. Establishes the "United States Postal Service" as a body corporate and an instrumentality of the United States to own and operate the postal system. The Postal Service is to commence operations within 1 year.

§ 103 Provides, that the operating head of the Postal service is a Postmaster General who is vested with functions of all subordinate officers and agencies. The Deputy Postmaster General is the alternate operating head.

No similar provision, but substance contained in § 203(c) (1) and (2).

No similar provision, but substance contained in § 203(c) and (d).

§ 104. Provides that the seal of the Postal Service should be judicially noticed and used for its customary purposes.

§ 205(3). Grants the Authority power to adopt an official seal.

§ 205(3). Grants and Postal Service power to adopt a corporate seal.

§ 105. Provides that Postmaster General shall appoint Assistant Postmasters General as he deems appropriate, one of whom shall be the General Counsel.

No comparable provision, but covered generally by § 801(a) and (b).

No comparable provision, but covered generally by § 801(a) and (b).

§ 206. The same in substance.

§ 206. The same in substance.

§ 106. Carries over with conforming changes existing provisions which authorize a judicial officer for such functions as hearing appeals from hearing examiners.

No comparable provision.

No comparable provision.

§ 107. Authorizes Postmaster General to delegate his functions, and those of other postal officers and employees, to any subordinate officer or employee in the Postal Service.

§ 203. Creates a nine-man Board of Directors, seven of whom are appointed by the President with the advice and consent of the Senate to serve seven-year staggered terms. These directors would appoint a Chief Executive Officer, who, with the presidentially appointed directors, would appoint a Chief Operating Officer.

§ 203. Creates a thirteen-member Executive Council to direct the exercise of the Authority's powers; Seven Councilors are appointed by the President, on a bipartisan basis, with the advice and consent of the Senate, to serve staggered seven-year terms. The seven Presidential Councilors appoint a Director General, who serves at their pleasure and is a member of the Council. Those eight select a Deputy Director General on the same basis.

Four members of Congress serve on the Council in a non-voting capacity.

§ 204. The same in substance.

§ 204. The same in substance.

§ 109. Gives the Commission general authority to delegate its powers to committees, officers, and employees. The Commission would retain full responsibility for operations and could revoke all delegations.

§ 108. Creates an eleven-member Commission on Postal Costs and Revenues, nine members of which are appointed by the President on a bipartisan basis with the advice and consent of the Senate to serve staggered nine-year terms. The nine Presidential commissioners appoint a Postmaster General, who serves at their pleasure and is a member of the Commission. Those ten select a Deputy Postmaster General, who also becomes a member of the Commission and who serves at their pleasure.

COMPARATIVE ANALYSIS OF POSTAL REORGANIZATION PROPOSALS—Continued

CHAPTER I—GENERAL PROVISIONS—continued

H. R. 17070

H. R. 4

H. R. 11750

§ 110. Creates a thirteen-member Postal Service Advisory Council, eleven of whom are appointed by the President. The Postmaster General and Deputy Postmaster General are members of Council and would be Chairman and Vice Chairman, respectively. The presidentially-appointed members shall represent labor organizations, major mail users, and the public, and the Council shall advise the Commission regarding rates, services and compensation.

§ 212. The same in substance.

No comparable provision.

§ 111. Grants certain general powers to the Postal Service: to sue and be sued, to adopt rules and regulations, to enter into and perform contracts, to keep its own system of accounts, to acquire and dispose of property, to settle claims, etc.

§ 205. The same in substance.

§ 205. The same in substance.

§ 112. Authorizes provision of property and services by the Postal Service to other Government agencies and by those agencies to the Postal Service. There is no limitation on the kinds of services to be furnished.

§ 207. The same in substance.

§ 207. The same in substance.

§ 113. Details the procedures for suits to which the Postal Service is a party.

§ 208. The same in substance.

§ 208. The same in substance.

§ 114. Excludes the operation of Federal laws dealing with contracts, property, works, officers, employees or funds except as provided in title 39 or in the regulations of the Postal Service. Makes certain laws specifically applicable.

§ 115. Requires an Annual Report to the President and Congress.

§ 116. Reserves the power of Congress to alter, amend, or repeal sections of the title, subject only to contracts made by Postal Services pursuant to its powers.

Except as noted below, subchapter 1 of this chapter is the same in substance as sections 801-806 of chapter 8 of title 39 as contained in H.R. 4, as reported, and H.R. 11750.

CHAPTER 2—PERSONNEL

§ 209. The same in substance except that it also makes the Government Corporation Control Act applicable, with certain exceptions.

§ 210. The same in substance, except that Director General not specifically required to initiate report.

§ 211. The same in substance.

§ 209. The same in substance, except that it also makes the Government Corporation Control Act applicable, with certain exceptions.

§ 210. The same in substance, except that Chief Executive Officer not specifically required to initiate report.

§ 211. The same in substance.

H.R. 17070

§ 201 (a). Establishes a postal career service, a part of the civil service, authorizes appointments and promotions under Postal Service procedures, and guarantees employees an opportunity for a fair hearing on adverse actions, with representatives of their own choosing.

§ 201 (c) (2). Continues employees under the coverage of the laws relative to compensation of Federal employees for work injuries.

H.R. 4

§ 801 (a). Establishes a postal career service, a part of the civil service, authorizes appointments and promotions under Postal Service procedures, and assures employees of an opportunity to be heard before adverse actions are to be taken against them.

§ 803 (c). Continues these laws until changed as a result of collective bargaining between the parties. No change could result in a program of benefits which on the whole is less favorable than benefits in effect on the date the Authority commences operations.

H.R. 11750

§ 801 (a). Establishes a merit system of employment, outside the civil service laws, and assures employees of an opportunity to be heard before adverse actions are to be taken against them.

§ 803 (c). The same as H.R. 4 except that benefits could never be less favorable than the laws provide now and as later amended.

## COMPARATIVE ANALYSIS OF POSTAL REORGANIZATION PROPOSALS—Continued

## CHAPTER 2—PERSONNEL—continued

H.R. 17070

H.R. 4

H.R. 11750

§ 203 (a). Expressly negatives any intention to bar the existing Presidentially appointed executives of the Department from employment by the Postal Service.

§ 203 (c). Fringe benefits provided by subchapter 1 of Chapter 85 (Unemployment compensation), Chapter 87 (Life Insurance) and Chapter 89 (Health Insurance) of Title 5 shall apply to the Postal Service until changed through collective bargaining. No change shall result in a package of benefits which on the whole is less favorable to employees than benefits in effect on the effective date of this subsection.

§ 205. Makes it a matter of policy to maintain compensation and benefits for Postal Service employees on a standard of comparability to compensation and benefits for comparable levels of work in the private sector.

§ 207 (a). States that subject to subsection (e), all personnel actions (except those involving members of the Commission on Postal Costs and Revenues) shall be made without regard to any recommendation or statement, written or oral, made by anyone, including any Member of Congress, any elected state or local government official, or any official of a political party.

(b). Except as provided in subsection (e), prohibits any person from making or

§ 803 (a). No comparable provision.

§ 803 (c). Same as H.R. 17070, except that Workmen's Compensation laws (Subchapter 1 of Chapter 81 of Title 5) are included in the package of benefits subject to collective bargaining.

§ 805. The same, except that the standard relates to the non-Federal sector.

§ 801 (a). Same as H.R. 17070.

§ 803 (a). No comparable provision.

§ 803 (c). Same as H.R. 4, except that no change in the benefits package could result in a program which is less favorable to employees on the whole than the laws provide now and as later amended.

§ 805. The same as H.R. 4.

§ 801 (c). Prohibits political tests or qualifications in personnel actions. Violators shall be removed from office or otherwise disciplined.

transmitting to the Postal Service, or to any officer or employee of the Federal Government, any recommendation or statement with respect to any person who requests or is under consideration for any personnel action.

(c). Prohibits anyone who requests or is under consideration for any personnel action from soliciting any such recommendation or statement. Any knowing violation of this subsection disqualifies such person for the appointment or move in question.

(d). Provides that each employment form of the Postal Service shall contain a notice, in boldface type, informing all persons of the provisions of this section. During the time any such personnel action is under consideration, appropriate notice of the provisions of this section shall be posted in the post office concerned.

(e). States that this section does not apply to a statement furnished pursuant to a request or requirement of the Postal Service and consisting solely of an evaluation of the work performance and general qualifications of a postal employee, or to a statement requested by the Government from someone other than a Member of Congress or an official of a political party or State or local government solely to determine whether the individual concerned meets the loyalty, suitability and character requirements for employment with the Federal Government, or to a statement requested from a former employer and consisting solely of an evaluation of the work performance and general qualifications of such person during his former employment.

(f). States that this section does not affect the right of any employee to petition Congress.

## COMPARATIVE ANALYSIS OF POSTAL REORGANIZATION PROPOSALS—Continued

## CHAPTER 2—PERSONNEL—continued

H.R. 17070

H.R. 4

H.R. 11750

§ 208. The Postal Service is required to provide a program for consulting with recognized organizations of officers and employees who are not subject to collective bargaining agreements. Such organizations, if they represent a majority of all employees in a particular occupation, shall be entitled to consult on pay policies, fringe benefits and other programs relating to employees in such occupations.

No comparable provision.

No comparable provision.

§ 209. Existing provisions of law relating to the seniority status of rural carriers are expressly carried forward subject to change through the collective bargaining process.

No comparable provision, but substance contained in sec. 105 and 39 U.S.C. 807.

No comparable provision, but substance contained in sec. 5 and 39 U.S.C. 807.

## SUBCHAPTER II

§ 221. Defines two classes of guards, (1) maintenance guards who may be included in other craft units and represented by a craft union or a union of mixed membership, and (2) security guards, who may not be included in a mixed unit. No union may be certified to represent a security guard unit if it admits to membership or is affiliated directly or indirectly with a mixed membership union.

No comparable provision, but as to security guards substance contained in 29 U.S.C. 159(b) (3), as incorporated by 39 U.S.C. 807.

Same as H.R. 4.

- § 222. To the extent not inconsistent with amended title 39, labor-management relations are made subject to the provisions of Subchapter II of Chapter 7 of title 29, Subchapter I (General Provisions), Subchapter III (Conciliation of Labor Disputes; National Emergencies) and Subchapter IV (Liabilities and Restrictions on Labor and Management) are not made applicable as such, but cf. § 229, *infra*, incorporating the substance of the first section (§ 185 in Subchapter IV. The remaining sections of that subchapter, which are not incorporated by H.R. 17070, deal with employer payments to unions (§ 186) and civil actions by those injured by illegal secondary boycotts (§ 187).
- § 223. Collective bargaining units defined on by the National Labor Relations Board must be national in scope and must be defined along craft lines such as letter carriers, postal clerks, and other crafts, previously recognized under Executive Order 10988.
- § 224(a). Provides for national exclusive recognition of a labor organization selected as their collective bargaining agent by a majority of the employees in a unit.
- (b). Existing national exclusive recognition and agreements are continued until altered or amended pursuant to law.
- § 807. To the extent not inconsistent with amended title 39, labor-management relations are made subject to the provisions of all of chapter 7 of title 29.
- § 807. Same as H.R. 4.
- No variation in the provisions of chapter 7 of title 29 with respect to unit terminations.
- Same as H.R. 4.
- No variation in provisions of chapter 7 of title 29 with respect to scope of recognition.
- Same as H.R. 4.
- No provision that existing recognition and agreements continue in effect until changed.
- § 806(a). Board of Directors is subject to collective-bargaining agreements in effect on commencement of operations.

## COMPARATIVE ANALYSIS OF POSTAL REORGANIZATION PROPOSALS—Continued

## SUBCHAPTER II—continued

H.R. 17070

H.R. 4

H.R. 11750

§ 224 (c). When a petition has been filed by an employee, group of employees or labor organization, with a 30% showing of interest, stating that the employees wish to be represented by the labor organization for collective bargaining purposes or that the certified labor organization is no longer representative, the National Labor Relations Board shall investigate such petition and if after investigation the Board has reasonable cause to believe a question of representation exists, a hearing shall be held by an officer or employee of the National Labor Relations Board. If upon the hearing record the Board finds that a question of representation exists, it shall direct a secret ballot election and certify the results thereof. It also provides for a petition to be filed by the Service alleging that it is faced with competing representation claims. Consent elections authorized.

§ 225. Provides for secret ballot elections with the additional choice of "no union" on the ballot. Runoff elections are provided for where none of the ballot choices receives a majority vote; additional runoff elections in the case of a tie. Subsection (c) limits elections to one per 12 month period in any bargaining unit.

Same provisions in substance are contained in chapter 7 of title 29, except no statutory requirement for a statement signed by 30% of the employees asking for an election.

Same as H.R. 4.

Same provisions in substance contained in chapter 7, except that no provision made for tie votes.

Same as H.R. 4.

§ 226. Upon receipt of a written assignment from an employee who is a member of a national exclusive bargaining representative, or of an organization of non-rank and file employees having consultation rights, the Postal Service is required to check off the dues owed by such employee to the organization in question.

§ 227 (a). States that collective bargaining agreements between the Postal Service and recognized bargaining representatives shall be effective for not less than 2 years.

(b). States that collective bargaining agreements may include any procedures for resolution by the parties of grievances and adverse actions, including procedures culminating in binding third party arbitration, or that the parties may adopt any such procedures by mutual agreement in the event of a dispute.

(c). States that the parties may by mutual agreement adopt any procedures for the resolution of disputes or impasses in the negotiation of a collective bargaining agreement.

§ 228 (a). Provides for 90-day notice of termination of collective bargaining agreement. The terminating party shall notify the Federal Mediation and Conciliation Service of the existence of a dispute within 45 days of such notice, provided no agreement has been reached by that time.

§ 807. The discretionary right of the Authority to conduct the voluntary dues checkoff for members of employee organizations that enjoyed national formal recognition on the date of enactment of the bill is expressly preserved, and it is expressly declared that nothing in the legislation shall prevent any employee organization that enjoyed national formal recognition from seeking broader representation or from contesting representation elections.

§ 808 (a). The same.

§ 808 (b). The same in substance, except that adverse actions are not expressly included.

§ 808 (c). Similar, except that H.R. 4 says it is the Congressional intent that parties use these procedures rather than the dispute mechanism of § 809.

§ 809 (a). Same as H.R. 17070.

No comparable provision.

No comparable provision.

§ 808 (a). Similar provision.

The same as H.R. 4.

§ 808 (c). States that if the parties fail to reach agreement or to adopt a procedure providing for a binding resolution of a dispute, the matter shall be referred to the "Postal Disputes Panel" which shall act as a mediation and factfinding panel.

COMPARATIVE ANALYSIS OF POSTAL REORGANIZATION PROPOSALS—Continued  
SUBCHAPTER II—continued

H. R. 17070

H. R. 4

H. R. 11750

§ 228(b). States that if the parties fail to reach agreement or to adopt a procedure providing for a binding resolution of a dispute by termination date of contract, the Federal Mediation and Conciliation Director shall set up a factfinding panel to issue a report within 45 days.

§ 228(c). States that if no agreement is reached within 90 days after termination of contract, a three-member Arbitration Board (not members of the factfinding panel) shall be established. The Board must render a decision within 45 days which shall be binding on all parties.

§ 228(d). Provides for the arbitration of impasses with recognized bargaining units that do not have agreements with the Postal Service.

§ 809(b). Same as H. R. 17070.

§ 809(c). Same as H. R. 17070, except that no requirement to render a decision within 45 days.

No comparable provision in H. R. 4.

§ 808(d)-(f). Provides that the "Postal Disputes Panel" will decide whether to take jurisdiction to refer a dispute to arbitration. Refusal to take jurisdiction will preserve the practice in effect prior to negotiation.

The provisions of § 808(c)-(f), described above, apply.

The provisions of § 808(c)-(f), described above, apply.

§ 229. Suits—Provides for court jurisdiction of National Labor Relations Board actions under this title to the same extent as under 29 U.S.C. 185.

§ 230. The provisions of Chapter II of Title 29 (Landrum-Griffin) are applicable to labor organizations that have or are seeking to attain recognition, and to their members, officers, agents, shop stewards, and other representatives, but the Secretary of Labor, with the concurrence of the Postmaster General, is authorized to prescribe simplified reports for postal employee organizations.

Except as noted below, this chapter is the same in substance in all three bills.

H. R. 17070

H. R. 4

H. R. 11750

Section 406. Small Post Office Closings—prohibits the closing of small post offices solely for operating at a deficit.

Section 406. Same as H. R. 17070.

No similar provision.

This chapter is the same in all three bills.

CHAPTER 6—MAIL MATTER

§ 807. Comparable provisions are included in H. R. 4 by reason of H. R. 4 incorporating all of Chapter 7 of Title 29 by reference. Subchapter IV of Chapter 7 includes provisions regarding suits that are similar to § 229 of H. R. 17070.

§ 807. The provisions of Chapter II of Title 29 (Landrum-Griffin) are applicable.

§ 807. Same as H. R. 4.

§ 807. Same as H. R. 4.

CHAPTER 4—SERVICES

H. R. 11750

## COMPARATIVE ANALYSIS OF POSTAL REORGANIZATION PROPOSALS—Continued

## CHAPTER 8—TRANSPORTATION OF MAIL

This chapter is designated as chapter 16 in H.R. 4 as reported, and in H.R. 11750. Except as noted below the provisions of the chapter are the same in substance in all three bills.

H.R. 17070

H.R. 4

H.R. 11750

§ 805. Continues the authority of section 6402 of present title 39 but eliminates the existing restrictions on star route contracts. It generally authorizes mail transportation contracts to be made for not more than four-year terms and requires contracts with persons not holding common carrier certificates to be made on the basis of advertised bids unless the Postal Service determines a waiver of advertising is in the public interest. It authorizes renewal of contracts for four-year terms with non-common carrier contractors. Finally, it directs the Postal Service to decide between common carrier service, non-common carrier contract service or Government vehicle service on the basis of the public interest, giving due consideration to costs.

Contains no provisions comparable to section 1606 of H.R. 11750. The subject matter of that section is covered by the antitrust laws, 15 U.S.C. 1, et. seq.

§ 807. Provides that persons engaged in the transportation of mail shall carry on vessels, trains, motor vehicles or aircraft they operate without extra charge therefor persons in charge of the mails when on duty and traveling to and from duty.

Same provisions as in H.R. 17070.

§ 1605. Eliminates mandatory advertising for star route contracts now contained in 39 U.S.C. 6411 and 6412 and specific authorization for renewal of contracts in 39 U.S.C. 6416.

Same as H.R. 17070.

§ 1606. Continues the provisions of section 6421 of present title 39 with conforming changes. That section prohibits combinations to prevent bids for carrying the mails.

§ 1607. Contains the same provisions as section 807 of H.R. 17070.

§ 1608. Contains the same provisions as section 807 of H.R. 17070 but also provides, as does the present law, for free transportation of accredited agents and officers, including postal inspectors, of the Postal Service while traveling on official business.

§ 1609. Liability of contractor for breach. Continues the provisions of section 6434 of present title 39 with conforming changes. It authorizes the Postal Service to make deductions and impose fines on contractors for failure to perform service and other delinquencies. It provides in addition that contractors are answerable in damages to the Postal Service for damages.

Same provisions as in H.R. 17070.

No provision similar to section 1609 of H.R. 11750.

§ 1627 (c). Doesn't contain the exception set forth in § 827 (c) of H.R. 17070.

§ 1627 (c). Same as § 827 (c) of H.R. 17070.

§ 827 (c). Contains an exception "that no carrier shall be compelled to transport mail on any train or vehicle which is operated exclusively for the transportation of passengers and their baggage."

No provision comparable to H.R. 17070.

§ 1627 (e). Same as § 827 (e) of H.R. 17070.

§ 827 (e). Makes clear that a carrier may not be required to serve a territory it is not otherwise authorized to serve, or to provide service at less than full cost or at a detriment to the carrier or its other customers.

No provision comparable to § 827 (f) of H.R. 17070.

§ 1627 (f). Same as § 827 (f) of H.R. 17070.

§ 827 (f). Makes an order of the Postal Service under this section subject to the orders of ICC under 832 and 833.

§ 1627 (c). Continues the provisions of § 6203 (e) of present title 39 for free transportation of persons in charge of mails and traveling to and from duty, and postal inspectors and other accredited officials.

Same as H.R. 17070.

No comparable provision to § 1627 (c) of H.R. 11750 but free transportation for persons in charge of mails and traveling to and from duty is covered by § 807.

§ 1627 (f). Authorizes the Postal Service to publish a statement of service to be required of carriers and the tentative compensation to be paid for such service. This statement is similar to the comprehensive plan of § 823 (c) of H.R. 17070 and section 6209 of present title 39.

Same as H.R. 17070.

No identical provision to § 1627 (f) of H.R. 11750.

COMPARATIVE ANALYSIS OF POSTAL REORGANIZATION PROPOSALS—Continued

CHAPTER 8—TRANSPORTATION OF MAIL—continued

H. R. 17070	H. R. 4	H. R. 11750
No provision comparable to § 1628 (a) and (b) of H.R. 11750.	Same as H.R. 17070.	§ 1628 (a) and (b). Continues the provisions of section 6204 of present title 39 modified to reflect the expanded coverage of the subchapter to all surface carriers. This section relates to facilities provided by railroads.
§ 832(d). Initial rates or compensation shall be agreed upon by the carrier and the Postal Service and shall continue until the ICC sets fixed rates or compensation.	§ 1632(d). Same as § 832(d) of H.R. 17070.	No comparable provision to § 832(d) of H.R. 17070.
§ 839. Continues the provisions of section 6402a of present title 39 United States Code with conforming changes.	§ 1639. Same as § 839 of H.R. 17070.	No comparable provision to § 839 of H.R. 17070.
§ 840. Provides that existing star route contractors, mail messengers, and motor vehicle service contractors shall be automatically certificated by the ICC for mail transportation.	§ 1640. Same as § 840 of H.R. 17070.	No comparable provision to § 840 of H.R. 17070.
§ 853(a). Contracts limited to scheduled certificated air carriers over their certificated routes and supplemental certificated carriers in and between their authorized areas of operations. Compensation for priority transportation may not exceed second class rates fixed by CAB. Compensation for space-available transportation may not exceed space-available freight tariff compensation.	Same as H.R. 17070.	1653(a). Contracts limited scheduled certificated air carriers over their certificated routes. No restrictions on compensation.
§ 853(d). All § 853 contracts to be filed with CAB.	Same as H.R. 17070.	No filing requirement comparable to § 853d of H.R. 17070.

Except as noted below the provisions on finance are the same in substance in all three bills.

H.R. 17070	H.R. 4	H.R. 11750
<p>Section 1005 contains a limitation of \$500 million on the net increase in any one year of obligations which may be outstanding for the purpose of defraying operating expenses.</p>	<p>Same as H.R. 17070.</p>	<p>No similar provision.</p>
<p>Section 1005(d) contains an express disclaimer that obligations of the Postal Service are obligations of the United States or that they are issued on the credit of the United States except to the extent action is taken under Section 1006(c) to pledge the full faith and credit of the United States.</p>	<p>Same as H.R. 17070.</p>	<p>No similar provision.</p>
<p>Section 1006(b) provides "Subject to the conditions of subsection (a) of this section the Postal Service may require the Secretary of the Treasury to purchase obligations of the Postal Service in such amounts as will not cause the holding by the Secretary of the Treasury resulting from such required purchases to exceed \$2,000,000,000 at any one time."</p>	<p>Same as H.R. 17070.</p>	<p>Same as H.R. 17070 except that italicized words are not in H.R. 11750.</p>
<p>Section 1006(c) authorizes the Secretary of the Treasury in his discretion and at the request of the Postal Service to guarantee on behalf of the United States payment of principle and interest on postal service obligations.</p>	<p>Same as H.R. 17070.</p>	<p>No similar provision.</p>

COMPARATIVE ANALYSIS OF POSTAL REORGANIZATION PROPOSALS—Continued

CHAPTER 10—FINANCE—continued

H.R. 17070

H.R. 4

H.R. 11750

Section 1008(a) directs the Comptroller General to audit Postal Service accounts "to the extent and at such times as he may determine." Otherwise H.R. 17070 contains no provision similar to section 1008(a) and (b) of H.R. 11750.

Same as H.R. 17070.

Section 1008.—Subsection (a) requires the Comptroller General to audit Postal Service transactions at least once each fiscal year and to make reports in quadruplicate to be filed as follows:

- (1) with the President of the United States,
- (2) with the Chairman of the Board of the Postal Service,
- (3) at the principal office of the Postal Service to be made available for public inspection, and
- (4) in the General Accounting Office.

Subsection (b) grants the Postal Service opportunity to examine GAO exceptions and criticisms before the report is made final. The chapter does not relieve accountable officers of the Postal Service from being subject to the requirements of law for rendition of accounts or for the adjustment and settlement of accounts.

Same provisions as H.R. 17070.

No similar provision.

Subsection (b) requires the Postal Service to maintain an adequate internal audit of its financial transactions.

The provision in Section 1008 (c) of H.R. 11750 was eliminated as redundant of other provisions of subsection (c).

Same as H.R. 17070.

(c) Upon determination of the Board of Directors that an expenditure is necessary, credit for an expenditure may not be disallowed by the General Accounting Office.

Section 1009. Annual Budget. Requires the Postal Service to submit annually to the Bureau of the Budget a business type budget and provisions for the details of that budget.

Section 1009 of H.R. 17070 is the same in substance as section 847 of Title 31 U.S.C. which is made applicable in H.R. 4 by section 209.

Same as H.R. 4.

CHAPTER 12—RATES AND RATEMAKING

Except as noted below the provisions of the chapters are the same in substance in all three bills.

H.R. 17070

H.R. 4

H.R. 11750

§ 1201 (b). States that it is the intent of Congress that the Postal Service become self-supporting by January 1, 1978.

Same as H.R. 17070.

§ 1201 (b). States that it is the intention of Congress that the Postal Service become self-supporting in five years after commencement of operations.

§ 1201 (c). In addition to the transitional appropriation authorized by section 1004 and the appropriation authorized by section 1202 with respect to free and reduced rate mail, this section authorizes the appropriation of declining percentages of the total costs of the Postal Service, such amounts being deemed public service costs that should be borne by the taxpayers generally rather than by mail users as such. The appropriations so authorized are ten percent of the Postal Service costs through 1972, nine percent through 1973, eight percent through 1974, six percent through 1975, four percent through 1976, and two percent through 1977.

Same as H.R. 17070.

No comparable provision to § 1201 (c).

No provision comparable to § 1203 of H.R. 11750.

Same as H.R. 17070.

§ 1203. Provides that the Postal Service shall not compete unfairly with private parcel carriers by requiring it to charge rates for parcels which include imputed carrying charges on capital and imputed charges for federal, state and local taxes.

COMPARATIVE ANALYSIS OF POSTAL REORGANIZATION PROPOSALS—Continued

CHAPTER 12—RATES AND RATEMAKING—continued

H.R. 17070

H.R. 4

H.R. 11750

§ 1254(c). Rate changes proposed by the Postal Service subject to veto by 2/3 vote of either House.

Same as H.R. 17070.

§ 1254(c). Rate changes proposed by the Postal Service subject to veto by a concurrent resolution.

§ 1254(d). (k)—Contain the procedures for congressional consideration of decisions transmitted to it. These procedures are patterned on those found in the Reorganization Act, 5 U.S.C. § 908, et seq.

Same as H.R. 17070.

No provisions comparable to § 1254(d)-(k).

CHAPTER 14—PRIVATE CARRIAGE OF LETTERS

This chapter is the same in substance in all three bills.

CHAPTER 16—MISCELLANEOUS

The miscellaneous provisions of Chapter 16 of H.R. 17075 are located in Chapter 18 of H.R. 4 as provided and H.R. 11750. Except as noted below, these provisions are the same substantially in all three bills.

H.R. 17070

H.R. 4

H.R. 11750

§ 1605. Provides the Postal Service shall deposit to its account collections made from foreign countries to the extent the collection represents money due the United States for mail transportation by its carriers.

No similar provision in H.R. 4.

No similar provision in H.R. 11750.

§ 1609. Requires owners of publications having periodical publication mail privileges to file and publish information regarding ownership and circulation and to furnish the Postal Service.

Requires owners of publications having second class mail privileges to file and publish information regarding ownership and circulation and to furnish the Postal Service.

Same provisions as in H.R. 4.

furnish the Postal Service information by which it can determine whether the publications continue to qualify for periodical publication privileges.

Sections 103-107 of H.R. 17070 are the same as corresponding sections in H.R. 4 and H.R. 11750.  
*Section 108. Amendments to title 18, United States Code*

Except as noted below the miscellaneous amendments are substantially the same in all three bills.

SECTIONS 109-114—MISCELLANEOUS AMENDMENTS

Except as noted below the miscellaneous amendments are substantially the same in all three bills.

H.R. 17070

H.R. 4

H.R. 11750

No provisions comparable to § 109 (k) (4) and (5) of H.R. 4 because the Government Corporation Control Act will not be applicable to the "United States Postal Service."

§ 109 (k) (4) and (5). Would amend the Government Corporation Control Act in two places to make it applicable to the "United States Postal Authority."

§ 9 (i) (4) and (5). Same as H.R. 4.

§ 112. Provides that between the date of enactment and the commencement of operation of the Postal Service, the Postmaster General will appoint all postmasters. It further provides that during this period all personnel actions shall be taken on the basis of merit and fitness and no political test or qualification shall be permitted or given consideration.

No comparable provision covering the transitional period.

No comparable provision covering the transitional period.

§ 113. States the intent of Congress that further legislation be enacted giving additional guidance to the Postal Service concerning postal rates.

Same as H.R. 17070.

No comparable provision.

COMPARATIVE ANALYSIS OF POSTAL REORGANIZATION PROPOSALS—Continued

TITLE II—POSTAL SALARY ADJUSTMENT

H.R. 17070

H.R. 4

H.R. 11750

§ 201. *Compensation changes*—Directs the Postmaster General to increase salaries (except those in the Executive Schedule) by 8 percent above those in effect on the date of enactment.

§ 201. PFS Schedule is increased by 2 steps for employees in PFS levels 1 through 6.

No comparable provision.

Same increase is provided for rural carriers. Section 111 (b) of H.R. 4 further provides that if a pay increase for employees in the General Schedule becomes effective after enactment and before the Authority begins operations, pay of Postal Field Service employees is to be increased by a corresponding amount.

No provision comparable to § 202 of H.R. 4. However, similar provisions were set forth in P.L. 91-231 which provided a Government-wide pay increase retroactive to 12/27/69.

§ 202. Contains the usual provisions for conversion to the new pay schedule and for payment of retroactive compensation.

No comparable provision.

§ 202. *Transitional Collective Bargaining*—Postmaster General and unions are to negotiate collective bargaining agreements providing, among other things, for employees to reach the top step within their pay scale within 8 years. Agreements made by Post Office Department to be binding on Postal Service and to take effect any time after the commencement of bargaining. Impasses are to be resolved substantially as they will after Postal Service commences operations.

§ 111. Negotiations to commence by October 1, 1970 on procedures to be followed for negotiating first group of agreements when Authority begins operations. Substantive negotiations to begin after Postal Service Authority commences operations. 39 U.S.C. 808(d) provides that by end of second collective bargaining agreement, time required to reach top pay step in labor grade must be compressed to not more than 8 years.

No comparable transitional provision.

§ 203. Provides that the salary adjustment provisions will become effective on date of enactment. P.L. 91-231 provided retroactive compensation of 6% to 12/27/69.

§ 203. Provides that pay increase provisions shall become effective on the first day of the first pay period beginning on or after January 1, 1970.

No comparable provision.

## POSTAL REFORM

THURSDAY, APRIL 23, 1970

U.S. HOUSE OF REPRESENTATIVES,  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,  
*Washington, D.C.*

The committee met, pursuant to recess, at 10:20 a.m., in room 210, Cannon House Office Building, Hon. Thaddeus Dulski (chairman) presiding.

Mr. DULSKI. The committee will come to order.

The committee is privileged this morning to have, as the chief witness, President George Meany of the American Federation of Labor & Congress of Industrial Organizations.

Mr. Meany's testimony will be most valuable in our deliberations, on the administration's new postal reform proposal embodied in H.R. 17070.

I believe it will be especially helpful in terms of the labor-management negotiations which resulted in the agreement between the administration and the seven postal craft unions now before us.

Mr. Meany, you certainly are to be commended highly for devoting so much of your personal time and attention to those negotiations and for making your own expert associates available to assist both postal employees and management.

We will be glad to receive your testimony at this point. You may proceed as you see fit.

**TESTIMONY OF GEORGE MEANY, PRESIDENT, AMERICAN FEDERATION OF LABOR & CONGRESS OF INDUSTRIAL ORGANIZATIONS; ACCOMPANIED BY ANDREW J. BIEMILLER, DIRECTOR OF LEGISLATION, AFL-CIO; FRANCIS S. FILBEY, PRESIDENT, UNITED FEDERATION OF POSTAL CLERKS; JAMES H. RADEMACHER, PRESIDENT, NATIONAL ASSOCIATION OF LETTER CARRIERS; CHESTER W. PARRISH, PRESIDENT, NATIONAL FEDERATION, POST OFFICE MOTOR VEHICLE EMPLOYEES; LONNIE L. JOHNSON, PRESIDENT, MAIL HANDLERS UNION; MONROE CRABLE, PRESIDENT, NATIONAL ASSOCIATION, POST OFFICE & GENERAL SERVICE MAINTENANCE EMPLOYEES; HERBERT F. ALFREY, PRESIDENT, NATIONAL RURAL LETTER CARRIERS ASSOCIATION; AND MICHAEL J. CULLEN, PRESIDENT, NATIONAL ASSOCIATION OF SPECIAL DELIVERY MESSENGERS**

Mr. MEANY. Thank you, Mr. Chairman.

I am appearing on behalf of the American Federation of Labor & Congress of Industrial Organizations and I appear here today

on behalf of the seven unions having national exclusive recognition in the Postal Service.

The AFL-CIO and the seven postal unions strongly endorse the Postal Reorganization and Salary Adjustment Act of 1970 and urge the committee to adopt it in its entirety as speedily as possible.

This is a unique measure, Mr. Chairman. It is the product of genuine collective bargaining between the executive branch of the Government and the duly selected representatives of the workers involved. It is sound evidence that the democratic practice of collective bargaining can and does work in a free country, between the Government and its workers as well as between private employers and their workers.

The union negotiators are proud of this product. Obviously there was give-and-take on both sides of the collective bargaining table, so the total package that is before you represents a compromise of ideas and positions.

That is the nature of any democratic product. Both sides yield; both sides concede; both sides accept, and both sides support the final agreement.

It is not my intention to burden this committee with a recitation of all that is contained in this proposal. The committee probably knows this field as well, if not better, than any group of Americans. Nor is it my intention to claim perfection for this bill. We all know that no product of the human mind is perfect.

But we do contend that it is a viable, workable solution to a major problem. It will achieve an efficient, adequate postal service for the American people and, at the same time, guarantee to the employees involved a sound method of self-expression and self-determination, which are, of course, the fundamental rights of free men.

This bill insures long overdue economic justice to postal workers. It guarantees them the right to participate, through collective bargaining, in the determination of all of the conditions—financial and otherwise—which govern their employment.

It provides for an immediate wage increase of 8 percent and for wage schedules that compress the time it takes a worker to reach the top of his grade from an intolerable 21 years to a realistic 8—or fewer—years.

It makes use of the National Labor Relations Board for the conduct of representation elections and for adjudication of unfair labor practice cases. It establishes a sensible mechanism for resolving any impasse in negotiations, which takes into consideration the special nature of employment in the Federal field.

All would be part and parcel of a reorganized Postal Service which would remain a part of the Federal Establishment and fulfill the Government's obligation to deliver the mail.

Let me make two points at this juncture.

The first deals with some ill-informed criticism of the composition of the workers' side of the bargain table. The critics contended that other groups of workers in the postal field should have been represented at the bargaining table.

Well, their interests were represented—and quite ably too—by the seven unions which had won national exclusive representation in free and fair elections conducted by the Government. The workers, by their ballots, chose these seven unions and rejected all others.

So the only representatives of workers who had a right to be present were present. No other groups had any more right to participate than, say, the opponents the members of this committee defeated at the polls in November 1968 have a right to participate in this hearing.

The bill provides—quite correctly—that the same seven unions freely chosen by the workers shall represent them in the initial collective bargaining that will follow enactment of this bill. It bars others at that point for the simple reason that the Postal Service is a single national employer and must and should deal with the freely chosen representatives of its employees on a national level.

The bill further provides that, after the initial collective bargaining is completed, any one of the seven unions could be challenged and that other elections could be held so that the wishes of the workers can be currently determined. The representation must, of course, continue to be on a national basis. Fragmentation of the union representation would never be permitted, nor should it be.

The second point that I want to emphasize deals with the secondary levels of supervision in the Postal Service.

Enactment of this measure will be a clear demonstration of the will of the Nation to this group, some of whom have considered supervision to be akin to dictatorship and that workers should be treated more as serfs than as free Americans.

This measure underscores the fact that the President of the United States, the Congress of the United States and the top leadership of the Postal Service want postal workers to be treated as they should be—as free, American citizens—who are also taxpayers.

That will be an important asset that will, I am convinced, aid in achieving the efficient postal service that we all want.

In conclusion, Mr. Chairman, we in the AFL-CIO and the seven postal unions are pleased to report to the Congress that the representatives of the executive branch—the Postmaster General and his associates—brought to the collective bargaining table that absolutely essential ingredient to sound negotiations—good faith.

We join with them and the President in asking this committee and the Congress to adopt this bill. We think it is a good bill; that it will do the job we all want done; and that its prompt approval will be beneficial to the public, the Postal Service, and the workers involved.

I would like to add this additional point:

We in the AFL-CIO hope to be back before this committee in the very near future, urging adoption of a measure that will insure genuine collective bargaining for all aspects of employment for all civilian workers of the Federal Government.

We think this bill is only a beginning. We are convinced that other Federal employees also must have the right to economic self-determination and to the democracy of the collective bargaining table.

As we see it, the Congress is today paving the way for a new day in Federal employer-employee relationship—a good day, too long delayed.

So, Mr. Chairman, we solicit the vote of every member of this committee and of the House for a measure which we were proud to help write and which we are proud to endorse here today, and which we trust will soon be law.

Mr. DULSKI. Thank you, Mr. Meany, for a fine, concise statement. I think you have touched on the major points that the committee is interested in, labor management.

Mr. Meany, as you know, there are two unions that were excluded, the National Alliance and the NPU. And in some parts of the country they have a larger number in their organizations than any of the seven crafts that are represented here. Do you think we could write something in the bill so that they would not lose their identity?

Mr. MEANY. There is the opportunity for them, if the bill is enacted, to get into representation elections to get national recognition. The trouble here is that if you fragmentize the employees into all sorts of splinter-off unions, you are not going to have real collective bargaining.

The employer here is the Postal Service, or the Post Office Department. It is one national employer. And these unions have national recognition. Now, the other unions that you speak of will have every right under this bill to challenge any one or all of the unions and seek national recognition.

But it is our belief that there is no possible way that you can negotiate except on a national basis, because the Postal Service is a national service. It is really a monopoly in a sense. In fact it is the only real monopoly, I think, in our whole system.

There is nobody in competition really in delivering the mail; nobody else can deliver the mail except the Postal Service. And it is a national service.

I have no antipathy toward these unions. They have a perfect right to exist. But they cannot engage in collective bargaining, in my opinion, with the Postal Service on a local basis. It has got to be done on a national basis. Otherwise you would have absolute chaos.

Mr. DULSKI. Mr. Corbett?

Mr. CORBETT. Mr. Chairman and Mr. Meany, when General Blount was here yesterday he made it very emphatic that the Administration would not support any amendment. He did not say that they would oppose any amendment. I note in your remarks here—incidentally, I am a cosponsor of this bill, so I am basically for it—you say “Nor is it my intention to claim perfection for this bill.”

Now, even as a cosponsor of it I see a couple of points where I would like to offer amendments to it. The amendments I have in mind in no way affect labor-management relations, they have to do with the congressional procedure of vetoing any rate change that is proposed. In all these negotiations unfortunately a three-sided matter was taken up just by two sides. The Congress was not represented at all.

Now, the union representatives were elected representatives of the workers. The executives present were appointed, they had no election by the people whatsoever.

So I believe we should, and I am simply pleading to the committee that we do, consider any reasonable amendments in a responsible way and not just do as we did with the amendment to H.R. 4, come in and in 10 minutes just substitute it for the whole bill that we had worked on for months.

I am pleading to the committee members to be reasonable about amendments.

Now, I can assume, I hope, that you on behalf of the AFL-CIO would not take exception to any amendment which in no way upsets the labor-management relations as set forth in the bill?

Mr. MEANY. Actually, Mr. Corbett, this is what we bargained on—labor-management relations. Of course, we know that if you are going to have postal reorganization that you have got to write something beyond labor-management relations. And surely insofar as the relationship between the executive branch of the Government and Congress in carrying out the functions of this bill we certainly would not object to any reasonable amendment.

Mr. CORBETT. I think that is very sensible. And I think your attitude is much better than that expressed by the general in saying, we want it that way, no changes at all. Because we as a committee or even the entire Congress were not part of any of the bargaining whatsoever. We did not even know what was going on most of the time.

Thank you.

Mr. DULSKI. Mr. Henderson?

Mr. HENDERSON. Thank you, Mr. Chairman.

Mr. Meany, following Mr. Corbett's line of thought there I have one question. And it does affect the labor-management provisions. If the committee in its consideration of this bill amended it only to provide the language of Executive Order 10988 and Executive Order 11491, giving the employees the right to join or refrain from joining employer organizations, would you still support the bill?

Mr. MEANY. Obviously, Mr. Henderson, we would not support a bill that ran away from our agreement with the executive branch of the Government on these vital points.

Mr. HENDERSON. Would you feel that this would be such a vital point that you could not support it?

Mr. MEANY. Yes.

Mr. HENDERSON. The other area that gives some of the members some problems that too affect your viewpoint is the problem of area wages. And I am not sure that even as an individual I can objectively state what should be or should not be. But I think we are concerned with the possibility of area wages being negotiated beyond what seems to some of us an obvious need for some relief in the very high cost of living areas.

I am not going to ask you a question or even urge that you comment on this at this time unless you have very strong feelings about this, or some given position. But I just would express the concern of some of the members as we try to represent our people, even the postal employees in our own areas.

Mr. MEANY. Mr. Henderson, this question of area wages, I think, is a question that can be put on the bargaining table by either side. It certainly enters into any number of national contracts in the private sector of the economy.

I do not want to pass judgment on what is there now, but what has been there has been their system for many, many years. And under this legislation if either side, either the Postal Service or the unions, feel that there should be some variation in what they have, they bring it to the bargaining table, just the same as they do in the private sector.

Mr. HENDERSON. You think the problem could best be resolved through the collective bargaining provided in this bill rather than have a decision on the policy on this matter by Congress in hearings?

Mr. MEANY. I would think that the way to do it is through collective bargaining. And if at some later date Congress wanted to recognize what has happened in collective bargaining and legislation, that is another thing. But I think this is strictly a question here, under our plan here, of collective bargaining.

Mr. HENDERSON. As I say, I am not sure that I disagree or agree on this point, because it is a real tough problem.

I do want to conclude by saying that I agree with you, and I am appreciative of your very strong statement in support of the need of an efficient Postal Service. And I think when we come to realize that need we must realize what is of most importance to you and the organizations that you speak for, and that is that we try to provide for the welfare of the employees of the Postal Service.

And I assure you that whatever we may do by way of amendments to the bill we are not going to try to do it to the detriment of the workers.

And I am very pleased at your appearance this morning.

Thank you.

Mr. DULSKI. Mr. Johnson?

Mr. JOHNSON. Thank you, Mr. Chairman.

Mr. Meany, I too want to welcome you here this morning. I think it is really a milestone in the history of governmental employee relations with our great Government. And I have said right along during all of our hearings on H.R. 4 and the administration bill that until you folks representing the workers and the Postmaster General got together and came to a meeting of the minds there would be no meaningful postal reform.

And as I say, I think your being here today with the various leaders that you have with you probably means that we will now be able to establish a new postal system which will endure into the next 30 or 40 years, which some suggest we must do, inasmuch as our population is increasing.

And it goes without saying that our Post Office Department is pretty archaic; it goes back—some of the pigeonhole sorting devices were installed right after the Civil War.

Do you have any comment on that, Mr. Meany?

Mr. MEANY. My comment is very simply this, that if I had nothing to do with labor at all I still would want a better postal service. I think the American people deserve a better postal service. And I am not trying to lay the blame on anyone. This is a system that just grew over the years.

And I was on one of the commissions that was investigating this with Mr. Kappel. And the reports that we got showed really a deplorable situation in the Postal Service.

Now, surely this could not be laid at the door of the workers there. It was all part of a system that went back I do not know how many years. But there were a lot of political angles to it. But the sum and substance of it was that the Postal Service was in a deplorable state, in all points of view, and especially from the point of view of the conditions of the workers themselves.

But insofar as I am concerned, I think America needs a better Postal Service. I think they need a Postal Service that will be self-sustaining. And I think that is a method of getting it.

So I would be for some kind of improvement in the Postal Service even if I had nothing to do with labor, just as a citizen.

Mr. JOHNSON. Another thing I noticed in your statement—I was pleased to hear you say that you felt that the Postmaster General and his associates brought to the collective bargaining table that absolutely essential ingredient to sound negotiations, good faith.

Mr. MEANY. I cannot overemphasize that. And I believe everybody on our side of the table will agree. Mr. Blount in particular and his assistant, Mr. Klassen, certainly played it straight. They went into the problems. And we have absolutely no complaint as far as they are concerned. They certainly showed good faith.

And as I say, it was a prime example of good, sound collective bargaining.

Mr. JOHNSON. I might just say from my observation, you fellows must have shown good faith too for you to have come to a meeting of the minds as you have. And you are to be congratulated on that.

For the balance of my time I just want to say that I respect the leadership of these various postal unions.

I see that you have Mr. Rademacher here this morning. I heard over television that some of the workers said, we are going to get that particular leader, and I think one of them mentioned the leader of the Letter Carriers. And I just want to say for what it is worth that my relations with Mr. Rademacher have been very fine, and I have admired him as a real good force for these fellows, and Mr. Keating before him. And it is not the fault of the union representation that, let us say, the strike occurred. They were here fighting just as hard as they could for the worker.

And to repeat, I am glad that you are all here today. And now maybe we can go forward to establish one of the best postal systems in the whole world.

That concludes my statement.

Mr. DULSKI. Thank you. You can use that speech when you are running.

Mr. Nix?

Mr. Nix. Mr. Meany, I want to compliment you on the fact that the statement is directly to the point.

But the highlight for me is the statement that you made at the bottom of page 1:

“We all know that no product of the human mind is perfect.”

Following that, in your verbal statement you expressed yourself as being amenable to amendments. That I deeply appreciate. And I appreciate it the more because I cannot conceive of a situation where negotiators sat down and came to conclusions, and these conclusions were presented to a committee of Congress, none of whom participated in the negotiations, and it could be expected that the Congress would adopt that which came from the negotiators—I think if they did that they would then become rubber stamps and would certainly not be performing their duty. And I for one certainly would not go along with any such procedure as that.

So I was very happy to hear you say that you were amenable to some amendments. And further, you made the statement, we all know that no product of the human mind is perfect.

Thank you.

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

There is our anchorman again, Mr. Hogan.

Mr. HOGAN. Mr. Meany, I too want to congratulate you on your statement, although I do not agree with all of it.

I am troubled by the fact that the independents that operate on an multicraft basis will be put out of business. I do not think there is any way to look at it except that they are going to be put out of business. The bill itself does not specify that, but it has within it the mechanism which is going to inevitably have that result. And that troubles me a great deal.

And I am also amazed at the disparity between your testimony today and your testimony previously when you appeared before this committee on H.R. 11750. Some of the things that you thought were so reprehensible then, you embrace enthusiastically today.

So I think this is at least one indication of how effective the negotiations between the department and the union were.

But some of the things that trouble me—you said at that time that you thought—that you agreed that some of the Taft-Hartley measures ought to be changed, but they were far preferable to what was proposed under H.R. 11750. And now today you have embraced them in this new bill. And I am really surprised that the union negotiators would agree to bring the postal unions under the provisions of Landrum-Griffin and Taft-Hartley when they were specifically exempted by the Congress.

And I am further amazed that you would agree to give the Postmaster General, as a representative of management, the right or the opportunity to concur with the Secretary of Labor in calling for simplified forms, which the existing Landrum-Griffin Act does not call for. I wonder if you would comment on that, sir?

Mr. MEANY. Well, you realize that what we have come up with now is the product of give-and-take collective bargaining. When you talk about someone imposing, either Government or Congress, imposing a postal corporation upon the workers without their consent, that is one thing. But when you are talking about something that was bargained out by the workers and their representatives with the Post Office Department, that is quite another thing.

Mr. HOGAN. But it is somewhat troubling to me that the negotiators would agree to a concession to management for postal workers which they have never conceded to any other management group in union-management negotiations.

Mr. MEANY. The postal workers never conceded anything to any other management group because they never bargained with any management group before. After all, while this can be compared in certain ways to private employment, it is still in the Government service. I do not know what you are getting at when you say that they made concessions to management. I do not understand that.

Mr. HOGAN. The point is that they are now exempt from Taft-Hartley and Landrum-Griffin, and if this bill passes they will no longer be exempt.

Mr. MEANY. The Executive order put them under Landrum-Griffin.

Mr. HOGAN. As I understand it—

Mr. MEANY. Congressman, if the postal workers are going to take their place collective bargaining-wise and otherwise with workers in the private sector, what objection would they have to being under the same laws if they apply to workers in the private sector? All of our members are under Landrum-Griffin and Taft-Hartley. And if the postal workers are now achieving collective bargaining, putting them on a par with the other unions, why would they want to be out from under these things?

Mr. HOGAN. You see, you have gone that much further with postal unions, because what you have done in your negotiations and agreement with the Post Office Department is equivalent to your agreeing with a president of some corporation that he would be able to concur with the Secretary of Labor in enabling the union to submit simplified forms.

Mr. MEANY. I do not get the comparison at all. You see, when the Government of the United States for the first time in its history said through its principal spokesman, we are ready to bargain collectively with Federal employees in the Postal Service, this changed the entire picture as far as we are concerned.

To me this was a concession on the part of the Government that came a long way from what we have known in the past. Now, in view of that, then the postal workers sit down at the table with an entirely new ball game.

Mr. HOGAN. The point I am trying to make is, suppose Mr. Blount was still running his construction company, and you are entering into negotiations with him, and you agree with him as the president of his construction company that the simplified forms that the unions are allowed to submit can be submitted with the concurrence in writing of Mr. Blount as president of this construction company. That is what you have done in this bill.

Mr. MEANY. No.

Mr. HOGAN. That is what section 230 says.

Mr. MEANY. I think you are worrying too much about concessions of the postal workers. If the leaders of the postal unions made concessions that are not in the interest of their members they will hear it from their members. Of course, I do not think they made any such concessions.

Mr. HOGAN. I will hear from the members too, Mr. Meany.

Mr. MEANY. I am quite sure that the members would let them know. I do not think they made any concessions that they should not have made.

Mr. HOGAN. Let us go to another point. Do I interpret from your remarks here today that you no longer feel that a strike by Government workers is justifiable?

Mr. MEANY. As far as the question of strike, Mr. Congressman, it is really academic. Federal workers are barred from striking by the law. But whether or not they strike has nothing to do with what is written in the law. The proof of the pudding is that they will strike. Federal, county, State, and municipal workers will strike, no matter what you put in the law, if they do not get a fair deal from the employer.

This is being practical. And as far as this legislation is concerned, it does not change the situation insofar as postal workers are concerned.

Mr. HOGAN. You said at that time that there is no real collective bargaining without the right to strike, because it is only the possibility of a strike that gives employees any bargaining power. But now the bill still prohibits strikes, and you say that there is collective bargaining.

Mr. MEANY. Yes, there is collective bargaining. And, of course, the idea of collective bargaining is to prevent strikes, to find another method to get economic justice. But the final determination of this goes to a board which I think is outside of Post Office and executive branch control, which makes quite a difference.

You know the workers through their representatives have a perfect right to meet and say, we do not want the right to strike. And we have had unions. Who for 50 years have said this, we do not desire the right to strike, we do not want the right to strike. And if they do not want the right to strike, do not want to exercise it, are willing to waive it, who is to say that they do not have that right?

On the other hand, we have had unions over the years which have insisted in their contracts with their employers for the past 75 years that a clause be written in there that would prevent a strike. And this is a real exercise of workers' rights. Because in the final analysis workers do not enjoy striking any more than management enjoys having them strike.

And if we can work out systems where the workers lose none of their rights and can at the same time guarantee a service without strikes, we are all for that, too.

Mr. HOGAN. Of course, I do not think that you can really make an analogy between the workers in private industry and the Government workers when it comes to the right to strike. And I have publicly indicated my strong opposition to the strike and to the right to strike by Government employees, because they are in a different category. The Government cannot exist if its employees strike. This has within it the seeds of the destruction of the Government itself.

But, the point I was leading up to is, while you strongly objected to previous legislation because it did not allow the right to strike, now haven't we in this bill actually improved this situation by giving both sides the power to invoke binding arbitration, which the old legislation did not have as an alternative to prohibition against strikes?

Mr. MEANY. This is the result of an agreement. These are the representatives of the workers who reached this agreement. Are you saying that they did not have to make this concession, if it is a concession?

Mr. HOGAN. I am just trying to get some information here. What I am saying is that your strong statement made previously that you cannot have collective bargaining without the right to strike you are now withdrawing because the new legislation gives both parties the right to invoke binding arbitration, whereas the previous legislation only gave it to the Postal Disputes Panel, is that right?

Mr. MEANY. Yes.

Mr. HOGAN. Then henceforth there is no need for the unions to strike since they can have binding arbitration.

Mr. DULSKI. The time of the gentleman has expired.

Mr. HANLEY?

Mr. HANLEY. Thank you, Mr. Chairman.

Mr. Meany, I want to take this opportunity to commend you for the vital role that you have played through what I believe historians will one day describe as rather troubled times. The meaningful purpose that you have served in my judgment has earned for you the gratitude of all Americans. Simply providing the vehicle by which you and the leadership of the crafts could sit on one side of the bargaining table, across from the other team, and negotiate a compromise in the manner that you have is indeed commendable.

I am concerned about the civil service status of the Federal personnel. And I would like from you your comments with regard to your interpretation of the language of this bill. In your judgment, does the civil service status remain the consummated matter of status quo, does it diminish or does it expand under the provisions of this legislation?

Mr. MEANY. My understanding is that it gives them the same protection that they have had before.

Mr. HANLEY. So in essence, then, their status would be identical to what it is now. And as you see it, there are no changes?

Mr. MEANY. As far as I can see there are no changes. Naturally on a question like this I would have to defer to people like Mr. Rademacher and Mr. Filbey who have lived with this all their lives.

Mr. HANLEY. If any of the gentlemen at the table choose to answer this question I would appreciate it. I am concerned about the civil service aspect of it.

Mr. Filbey?

Mr. FILBEY. Mr. Hanley, the bill guarantees the provisions of the Civil Service Retirement Act under the Civil Service Commission, and it guarantees the continuation of veterans' preference. It replaces part of the civil service setup to permit, however, the Post Office Department and the unions to negotiate wage scales, job content and job qualifications as it takes place in the private sector. So to that extent the Civil Service Commission would not be in the act as they have been in the past.

Basically our side of the table in our discussions with the Post Office Department we have had a great deal of difficulty in trying to figure out, once you moved away from the Civil Service Retirement Act, just what civil service protection we did have.

As you know, we have a better system in the postal system today under our negotiated agreement in handling what is called adverse actions, suspensions. In the Civil Service Commission you can appeal only suspensions of 30 days or more. In the Post Office under our present agreement a suspension of 1 hour or 1 day is appealable.

So it is any judgment as a representative of the United Federation of Postal Collection that we will be better off bargaining on many of the matters which are now controlled by the Civil Service Commission with rigid rules which apply Government-wide and do not necessarily meet the needs of the Postal Service.

Can Mr. Rademacher comment?

Mr. HANLEY. Fine.

Mr. RADEMACHER. Just a very brief comment, Mr. Hanley. All I know is what I read in the bill on line 6 of subchapter I:

Officers and employees of the Postal Service shall be in the postal career service, which shall be a part of the civil service.

I have great confidence in that language, confidence in this committee making certain that that is what it means.

Mr. HANLEY. Do you gentlemen suggest that you do not have any reservations at all that the civil service status might be jeopardized?

Mr. MEANY. No.

Mr. HANLEY. I might direct just one other question at Mr. Meany in recognition of his expertise in the field of labor, a comment with regard to the possibility of area wages.

Do you believe that there will be merit in taking area wages under consideration at the bargaining table?

Mr. MEANY. Mr. Hanley, I have no thoughts on that at all. They have an overall wage system. Why they have it I do not know. It goes back to ancient history. But all I say is that under this legislation the question of area wages against nationwide wages or local wages can be brought to the bargaining table by the representatives of the service and the representatives of the workers.

And that is a pretty good place to straighten it out if there is any difficulty. But I myself would not want to pass judgment on area wages versus nationwide wages.

Mr. HANLEY. Fine. I appreciate your response. And again I want to commend you on your efforts and your splended testimony here this morning. Thank you.

Mr. DULSKI. Thank you.

Mr. Scott?

Mr. SCOTT. Thank you, Mr. Chairman.

Mr. Meany, I would like to explore a little further the question of the present law with regard to the employees under the civil service merit system and the proposals in this bill. I have correspondence from both the Comptroller General and the Chairman of the Civil Service Commission with regard to their interpretation of this bill. And there is no question in my mind and in theirs, incidentally, that as far as appointment, promotions, or job retention, that this is subject to collective bargaining. The civil service laws can be changed under this bill in the collective bargaining process and the contract that would be arrived at between the Postal Service and the union groups. You understand that one-fourth of all Government employees work for the Post Office Department, and this measure would remove one-fourth of all Government employees from the protection of the civil service laws. I am concerned about this, because I have a large number of these people in my district. Do you believe they will be better off under this bill or under the civil service merit system?

Mr. MEANY. You make the statement, this removes one-fourth of the Government employees from the protection of the civil service laws. I do not interpret it that way. So I cannot comment on a premise that you put forth that I do not agree with. I read the legislation as maintaining the protection these people have under civil service.

Mr. SCOTT. The Comptroller General of the United States—and I submitted it in the record yesterday—says that it does do this. And you would disagree with his interpretation; is that correct, sir?

Mr. MEANY. Well, better people than I have disagreed with him.

Mr. SCOTT. You also disagree with the Chairman of the Civil Service Commission on that, do you?

Mr. MEANY. I can disagree with him, yes.

Mr. SCOTT. If that is true, do you feel that the Government employee would be better off without civil service, assuming just for the purpose of discussion here that this is true?

Mr. MEANY. That is an "iffy" question.

Mr. SCOTT. I know it is.

Mr. MEANY. And the answer is that the Government employees would be better off with anything that they think makes them better off.

Now, the Government employees, the postal employees take the position that they still have civil service protection. I do not know if they are going to give it away or not. I doubt that they will.

Mr. SCOTT. Let me ask another question, Mr. Meany, on a different phase.

As I understand this bill, the laws with regard to the private enterprise would apply to the new Postal Department, and the right-to-work laws would be applicable. The Taft-Hartley law, and with it section 14(b). In some States there would be a union shop or a union shop could be negotiated through the collective bargaining process. Do you feel that a Government employee in any case should have to join a union in order to hold his job?

Mr. MEANY. If the union which represents the workers negotiates a union shop contract with the employer, then I think that these people would be the same as private employers through the country.

Mr. SCOTT. You see no difference in the private employer and the Government employer?

Mr. MEANY. No.

Mr. SCOTT. I appreciate your candor, but disagree with you completely.

Thank you, Mr. Chairman.

Mr. DULSKI. Mr. Hamilton?

Mr. HAMILTON. Mr. Meany, just a point of clarification. I understood you to say in response to a question from Mr. Corbett, that your concern is with the labor relations portions of this bill. And when he suggested to you that he might have some amendments to other parts of it you said that that was not your concern—at least you expressed no concern about those other amendments. Is that correct?

Mr. MEANY. Of course, Mr. Hamilton, our interest here is what it should be, primarily the interest of the employee. And the basic negotiations that we have which brought about the introduction of this bill were on the status of employees. We realize, of course, that a reorganization of the Department, which is needed, certainly encompasses something more than just employer-employee relationships. And we like the basic approach in this bill.

At the same time if this committee and the Post Office Department felt that there should be changes in that portion of the bill having to do with revenue, and having to do with the powers of Congress, and so on and so forth, ratemaking, and all this business, we certainly would go along with anything reasonable. We did not bargain this area out with the Post Office Department.

Mr. HAMILTON. I am impressed by the statement in the memorandum of agreement in which the parties say that the parties have jointly agreed to support this legislative package without qualification, and that together they will urge the Congress to enact this legislation without change.

The Postmaster General said in his testimony yesterday before the committee that he did not want any changes in the bill. There seems to be a difference in emphasis, if not an outright difference between his approach and your approach.

Mr. MEANY. I think actually this is part of the collective bargaining between the Post Office Department and this committee. And I have been around legislative work for many years. And I have seen and heard many people, including myself, say that we want a bill just as it is written, but sometimes we find that it is convenient to accept something a little different. After all, legislation is the result, in a sense, of bargaining, of give and take, and compromise. We certainly would not object to a change on the bill that common sense indicated was necessary.

Mr. HAMILTON. Let me put it this way. This bill as it is now drafted in all its particulars, including areas other than labor management, is acceptable to you?

Mr. MEANY. Yes, sir.

Mr. HAMILTON. And you support it and endorse it?

Mr. MEANY. Yes, sir.

Mr. HAMILTON. Just a final note for my own curiosity. Is this the first time that the AFL-CIO has approved binding and compulsory arbitration?

Mr. MEANY. Binding and compulsory arbitration?

Mr. HAMILTON. Yes.

Mr. MEANY. What you are saying is, is this the first time that the AFL-CIO has accepted a ruling in regard to civil service employees and the right to strike. Well, this was present when I came to Washington 30 years ago, and I guess it was present 50 years ago. So we are not changing that. We take a very practical view of it. And I think the recent events indicate that whether you have a right to strike affirmatively by law or not really does not make any difference, if the workers are not satisfied, if they feel they are getting kicked around, they will strike.

Mr. HAMILTON. I am not disputing that in the least, Mr. Meany, I am just curious as to whether or not this is the first time that the AFL-CIO has endorsed a statute which provides for binding and conclusive arbitration.

Mr. MEANY. No.

Mr. HAMILTON. The answer is no?

Mr. MEANY. That is right.

Mr. HAMILTON. Thank you.

Mr. DULSKI. Mr. Brasco?

Mr. BRASCO. Thank you, Mr. Chairman.

Like my colleagues, Mr. Meany, I welcome you and certainly all of the other executive members of the unions at the desk.

I want to say this, if I may be so bold, as a member that sits way off on the end. I think one of the things that is missing here in the dialog is a complete indication that the concept of collective bargaining is not

really grasped. As you indicated so patently, it is giving a little and taking a little. And I think the important thing to remember is that whatever is before us in terms of benefits and concessions are things that were bargained for by management and the unions themselves.

And I think that after this bill is enacted—and I hope it is—that many people will owe you and all the people at the table a debt of gratitude.

I speak about the workers involved here. We talk about the civil service. This is a situation as I see it where the workers get the protection of retirement, and veterans' preference. And on all other Civil Service provisions they will be on the table, I believe the unions negotiating will be doing so in an effort to advance the workers benefits not to inhibit them.

So I think they get a benefit there.

I am happy to see that when you talk about taking a little and some people were talking about the concessions that you and the union representatives made, all of the benefits for the employees were being locked in. And I am very happy for that.

I think you did a heck of a job on that. You are talking about a step compression from 21 years to eight. You cannot do any worse than that. I will take you as a bargainer any day. I am on the Retirement Subcommittee, and we passed a bill, at least out of the subcommittee, in which the Government pays 50 percent of the health benefits. Now when you go into your collective bargaining on that, 50 percent is a floor, and you can only go up. And as I indicated before, I think that there was some criticism as you indicated, because there was some unions, or at least union heads, that felt that they were very hotly involved, and were not represented personally at the table, there was some criticism because of that. I would have hoped they could be represented. However, I think on the overall question of benefits a good job was done.

I am not making any campaign speech now, Mr. Dulski, but I just want to ask one question.

Mr. DULSKI. Do you have an opponent?

Mr. BRASCO. Not yet!

One question, though, that disturbs me. And I ask it because I know that you bargained on behalf of those workers and have been doing a great job. There are some 27,000 members of the NPU in New York that are involved, and at least in their opinion as they read the bill and as I read it, that they will be cut out from representation because they are not an exclusive, they are not a craft union, they are an industrial union, and I am wondering whether or not it would be so reprehensible on our part if we had an amendment that at least allowed, since these people were elected in open and free elections, the status quo to remain, in other words, retain all benefits this union has—and refer the entire matter to the NLRB who the appropriate bargaining units should be.

It seems that the bill takes away all their benefits, the dues check-off and recognition under this they are not going to be in a very good position to challenge anybody. And I am all for the bill but I do not want to write off a union through the legislative process.

This is the only thing that I am a little concerned about. And I hope that we might be able to clear it up to at least hold the status quo in a

union that has 27,000 members in New York, and has had its membership elected in free and open elections.

Mr. MEANY. Of course, what has happened here is without precedent. And it has moved this whole thing into the executive branch of the Government at the national level.

Now, I have no dispute with any of these unions. But it is quite obvious that they could not negotiate at the national level. And if you were to provide for recognition of these unions, then you would provide for recognition of almost any union at an area or local level, and they could not negotiate at a national level. This is the problem.

Now, they do have an opportunity, of course, under the legislation a year from now after the first go-around to come in and contest with the clerks or the carriers or anyone else.

Mr. BRASCO. My point was, I do not know that they have that right to bargain at this stage. What I was talking about is to preserve the status quo. In other words, it would seem to me that if by legislative fiat the union is written out of business, then it puts them in a very, very disadvantaged position to be able to challenge anyone once that is done. But it seems to me that if at least we preserved the status quo that it would be, in the true democratic spirit.

Mr. MEANY. You mean give them bargaining rights?

Mr. BRASCO. Give them what they have up to this point.

Mr. MEANY. They do not have bargaining rights now. You see, this is a step from that whole situation into what you would say is a new ball game. This is collective bargaining.

Mr. BRASCO. I appreciate that. For instance, they have dues check-off. As I interpret it, this would take away dues checkoff from any union that does not have national recognition.

Mr. MEANY. This is exactly what I mean. Basically I am not saying that they should be given any additional rights here. If they did not have the right to bargaining nationally they do not have it in this bill.

Mr. BRASCO. The point is, though, if you keep the dues checkoff, if you keep the integrity of the union as at least it remains today—because obviously 27,000 people in New York think they are doing something—if you do that, at least you put them in an even position to challenge someone else. But if you take everything away, it destroys their whole integrity so that they have no ability to challenge.

Mr. MEANY. We do not take away their right to blend themselves into the mainstream of postal labor if they so desire.

Mr. BRASCO. And they do have the right to bargain locally, under the old system they had the right.

Mr. MEANY. But how can they bargain locally under the new system? They just cannot. It would not work.

Mr. BRASCO. So that you do not see the possibility—when I say you do not see I mean you do not agree with the statement that we could keep these people in the status quo so that they have an even shot at challenging for exclusive recognition?

Mr. MEANY. No, because this legislation practically eliminates the Executive order of the past, the way I look at it. And that is how they got this status. And they cannot have it under this legislation.

Mr. BRASCO. Thank you.

Mr. DULSKI. Mr. Henderson?

Mr. HENDERSON. Mr. Meany, I think I would like to get away from perhaps the trees in the forest and look at the forest. I think over the past months all of the gentlemen at the table with the problems facing us and certainly our interest in this goes back as you mentioned even before that. Members of Congress have wrestled with the big problem here, and sometimes we have gotten into disputes and arguments over comparatively minor points.

And it may be of great interest to some of us. But you have mentioned this morning that we have now come to the point where everybody recognizes a need for improvement of the Postal Service.

I have been very impressed this morning—I will not dwell on it—but you have mentioned the good faith of the Executive in these recent days of negotiations with regard to the legislation before us. And you have been commended for the good faith on the part of you and your associates in this operation. And I believe that we will see as we saw yesterday and are seeing today the good faith of the Congress in trying to bring this whole problem into a fair and quick resolution.

But I would like to just take a minute or two with you here to see if we can agree on one or two points, and where we go from here. I think that obviously there will have to be good faith continuing on the part of the new postal management.

I think there will be a continuing interest on the part of the Congress, on the part of this committee, and the Congress in keeping good faith. But I certainly think that we would be amiss if we did not pay a lot of attention to the good faith of the employees.

I think I could best illustrate this by what has transpired this morning. I think sometimes we talked too much about the right to strike and what the law says. I think from what you have said that that is not important, if we have got good faith objectives of trying first to serve the American public with an efficient service and be fair to the people that perform the work.

I think it is equally essential, as I look down the road, that the postal employees recognize that this is a milestone in their behalf and on behalf of the American public. It is going to take some patience to get this new system operating efficiently.

Basically we admit that we have not had the money. We have got to issue bonds, and perhaps Government workers ought to be encouraged, and Members of Congress and other citizens, to try to buy some of these bonds, and do all we can to finance this system.

And I would say that specifically as to employees they need to give a lot more thinking to the principle, and I am sure that the leaders that I have had the occasion to work with are dedicated to this principle, that we need to show—we need good faith, and good faith can be best demonstrated, and I think so often it has, in 99 and 98 percent of the time it has been demonstrated by the postal workers by being hard-working, dedicated workers, and they have many times stayed on there when they did not see things going their way.

But I think it is going to be absolutely essential that we point out that with the enactment of this legislation and during a trial period of this new collective bargaining that there has got to be a great deal of patience on the part of everyone and a great deal of effort on the part

of everyone. And to be as specific as I can, I hope that we come out with the best product we can.

I can tell you feel as the Postmaster General did that the bill before us is the best product which you could come out with at this time. And if we in the Congress change it, our objective will be to improve it.

But then I think we all will have to put our shoulders—I do not think Members of Congress ought to walk out and go back to their offices and say, it is all over now. I do not think it will be.

Mr. MEANY. I think, Mr. Henderson, there is every reason to believe that the employees through their organizations will make their contribution in good faith to the improvement of the Postal Service. I think, as I said before, as a member of one of these commissions I realize the deterioration of the Postal Service. Well, if I realize it surely the workers themselves must have realized it. And I am sure that they would like to have a service that they could take pride in.

Now, the concession—and I want to make this quite clear—the concession made by the executive branch of the Government and the evidence of good faith that was demonstrated by the representatives of the Government, brought from the postal unions a complete change of attitude.

In other words, they are saying, here is a deal where we are going to be treated as other free employees, just think of it, in addition to the improvement in wages and hours. And this is from the President's own message. Matters that are subject to collective bargaining include such things as grievance procedures. This means grievance procedure as it is carried on in the private sector, which is a far cry from whatever grievance procedure was negotiated before; final and binding arbitration of disputes, seniority rights, holidays, vacations, life insurance, medical insurance, training and promotion procedures. This concession on the part of the executive branch of the Government was what brought about this agreement. And I think it was this change of conditions on the job that will certainly be conducive to a continuance of good faith on the part of the union representatives.

Mr. HENDERSON. That is right. What we are saying to the American public through the workers of the Post Office Department is, with this new plan and new law we are going to have a more efficient postal service.

Mr. MEANY. That is right.

Mr. HENDERSON. And a lot of the problems I think you have arisen out of or come out of the inefficiency of the Department. I have certainly never contended that it was the inefficiency of the workers. I think that they have done a tremendous job under difficult circumstances.

Let me just say this. Someone said they were making campaign speeches for the national offices. But no one has a greater appreciation than I have for the democracy of the organizations in the Post Office Department, the unions in the Department. And I think that this is something that we could talk to workers about.

I think that the free elections, the way they conduct their business of electing their leaders—and they are talking about—they are talking here about who does speak for them—it is just the American system, as I see it. And they have got to realize that, just as if they did not like the Congressman that got elected last time, if they do not like

the national officers that have to be patient until the next time comes around and not let the service suffer, but use the great democratic process. Because I have been impressed that the gentlemen at the table with you—and I guess maybe from time to time you have been through this—they stand the test of the membership just like we do the test of the electorate.

And we need to call on the workers as I see it to be patient with all of us, especially upon the enactment of this legislation, because too often we just say, this is it, and everything is going to be rosy. But it is not. It is going to be tough working.

Mr. MEANY. There has got to be a lot of work done.

Mr. HENDERSON. That is right. And I think sometimes we have come across individual or specific problems where we have disagreed intensely, and have let that interfere with us really getting together and getting our objective underway. And while I would commend all of you for what you have done. I would likewise commend to the workers that if you realize what your immediate future will be, that you cannot turn this around—I think the testimony has indicated it will take something like 5 or 7 years to accomplish the best of this, and I think that during that—

Mr. MEANY. 1978, I think, is the target date.

Mr. HENDERSON. 8 years—that we realize that if at that time that we have accomplished the efficiency and all of the things for the employees, we will have done a good job, and I do not believe there will be much talk about striking or other things, because we have all got too much work to do that this better system work, if it will.

Thank you very much.

Mr. DULSKI. Mr. Olsen, do you have any questions at this time?

Mr. OLSEN. No; I have not. I do want to greet President Meany and welcome him to our committee. We are always grateful for his contribution to the work of this committee, and for his contribution in behalf of organized labor everywhere.

I think that the postal workers particularly have needed help at this time. I am certainly happy to note that the leadership of the AFL-CIO are participating in assisting the postal workers. I thank you very much.

Mr. MEANY. Thank you.

Mr. DULSKI. Mr. Nix?

Mr. NIX. I have no further questions, Mr. Chairman.

Mr. DULSKI. Mr. Hanley, I understand you have some further questions?

Mr. HANLEY. Thank you, Mr. Chairman.

I do not want to belabor this point, but I want to go back for one moment, if I may, to the matter of civil service status. And the reason for this question is that hopefully we might be able to minimize the possibility of consideration of amendments when we proceed through the markup process of this bill. And if I could pose a question to both Mr. Rademacher and Mr. Filbey, and hopefully get a yes or no answer, the question is, Do you associate any detrimental significance with the language of this bill in section 201, which does not describe the civil service as competitive?

Mr. Filbey?

Mr. FILBEY. The answer is no. It is difficult to give a yes or no; but I will say no.

Mr. HANLEY. Mr. Rademacher?

Mr. RADEMACHER. My answer is no. And I will just elaborate on the answer by saying that we have contained elsewhere in that same section some new rights that are going to give us an expansion of the benefits of the Civil Service.

Mr. HANLEY. Perhaps you wanted to expand, Mr. Filbey?

Mr. FILBEY. No. I think Jimmy has covered the main part of it. I have no fear of the ability of the unions to negotiate in this field. This is a question that has been raised by a lot of our people. Many new people coming into the Postal Service come in through a Civil Service competitive examination. In our discussions and negotiations with the Post Office Department the indications as I understand them were that some kind of a competitive system will be established through collective bargaining, and it may be operated through the Civil Service Commission after the unions and the Department determine what kind of examination should be held. Your own recent committee in its analysis of the situation, I think, came to the conclusion, or at least realized, that some of the tests which are applied to people coming into the Postal Service have nothing to do with their ability to perform their work or anything else in the Post Office.

Mr. HANLEY. This is true. The question was, hopefully we can eliminate the possibility of your considering amendments to the bill.

Mr. FILBEY. I have no fear of it at all.

Mr. SCOTT. Mr. Chairman—

Mr. DULSKI. Mr. Scott.

Mr. SCOTT. Mr. Chairman, exploring this question just a little bit further, we did discuss it with the Postmaster General during his appearance yesterday. And I read to him a paragraph of the letter from the Assistant Comptroller General indicating that employees would be removed from the competitive civil service system. And I asked the question, would you agree that they are, to Mr. Blount. His answer was:

That is correct. I think that the parties themselves will bargain over many of these issues that will build up these kinds of rules and regulations under which the Department will proceed under things such as grievances, and so forth.

So I think we ought to be clear that under this law the Civil Service Commission, the Comptroller General's office, the Postmaster General all agree that these are bargainable matters. And I would assume that you gentlemen agree also with this.

Mr. MEANY. The unions agree too.

Mr. SCOTT. So the protection of the Civil Service laws would not be present if the unions bargained different provisions. Now, I know that you gentlemen would want to try to protect the workers. But I am saying that this would be determined through collective bargaining rather than Civil Service laws.

Thank you, Mr. Chairman.

Mr. OLSEN. Mr. Chairman, addressing myself to that, I have a little different notion on that. They can bargain how people will enter the postal career service, but they cannot bargain away Civil Service. Section 201 continues them as a part of Civil Service. But being in the Civil Service does not confer any benefit. The important point is that the employees will not be in the "classified civil service."

Mr. SCOTT. Mr. Chairman, if the gentleman would yield for a moment.

Mr. OLSEN. Yes, sir.

Mr. SCOTT. Let me read again from the Assistant Comptroller General R. F. Keller's letter, which is in a report of the committee on amended H.R. 4, and is in the testimony that we had yesterday. And he says:

We believe the intent of subsection 801(a) is to remove postal employees from the competitive service, if the competitive service appointments and promotions are based upon merit and fitness as determined by examination. See 5 USC, 3304 and 3361. However, as stated subsection 801(a) provides that the appointments and promotions shall be in accordance with procedures established by the authority. It is evident, therefore, that such personnel actions are not to be subject to the laws and regulations governing the competitive service. Moreover, bearing in mind, the language of Section 209 as discussed above, we note that the provisions of Title 5, U.S. Code, pertaining to the competitive service, are not specifically made applicable to employees of the authority.

Now, Mr. Chairman, this was on H.R. 4 as amended. But we have these same provisions in this bill, I understand, except with one small portion dealing with Workmen's Compensation. So this is in response to the same set of facts.

Mr. DULSKI. Mr. Meany, one of our young, able members is away on a trip from the Labor Committee, and he would appreciate very much if sometime you would be able to answer his questions. He has got about seven questions here. I will submit them to your counsel.

Mr. MEANY. OK.

(The list of questions referred to follows:)

QUESTIONS FOR MR. GEORGE MEANY, SUBMITTED BY  
CONGRESSMAN WILLIAM D. FORD

*Re Subchapter 2 of Postal Reform Act*

1. How about the right-to-strike guarantee in Section 13 of the Taft-Hartley Act? Is that not "inconsistent" with the Postal Reform Act? May postal employees strike for the "mutual aid and protection"? May postal employees strike to protest employer unfair labor practices?

2. Suppose there is a strike in violation of a no-strike contract clause. Do you want courts to have power to enjoin? They do not have it now under Taft-Hartley.

3. Is there a right under the Postal Reform Act to enter into a "union-security agreement"? Is Section 226 (deduction of dues) inconsistent with Section 8(a)3 of Taft-Hartley which deals generally with union security?

4. Is section 14(b) of Taft-Hartley "inconsistent" with the "National Bargaining unit" proposed in Section 223 of the Postal Reform Act?

5. Do the ordinary unfair labor practices provisions of Section 8 of Taft-Hartley apply to the postal service? What is to be done about jurisdictional disputes? Suppose the postal employees refuse to pass a lawful picket line? Will this be grounds for a discharge?

6. Suppose the postal service or the union refuses to abide by an arbitration award. The court cannot enforce arbitration awards by enjoining strikes under current law. Do the emergency strike provisions of Taft-Hartley apply to this situation? Does the administration favor here the proposals sent up by Schultz in connection with the transportation industry generally?

7. Under one interpretation, all the proposed act does is—one, determine that bargaining units will be national in scope and, two, introduce compulsory arbitration of contract terms. Would it not be better draftsmanship to amend Taft Hartley in these two respects and leave out all the rest?

8. Should not the arbitrators contemplate under Section 228 the question of statutory standards and guidelines for their decisions?

9. Why should Congress freeze the bargaining units along existing national craft units rather than on an industrial union basis when that is the decision of the workers?

APRIL 27, 1970.

Hon. WILLIAM D. FORD,  
U.S. House of Representatives,  
Washington, D.C.

DEAR CONGRESSMAN FORD: During Mr. Meany's appearance before the House Post Office and Civil Service Committee on the Postal Reorganization and Salary Adjustment Act of 1970 (H.R. 17070), he was given nine numbered questions, in writing, on your behalf. (A copy of your questions is attached.) Since you inquiries are primarily of a legal nature, President Meany has asked me to reply. I will discuss your questions in order.

1. You inquire, first, whether the right to strike guarantee in Section 13 of the National Labor Relations Act is to apply to the Postal Service under the Postal Reorganization Act or whether it is inconsistent with the latter Act.

Section 13 of the NLRA would be displaced as to the Postal Service as inconsistent with provisions of H.R. 17070.

Section 222 of H.R. 17070 reads: "Labor-management relations shall, to the extent not inconsistent with provisions of this title, be subject to the provisions of subchapter II of chapter 7 (the National Labor Relations Act, as amended) of title 29."

The phraseology "to the extent not inconsistent with provisions of this title" refers (see § 102) to Title 39 of the U.S. Code, as revised by H.R. 17070. Section 114(1) declares that chapters 71 and 73 of Title 5 of the U.S. Code shall apply to the Postal Service. Both Sections 7101 and 7311 of Title 5, which are thus incorporated, contain sanctions against strikes. Thus 5 U.S.C. 7311 provides that an individual may not hold a position with the government if he participates in a strike against it, and 18 U.S.C. § 1918 provides a criminal sanction against an individual if he holds a government position and strikes.

The AFL-CIO is not in agreement with these anti-strike provisions or with a good many other provisions of chapters 71 and 73 of Title 5, but it has not seemed to us that this is the occasion to fight that battle.

2. You state that the courts do not at present have power to enjoin a strike in violation of a no-strike clause under the Taft-Hartley Act, and raise the question whether a strike against the Postal Service in violation of a no-strike clause could be enjoined.

Since strikes in the Postal Service will be banned, strikes in violation of an anti-strike clause will of course be banned also. (As you have no doubt noticed, several injunctions have been issued lately against strikes by federal employees.)

Also, the law as to enjoining strikes in breach of contract in the private sector of the economy covered by the Taft-Hartley Act is less clear than your question assumes. The Supreme Court held in 1962 that the Norris-LaGuardia Act bars federal courts from enjoining a strike as in breach of contract, *Sinclair Refining Company v. Atkinson*, 370 U.S. 195. The issue is, however, currently under reconsideration by the Court, the *The Boys Market Inc. v. Retail Clerks Union, Local 770*, October Term 1969, #768. Moreover, the Court has referred to review numerous state court rulings that state courts may enjoin strikes as in breach of contract. The Supreme Court has also refused to review U.S. Court of Appeals decisions holding that courts can enforce arbitration awards which prohibit strikes. See e.g. *New Orleans Steamship Association v. ILA Local 1418*, 389 F.2d, 369 (5th Cir., 1968), cert denied 393 U.S. 828.

3 and 4. Here you pose the question whether the Postal Service would be permitted under H.R. 17070 to enter into union security agreements. Its situation in that regard would be exactly the same as that of a private employer subject to the National Labor Relations Act. That is, Sections 8(a)(3), 8(b)2 and 14(b) would all apply. Here again, the AFL-CIO is, of course, opposed to § 14(b), but proposes to leave that battle for another day.

Section 226 (Deduction of Dues) is not at all inconsistent with these provisions, any more than is Section 302(c)(4) of the Taft-Hartley Act. Section 226 of H.R. 17070 is a simplified version of Section 302(c)(4) of Taft-Hartley. Its inclusion in H.R. 17070 is necessitated by the fact that Section 222 adopts by reference only the provisions of the National Labor Relations Act, as amended, i.e. Title I of Taft-Hartley, and not the other titles of Taft-Hartley.

In your question 4 you suggest that Section 14(b) of Taft-Hartley is inconsistent with the national bargaining units provided for in Section 223 of H.R. 17070. It is, of course, our view that Section 14(b) is inconsistent with the supremacy clause of the U.S. Constitution, (Article 6, Clause 2), with the

whole concept of a *National Labor Relations Act*, and with collective bargaining units which transcend state boundaries. In other words, we agree with you.

5. Under H.R. 17070 the unfair labor practice provisions of Section 8 of the *National Labor Relations Act* do apply to the Postal Service.

6. As explained above, your question is in error in stating that "the court cannot enforce arbitration awards by enjoining strikes under current law."

The Emergency Strike Provisions of Taft-Hartley will not apply to the Postal Service. It was not thought necessary that they should apply since strikes are forbidden, and, as stated, only Title I of Taft-Hartley and not subsequent titles is incorporated in H.R. 17070.

7. I do not at all agree with the characterizations of H.R. 17070 set out in this question. The bill adopts the unfair labor practice and enforcement provisions of the *National Labor Relations Act* but entirely rewrites the representation provisions (Section 9 of the NLRA), and it contains elaborate provisions for fact-finding and compulsory arbitration not found in the NLRA.

8. You suggest that it would be better for Section 228 of H.R. 17070 to contain statutory standards and guidelines for the arbitrators. I do not think it makes any practical difference whether or not criteria are spelled out in the statute, as arbitrators inevitably look in any event at such factors as wages and working conditions in other comparable employment, the cost-of-living index, etc.

9. Your final question is: "Why should Congress freeze the bargaining units along existing national craft units rather than on an industrial union basis when that is the decision of the workers?"

It has always been the opinion of the AFL-CIO that the workers involved should have the exclusive right to choose the union they want to represent them. In the Postal Service, the workers have twice chosen craft rather than industrial unions. We do not believe we—or the Congress—should hold that any other judgment is superior to that already exercised by the workers.

In addition, the bill does not "freeze" for all time the current representation. The bill does provide for future representation elections. And an industrial union could challenge any one or all or any combination of the seven unions now representing the workers. If it won, then once again it would be the judgment of the workers that would govern.

If any of the above is not clear, or if you have additional questions, please let us know.

Best personal regards.

Yours very truly,

THOMAS E. HARRIS,  
*Associate General Counsel.*

Mr. HENDERSON. Mr. Chairman, I wonder if I might have just another minute or two?

Mr. DULSKI. We will consider it.

Mr. HENDERSON. Mr. Meany, I am concerned about a couple of points in here that may not be too important to you. It may give us some problems as it is now. It provides for hiring of postal employees on a long term contract if necessary. I realize that this is over on the management side. It is a departure from the Civil Service system of appointing Government managers, as I understand this, but I think they are not talking about the Postmaster General, the Deputy Postmaster and the top officials. And I would anticipate, while we are trying so hard for you to have promotional opportunities for the workers to a far greater extent than we are having, that there is going to be a hue and cry in the years to come that they use this to take all of the management and supervisory positions under a contract.

Now, I realize that executives are not strictly supervisors, but I think that this gives me some concern, and I think we need to give some thought to it.

Mr. MEANY. I do not want to comment on the merits of it, but it would appear to me that the idea of it is, if they are going to modernize the Postal Service they might have to hire people on a long term basis.

Mr. HENDERSON. Don't you think our committee ought to give some attention and do the best that we can, in the report of the legislative history, to indicate that we do not intend this to be a widespread thing, but where they need certain expertise that they could not otherwise get, and so on?

Mr. MEANY. That would be my interpretation of the reason for it.

Mr. HENDERSON. The other point that is concerned in the bill—and I raised this with General Blount yesterday—is that the bill provides that the Postal Service employees can be employed without regard to what we refer to as the Dual Compensation Act as it applies to retired military. In a few excepted cases I could see some advantage to that. But as a general principle of law, I do not think it ought to be done with the Postal Service unless it is done throughout the Government agencies. And other affiliated organizations of yours have consistently opposed the broadening of the Dual Compensation Act. And I might just say that perhaps here our deliberations will tighten this up so that you will like it even better if the Executive would not do it. So that I hope that we can improve it.

Mr. FILBEY. You realize that we have thousands of retired military employees in the ranks.

Mr. HENDERSON. I am not talking about them, but I am talking about the retiring officer who historically could not accept a position, and a few years ago my subcommittee and this committee broadened that to provide that they could come into the executive service, but in doing that they would give up a portion of, one-half of their retirement pay.

Now, the pressures are on us from particularly those in that group that we are discriminating against them, that we ought to remove the requirement that they give up the retirement pay. And that is what we are doing in this legislation, we are saying that they can come in and draw their full retirement from the postal system and draw the retirement they are getting in the postal system, and they will be treated differently in the postal system than if they are in the Defense Department.

Mr. FILBEY. We will guarantee that if they are in campaigning units they will not be treated different.

Mr. HENDERSON. I am not adverse to doing it, but it should be made Government-wide. I think we gave them a great concession when we said that they could come in, and the fair thing for them and the American taxpayer was to give up part of their retirement.

Mr. DULSKI. Will the gentleman yield at that point?

Mr. HENDERSON. Of course.

Mr. DULSKI. It was the intention of the chairman to strengthen that. I served on the Manpower Subcommittee for almost 8 years, the subcommittee that the distinguished gentleman from North Carolina now leads. I too am very much concerned about that, Mr. Meany. We found out some years ago, the general having the bars and the stars on his coat already had a job ready for the retiree when he leaves. So we are going to try to straighten that out. And I am sure there will be an improvement.

I will insert in the record, at the conclusion, a statement of the Seventh-day Adventists.

If there are other statements to be submitted they will be submitted in the next 2 days. If there is no objection we are going to accept any statements that are timely and germane in this record.

Mr. SCOTT. Mr. Chairman, may I ask just one more question?

Mr. DULSKI. Yes.

Mr. SCOTT. Mr. Gross was here yesterday, and he posed a question to the Postmaster General, which I think is a pertinent one to ask of Mr. Meany. It was pointed out there was a 6-percent pay raise which has already been enacted by the Congress. This legislation would provide for an additional 8-percent pay rise. And the question was asked, does that mean that the entire labor movement should want a 14-percent increase in pay. How would this affect the entire labor market of the country?

Mr. MEANY. I do not think it would affect them at all. I think this is special for the Postal Service. I think it is a recognition that the postal employees had fallen far behind people in the private sector, and that this differentiation and to be narrowed. And in this there was absolutely no division as far as I know, just as there was none anywhere on the executive side on the question of compression from the 21 years down to 8. And I think these concessions were made as a matter of simple justice to the postal employees.

Mr. SCOTT. I appreciate this, Mr. Chairman. I understand this means that as president of the AFL-CIO you will not use this as a premise to ask for increases in other phases of the labor market?

Mr. MEANY. No.

Mr. SCOTT. Thank you, sir.

Mr. DULSKI. Mr. Olsen?

Mr. OLSEN. Mr. Meany, putting that another way, this 8 percent additional pay is just part of the catchup to comparability?

Mr. MEANY. That is right.

Mr. OLSEN. We are really not even catching up, we will still be 8 or 10 months behind. This is just another step toward catching up.

Mr. DULSKI. Mr. Wilson?

Mr. WILSON. I have no questions, Mr. Chairman. I want to apologize to Mr. Meany for not being here for his statement. I had another committee assignment that prevented me from being here.

Mr. DULSKI. Thank you, Mr. Meany and the gentlemen of your staff for being here.

The meeting stands adjourned until Monday morning.

(Whereupon, at 11:45 a.m., the committee adjourned, to reconvene at 11 a.m., Monday, April 27, 1970.)

(A statement by the Seventh-day Adventist Church, referred to earlier, is made a part of the record at this point.)

STATEMENT OF W. MELVIN ADAMS, REPRESENTING THE SEVENTH-DAY ADVENTIST CHURCH

("Postal Reform Bill H.R. 17070, Section 222, Could Force the Post Office To Terminate Postal Employees Because of Their Religious Convictions")

My name is Melvin Adams. I am a clergyman and Associate Director of the Department of Public Affairs and Religious Liberty of the Seventh-day Adventist Church. It is my privilege to testify in behalf of the members of the more than 3,000 local Seventh-day Adventist congregations located in all of the fifty states and the District of Columbia. This testimony has been authorized by the officers of the General Conference of Seventh-day Adventists.

Some of you may consider my appearance before this committee in criticism of the security provision of H.R. 17070 a bold adventure. Section 222 of this bill, I need not remind you, is the big money-maker for postal unions.

I can almost hear some of you saying, "Touch almost anything else, Mr. Adams, but don't ask us to touch Section 222, because it is considered sacred to the labor union men."

I can assure you that the simple changes needed in Section 222 will not endanger the security of the union. I want to talk to you for a moment about people. People who march to the beat of a different drummer, people who have different convictions than some of their fellow-workers, people who, like some of the founders of this nation, hold religious convictions above money or security, people who are willing to lose their jobs rather than to violate their religious convictions.

I refer to those who will not, for reasons of religious conscience, join or otherwise support labor organizations. Most Seventh-day Adventists fall in this category. But they are not alone. When 14-B hearings were held before the House Special Subcommittee on Labor, spokesmen appeared on behalf of the Plymouth Brethren IV, the Mennonites, and the National Association of Evangelicals, which embraces forty denominations. Those spokesmen pled, "Please grant an exemption for reasons of conscience from compulsory unionism."

The new postal reform bill, H.R. 17070, Section 222 in particular, could affect thousands of these people employed by the post office. If this bill is passed and becomes law in its present form, hundreds of them will no doubt be fired by the post office because they refuse to violate their religious convictions by joining the union or supporting it financially.

Historically, the Seventh-day Adventist Church has taught its members to stand apart from industrial strife. Those members who do not join or support these organizations are motivated solely by religious convictions. They feel barred by conscience from membership in any management or labor organization which requires men of varying convictions to adhere to policies, comply with decisions or abide by restrictions which may be contrary to individual religious convictions.

Large numbers of Adventists presently work for the post office because of their convictions against joining or supporting labor unions. They have purposely sought this employment, since this work has been shielded against compulsory unionism by Executive Order 11491, issued on October 29, 1969, by President Nixon. Previously they were protected in this right "to refrain" by President John F. Kennedy's Executive Order 10988.

Now they are faced with a postal reform which could force them to choose between their jobs and their religious convictions. Passage of the bill in its present form would confront them with a cruel choice.

#### LARGE NUMBER OF INNER-CITY BLACKS AFFECTED

Many of the Seventh-day Adventists who would be affected are black. Under this postal reform bill, they would have to make a choice between their jobs and their religious convictions. If fired, they would be thrust into that segment of the unemployed who find it most hard to re-establish themselves in the labor market.

#### THERE ARE ALTERNATIVES

Other nations confronted with this question of conscience have met and solved it without threatening the security of organized labor. New Zealand and Australia are cases in point. Anyone acquainted with these countries is aware that labor unions are strong in each.

Basically both countries have arrived at the same solution. In brief, it consists of two parts. First, they require each individual with religious convictions against joining or supporting a labor union to appear before a committee composed of a government man, a labor union official, a clergyman and several businessmen. If this committee finds that the applicant has, as far as they determine, sincere religious convictions against joining or supporting labor organizations, an exception is recommended.

This exception requires that the religious objector pay the equivalent of dues and initiation fees to the government. The religious objector must abide by the rules of the contract. In this arrangement, he does not belong to nor does he support the labor union. Neither does he receive benefits, such as sickness or death benefits, administered by the labor unions.

Hundreds of Seventh-day Adventists work side by side with labor union members under this arrangement, because the governments of New Zealand and Australia have recognized religious convictions to be of peculiar delicacy, often unable to resist the gentlest touch of coercive hands. Just such an alternative was suggested for the United States in 1965 by the Honorable Edith Green (see text

on the attached sheet). Such an alternative could be attached to Section 222 without damaging the security of the labor unions.

Another alternative was suggested by Senator Wayne Morse. After many weeks of study by the Senate Committee on Labor and Public Welfare, it was passed and recommended to the Senate August 19, 1965 (see attached).

On September 20, 1965, the Executive Council of the AFL-CIO approved this manner of handling the problems of people opposed to either joining or supporting labor unions (text attached). Their commitment offers another alternative that could be attached to Section 222.

MUST BE A MATTER OF LAW, NOT PROMISE

During the discussion of this matter in June of 1965, Mr. George Meany assured the House Labor Subcommittee that he and the International Unions he represented understood the problem of religious objectors and that without the need of its being written into the law, labor unions would take care of these people.

Mr. Meany did take the matter to the Executive Council of the AFL-CIO. They passed and recommended to the Internationals the formula of the "conscience" amendment, as passed by the Senate Committee on Labor and Public Welfare, or voluntary agreements with religious objectors.

That was five years ago next September 20. To this date, not one International in the United States has been willing either to put into operation the formula suggested or to work out voluntary agreements acceptable to the religious convictions of Seventh-day Adventists. To this date, I have not found one International Union that the Executive Council action of September 20, 1965, represented, when it said it was the policy of the AFL-CIO to accommodate religious convictions.

To date, I have not found one International that Mr. Meany represented when he told the House Committee that labor would take care of these people.

Again may I state that Seventh-day Adventists are not opposed to postal reform. We do, however, urgently appeal to you to amend Section 222 so that hundreds of conscientious citizens are not booted out of the postal service because of religious convictions.

And, from sad experience, we urge that this protection be written into the law.

(The attachments to the prepared statement follow:)

AMENDMENT TO NATIONAL LABOR RELATIONS ACT

H.R. 8962

A BILL To amend the National Labor Relations Act to provide that individuals with religious convictions against joining or participating in a labor organization under a union security collective bargaining agreement shall not be required to join or contribute to the support of that labor organization

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the National Labor Relations Act (29 U.S.C.) is amended by adding at the end thereof the following new section:

"INDIVIDUALS WITH RELIGIOUS CONVICTIONS

"SEC. 19. No individual who has religious convictions against joining or financially supporting a labor organization may be required to join or financially support any labor organization as a condition of employment if such individual pays to the Treasurer of the United States a sum equal to the initiation fees and periodic dues uniformly required as a condition of acquiring and retaining membership in a labor organization which is representative of the employee unless said individual and said labor organization mutually agree upon some other condition of employment."

TEXT OF THE "CONSCIENCE" AMENDMENT AS APPROVED BY THE SENATE COMMITTEE ON LABOR AND PUBLIC WELFARE, AUGUST 19, 1965

"(c) Section 8(a) (3) of such Act is further amended by striking the semicolon after paragraph (B) and adding a new paragraph (C) at the end thereof, as follows: ', or

'(C) if he has reasonable grounds for believing (i) that such employee has been issued a certificate by the National Labor Relations Board either that he is a member of a religious sect or division thereof, the established and traditional tenets or teachings of which oppose a requirement that a member of such sect or division join or financially support any labor organization, or that, even though he is not a member of such a religious sect or division thereof, he holds conscientious objections to membership in any labor organization based upon his religious training and beliefs in relation to a Supreme Being involving duties superior to those arising from any human relation, and (ii) either that such employee has timely paid, in lieu of periodic dues and initiation fees, sums equal to such dues and initiation fees to a nonreligious charitable fund exempt from taxation under section 501(c)(3) of the Internal Revenue Code, designated by the labor organization, or that the labor organization has failed upon request to designate such a fund or waives such payment, or (iii) that such employee has complied with alternative arrangements mutually agreed upon by such employee and such labor organization;'

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STATEMENT BY THE AFL-CIO EXECUTIVE COUNCIL ON UNION-MEMBERSHIP  
AND RELIGIOUS OBJECTORS, NEW YORK, N.Y., SEPT. 20, 1965

In connection with consideration by the Congress of repeal of Section 14(b) of the Taft-Hartley Act, representatives of certain religious groups testified that some of their members have personal religious convictions which may stand in the way of their formally joining unions or, to varying degrees, participating in or financially supporting union activities.

A number of national and international unions have in the past worked out arrangements with particular religious groups for handling this problem of individual religious objectors, but other unions have not yet done so.

The Senate Labor Committee has incorporated in the bill repealing Section 14(b) provisions giving to religious objectors the option of contributing to a nonreligious charity, designated by the union, sums equal to union dues and initiation fees—provisions which the AFL-CIO supports. These provisions become operative where there are no voluntary agreements covering these matters. It is the conviction of the AFL-CIO that such voluntary union agreements are the best method for handling such matters.

Therefore this Executive Council declares it to be the policy of the AFL-CIO that unions should accommodate themselves to genuine individual religious scruples. We strongly urge all national and international unions affiliated with the AFL-CIO, that have not already done so, to: (1) Immediately adopt procedures for respecting sincere personal religious convictions as to union membership or activities; and (2) Undertake to insure that this policy is fully and sympathetically implemented by all local unions.

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COPY

Dear Mr. Thompson, it has been brought to our attention that some members of certain religious groups may have personal religious convictions which stand in the way of their joining unions in the sense of formally becoming members; or participating in certain union activities, such as picketing; or, perhaps contributing financially to certain causes which unions may support. Suggestions have been made that some sort of special treatment should be accorded to these religious objectors.

These suggestions reflect in part a misapprehension as to what the National Labor Relations Act provides or permits. Under the types of union security arrangements permitted by the act, a person may only be required, as a condition of employment, to render the normal dues and initiation fees, which may not be "excessive" or "discriminatory." No one may be required to become a member of a union, or take an oath or obligation to it, or attend meetings, or participate in picket-line duty.

Any religious reservations with regard to union security must perforce relate only to the possible use of dues money for purposes with which individuals may disagree. In line with that, it has been proposed that religious objectors be granted the option to contribute to charity, or to union charitable funds. A widely run

advertisement urges that the option be given of contributing the equivalent of dues to the U.S. Treasury.

These same advertisements declare that the Taft-Hartley Labor Law does infringe on the "free exercise of religion" in violation of the Constitution of the United States. This assertion is ill founded. At least the courts have not, to date, thought this contention worthy of serious consideration. (See *Otten v. Baltimore & Ohio R. Co.*, 205 F.2d 58, 229 F.2d 919 (2d Cir.), cert. denied, 351 U.S. 983.)

Nevertheless, I am strongly of the view that unions and employers should undertake to accommodate religious objections with regard to union security arrangements, just as I think that persons who object to working on Sunday, or Saturday, are entitled to consideration.

Various unions have in the past worked out a variety of arrangements with particular religious groups. In some instances, special membership cards have been issued to religious objectors, and they have participated fully in union activities except for not taking the union oath or obligation, or serving as pickets. In other cases religious objectors have not participated at all in union enterprises, but have paid the equivalent of dues to a union charitable fund or to an agreed upon charity. One union issues special cards attesting that the holder is "entitled to the same rights of employment as good standing members of the union."

I am told that there have in the past been some difficulties in the implementation of these agreements by particular local unions. Some local union officials are reluctant to give special treatment to a handful of people, and employers, I am told, don't like the extra accounting and recordkeeping involved. It may be that where the numbers of people involved are very small the best course would be for the union and the employer to exclude them entirely from the union security arrangement.

In any event, I believe that unions, and employers, too, should accommodate themselves to genuine individual religious scruples, and I am sure that all of our unions will take that view, too. I intend, accordingly, to propose to the AFL-CIO Executive Council that it adopt a strong policy statement to that effect; and that the international unions affiliated with the AFL-CIO undertake to insure that their local union scrupulously respect individual religious reservations in the administration of union security agreements.

I do not believe that this matter is one which calls for or lends itself to legislation. The newspaper advertisements to which I have adverted urge that the National Labor Relations Board be directed to prescribe regulations dealing with this subject. Presumably, the Board would undertake to screen each individual claiming to be an individual objector. Such an approach seems to me neither desirable nor practicable. The Selective Service System is hardly a precedent, for the country has thousands of draft boards and appeals boards, and established alternative forms of noncombatant service. Nor do I think that the problems are otherwise parallel.

Another reason why the matter does not lend itself to statutory treatment is that there is considerable variance in the nature and extent of religious objections to participation in unions. As I indicated, some objectors wish to participate in union meetings and other activities, and object only to taking an oath or obligation, and to participating in picket-line activity. Other objectors desire a lesser degree of participation. I am confident that unions and employers can work this matter out satisfactorily with the particular religious groups involved.

This whole matter seems to me, incidentally, to have only a remote relevance to the repeal of section 14(b).

I will appreciate it if you will make this letter a part of the record at the appropriate place.

Sincerely,

GEORGE MEANY, *President.*

The first part of the document discusses the general principles of the proposed system, which is designed to improve the efficiency of the existing process. It outlines the objectives and the scope of the project, emphasizing the need for a comprehensive approach to address the various challenges faced by the organization.

The second part of the document provides a detailed description of the proposed system, including its components and the way they will be integrated. It also discusses the expected benefits and the potential risks associated with the implementation of the system.

The third part of the document outlines the implementation plan, including the timeline, the resources required, and the roles and responsibilities of the various stakeholders. It also discusses the monitoring and evaluation mechanisms that will be used to track the progress of the project and to ensure that it remains on track.

The fourth part of the document discusses the financial aspects of the project, including the estimated costs and the expected return on investment. It also discusses the funding sources and the financial risks associated with the project.

The fifth part of the document discusses the legal and regulatory aspects of the project, including the relevant laws and regulations that apply to the project. It also discusses the steps that will be taken to ensure that the project complies with all applicable laws and regulations.

The sixth part of the document discusses the communication and public relations aspects of the project, including the strategies that will be used to inform the public and the media about the project. It also discusses the steps that will be taken to address any concerns or objections that may be raised.

The seventh part of the document discusses the conclusion and the next steps. It summarizes the key findings of the document and provides a clear path forward for the project. It also discusses the importance of ongoing communication and collaboration between all stakeholders to ensure the success of the project.

## POSTAL REFORM

MONDAY, APRIL 27, 1970

U.S. HOUSE OF REPRESENTATIVES,  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,  
*Washington, D.C.*

The committee met, pursuant to recess, at 10:15 a.m., in room 210, Cannon House Office Building, Hon. Thaddeus J. Dulski, chairman, presiding.

Mr. DULSKI. The committee will come to order.

The committee is meeting this morning to continue public hearings on the administration's new postal reform proposal, H.R. 17070, and the companion bills.

Our first witness this morning is Mr. David Silvergleid, President of the National Postal Union.

TESTIMONY OF DAVID SILVERGLEID, PRESIDENT, NATIONAL POSTAL UNION, ACCOMPANIED BY EDWARD L. BOWLEY, LEGISLATIVE DIRECTOR; ROBERT P. KEPHART, SECRETARY-TREASURER; JOHN A. MORGEN, EXECUTIVE VICE PRESIDENT; BEN EVANS, SECRETARY-TREASURY, HEALTH PLAN; LEE OGOREK, PRESIDENT, NATIONAL AUXILIARY; MOE BILLER, PRESIDENT, MANHATTAN-BRONX POSTAL UNION; JOHN O'DONNELL, COUNSEL; AND MRS. LEE OGOREK, PRESIDENT, LADIES AUXILIARY

Mr. SILVERGLIED. Thank you very much, Mr. Chairman.

It is a pleasure to see you this bright and early on a Monday morning and the other members of the committee, of course. For the record, my name is David Silvergleid and I am president of the National Postal Union, located at 425 13th Street NW., in Washington.

We represent more than 80,000 postal employees of all crafts below supervisory level and approximately 10,000 career Federal employees.

I should like to introduce to the committee the associates with me at this table. To my extreme right, the secretary-treasurer of our health benefit plan, Ben Evans; to his left, our executive vice president, John Morgen; the lovely lady is Mrs. Lee Ogorek, the president of our auxiliary from Santa Ana, Calif.; to my right, John O'Donnell, who is general counsel for the Transport Workers, and is working with us on this bill; at the end on my left our secretary-treasurer, Bob Kephart; alongside him, Ed Bowley, our legislative director, and to my left, Morris Biller, the president of the largest local union in the world, the Manhattan-Bronx Postal Union of New York City.

Mr. Chairman, our union was organized in 1959 with approximately 15,000 members imbued with the basic idea of a single union of all

working postal employees. Because we seek maximum unity of postal employees, we have become the fastest growing union in the postal service. We are today the largest postal union in many major cities throughout the country, and we have big concentrations of members in most of the Nation's other large cities. The concept upon which our union has been built is the best interests of postal workers and an efficient postal service.

We deeply appreciate this opportunity to speak on the proposal now before this committee because H.R. 17070, if unchanged, would almost certainly destroy our union and the possibility of ever achieving one industrial union of all postal employees.

Although ours is the third largest union in the postal service, we were excluded from the so-called negotiations that took place between the AFL-CIO and seven craft unions on the one hand, and the Post Office Department on the other. And, just as we were excluded, so was the National Alliance of Postal and Federal Employees with a substantial postal membership.

Mr. DULSKI. So was Dulski. Go ahead.

Mr. SILVERGLEID. So was the chairman of this committee, as he said.

We do not speak here for the National Alliance and we do not pretend to do so, since we know the Alliance will speak for itself. We are constrained to point out, however, that the life of this predominantly black organization has, like our own, been placed in jeopardy.

We were excluded from the discussions that have led to that administration proposal before you on the grounds that we lack so-called exclusive national recognition. Yet, the tiny Special Delivery Messengers' organization was included although it has only a membership of some 2,500. And the Laborers' International, masquerading as the Mail Handlers Union, was included although the status of that organization under the existing Executive order has been called into question.

We were excluded from the negotiations even though some 55,000 of our members were involved in the work stoppage. Despite what AFL-CIO President George Meany said about the seven exclusive craft unions representing all postal employees, the facts are that our membership was not represented and National Postal Union was not in agreement with the extraordinary deal worked out. Particularly in New York City, where the postal strike had its roots, the employees felt strongly, and they feel strongly their union representatives were being deliberately and premeditatedly excluded.

The ploy was that only those organizations holding largely meaningless national exclusive agreements under the Executive order were to speak for postal employees. Seeking to give the ploy legitimacy, the AFL-CIO crafts included the small unaffiliated Rural Letter Carriers. Actually, a squeeze play designed by the AFL-CIO and its crafts to exclude NPU and the Alliance for narrow organizational advantage was involved.

I might point out just for the information of the committee at this point that we made every effort to be included in the negotiations. We had four discussions with the Department of Labor, including three personally with Secretary Shultz. We spoke to the representatives of the Post Office Department. And the final answer we got was that although they believed we should be part of the negotiations, if we

were admitted the craft unions would walk out, so they felt they had no choice.

Throughout the alleged negotiations that led to the proposals before you, the design has been buttressed with language intended to squelch industrial unionism in the Postal Service forever. As might have been expected, postal management was more than willing to trade organizational advantage for the crafts for a collective bargaining structure that all but guarantees craft division among postal employees, a wage structure forever tied to the postal rates, a utility ratemaking procedure of the kind called for in the Kappel report and, above all, virtual independence of the Postal Service from the Congress of the United States.

Mr. Meany maintained when he testified here Thursday that independent unions were to be liquidated to avoid fragmentation of representation and responsibilities. However, his insistence that collective bargaining with one Postal Service be restricted to the seven craft unions is the height of inconsistency. Until there is one postal union representing all postal workers, there will continue to be the type of fragmentation that must inevitably be detrimental to the welfare of the postal employees.

There is great unhappiness among postal workers with the much hailed economic settlement used to sweeten the deal that has taken place. Postal worker protest won a 6-percent increase for the entire Federal service. This gave the lower postal worker an average increase of \$438 annually to make up for past inflation. It gave the midrange grade 15 in the classified service an increase of \$1,500.

In any case, 5.4 percent of the 6 percent granted postal employees was already provided for in bills approved by this committee, and by the House of Representatives. Now, we are informed that postal workers will get another 8 percent if they buy a postal reform program which includes renunciation of the right to unions of their choice. That is what is involved in this bill before you, and I intend later in this testimony to enlarge upon the issue.

All Federal workers, including postal employees, have a 5.7-percent comparability increase due them this July 1. In examining the results of the so-called negotiations against the future benefits of postal workers under the measure before us, there must be a realistic look at the true worth of the wage package. The gain, as we see it, is a 2.3 percent sweetener, plus 0.6 of 1 percent in the increase approved by Congress. At the present rate of inflation, this small gain will have been wiped away by this year's end. It is not that we scoff at any increase. Postal workers desperately need every dime they can get. But—and I know the Congressmen from urban areas in particular will understand exactly what I mean—an AFL-CIO administration attempt is underway to sell postal workers a very sour bowl of lukewarm borscht.

Despite the view of some in the leadership of the crafts, postal workers can add and subtract—and they can too read. As the members of this committee know, the leaders of several of the craft unions will be faced with serious opposition for their positions at their upcoming conventions. That opposition—which seems to have growing support—is based largely upon unhappiness with the package hailed as a great victory by the AFL-CIO and the postal crafts.

Mr. Chairman, the time has arrived to speak bluntly. Called by any name they may choose, the AFL-CIO and its crafts have bought what

is substantially the postal corporation of the Kappel report. They have played a game of switch, although it was not even yesterday that the AFL-CIO and its crafts—including the NALC—denounced the corporation as a device to entrap the public and the postal worker.

As author Gertrude Stein said:

“A rose is a rose is a rose.”

And as the Kappel report clearly shows, the only things that have truly been altered in proposed legislation before you is the name, a bit of the facade, and the inclusion of definitions for collective bargaining units.

Gentleman, on Friday the Evening Star carried an editorial entitled “Postal Breakthrough,” and I would like to read one paragraph to bear out the statement we have just made:

From the discussions between the Administration and the postal unions has emerged a somewhat modified reform plan. Under a different name, it retains the basic features of the postal corporation scheme for which the Administration labored futilely for almost a year without making much of a dent in Congress hostility. The aim, as always, is an efficient postal system divorced from politics and paying its own way.

So that when we state that the independent establishment as it is now called is in effect the postal corporation and the authority, it is not only our opinion but it is apparently shared by many others.

Here is the AFL-CIO official position, as adopted by its Eighth Constitutional Convention in October of last year:

The Post Office Department of the United States provides a basic means of communication in our Nation. It touches the lives of almost every citizen in this country, and governments, people, and business enterprises abroad.

Conversion of the Department to a public corporation would deprive citizens of the United States of an effective voice through their elected representatives in Congress.

Despite the arguments of corporation proponents that unions of postal workers would be free to bargain collectively on pay and working conditions of their employment, the absence of complete bargaining rights enjoyed by workers in private industry would severely limit the ability of unions of postal employees to effectively represent their members.

Section 102 of the proposed bill before you declares that the Post Office Department is “reorganized as an independent establishment in the executive branch of the Government \* \* \*”

The various sections of the measure remove the Congress’ authority over wages, working conditions and postal rates, except, of course, the final right of Congress to veto any specific contested rate increase—and even here, the two-thirds requirement virtually ties the hands of Congress.

In the plainest of language, the measure before you meets the objectives of the proposed corporation of the Kappel report. It also meets a basic test of AFL-CIO opposition by depriving the “citizens of the United States of an effective voice through their elected Representatives.”

AFL-CIO opposition was further predicated upon the proposition that the workers in a public corporation would not have the same rights to bargain collectively as workers in private industry. Although the name has been changed to U.S. Postal Service, there would still be no right to strike and that is what the AFL-CIO resolution was talking about. “The absence of complete bargaining rights enjoyed by workers

in private industry" will continue to exist in any structure unless postal workers have the right to strike. In the absence of that right, NPU is not ready to surrender lightly its right to appeal to the Congress of the United States for economic justice.

It is true that the legislation establishes final and binding arbitration on wages through a board on which labor will have representation. But in all tripartite boards, final power really rests with the "public" or "impartial" members—meaning that postal workers would have to place their trust in a third party.

Arbitration never takes place in a vacuum, and such would certainly not be the case in the Postal Service. The mandate establishing the U.S. Postal Service meets the critical test of the Kappel report and of the present and recently past administrations in establishing ratemaking procedures. The intent clearly is a self-supporting postal service which, in theory, sounds great, but in practice involves grave problems for the postal user and the postal worker.

In his message to Congress on reorganization, President Nixon stated that the proposed Postal Service "would be insulated from direct control by the President, the Bureau of the Budget, and the Congress." In calling for a self-contained service, the President declared ". . . so should it be self-supporting; as it will be nonprofit so should it be nonloss."

Postal workers have already had an indication of things to come. The wage increase now proposed is predicated upon a 2-cent hike in first-class rates, a 50-percent rate increase in second class, and a 33-percent increase in third class.

Mr. Chairman, we are not here to argue the shares of cost that any class of mail should bear. We point out, however, that the approach indicated irrevocably ties postal wages to postal rates.

Arbitration in these circumstances will become political; the impartial arbitrator inevitably will keep one eye on rates while deciding on wages. While postal rates will climb almost every time there is a wage increase, wages will tend to lag behind those in the public sector as the arbitrator seeks to minimize the impact of any increase upon the rate structure.

NPU agrees some part of future wage increases can be borne by higher productivity resulting from better management, reduced labor turnover, and some degree of mechanization—all of which can be achieved without insulating postal workers and the mail-using public from recourse to the Congress of the United States. But there appears to be—at least for the foreseeable future—serious limitations upon productivity wage increases in the Postal Service.

The Postal Service is and will remain labor intensive, because that is the nature of the Service. Automatic scanners, sorters, and other devices can help to raise productivity to a degree. New and modernized facilities will help, as will better working conditions. The Postal Service, however, will be called upon to handle an ever-rising volume of mail leading to a larger labor force. No matter what the structure of the Post Office, a huge investment will be required over many years for modernization, and by the time the program is completed the cycle will have to begin all over again. At best productivity in the post office will rise slowly because ours will be a labor-intensive industry for decades.

This does not mean that the postal worker is lazy, that he does not earn his keep, or that he does not deserve to share equally in the economy with other groups. The postal worker, if anything, will be called upon to work harder and harder—and he already works very hard, as the troops who occupied the New York Post Office very recently soon learned.

The fact remains that the reorganization called for by the administration and agreed to by the AFL-CIO ties rates and wages together in a way detrimental to postal workers, who will be called upon to bear the brunt of the blame for higher rates. Meanwhile, arbitrators may seek to escape such blame by making decisions with an eye upon the rate structure.

We do not know whether the Government Printing Office makes money, or loses money. We point out, however, that there is no mandate to make the GPO a self-sufficient operation, and that union printers' wage rates prevail. No other Government service is called upon to be self-supporting. Because they are Government services, they are paid for in full or part from general taxation.

The Postal Service, is and should be, and must remain a Government service, and should be supported at least in part from general taxation, if that is necessary to assure postal workers a fair share of the national product. The approach proposed by the measure before you—and agreed upon by the AFL-CIO and the crafts—is inflationary and regressive. It will almost certainly mean another nickel in the price of periodicals, and higher prices throughout the entire economy.

Only last week, according to a civil service columnist who writes in the Washington, D.C. press, Postmaster General Winton M. Blount stated that future wage increases in the postal service will be limited to productivity gains because the public will not stand for ever-rising postal rates. If such an approach prevails, there will be explosions among postal employees. Postal employees deserve to share the Nation's increase in wealth in the same way as other Federal employees, and employees in the public sector. If subsidy is required to achieve this end, it will be nothing new in this Nation's history, since the American people have never objected to the use of general taxation for vital public services.

NPU is for collective bargaining in the Postal Service. It agrees that there must be a terminal point, but it is not willing to accept final and binding arbitration. We want assurance that wage levels will not be constricted by the wage limitations of a self-supporting service that must exist without the benefit of subsidy from general taxation.

I might divert a moment at this point, Mr. Chairman, in talking about compulsory and binding arbitration. I recollect a pertinent question by Congressman Hamilton to Mr. Meany about whether or not this was the first time the AFL-CIO advocated compulsory and binding arbitration, and perhaps this is only my opinion, the answer seemed to be somewhat evasive. But I was interested in picking up the March 7 paper of the AFL-CIO News where Mr. Meany talks about new permanent legislation to deal with major labor disputes in five industries affecting transportation. I quote:

Federation president, George Meany, described a key provision of the administration bill as a novel form of compulsory arbitration which labor considers incompatible with principles of democracy.

Now, postal workers have been led to believe that they will lose their civil service status in the new U.S. Postal Service. Nowhere in H.R. 17070, however, is such status guaranteed. In so claiming, the AFL-CIO and the crafts are selling postal workers a damaged bill of goods.

Examination shows only the following: 1. That any postal employee who desires to and who is eligible to transfer to another branch of the Federal Government may do so on the effective date of the reorganization if a job is open and he is eligible for it; 2. That Postal Service employees shall be covered by the civil service retirement program and Federal Employees Compensation Act, Workmen's Compensation Act.

Beyond these two provisions, civil service status will not prevail. No provision is made for continuation of credit for Federal service in any other branch of the Federal Government after the U.S. Postal Service is formed. Civil service status would not prevail with regard to firing, promotion, transfer, assignment, and retention in the Postal Service, nor would it prevail with regard to suspension, demotion, discharge, or disciplinary action of any kind. Other than limitations placed upon the powers of management by such collective bargaining agreements that may be negotiated, all power in this regard will rest with the postal management.

Something new has been added in the measure. For the first time, there appears in language affecting Federal employees a new kind of threat to job security. Section 206(3) specifically gives management the right "to relieve employees from duties because of lack of work or for other legitimate reason." Translated that means the right to lay off workers—permanent employees of the service. Nothing in the measure, however, indicates the kind of layoff procedures that would prevail and terms of return to work. Presumably these also would be left to a collective bargaining arrangement.

NPU can discover nothing in the language of the measure to clear the air regarding the status of U.S. Postal Service employees. Presumably, they would be Federal employees without real civil service standing. As Federal employees, they and their unions presumably would continue to be covered by the Hatch Act. They would, indeed, be second-class citizens in the Federal establishment and in the community-at-large.

In this kind of situation, postal workers will need maximum strength and unity because they will be called upon to bargain with a highly unified management largely free of civil service restrictions. Yet, management, with AFL-CIO support, has proposed a collective bargaining arrangement that will atomize the bargaining units, divide craft against craft, give management the means to whipsaw one group against the other, permit arbitration awards to tiny craft groups to set the pattern for all postal employees and virtually outlaw industrial unions.

Should the AFL-CIO and postal management win such a law, it will surely create chaos in the Postal Service.

The Taft-Hartley Act, and the Wagner Act before it established the principle of free choice of union representation by working people. Management and the AFL-CIO jointly will have determined the

nature of the bargaining units, and which unions shall represent the workers.

Section 223 mandates that there shall be national craft units of letter carriers, maintenance employees, mail handlers, special delivery messengers, post office motor vehicle employees, rural letter carriers, and postal clerks.

Section 224 carries over recognition for those crafts holding national exclusives at this time, no matter what their size or actual memberships. Further, the craft arrangement is frozen into the postal structure by section 227, which, by law, requires collective bargaining agreements to remain in force and effect for at least 2 years. To bind the smelly cheese, the proposal makes no mention of the right to free choice by workers in any given area of the country through elections conducted upon the basis of the economic conditions prevailing in a given area.

Postmaster General Blount testified last Wednesday that in H.R. 17070, the National Labor Relations Board is responsible for determining the unit appropriate for collective bargaining.

Subchapter II requires the Labor Board to decide in each case the national unit appropriate for collective bargaining in the Postal Service, "and further requires that such units shall be national craft units such as those previously recognized under Executive Order 19088." This statement by the Postmaster General may have conveyed the impression that Executive Order 10988 defined national craft unions as the appropriate units in the Postal Service. This is not so. As a matter of fact, Executive Order 10988 merely authorized Federal agencies to designate appropriate units with rights of appeal to the Department of Labor. Back in 1963, when this took place, National Postal Union was still in the swaddling clothes as an industrial union, and the Post Office Department decided to designate the traditional crafts as appropriate units.

We submit that this action, taken some 7 years ago, should certainly not perpetuate craft unionism in the Postal Service, particularly in the face of increasing support for one postal union.

Section 226 specifically limits dues checkoff privileges to crafts holding national exclusive recognition and to supervisory organizations. The Postmaster General sounded like a broken record, repeating over and over the erroneous statement that NPU and the National Alliance would not lose dues-checkoff rights. However, he finally admitted under—and I should have put in the words "very astute"—questioning by Congressman Nix that H.R. 17070 mandated consideration by extended only to national exclusive craft unions and supervisory organizations.

The objective is clear: it is to kill the NPU and Alliance and to end forever all hope for one nationwide industrial union of postal workers. For the first time in the Nation's history Congress is called upon to establish unions of employees by law. If this proposal is adopted, we will have taken a long step toward Soviet-style trade unions.

I might point out here, gentlemen, that dues checkoff has become an established policy in the Federal service to an extent where without it no union, whether craft, industrial, classified or postal, can continue to exist. The Executive order and presumably the law will prohibit collection of union dues on Government time or on an independent establishment's time, and without that privilege, there is no opportunity, no possibility that any union can maintain its existence.

The National Labor Relations Board establishes bargaining units upon the basis of past history and precedent. The Board will not establish a national unit over the heads of workers in any given plant where local bargaining exists without the assent of the workers in that plant. It has taken this position to insure free choice for the workers, and the unions of the AFL-CIO have fully accepted this procedure.

Apparently, at the urging of the AFL-CIO, the Postal Service is to be governed by a standard tailored to the convenience of its craft unions. For example, the UFPC cannot sign up clerks in New York City and is asking Congress to do the job for it, and all the other crafts are seeking the same kind of assistance.

NPU calls for major changes in H.R. 17070 to protect the civil service status of postal workers; to assure them first-class Federal employee status; to cut the tie between postal-worker wages and the price of a postage stamp; and to assure free choice of collective bargaining representatives on an industrial or craft basis as postal workers themselves may desire. It emphasizes that such action is essential to maintain harmonious labor-management relations in the Postal Service. It predicts that enactment of H.R. 17070, as presently written, will lead to instability, needless friction, and employee unrest.

We are not at this point, Mr. Chairman, asking the committee to perpetuate National Postal Union or any other industrial union by a grandfather clause or any other such provision. We are merely asking that NPU be given the same opportunity to be designated as appropriate units in some areas and to engage in free employee elections. This is all we are asking for.

NPU takes the position that Congress must remain the final repository of postal authority. We agree thoroughly with the view of the AFL-CIO 1969 convention that "needed reforms and modernization of the Postal Service can be made within the framework of the existing departmental structure." We further agree with the former AFL-CIO position which declares that there should be no reorganization which "would deprive citizens of the United States of an effective voice in the operation of this vital service through their elected representatives."

Mr. Chairman, I want to divert for a minute to express my sincere personal congratulations and appreciation to the chairman and members of this committee for the yeomen job they have done on the entire subject of postal reform. And I am convinced that the House Post Office and Civil Service Committee and the Congress of the United States are not prepared at this time to abdicate their responsibilities in the area of legislation. Nor will they accept a package that has been negotiated by people who are not elected by the people of the United States as a deal that must be rubber stamped and pushed through.

NPU is for a congressional statute that will create collective bargaining in the postal service, and we have said so many times. It has registered its support for legislation which would establish collective bargaining units based on free choice but which would not remove the postal service from the purview of the Congress.

NPU's Manhattan-Bronx affiliate is the largest single local postal union in the world. Yet this local—with 27,000 members out of a

possible 32,000 workers in its jurisdiction—would be put out of business in favor of the clerical, mail handler, and maintenance-custodial crafts that have been rejected by New York workers. NPU, in this case and elsewhere, has won hundreds of local exclusives the hard way. If the crafts can displace us in fair elections that will establish craft units; we challenge them to do so. On the other hand, if we can win the loyalty of the crafts within an industrial local, and an industrial union, NPU's affiliates should be equally free to do so. And I am going to ask the chairman's indulgence when I am through for a brief presentation by the president of the Manhattan-Bronx union to highlight the law as it affects on local unions that have exclusive and various crafts.

Now, NPU proposes the following amendments to H.R. 17070, relating to retention of civil service status for postal employees and the labor-management provisions of the bill.

We ask first for an amendment, and it is not necessary, I think, to read the individual amendments, merely just the first amendment which would amend certain provisions of the bill making specifically applicable title V retaining for postal workers their present civil service rights which are being taken away under the provisions of H.R. 17070.

Our second amendment—and this is, of course, of utmost importance, as all of them are—this amendment frees employees in the postal service from legislatively mandated segregation into and permanent confinement in seven national so-called craft units. It would permit the Labor Relations Board—or, Mr. Chairman, I might add at this point any independent board along similar lines if it has the same powers as the NLRB. There has been frequently talk of a little NLRB for the Federal service, and I think this committee might give some consideration to setting up its own, or to deal strictly with Federal and postal employee problems.

It would permit the NLRB to apply the normally accepted standards in determining what are appropriate units—industrial, craft, or combinations thereof—for collective representation. The right of collective bargaining is a sham if the employees are denied the right to freely select their bargaining representatives. The mandated units are grossly inequitable. Some are large and would be relatively powerful; some are disproportionately small and relatively powerless. And appropriate unit structure is of the essence of the right of collective bargaining. To have units determined by legislative fiat is to introduce into the postal service a repressive technique with strong Soviet overtones.

Now, the third amendment would again leave the determination of appropriate unit to the National Labor Relations Board without mandated restriction. The proposed addition to the paragraph which provides that the constitution of such labor organization grants fair and as nearly as practical tangible proportionate representation to its members is intended to require labor organizations in the Postal Service to comply with the one-man, one-vote principle which is now recognized as fundamental to the democratic process.

The fourth amendment would continue existing agreements in effect until all are amended pursuant to law. As the bill is written it might well be held to nullify all existing local agreements and perhaps even

the national agreement or portions of it. Under the provisions of section 202 of title II it could take over 7 months to arrive at new agreements to replace those nullified.

The fifth amendment merely specifies that in addition to 30 percent of the employees in the unit being required, that if there's evidence of a 30-percent membership the union could submit that as proof. That is in compliance with present NLRB procedures and it is the same as the procedure under the new Executive Order 11491.

Now, the sixth amendment, of course, deals specifically with the dues check-off provision. We request, the elimination of certain words, and we ask for the addition of a new subsection which will provide "any agreement in effect immediately prior to the enactment of this section between the Post Office Department and any organization of postal employees which provides for deduction by the Department of the regular and periodic initiation fees, dues and assessments of the organization from the pay of its members, shall continue in full force and effect and such obligations assumed by the Postal Service, provided that no such deduction shall be made from the wage of any employee except on his written assignment which shall be irrevocable for periods of not more than 1 year.

This, Mr. Chairman, and members of the committee, would permit organizations such as National Postal Union and the National Alliance to continue under the present arrangement they have with the Post Office Department.

The seventh amendment would simply continue existing recognition rights during the transitional period and until they are amended pursuant to law.

Just to amplify a bit, that particular section at the tail end of the bill provides during the so-called transitional period, the U.S. Postal Service will immediately enter negotiations with the seven crafts and execute an agreement which will shut everybody out for at least 2 years. If they call that transitional, I don't know what the word means. We are asking that they be required to negotiate in this so-called transitional period with all recognized postal organizations, and that will include National Postal Union and the National Alliance as well.

We further ask consideration of language, Mr. Chairman, that will permit local or area bargaining where workers choose such units. We submit that this will lead to the type of area wage structure that will be fair to all postal employees, and which is so urgently required to modernize postal wages.

NPU calls upon the Congress to make haste slowly by enacting to an overall 8 percent cost for the U.S. Government. It seems highly inappropriate that postal workers who need financial relief most should receive the least under the percentage formula. Top-pay postal management received substantial increases as a result of the 6 percent boost negotiated by the craft unions allegedly representing lower paid employees.

Under an 8 percent across-the-board formula, the lower paid workers will receive in the neighborhood of \$500 per annum, while top postal management will receive \$2,000 per annum and more. We suggest that the "pot" be divided by the number of postal employees, and that each employee receive the same dollar amount regardless of his postal level. Likewise, the 8-year schedule, commonly referred to

as compression, should be included as part of the package to take effect immediately.

We believe postal reform is necessary but maintain it should take place within the present Post Office Department, and should under no conditions tie postal wages and postal rates together.

Mr. Chairman, we are deeply appreciative of this opportunity to express our views on this tremendously important subject. We are aware the chairman and members of the committee have performed yeoman service in giving the issue of postal reform the attention it warranted. However, the administration approach has changed so frequently that we are now confronted with almost a completely new proposal. We hope the committee will give the time and attention it requires.

With your indulgence, Mr. Chairman, I would like to defer to my colleague from the big city of New York for a brief statement he has prepared.

Mr. Moe Biller.

Mr. BILLER. My name is Morris Biller, president, Manhattan-Bronx Union. This is with reference to H.R. 17070, a bill to improve and modernize the Postal Service, to reorganize the Post Office Department, and for other purposes.

Mr. Chairman, I wish to express my appreciation and that of my membership to the distinguished chairman and members of this committee for granting me the opportunity to present the views of the 26,000 members of the Manhattan-Bronx Postal Union, whom I represent. Those 26,000 members are grateful, too—since, up to now they have been treated as outcasts in the closed door negotiations that were carried on between the administration and the AFL-CIO groups. We were outraged at that exclusion—outraged that our futures were being discussed with people who do not represent us; outraged that the Congress was being treated as an outcast, too. But that is all over now and we are grateful that the elected representatives of the people will be making the final decisions—regardless of any so-called negotiations carried on by a small and elite group of non-representatives.

I am urging the immediate approval of an 8-percent wage increase, compression of wage schedules from 21 years to 8 years, fully prepaid health benefit premiums and area wages, because all these were promised to the postal workers in New York if they returned to work. In view of the promises, I recommended that the postal workers return to work on Wednesday, March 25, 1970, and they complied at once. The situation in New York remains more volatile and unstable than before the strike because the postal workers feel that they have been deceived by those who made the promises.

As a matter of fact, it was the chief negotiator for management who had told me and a number of representatives with me that he believed we were given the business, so to speak.

The objective of this committee, I am certain, is to legislate fair rules applying equally to all postal workers in order that stable and harmonious labor-management relations will prevail. It is quite clear that subchapter II, Labor-Management Relation (H.R. 17070) would utterly destroy Manhattan-Bronx Postal Union, the largest single local union in our Nation. I refuse to believe that the Congress of the United States would legislate out of business a union so deeply rooted among the postal workers of this large and important community. And,

incidentally, this is the feeling of the people in New York. They cannot believe that this will happen.

Manhattan-Bronx Postal Union is local, exclusive bargaining representative for three-fourths of the 47,000 postal workers of Manhattan and Bronx. It is a signatory to six local agreements for as long a period as the national crafts groups.

The Postal Office Department, under Executive Order 10988 established the national craft units simultaneously and side by side with the local craft units at a time when there was no such legislation under consideration. These, are therefore, creatures of the executive branch of the Government. The Congress of the United States in legislating is certainly free to make its own decision based upon what is best for the common good of all involved.

The provision of sections 223-226 of the bill would eliminate any form of local recognition, thus denying postal workers the right to be represented in their own locality by representatives of their own choosing. A glaring example exists in Bronx, New York, where a national exclusive has but one member.

Under the above sections, postal workers would be locked into national craft units in perpetuity, thus depriving them of the free choice that all other American workers have in petitioning for recognition within an appropriate unit. This is contrary to all labor history in the United States. Traditionally under law, any group of workers has the right to petition for recognition within an appropriate unit. The National Labor Relations Board, based on objective criteria, among which is an identifiable community of interest, then determines whether the unit is appropriate for bargaining. This procedure has now been granted to all other Federal workers under Executive Order 11491 and a number of elections have already been held in units of Federal agencies one-fortieth the size of the New York Post Office.

Mr. Chairman, attached to my statement is an exhibit in which is shown the final elections for National Association of Internal Revenue Employees, a group in Jacksonville District Office 887 professional and nonprofessional employees in that office. The election was held April 13 under the new Executive order.

Another one for Veterans' Administration employees, some 698 of them, Martinsburg, W. Va.

(The attachment referred to follows:)

NAIRE BUMPS AFGE FROM FLORIDA IRS DISTRICT, NAGE, NFFE DEFEAT  
"NO UNION" IN VA, GSA

Three independent unions pick up large units in representation elections conducted by the Labor Department under Executive Order 11491.

In two of the contests, voting participation was less than the 60 percent required by the Civil Service Commission under EO 10988. Under the new Order, unions are certified if they win a majority of the total votes cast, no matter how light the voting participation.

In the first contest, held April 13, National Association of Internal Revenue Employees ended the three-year tenure of American Federation of Government Employees as the exclusive representative of 887 professional and nonprofessional employees in the Jacksonville District Office, Internal Revenue Service. The Jacksonville district, which covers the entire state of Florida, is the 8th largest in the nation, according to NAIRE.

	Number	Percent
Final election returns read:		
NAIRE.....	445	66.5
AFGE.....	193	28.9
No-union.....	28	4.2
Void.....	3	.4
Total.....	669	100.0

The professionals voted, 274-163, for inclusion with the clerical employees. Voting participation topped 75 percent in the contest.

National Association of Government Employees defeated "no union" by a heavy margin to earn bargaining rights for 698 nonsupervisory, nonprofessional employees activity-wide at the Martinsburg, W. Va., Veterans Administration Center in voting April 14.

	Number	Percent
Final returns read:		
NAGE.....	327	81.1
"No-union".....	72	17.9
Void.....	4	1.0
Total.....	403	100.0

Total participation was about 57 percent of the unit.

Earlier, National Federation of Federal Employees Local 1642 won bargaining rights in a unit of over 1,000 employees in an election in which a majority of the eligible employees did not vote.

With 46 percent of the eligible employees casting ballots, General Schedule employees of the General Services Administration Federal Supply Service in Arlington, Va. voted as follows:

	Number	Percent
NFFE.....	275	63.7
"No-union".....	150	34.7
Challenged, void.....	7	1.6
Total.....	432	100.0

Mr. BILLER. Thus, only the postal workers have been singled out by the negotiators to be denied the rights accorded to all other American workers.

And it is being asked, is this a kind of curse, a kind of mark of Cain that the postal workers are going to bear as long as they are postal workers and one that no other workers in the Nation have to bear?

The Nation recognized the special importance of the New York area during the events of last March. The President of the United States recognized it. The postmaster of New York, Mr. Strachan, recognized it and in a letter dated March 23, 1970, had this to say, in part:

The Postmaster General has assured me that meaningful negotiations on pay and legislation that would permit area wages to be fixed by collective bargaining will begin just as soon as the work stoppage is over.

The Post Office Department recognizes an identifiable community of interest in large post offices. For example, effective July 1, 1970, postmasters of large installations such as New York will have their own appropriations. They will be responsible for their own budgets. They will have individual control of their installation for promotions,

separations, incentive and suggestion awards, administrative leave, appointments, reinstatements, transfers, and recreation and welfare committees. Obviously, and in anybody's book, these are sufficient criteria to prove an appropriate unit by any standards.

If an agency shop should be negotiated, then 17,000 postal clerks in New York would have to pay dues to a union that they rejected 11 years ago and has a membership of only 1,000. It is quite obvious that the negotiators entered into a quid pro quo contrived conspiracy with the highest authorities in Government to kidnap workers against their will, because, they themselves, were unable to organize them. This smacks of Soviet-type trade unionism and has no place in American life, no less in Government. Having made this type of arrangement, the negotiators now seek through legislative fiat to create and perpetuate individual absentee labor baronies, unrepresentative of the employees in a given area. This is contrary to the interests of all workers.

The thousands of rank and file postal workers in the New York area are more united now more than ever before, special interest groups notwithstanding. They are moving rapidly and inexorably to the establishment of a single postal union for all. Legislating them into seven different crafts which permit management relations, and they want it American style. We ask no more than no less than the same rights accorded to all American workers under the law; the right to freely petition for recognition within an appropriate unit to be determined by the National Labor Relations Board or any independent board that may be set up as long as it has these same powers and independence.

And I have seen that I think previously in H.R. 4.

I have only touched on personnel. I would just like to indulge for one moment on the matter of rates because all of these things including entire concept are and should be of concern to everybody. Nevertheless, postal workers having been backed to the wall, the unions have only been able to concentrate on personnel, and this is not a matter of gilding the lily, but I note that the rates will be particularly with a special and limited ratemaking group, and as Mr. Silvergleid already pointed out, the type of veto power that is in there seems to me kind of weak.

Now, I think there has been much disparagement of the Congress of the United States in its dealing with these areas and kind of unfair criticism. I believe sincerely that the Congress of the United States has been a very good watchdog on postal rates. And I am concerned, despite the problems in the personnel area, that within several years with this type of setup, the American public may well be paying 18 and 20 cents for a postage stamp.

I urge this committee to enact the amendments proposed by Mr. Silvergleid so that postal workers will be able to enjoy the freedom to select unions of their own choosing. And incidentally even in the TVA they still are permitted their own appropriate units even though it is divided over seven States, and so on.

And, again, please accept my appreciation and that of the 26,000 members of the Manhattan-Bronx unit, for permitting our voice to be heard. We are particularly appreciative for being invited to appear before those who make the final decisions. Thank you, Mr. Chairman and members of the committee.

Mr. DULSKI. Thank you.

I shall yield to my distinguished friend from California, Mr. Waldie.

Mr. WALDIE. I just have two questions of Mr. Biller.

In your statement, Mr. Biller, you stated that someone made promises to you and that more promises were the inducement that got you back to work. Who made the promises?

Mr. BILLER. The night of Tuesday, March 24, we received a telephone call in New York from the president of the Brooklyn Letter Carriers who had been in Washington all of that day. He quoted not only his national president, all of his national resident offices and past resident offices, as this having been made to them. He did not say openly but he told it to us, and this was supposed to be the secret—whether this was factual, I have no way of knowing, because remember that the National Postal Union had no contact with anybody, that allegedly this had been arranged between the people mentioned and the top negotiator for the Post Office Department.

Not only that, by the time Mr. Johnson, president of Branch 36, and I got from the courthouse at Foley Square to his office at 43d Street, Times Square section where his executive board was meeting, the word was out on the radio quoting again the president of the Brooklyn Branch of Letter Carriers as having brought that package back. Similarly, there was a news release even after that stating other people were involved and so on. But this was a situation—as a matter of fact, it may seem kind of ludicrous in view of what had taken place, but again, please bear in mind particularly we in National Postal Union had no direct contact—it was also suggested that the negotiations would merely be going through motions for the next 5 days, but that there should not be any embarrassment to the President of the United States. And I think you will have to, you will kind of agree that this would have been an awesome responsibility on those involved in leadership, and consequently we called a joint press conference for the next day, and I called a special outdoor meeting right in front of the post office recommending that the workers go back to work based on these promises.

Mr. WALDIE. Well, I think what I am trying to get clear in my own mind, I accepted your contention that you were not in fact a party to any of the negotiations, and that very frankly is something that I have never understood either, but your statement here would imply that there was in fact communications with you and that your decision to go back to work was apparently a part of the communication you had with the negotiators as to what the package would be. And I gather that you had approved that package or would not have gone back to work.

Mr. BILLER. That is absolutely correct. All I say is that I had no direct contact with the negotiators, but leaders in the New York City area were given this, they said, directly by their negotiators.

Mr. SILVERGLEID. Just to clarify one thing, Mr. Waldie, the package that was finally delivered bore absolutely no resemblance to the package Mr. Biller talks about, the one they said had been arranged.

Mr. WALDIE. Another question that I had was a statement not contained in your written statement that a representative of management which was the term you used, had later said you had been, I think your term was, sold out.

Mr. BILLER. No, I didn't say sold out, had been given the business. Actually, to be quite candid the language that he used would be totally improper here.

Mr. WALDIE. I see.

Mr. BILLER. And this really was—and that is the chief negotiator for the Post Office Department. Incidentally, at that press conference in New York there were two Congressmen from New York City.

Mr. WALDIE. Who was this chief negotiator?

Mr. BILLER. The chief negotiator was Mr. Klassen, to my knowledge, Deputy Postmaster General.

Mr. WALDIE. Now, were you in conversation or communication with Mr. Klassen during the negotiations?

Mr. BILLER. Only at one point there was, I think this was the last day of the negotiations where I had made a call, I believe, the day before they were finalized suggesting that once again we had been—well, there were kind of indications we had met with the Secretary of Labor, the Assistant Secretary of Labor. Everybody was shedding tears that we were not involved in the negotiations. And at that point I had placed a call in, and the Deputy Postmaster General did ask us to come down to Washington.

We came down here and were in there with Mr. Silvergleid. Mr. O'Donnell here, who is my labor consultant, and we again insisted on being in on the negotiations even though it was kind of late. And all he said was they would be willing to talk to us separately but obviously had no real bearing on any meaningful negotiations, and at that time when we protested that we should have been in on this thing, because frankly this is where the trouble was and this is where it is going back to, he had made the statement that I had attributed to him, but I put it in more proper phraseology.

Mr. WALDIE. Now, did Mr. Klassen represent to you at any time what the agreement was upon which you relied on in your decision to urge the men to go back to work?

Mr. BILLER. No. What I did, Mr. Waldie, I gave Mr. Klassen a copy of what was typed—and I believe I have it here in my brief case. I will be glad to give it to the committee—that copy was typed up in the office of the letter carriers in New York and was headed Nixon-Rademacher package.

Now, that included 12 percent retroactive to October 1969. It included compression, 21 years to 8 years immediately. It included fully prepaid health benefits, area wage based on section 504 of the Reform Act, kind of peculiar, and immediate amnesty for all workers involved, and collective bargaining and binding arbitration. This was the so-called package.

Mr. WALDIE. And then just the last question.

Mr. BILLER. Sure.

Mr. WALDIE. When did Mr. Klassen indicate to you that something had happened that he hadn't counted on that you hadn't counted on, however, he might have described it.

Mr. BILLER. You mean what I described as having gotten the business?

Mr. WALDIE. Yes.

Mr. BILLER. That was, the agreement I believe was announced on April 2, Thursday. This was April 1, Wednesday night.

Mr. WALDIE. You mean prior to the announcement—

Mr. BILLER. One day prior to the announcement of the agreement; that is correct, sir.

Mr. WALDIE. You were in effect told by the representative, chief negotiator, that you fellows—

Mr. BILLER. Absolutely. And privately I can tell you the terminology. I have never made it public before, because I felt it might not be right, but I think this is the time where the cat has to be bared and that stated.

Mr. WALDIE. In baring the cat here, whatever we are doing, let me ask one more question. Did you gather that Mr. Klassen was unhappy about that fact?

Mr. BILLER. I say this was something that I gathered, yes. In fact, I may be wrong. I don't think so. He had made the kind of statement, it was either meeting with these people and not with you or with you and not with them, and this was a choice we had to make. Of course, I told him I didn't see any reason why that type of choice had to be made.

Mr. WALDIE. I don't mean unhappy—

Mr. BILLER. Sorry.

Mr. WALDIE. I don't mean his unhappiness with you. Did you gather he was unhappy as the official negotiator with the results of the package that excluded you people?

Mr. BILLER. I don't believe that—the only comment he did make was that he said that much of it did not bear any relation to reality. That is all he said.

Mr. WALDIE. That is quite a bit. I have no further questions.

Mr. SILVERGLEID. Just to clarify it, Mr. Waldie, at the time we met with the Deputy Postmaster General, they hadn't as yet negotiated the package presently before the committee.

Mr. WALDIE. Well, maybe I am confused. I thought this comment that the Deputy Postmaster General made in terms that are not very clear, but I get the sense of was a comment as to the package itself, is that right?

Mr. BILLER. No.

Mr. SILVERGLEID. No.

Mr. WALDIE. It was a comment as to the decision to leave you people out?

Mr. BILLER. That is exactly it.

Mr. WALDIE. Did you ever receive any comment from the negotiators as to the package after it was negotiated?

Mr. BILLER. No, none whatsoever.

Mr. SILVERGLEID. None at all; none at all.

Mr. WALDIE. Then you didn't discover from any conversation with the negotiators that in fact you had had it in terms of the promises that were made to you as compared to the result of the negotiations? You discovered that yourselves, didn't you?

Mr. BILLER. That is correct. The announcement the next night.

Mr. DULSKI. My time has expired, Mr. Waldie.

Mr. WALDIE. I appreciate the time, Mr. Chairman, and your generosity.

Mr. DULSKI. Mr. Gross.

Mr. GROSS. Mr. Silvergleid, I understand your main interest is in the labor-management provisions of this proposal that is before us,

and properly so. You have dedicated most of your comments to that. But putting first things first, I am sure you must be interested in the kind of a hierarchy that will administer the Post Office Department. As you know, I have long had bills in Congress to try to take the Post Office Department out of politics, but my proposals would provide for long tenure for a Postmaster General appointed by the President of the United States instead of a commission.

What is your opinion of this bill's nine-man commission? It seems to me that this is where the troubles will begin, is with this nine-man commission which can be as partisan as anything could be.

Mr. SILVERGLEID. Mr. GROSS, I think that our statement made it crystal clear that National Postal Union, which has opposed the basic idea of the corporation concept from its very initiation, has remained consistent in that regard.

I might remind you, that all the other craft unions originally adopted a similar position, but somehow they have been won over. And we say unhesitatingly that they have got themselves a deal here. They can be perpetuated in their status and they can eliminate NPU and the National Alliance, and on that basis they are prepared to buy the cooperation concept, call it by any name they want.

Mr. GROSS. Then can I assume that you prefer the restructuring of the hierarchy in the Post Office Department on the basis of Mr. Dulski's bill, H.R. 4, as amended?

Mr. SILVERGLEID. We have supported H.R. 4. We haven't changed our position.

Mr. GROSS. I am glad you mentioned section 206, and its provisions 3, 4, 5, and 6, to be found on pages 22-23 of the bill. If you were here when Mr. Blount appeared before the committee, I think you recall that I asked him questions concerning particularly 3, 4, 5, and 6, and the reasons for those provisions, the reasons why those provisions were in the bill which they have submitted. This is the power to give and the power to take away.

Mr. SILVERGLEID. That is right.

Mr. GROSS. And I am particularly interested in the language which you pointed out: "To relieve employees from duties because of lack of work"—and here is the payoff—"or for other legitimate reason." Who is going to judge what the legitimate reasons are? And so it goes throughout this bill.

I don't necessarily agree with everything you have said, Mr. Silvergleid and Mr. Biller, but I want to commend you for the forthrightness of your statements. I am going to relinquish what other time I have to those proponents of the corporation idea who rolled over so fast earlier in this committee and let them ask you some questions. I find your testimony this morning largely unassailable insofar as the corporation concept is concerned. Also, I want to hear the Alliance, if it is possible to do so, before the House convenes at noon. I want to thank you gentlemen for appearing here this morning.

Mr. SILVERGLEID. Thank you, Mr. GROSS.

Mr. BILLER. Thank you.

Mr. DULSKI. Thank you, Mr. GROSS.

You have 3 minutes remaining.

Mr. GROSS. I yield it to someone else.

Mr. DULSKI. The next gentleman to be heard from is my distinguished friend from Arizona, Mr. Udall.

MR. UDALL. Mr. Chairman, could I pursue the point Mr. Gross raises just a moment?

MR. DULSKI. You have the floor now. You are all by your own.

MR. UDALL. I have a number of questions—I am really pleased to have NPU and so many of their people here today because this is their chance to be heard at a very important time.

What are the Chairman's plans with regard to the Alliance and Supervisors? I understood today was the last day for testimony.

MR. DULSKI. Well, will the gentleman yield?

MR. UDALL. Indeed.

MR. DULSKI. I intend to reconvene these hearings about 3 o'clock. The House will adjourn by that time. We can resume and continue our hearings so those three organizations will have their day in court. That is my intention.

MR. UDALL. We plan to be finished today?

MR. DULSKI. Try to finish today, or if it would be too late we might have a meeting tomorrow, but I would like to finish today.

MR. UDALL. All right, sir. Well, I just have two or three quick comments. I know some of my other colleagues have questions they would like to ask. I would like to respond for the benefit of Mr. Silvergleid and for my beloved colleague, Mr. Gross, on this business of the corporation. The original bill that I introduced, a year ago, H.R. 11750, was assaulted and attacked and downgraded, and so forth, by nearly everyone, and everyone said we can't buy this corporation concept. This bill has now been whittled away at, changed, modified and compromised. It was compromised considerably when we passed out H.R. 4, that is, the amended version of H.R. 4. It has now been rewritten and compromised again, and nothing seems to change the views of my friend from Iowa that this still is the same old corporation.

I just wanted him to know that the original sponsor of the corporation bill feels that he has compromised, changed, modified, and so forth, right down the line. This is a far cry in many respects.

MR. GROSS. Will the gentleman yield?

MR. UDALL. Of course.

MR. GROSS. It is still a corporation bill.

MR. UDALL. No, it isn't a corporation. We can't settle this this morning, but I don't want the record to reflect my feeling at least, my agreement to the thread that runs throughout Mr. Silvergleid's statement and the comments that my friend from Iowa that this is the same old corporation. I think it has been rather drastically changed.

Let me say to you, Mr. Silvergleid, Mr. Biller, and all the others, that I don't feel myself bound by the negotiations that took place between the craft unions and the Post Office Department. I say this even though I co-sponsored with the chairman and the others the bill. I certainly subscribe to the general thrust of it. I believe it is sound. I hope we can see something like this enacted very shortly. On individual details such as the one you bring forth in your particular package of amendments, I believe it is this committee which must make the decisions. And I want to look very carefully and very hard at the suggestions you made.

I had hoped somehow that out of all of this might come some union peace. We have had a very destructive fight between your organization and the clerks and others. Efforts and energy that could well have been spent, and I don't blame anyone—in fighting for benefits for

postal employees have gone into jurisdictional and other disputes that have divided some of the organizations, and I hope that out of this we can find an answer that will meet some of the objections you have raised and also meet the legitimate arguments raised by the other side, because we certainly need stable, long-range labor relations as much as anything else.

One quick question, Mr. Silvergleid.

Throughout your statement is the assertion that the passage of the bill brought out by the negotiators would forever tie postal pay to postal rates. You seem to feel that the arbitrators would always be looking at the revenue picture in deciding whether to grant or award an increase in pay, and so forth. My first comment or question now is you don't think they are completely separated today, do you? That is the first thing that comes up in all my years here on this committee. When someone asks for a pay raise the administration says my God, this will cost  $x$  hundred million dollars. We had a deficit last year. Where is the money going to come from? We need a rate increase? And so in 1967 we didn't get the 1967 pay raise until we also increased rates. So my observation is that the two are tied far more together now than they would be under this bill, because the bill on page—I made a note of it. The bill specifically says that the arbitrators are arbitrating as to what is comparability. They are not required to look at the revenue picture alone or the rate picture. The whole argument in this binding arbitration that goes on every 2 years is what is a comparable rate. And as I read it the arbitrators would be barred from considering whether or not there was enough money in the till to pay for it.

Would you like to comment on that?

MR. SILVERGLEID. Mr. Udall, let me point out first that the bill talks about comparability but omits mentioning comparability with what. At this point we would be completely in a vacuum as to what the salaries are going to be compared with, whether the private sector, whether the Federal sector, whether the public sector outside the Federal Government, and so on.

MR. UDALL. Let me interrupt you right there. On page 22, line 11:

It shall be the policy of the Postal Service to maintain compensation and benefits for all employees on a standard of comparability to the compensation benefits paid for comparable levels of work in the private sector of the economy.

It doesn't tie this to having adequate rates or anything else. It seems to me in this bill at long last rates and pay are separate.

MR. SILVERGLEID. Well, "In the private sector," can cover a very wide range of ground, Mr. Udall. However, to answer your original inquiry, and I can see where this is a complete political atmosphere involved, all these years we have been confronted with this specter of the postal deficit. We agree when the question of raises came up the administration wanted to know where was the money going to come from; if salaries were to be increased, let us give some consideration to increasing the rates and so on. This doesn't change it. We feel strongly that if there is going to be an arbitration on rates that invariably and inevitably they are going to look at the effects of increased postage rates. And if it means increasing wages, there is going to be definite inhibitions and reluctance.

How far can we go? Comparability can be applied in many ways. And if there is some feeling of political expediency involved in decid-

ing whether wages are going to be increased if it will have an impact on rates, we may be in trouble. I don't say this is the way it is going to work out, but there is a strong possibility.

Mr. UDALL. Well, it has always seemed to me, and I have advocated legislation—in fact, in H.R. 13000, last fall we set up a board of arbitration that every January, come hell or high water, budget deficit or not postal rates or not, the wages would have to be adjusted to make them fully comparable with the private enterprise sector. And it seems to me we have to move in that direction and that this bill does precisely that. It gives the employees of the Post Office Department the right, as a matter of right, whether or not there is any money available, whether or not the rates are producing a break-even operation to demand comparable pay. And if we haven't spelled out comparable pay adequately here in this legislation, I would like to know about it so that we can make damned sure that everybody knows what we mean by the term "comparable pay." But as I read the legislation, the bill, it says, simply that will be done by binding arbitration and it is up to these poor postal rate commissioners and the management of the Department to come up with the money.

Mr. SILVERGLEID. Well, you know, Mr. Udall, over a period of many years, and you have sat as Chairman of that subcommittee on compensation, one of the big issues raised and one of the proper issues has been whom do you compare postal employees with? Where do you get the proper comparability? And the answer is obvious in the results. The postal employees were so far behind we had an eruption. So we have had comparability presumably since 1962, but what sort of comparability?

Mr. UDALL. Well, you had comparability 2 and 3 years behind. That has been part of the problem. It is not the whole problem, but it has been a part of it. And the machinery in this bill and the machinery in 13000 was designed to make sure that never again did we get further than 6 months behind. And I didn't know any human way to shorten the lag much less than that except by making annual estimates and projecting it ahead.

Mr. GROSS. Will the gentleman yield?

Mr. UDALL. Yes, I yield.

Mr. GROSS. The gentleman is trying to say, I believe, that this bill does not tie pay and rates together.

Mr. UDALL. Precisely.

Mr. GROSS. It does—

Mr. UDALL. No.

Mr. GROSS. Well, look at page 102, paragraph (b). Let me read it. It is very short.

It is the intent of Congress that by January 1, 1978 rates and fees charged by the Postal Service, as a whole, revenue adequate, when added to the appropriations pursuant to section 1202 of this chapter, to meet its current and projected costs.

Mr. UDALL. I don't see any conflict between that and what I have said earlier. That's always been the goal in the present Department. But the Presidents of the United States have always said they would veto a pay raise unless there were rate provisions in it to provide the money. And these two things in the bill are entirely separable. The arbitrators are not bound to look in anyway, shape or form at whether

the rates are adequate. They have one job and one job only in arbitration, and that is to adjust every 2 years on a regular basis to make pay comparable. If we haven't spelled out comparability, what it means, we ought to try to do so in a little more detail.

Mr. DULSKI. Thank you. The gentleman's time has expired.

Mr. McClure.

Mr. McCLURE. I will pass.

Mr. DULSKI. The distinguished gentleman from Pennsylvania, Mr. Nix.

Mr. NIX. Thank you, Mr. Chairman.

The inequities in the bill, proposed legislation, rather, pertaining to rates and other features in my opinion fall into insignificance when compared with the sections in the bill which propose the demise of those unions not enjoying national recognition. So my first concern, my first consideration is the question whether or not the legislation that is proposed would mean the death of unions not enjoying national recognition. That is the first thing, and the most important thing at the moment. And I reiterate my views. I would never subscribe to any legislation that is going to destroy these unions. I think it is unconscionable and I could never possibly be a part of it and never shall.

Now, I want to compliment Mr. Silvergleid and Mr. Biller on an excellent statement in both instances. And both statements I must say reflect the views that I hold as to the legislation that is proposed.

We need time to hear the other witnesses so, Mr. Chairman, I shall content myself with what I have said.

Mr. DULSKI. Thank you.

Mr. Hanley.

Mr. HANLEY. Thank you, Mr. Chairman.

I too want to join in Mr. Nix's commendation to Mr. Silvergleid and Mr. Biller for their very excellent straightforward testimony.

A question to Mr. Biller. At any time during the course of the strike in New York City were you contacted by the Secretary of Labor or any representative from that Department?

Mr. BILLER. Only after the strike, sir—no, I wasn't even contacted after the strike. Nobody contacted me, none whatsoever.

Mr. HANLEY. There was no communication at all?

Mr. BILLER. No. As a matter of fact, we sought communication, and when the strike was over, as you know—because, again, and I think Mr. Silvergleid has made this point, the people involved attempted to place a halo around the propriety and legality of the negotiations that they had with those various groups to the exclusion of others, and there is no question, as a matter of fact, the hottest potato involved is one of the organization there in whose building they met that very night in the Moreschi Building, and that is one of the reasons we went down. We felt there was nothing proper at all about that type of meeting. And it was at that point that the Assistant Secretary of Labor came out and said he would meet with us and a meeting was arranged the next day with the Secretary of Labor. As I say we got platitudes from all, tears from everybody but nothing else.

Mr. HANLEY. Well, then, there was no initiative at all taken on the part of the Department of Labor during the course of the strike?

Mr. SILVERGLEID. Mr. Hanley, I contacted the Department of Labor in an effort to get across to them that with so many of our people in-

volved to leave NPU out of the negotiations was unthinkable and unconscionable, and we arranged for a meeting with the Secretary of Labor. At one point he suggested we might have parallel negotiations.

Now, that was so ridiculous it evaporated into thin air.

He also brought in the Postmaster General at our second meeting, and it became evident at that time that they were going to leave us out regardless of the consequences, and they left us out.

Mr. HANLEY. Now, are you telling me that you as the national leadership met with the Secretary as opposed to that of the leadership of the local in New York City?

Mr. SILVERGLEID. I met with the Secretary of Labor on three occasions without the New York City local present. On the fourth occasion the New York City local with with us.

Mr. BILLER. After the strike.

Mr. SILVERGLEID. This was after the strike, of course.

Mr. HANLEY. But this communication did not exist throughout this strike? This was a poststrike activity?

Mr. SILVERGLEID. That is right, poststrike.

Mr. HANLEY. I see. In your testimony, you have expressed a great deal of concern about the civil service status of the postal employee, the Federal employee in general per the language of the legislation under consideration. I, too, am concerned and apprehensive.

Now, your testimony is directly and totally contradictory to that of the Postmaster General and the leadership of other crafts who have appeared before this committee. May I pose this question. Do you attach great significance to the fact that—do you associate much significance with the fact that the word “competitive” is not used in the language, that we are talking about civil service but we don’t describe it as competitive? To you, does this—

Mr. SILVERGLEID. Yes, Mr. Hanley, considerable significance because title V of the code specifically refers to the competitive civil service, and that is why our amendment proposes inserting those provisions in title V which are now applicable and which would be completely eliminated under the language of H.R. 17070 as it is now.

It was admitted here after considerable questioning last week that despite the protestations of two craft union representatives there had been a definite commitment and ruling by the Comptroller General—and Congressman Scott brought it out—it is in your report on H.R. 4—that there would be no civil service status applicable as it exists today.

Mr. HANLEY. The contention on the part of other witnesses here last week was that in essence the employee is going to fare better out of the provisions of this legislation, so I can fully assume that you differ with this opinion?

Mr. SILVERGLEID. Well, I differ in this particular sense, Mr. Hanley, that if I were to try to sell a package of goods, regardless of its quality, I would promote it in the choicest of terms. If I am not trying to sell it, I must scan it very carefully, and this is why we asked the committee to make haste slowly, because we consider it, as I have mentioned in here, a damaged bill of goods. The deal was an obvious quid pro quo. The administration, the Post Office Department, wanted what its been looking for the past year and a half. I agree with Mr. Udall, this is not his H.R. 11750, but I must remind Mr. Udall that when he presented that bill he said it was going to be subject to considerable amendment, and it has been.

That was their quid. And the quo is the guarantee to the unions in these labor-management provisions that they would rule the roost from now on without any interference from NPU, the National Alliance or any other industrial union.

Mr. HANLEY. For how many years has the NPU been in existence?

Mr. SILVERGLEID. We were organized here in Washington, D.C. in January of 1959. As I pointed out in my statement, we had about 15,000 clerical members at the time who broke away from the then National Federation of Post Office Clerks because of what we termed their undemocratic procedures. Our membership today, and this is no exaggeration as we have over 70,000 on dues checkoff alone, is close to 80,000 postal workers, and we have 10,000 classified workers who merely pay union dues so they can belong to our health benefit plan.

Just for the record, I might point out this fact. They might call us the cheapest union in existence. Our national per capita tax is only 70 cents a month as compared to the average \$1.35 and more that the other postal unions get, so we are not in business to make money. We are in business to represent our people and to try to develop this one big postal union concept that we believe so strongly in.

Mr. HANLEY. Thank you, Mr. Silvergleid. Thank you, Mr. Biller.

Mr. BILLER. Thank you, Mr. Hanley.

Mr. DULSKI. Mr. Gross wants to use one minute of his time.

Mr. GROSS. Thank you, Mr. Chairman. I have great difficulty in keeping my friend from Arizona on the track on this corporation business.

Mr. UDALL. I hope the gentleman—

Mr. GROSS. He gets—just a minute and I will yield to the gentleman. He gets detoured and derailed every now and then.

I would like to read just one sentence from the National Republican Congressional Committee newsletter of April 20, 1970 under the title of "Cutting Loose the Post Office." And it says, "The new Postal Service would be a nonprofit corporation, Nixon pointed out. So it also would be a nonloss operation."

The President is saying that this proposal provides for a corporation. The gentleman wouldn't dispute the President as late as April 20, would he?

Mr. UDALL. Would the gentleman yield?

Mr. GROSS. Yes, of course, I yield.

Mr. UDALL. I don't usually take as gospel the pronouncements of the Republican National Congressional Campaign Committee or whoever you are quoting from, but this is the President's bill. It was agreed to by his people, and it doesn't create a corporation.

Mr. GROSS. And as submitted by, among others, the gentleman from Arizona, Mr. Udall.

Mr. UDALL. Yes; because it is fine progressive, necessary legislation.

Mr. GROSS. And still a corporation.

Mr. UDALL. No.

Mr. SILVERGLEID. Mr. Chairman, may I just suggest one item of which I have been reminded of by our counsel, and that is the Congress of the United States recently was called upon to step into the labor field and pass legislation which prevented a strike in the railroad field. One of the reasons, and obviously the important reason, for that necessity was the rigidity of the craft setup in the railroad establishment

where one small craft union was able to prevent all the others from effectuating a settlement. Now, Congress may have to face that in the future with a perpetuated and fixed craft setup in the Postal Service.

Mr. DULSKI. The Chair would like to make this observation. Mr. Silvergleid, your statement is very much to the point. We on the committee know the problem that is facing us if two unions are eliminated by the bill. You heard the testimony of Mr. Meany who stated that you have the opportunity to bargain if you can gain national recognition. I just have one short question.

Do you feel that you have an opportunity, at least for a year, to receive national recognition? Would this 1 year's time allow you enough time to do what it says under sections 226 and 227.

Mr. SILVERGLEID. Well, Mr. Chairman, let me first point out—something that I think must be clarified. Section 228 would not give us a year's lease on life. It would terminate us as soon as our Treasury was exhausted, because it provides dues will be withheld only for those unions holding national exclusive and for supervisory organizations. We don't get that year. That year only applies to the employee's written assignment to the particular union.

But assuming we had anything in the nature of a year's extension, our postal membership is more than five of these smaller crafts combined. Unfortunately, and I say this very frankly, we are not in an area in any one of those particular crafts at this point, except perhaps one, where we could consider filing a valid challenge. If this law were to be enacted, it would immediately put us out of business as far as dues checkoff, and we would have not opportunity, if one such existed, to challenge in the foreseeable future at a craft level.

I would have to say, Mr. Chairman, that anything along that line would be merely compounding what they have tried to do in their negotiated agreement, and would put us out of business.

Mr. DULSKI. I am very familiar with the problem that is facing this committee, and I am not going to belabor the point. I think we have some time left. I would like to yield to Mr. Waldie.

Mr. WALDIE. Mr. Silvergleid, I share in the concerns that you have expressed and that the Alliance expresses. I think, whether your contention is right, that the negotiations had as a part of their deal putting you people out of business, and that contention has validity because you weren't included and it is too bad you weren't included so at least some light could be shed as to whether that was part of the package and all we see is the results. We don't know what the negotiations consisted of.

Not because Mr. Udall needs any defense nor that Mr. Gross needs any opposition, but I was curious about one of your contentions which I gather runs through your presentation that the Postal Service would be much better off without a corporation concept. I think that is essentially your concept.

Mr. SILVERGLEID. Yes. We have maintained that position consistently.

Mr. WALDIE. The only thing that mitigates against the validity of that conclusion in my mind is the deplorable conditions which now exist, and they are deplorable. I don't think any of you—you would not disagree with that assessment of what the service is now; would you?

Mr. SILVERGLEID. We agree with you wholeheartedly.

Mr. WALDIE. The stewardship that you thereby condemn is the Congress, and you properly condemn it. The fact that the system is so deplorable now in terms of rights for the people that work in the system is solely and totally the blame of the Congress and the executive branch of Government; is it not?

Mr. SILVERGLEID. Well, that is true, Mr. Waldie, but——

Mr. WALDIE. Well, isn't anything better than what you have got?

Mr. SILVERGLEID. Well, I think the Congress is now thoroughly aware of this situation. They are aware of the deplorable conditions you mention. They are aware of the dire need for some sort of reform, particularly in areas involving new buildings, better working conditions, and so on.

Mr. WALDIE. But they have had 200 years to be aware of that and haven't done anything about it. My own position on the proposed reform is that your problem separate and apart, if you were taken care of in this bill so that you would not be legislated out of existence, you may not be better off than you are with the Congress acting as the guardian of the system, but it is hard for me to conceive that you could be worse off. To suggest that you would be worse off than you are now is really an abysmal state of affairs. It may be so. But I am awfully persuaded by the fact that those who say Congress ought to stay in charge of this system are really suggesting that Congress has done a miserable job; they are going to have to reform and do better. I don't see anything in the history of Congress' stewardship that leads you to that optimistic conclusion. If there is any one problem with the postal service it has been the politician running it and this proposal to get the politician out of this, whether they be Presidents or Congress, does not seem to me to be a bad idea.

Mr. SILVERGLEID. We subscribe to that idea, too.

Mr. WALDIE. OK.

Mr. SILVERGLEID. However, we differ in the manner in which it should be done. I think that is the only difference. And I might add also, of course, as I pointed out, our main concern at the moment is with the labor-management provisions of the bill.

Mr. WALDIE. Let me then just bluntly ask you this. If your amendments were adopted that would protect your organization, and I will ask the same question of the Alliance, would you then be in support of the bill?

Mr. SILVERGLEID. That is a very difficult question for this reason. The bill as it is written now provides for binding arbitration in lieu of any right to strike. We are still under a mandate from our last national convention that if there is to be negotiations on bread and butter issues, wages, fringe benefits, and so on, we must have the right to strike to go with it. So we would have to have reservations in that area.

Mr. WALDIE. Well, just as a conclusion, and it is not a statement that I intend to offer any amendments to that effect, I can sympathize with your desire for a right to strike, but the right to strike, even compulsory arbitration seems totally inconsistent to me with your demands that you also have all the protection of the civil service. Civil service does not seem to me to be any more an issue if you have got the right to strike and collective bargaining.

Civil service was designed to protect you because you didn't have those rights. You can't have your cake and eat it, too. And to have civil service and these other rights of labor seems to me to be inconsistent.

Mr. SILVERGLEID. Mr. Waldie, when Mr. Meany testified here on Thursday he was pressed a bit on this issue of the right to strike, and so on. And he finally made what I considered a very pertinent statement. He said whether you pass a law or not forbidding employees to strike, they are going to do it anyway, if they are pressed hard enough—if they are backed to the wall. And he cited the recent postal strike and all these public strikes now taking place in municipalities and so on. And I think this is a fact of life we cannot ignore.

I have always agreed with the well-known arbitrator and labor counselor in New York, Ted Kheel, in his published opinion that there is no proper collective bargaining without the right to strike, and the right to strike doesn't mean that you are going to exercise it, but it acts as muscle with the unions when they are sitting down to negotiate and bargain. I am inclined to think that he has got the right approach to it, and he has got a lot of experience.

Mr. WALDIE. Well, just in closing I think your statement has been excellent. I think your presentation has been responsible, and I am very generally persuaded toward your view.

Mr. SILVERGLEID. Thank you very much, Mr. Waldie.

Mr. DULSKI. Thank you, Mr. McClure.

Mr. McCLURE. Let me just state as a matter of conclusion that I am sorry that I was detained in another committee and wasn't able to be here at the beginning of your statement. I have read the statement. I find that I have a great many points of agreement with your statement, some points of disagreement, but I will certainly take it into consideration very carefully as we go forward on this bill. I appreciate your appearance here today.

Mr. SILVERGLEID. Thank you, Mr. McClure, and I would like to say we appreciate some of the very searching questions you posed to the Postmaster General about the effects of establishing the labor-management provisions. I think you hit it on the head.

Mr. DULSKI. No political speeches.

Mr. McCLURE. Well, I think—

Mr. SILVERGLEID. I am playing both sides, Mr. Chairman.

Mr. DULSKI. I noticed that.

David, that is the reason I said it.

Mr. McCLURE. It is a very troublesome question, and I think a great degree of candor is necessary so that we understand each other and understand the problems.

Thank you very much.

Mr. SILVERGLEID. Thank you, Mr. McClure.

Mr. DULSKI. Mr. Nix, did you have a question?

Mr. NIX. Just one observation. I was glad to hear you repeat the fact that you are in favor of the reform but you find no magic in the word "corporation."

Mr. SILVERGLEID. As an attorney, Mr. Nix, I think you are fully familiar with the aspects of corporate activity, and I must emphasize as you put it, there is absolutely no magic in it at all.

Mr. NIX. Thank you.

Mr. DULSKI. If there are no other questions, I want to thank you, Mr. Silvergleid and Mr. Biller and all of the other gentlemen at the table and the audience that you have brought in with you, and the gracious lady. We didn't have an opportunity to question her. Your statement was very candid and I think we understand the problem.

The meeting will stand adjourned until 3 o'clock when we will hear from the National Alliance of Postal and Federal Employees with Mr. Smith and his staff.

We will stand adjourned.

(Whereupon, at 11:55, the committee recessed, to reconvene at 3 p.m.)

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AFTERNOON SESSION

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Mr. DULSKI. The committee will come to order.

Our witness this afternoon is present from the National Alliance of Postal and Federal Employees, Mr. Ashby G. Smith.

Introduce your guests with you, officers.

**TESTIMONY OF ASHBY G. SMITH, PRESIDENT, NATIONAL ALLIANCE OF POSTAL AND FEDERAL EMPLOYEES; ACCOMPANIED BY WYATT C. WILLIAMS, VICE PRESIDENT; J. LEON HENDERSON, ADMINISTRATIVE ASSISTANT; CHARLES HARPER, PRESIDENT, DISTRICT 3 (ATLANTA); CLYDE YOUNG, PRESIDENTIAL AIDE; VOTIE DIXON, SECRETARY; AND JOHN WHITE, PRESIDENT, DISTRICT 2 (BALTIMORE)**

Mr. SMITH. Thank you, Congressman Dulski.

To my immediate right is Vice President Wyatt Williams. Seated next to him is the administrative assistant, James Leon Henderson, and the president of our District 3 from Atlanta, Mr. Charles Harper. On my immediate left is our presidential aide, Clyde Young; our national secretary, Mr. Votie Dixon; and the president of District 2, Mr. John White of Baltimore.

I am Ashby G. Smith, president of the National Alliance of Postal and Federal Employees.

I represent some 45,000 members, of which approximately 40,000 are field service employees of the Post Office Department. We have 137 branches and are in 42 States.

On behalf of these members and these branches, I thank you for this opportunity to appear before you to discuss this pending postal reform bill.

We recognize the difficulty you have had with the administration trying to settle upon a reform bill. We recognize the difficulty that you had at the beginning of your deliberations in trying to get some word from the Department as to what they wanted, and so we appreciate the time and energy which you have spent dealing with this subject.

At the very start of my testimony, I want to set the record straight. For the past 2 years it has been charged by administration and Post

Office Department spokesmen that the postal unions are opposed to postal reform. This is not true. No person employed in or associated with the postal service would deny that some changes, even some fundamental changes, in postal operations, rate fixing, personnel management, physical structure construction and transportation are long overdue.

This union has urged action along this line in previous appearances before this committee.

What we have opposed, what we still oppose, is a disposition to divest the Postal Service of its service aspect and to treat it as a commercial operation. What we have rejected and what we still reject is the totally unproved assumption that men trained in big business, where the emphasis is on profitmaking, can operate this billion-dollar enterprise in the interest of the general public if only they are left free from interference by meddling, self-seeking Congressmen, who, after all, were sent to Washington to protect the public interest, and are removable if they fail to do so.

We have opposed the Postal Corporation under its original title and whether it is entitled Postal Authority or Postal Service, we will continue to oppose any reorganization that endangers the right of the citizens of this country to enjoy postal service that is efficient, fair, and structured to serve every locality and citizen. We will oppose any reorganization that deprives postal employees of any protections they now enjoy unless compensatory protection is provided.

So what about H.R. 17070, a bill formulated in secrecy, outside the usual channels of congressional committees, a bill fashioned under a deadline threat of additional postal employee strikes, a bill that purports to trade off the rights of more than 125,000 postal employees who have chosen to be represented by industrial unions in a deal from which their chosen representatives were excluded.

Conceived in selfishness, born in secrecy, consummated in bribery and thrown to the Congress in arrogance, Mr. Chairman, we suggest that it be thrown back into the darkness from which it issued and that this committee perform its constitutional duty of bringing out its own bill.

Pay and reform should be separated.

We stand firmly on our oft-stated position that postal pay and postal reform should be separated and that each should rise or fall upon its respective merits.

As long as they are teamed together the horse-trading aspect is obvious and the charge of bribery or blackmail which we have formerly applied seems justified.

The postal and other Federal employees who in 1962 were promised comparability within 3 years should not have to, as late as 1970, deal with anyone but Congress in order to cash in on a 5-year overdue promissory note. All the compensation provided by the already enacted 6 percent raise, plus the compensation provided in H.R. 17070 constitute only a payment on the comparability note, and should be voted by this Congress with no reform strings attached.

Mr. Chairman, there is another aspect of the wage-fixing provided in H.R. 17070 and this, too, lends added credence to the horse-trading appearance. It is not denied that all Federal workers are entitled to comparability pay but the emphasis of this bill is on eight percent for

postal, nothing for other Federal employees. If they were attempting to break down the solid front which Federal employees, through their unions, can, in the future, present to Congress and to Federal management, the alleged negotiators could hardly have chosen a more effective device than this.

And, what do postal workers do when we have nothing that the administration wants?

Now a word about the so-called negotiations that spawned H.R. 17070.

I think at this point, in view of the questioning this morning, it might be well if we give a historical account of our attempts to gain access to the consultations that were taking place that resulted in the production of this bill.

The strike was called and people walked out in New York on the 18th. On the 20th, we got word that the craft unions were meeting at the Labor Department with the Secretary of Labor.

We sent a telegram protesting this type of meeting, from which we were excluded.

The following Monday we met with the Under Secretary of Labor, an Assistant Secretary of Labor, and were told that the Department of Labor had not called these people in, that they had come in, had asked to come in and discuss matters with the Department of Labor, and that was the basis on which they were present.

On Wednesday, through the news media, we got the idea, we got the word, that there were negotiations taking place in an office of a labor union between the seven craft unions, the Postmaster General and representatives from the Labor Department.

We immediately sent two telegrams, a telegram to each, the Postmaster General and the Secretary of Labor, protesting this meeting, stating that the matters being discussed were of extreme importance to our members, indicating that we were both larger and more representative than five of the unions that were included in the consultation, and stating our right to be present.

That afternoon I got a call that the Deputy Postmaster General wanted to talk to me, and brief me on what was going on.

This was about 4 o'clock. I made arrangements to receive a call from him around 5 o'clock that evening. But meanwhile, apparently, at the conference they had decided that secrecy was to be the word. So when the Deputy Postmaster General called, all he had to say was that we appreciate the way your union handled itself during the strike period.

At that time, I suggested that that was hardly the way to repay well-conducted unions, by barring them from the conference while the striking unions were included. And he suggested that I talk to the other unions about it.

I suggested that that was a lousy idea, that we felt that if the Post Office Department was conducting negotiations they have the right to say who would be in and that they had an obligation to consult with us under our rights as a formally recognized organization. He said he would take it under consideration and call me back the next day.

At 3 o'clock the next day, we had received no word, no reply to either of our telegrams, nor had the Deputy Postmaster General called back. We had no response.

On Friday, we placed pickets in front of the hotel where the conference was now being held, just prior to the time scheduled for the meeting.

The union representatives and the administration people went through the picket line and went into the hotel. We attempted to gain entrance to the meeting and were denied.

We sent a note in to the Postmaster General asking that he come to the door and talk to us. We waited a half hour and nothing happened. This was on Friday.

Sunday afternoon, I received a call from the Department of Labor asking would I be available on Monday morning. I said I would. I was called at the office, and I was invited to a luncheon with the Deputy Postmaster General, who has been named as the chief negotiator in the so-called negotiations, and the Assistant Secretary of Labor.

We met there with Mr. Usery, Assistant Secretary of Labor Usery, and with the president of the National Postal Union. We thought maybe at this point we were going to get some indication of what was going on at the Sonesta Hotel. But they met to tell us how much they regretted the fact that we weren't in on the conference, that they thought we should have been there, that they had attempted to get us in but they had been unable to do so.

We refused to accept this because we still take the position that they were conducting the consultation and that, if they had wanted us in there, they had the power to get us in. They promised to keep trying.

We heard no more from them.

On Thursday, we went to our lawyers and filed, and made arrangements to file an injunction trying to gain us entry. With the filing of our injunction on Friday came the announcement of the first agreement.

This tells you the response that we got throughout the whole thing and our attempt to gain entrance to the meetings where these matters of much moment to our employees were being considered. And if you think our members were not equally concerned with all the other unions, we have here this afternoon a branch president who is under charges, not for calling his men out on strike, but for being a local officer in a post office where a great many of the employees did go out on strike.

So in every area that was presumably under discussion, we had definite, personal, direct interest.

It is not denied that the unions involved had the right to negotiate agreements with postal management but there is nothing in Executive Order 10988 under which they hold exclusive status that gives them the right to negotiate on postal salaries, an area that is exclusively that of Congress; therefore, we contend that what they label as an agreement is no more binding on this committee and this Congress than are the recommendations that we make to you today.

For years, as they have every right to do, the craft unions have attempted to achieve a monopoly of the postal employees in their craft. They have failed.

The Post Office Department gave them an advantage when, in 1962, it named craft as the unit of recognition. Despite this propaganda

weapon in their hands, the craft unions have been unable to convince more than 125,000 workers that they should choose them rather than join one of the two industrial unions that has national formal recognition.

What they have been unable to achieve by their performance they now, with the active aid of the postal administration, are pressuring this Congress to achieve for them.

In the 57 years over which the alliance has worked to protect the interest of its members and to improve personnel relations in the post office, it has always been recognized as one of the firmly established responsible organizations of postal workers. Since the issuance of Executive Order 10988 we have tripled our membership. Until the present crisis in the Postal Service developed, our status had never been challenged—not even by the craft unions with which we have frequently cooperated in legislative and other efforts.

In view of the past harmonious relationship which our union has had with both the Post Office Administration and the other postal unions, we are naturally greatly shocked and saddened by the disunity among the postal organizations which has developed today. Moreover, we can find no valid reason for the selfishness and indifference to the long-range morale and best interests of the employees of the Postal Service which the administration and the hand-picked craft unions exhibited when they insisted upon excluding both the alliance and the National Postal Union from the bargaining sessions at which the pending legislation was developed.

There has been no disharmony or crisis among the nine unions which represent workers in the Post Office Department during the several years of the operation of Executive Order 10988. Nothing but greed and self-interest can explain the present move by the seven craft unions and the AFL-CIO, with the backing of the administration, to gang up on the two independent, industrial unions and by administrative connivance and attempts at legislative chicanery to thus put an end to independent, industrial unionism in the Post Office Department.

Nothing but an unprincipled willingness to sacrifice long-established principles of fair dealing with its employees in order to gain its end of a separate postal administration to replace the Post Office Department can explain the present administration's suddenly turning against the two industrial unions. By issuing Executive Order 11491, the administration by a stroke of President Nixon's pen has sought to give the seven craft unions an unprecedented and unmerited exclusive jurisdiction over the Postal Service. By this order, employees of the Postal Service have, in effect, been told that they can no longer choose to have an industrial type of labor union represent them.

This is a move, an undeserved move toward labor monopoly. Although the administration tried to win support for its new Postal Service proposals by claiming that they will improve the morale of postal workers, in Executive Order 11491 it has brazenly ignored the wishes of the more than 125,000 workers of the Post Office Department who have rejected the craft-type unions and who now belong to the industrial unions which the order seeks to eliminate.

Moreover, although both Executive Orders 10988 and 11491 specify clearly that the right to representation in the Postal Service shall be denied to any labor organization which strikes, in its favoritism for

the craft unions the administration clearly has ignored this provision of its own order.

The recent postal strike was called by members of one of those craft unions—not by an industrial organization. Yet the alliance, which did not support the strike and urged its members to report for work, was rewarded for its respect for the law by being denied a voice in working out the terms of this legislation in which it has a vital interest.

This certainly is not the way to establish good labor-management relations or to insure a continuation of work in the Post Office Department. Surely it should be obvious to the members of this committee that the 125,000 members who have chosen industrial unions to represent them in the Post Office Department are not going to allow the administration, by a private, closed door deal with the AFL-CIO and the craft organizations, to destroy their unions; they will certainly strike if such extreme means become necessary as a last resort.

In any such work stoppage, I assure this committee, a majority of the workers in the postal service would not cross the industrial union's picket lines. The fact is that, in backing the craft-type unions exclusively, the administration-supported provisions proposed in H.R. 17070 run directly counter to the present trend of union preference by workers in the postal establishment: since President Kennedy issued Executive Order 10988 the industrial unions of postal workers have grown at a much faster rate than any of the craft organizations, even in spite of the clear organizing advantage which the latter hold by virtue of their having been granted national exclusive recognition.

Surely, an administration truly concerned about the morale of the postal workers would not flout the clearly expressed wishes about the kind of union the postal workers wish to represent them by denying them the right to such a choice. We do not believe, in any case, that Congress will be blind to the rights and preferences of such a large group of loyal and dedicated Government employees.

In considering H.R. 17070 Congress will, we feel confident, show a greater understanding and wisdom about the interests of the public and of postal employees in general than has been exhibited by the participants in the secret deal which resulted in this legislative proposal.

And in terms of concern about the public, I think something should be said about a question that Congressman Waldie raised this morning about the deterioration of the Postal Service. We are extremely suspicious of the increased rate of deterioration of the postal service since the idea of corporatization came into effect, and we cannot help but suspect that there may be an effort on the part of the postal administration to rundown the postal service, to reduce it to its lowest possible ebb just to get the type of reaction that Congressman Waldie expressed this morning, to get the people in a mood where they will accept anything, figuring that anything will be better than what we have.

I don't think this is our choice. I think that the postal service can be improved, that it can be improved within the framework it operates without doing anything like the extent of reorganization that is proposed in this thing that the President refers to as an independent establishment.

I don't know what some of the Congressmen who are supporting this think about how independent it is or how near it is to the Corporation, but the President, whose agents were very active in the negotia-

tion of it, came out on the day it was released and called this an independent establishment. That is what the President thinks it is.

We believe that postal reform can best be accomplished if the committee will first reject H.R. 17070 in its entirety and then go on to the drafting of new postal pay and separate postal reform measures. Only in that way will Congress again assert its primary responsibility and authority in this area, and only when Congress does so can the interests of the American public in a sound and efficient Postal Service be adequately protected.

The recent postal shutdowns, we firmly believe, would never have occurred if Congress had exercised this responsibility and enacted H.R. 13000 or other pending pay raise proposals last year. When the Congress, because of the threat of a Presidential veto, failed to exercise its traditional responsibility and did not attempt to pass postal pay legislation and then override such a veto if necessary, it opened the way for the whole series of blackmail moves by the administration which brought on the present crisis.

With Congress abrogating its duty, the administration's blackmail tactics for a separate independent postal establishment instead of postal reform made almost unbelievable headway. Let us not forget that originally the administration's proposal was vigorously opposed not only in Congress but by the AFL-CIO and all of the postal unions, including each of the seven craft organizations which now, in exchange for tarnished pieces of silver in the form of the elimination of their two industrial union rivals, have sold out the interests of the American people and most postal workers, who favor postal reform rather than the elimination of the Post Office Department.

Even more shocking, the American labor movement has seen a powerful labor leader, who originally testified that he would never support a postal reform structure which denied postal workers the right to strike, now—in furtherance of the deal made behind closed doors—completely reverse his position and agree to the no-strike provisions of H.R. 17070. Because we cannot believe that Mr. Meany would make such a drastic change of position simply to help the six AFL-CIO craft postal unions eliminate their two industrial rivals, we cannot help raising the question of whether or not other secret deals going far beyond the postal crisis were made between the AFL-CIO and the administration during the barred-door bargaining sessions from which not only Congress and the public, but legally elected representatives of more than 125,000 postal workers, were excluded.

In his testimony, Mr. Meany said that H.R. 17070 "is only a beginning" and that other Federal employees also must be given the right of collective bargaining. The alliance does not dispute this objective, as stated. However, if Mr. Meany means collective bargaining only by craft unions such as is proposed in H.R. 17070, he is actually seeking to take existing bargaining rights away from a total of more than half a million Federal civil servants in all branches of the Government who belong to the independent and industrial-type labor organizations which would be virtually eliminated by the provision of Executive Order 11491 and this pending bill.

Congress has a clear obligation, we believe, to find out just how far the administration has gone in its closed-door dealing with the AFL-

CIO in committing itself to favoritism concerning the union representation of Federal Government employees.

Clearly, the Federal civil service, which represents all of the people and should reflect the various views of the entire Nation, is no place for a labor-management relations structure similar to that in private industry. Congress and all past administrations have both recognized this difference and for this reason have established an entirely separate and modified system of labor-management relations to apply to Government workers. The most basic difference, of course, is the denial of the right to strike and it is this provision, perpetuated in H.R. 17070, which makes the whole proposal to wipe out industrial unions by congressional and administrative fiat not only so unfair and intolerable but extremely unwise as a principle of Government personnel policy.

Mr. DULSKI. Mr. Smith, as you know, we have permission from the House that we may sit during the general debate. There is a vote pending, and it wouldn't be fair that you would continue with only myself being present. I will go and answer the call, and we will be back here in about 5 or 10 minutes. So you can have a little recess.

Mr. SMITH. All right.

Mr. DULSKI. The committee stands recessed.

(Whereupon, there was a short recess.)

Mr. DULSKI. The committee will come to order.

I am sorry for the interruption, Mr. Smith.

This is not off the record. You can put that in. When you vote for a \$50 billion expenditure we don't have a rollcall. But today we have to vote for any little thing—today being Monday.

Mr. UDALL. The chairman is complaining here, with some justification.

Mr. DULSKI. Thank you.

Go right ahead, Mr. Smith.

Mr. SMITH. I am at the top of page 10 of my prepared statement, I believe.

The Alliance is especially concerned over the misleading impression which both the administration and the AFL-CIO have sought to create in the public mind that the so-called negotiations to reach a settlement of the postal crisis represented the wishes of a majority of postal workers. We state categorically that is far from the case, and Congress will make a grievous mistake if it should assume that this bill will promote harmonious labor relations in the new Postal Service.

The deliberate exclusion from the talks of both the Alliance and the National Postal Union means that the wishes of at least 125,000 postal workers belonging to these two unions have not only been callously ignored, but their interests have been ruthlessly flouted to a degree where the very survival of labor organizations older and larger than two-thirds of the unions who drew up this legislation is now in question.

At this point, Mr. Chairman, I would like to also add another prospective area of discord that might be raised by this type of legislation, concerning only postal employees.

The employees of the other Federal agencies are closely watching what Congress is doing in the way of benefits, and if this bonanza, this well-deserved and long-overdue bonanza, though it is, devoted

only to postal service employees, is enacted we are certain that the employees of the Veterans' Administration, the employees of the General Services Administration, and the other agencies, are not going to sit still and quietly allow this particular advantage to be given to postal employees.

I think this is going to stir up discontent in those ranks, and we have a legitimate concern for these employees because we have a great many of them in our ranks.

In all the history of American labor legislation, we have never before seen such a flagrant attempt by a group of unions to selfishly eliminate other unions by action of the Congress. Such did not occur during the bitter struggles between the AFL and the CIO in the 1930's, nor did it occur even in the battle which later waged within the labor movement to eliminate the influence of Communist-dominated organizations.

Yet today, after years of harmonious relations under Executive Order 10988, and for no reason at all other than to eliminate the craft unions' faster-growing independent rivals, we now find the AFL-CIO advocating legislation which specifies that in the future no unions can exist but the present craft organizations. Not only does such a provision amount to an organizational bill of attainder which is outlawed by the Constitution, but it is an affront to every principle of sound labor-management relations.

We all know that in this day of rapidly advancing technology the old and longstanding craft lines throughout all occupations are rapidly changing and any attempt to preserve their rigidity is unworkable. It was, for example, an attempt to preserve such outmoded craft privileges which was at the heart of the recent strike on the Nation's railroads, a dispute which was only settled when Congress itself intervened and removed the disputed craft protection by legislative action.

With such a crisis still within recent memory, Congress now is being asked by a group of craft unions, not just to protect their existing rights, but rather to go far beyond that and to freeze their craft organizations into an exclusive pattern of labor relations in the postal service, regardless of the rapid technological changes which the administration says must be made and cites as one of the major reasons for proposing its postal reorganization.

Such a proposal is an affront to the Nation's intelligence, and while it might give AFL-CIO unions a temporary advantage by eliminating the right of postal workers to form industrial-type labor organizations, we predict that the day will come when the AFL-CIO will regret that it ever adopted this method of trying to establish craft patterns and rights by administrative and congressional edict.

Such a concept of labor relations has no place in our democratic system and properly belongs only in totalitarian societies, of which it is always a chief characteristic. We are truly saddened to see a great labor organization like the AFL-CIO, which in the past stood so firmly against encroachments upon labor's democratic rights, now embracing such a policy solely for the purpose of selfish gain.

This certainly does not correspond to the democratic wishes of the overwhelming majority of postal workers, including members of the AFL-CIO unions whose leaders are responsible for this shortsighted

proposal. We point out that just as Congress, which under the law has the responsibility for determining both wage scales for postal employees as well as postal rates for the public, was denied a place at the negotiating sessions, postal employees themselves have never had a chance to vote on what the handpicked negotiators brought forth in the form of the present legislative proposal.

We urge the members of this committee to recognize this bill, therefore, only for what it actually is—the administration's plan to replace the Post Office Department, modified only by such bribes as were necessary to get the hand-picked leaders of seven craft unions and the AFL-CIO to repudiate all of the honest opposition to the proposal which they had previously expressed in response to their members' true wishes.

The recent more rapid rate of growth of the industrial unions appears to have alarmed the craft unions to a point that, forsaking basic trade union principles, they now seek to eliminate their rivals with the connivance of the administration and legislation by this Congress.

The AFL-CIO craft organizations which opposed the alliance and the National Postal Union's right to sit in on the negotiations drawing up this proposal did so, however, for another reason. They knew that both industrial organizations, while supporting extensive postal reform, were vigorously opposed to the administration's plan to abolish the Post Office Department.

Since they were in the process of selling out their previously strongly stated similar opposition by the vast majority of their members, the leaders of the AFL-CIO craft organizations simply could not afford to have any outside organization witness their metamorphosis. Moreover, they knew that both the alliance and the National Postal Union would strongly oppose the administration's plan as contrary to the public interest and would point out that it can only mean the elimination of many existing postal services, particularly in rural areas, and greatly increased postal charges to the public.

Just how extensive those increases will be was partially indicated when President Nixon at first called for the 4-cent hike in first-class rates, the largest jump in history, just to help finance the 6-percent pay bill which was the first part of the settlement.

Although the administration now is asking only for a 2-cent hike in first-class rates, we point out that H.R. 17070 still contains provision for continued subsidies of the proposed Postal Service through its transition period by the taxpayers. Such subsidies will only obscure the true amount of the rate hike which will be needed if postal rates are to cover all of the Postal Services' operations.

We are convinced that postal rates will probably more than double if the administration's plan is put into full operation, and we believe that the administration and the postal craft unions are being dishonest with the American people in not warning them of this outlook.

I think we should remember that for the last 15 or 16 months the Post Office Department has been under the control of what is known as a business administration. The people who are running the Post Office today are people who have been brought in from the largest corporations in this country, efficient businessmen they probably were, and efficient businessmen they probably are, but the results in the

Post Office have been—as Congressman Waldie mentioned this morning, the postal service has continued to deteriorate during their handling of the postal service and the main effect upon the public has been a 50-percent increase in special delivery rates and a like type of increase in many of the other services that the Post Office performs.

This may be good business, but it is not good public service.

The Alliance, furthermore, is fundamentally opposed to the notion that the Postal Service should be entirely self-supporting. This is admittedly a desirable goal, but so is the great advantage to the Nation, in terms of a wider distribution of culture as well as benefits to business and the economy, which result from low-cost postal service. At a time when we are spending billions of dollars of the taxpayer's money in subsidies to transportation, agriculture, and other essential industries, we see nothing wrong, nothing immoral, nothing sinful in continuing to subsidize so basic an industry as communications, of which the Postal Service is by far the most important element.

Before Congress acts to permit postal rates to rise to a point which potentially can cripple not only our economy but also seriously retard our cultural progress by the elimination of many newspapers, magazines, and book publishers, we believe that far more attention and study should be given to this aspect of the administration's proposals than it has yet had.

For this reason, we urge the committee to separate the proposal for an 8-percent postal pay raise entirely from the postal reform features of this bill and to deal with each of these issues on their merits alone. There is no logic to tying these two proposals together, except that the administration knows that if it can get Congress to abrogate its responsibilities and consider them together, there is more chance of its proposal to replace the Post Office Department with an independent establishment being adopted in the form it is insisting upon.

We urge this committee not to fall into this trap but to do its duty to the general public and consider the separate issues solely on their individual merits.

In any case, we urge the committee, if it does not throw out the whole mess, to make extensive revisions in H.R. 17070, particularly in subchapter II—Labor-Management Relations. The provisions of this section as proposed by the administration, the AFL-CIO, and the leaders of the seven craft unions completely fail to protect the present employment rights of postal employees. Under the bill there would be a basic change in the civil service status of Post Office employees and all present civil service provisions providing protections in such matters as methods of employment, work standards, and so on, could simply be negotiated out of existence under sweetheart contracts.

We ask Congress to make clear that the Postal Service will be subject to the employee protective provisions of the civil service laws, regulations and existing collective-bargaining agreements.

Also, we believe that additional language is needed to make clear that existing agreements and existing recognition rights between the Post Office Department and any of the postal unions shall continue to be recognized by the Postal Service until altered or amended pursuant to law. This would require the deletion of the self-serving language limiting the continuation of such agreements to "national exclusive recognition and national agreements" which the craft unions wrote

into H.R. 17070, thereby seeking to wipe out the large number of local exclusive and formal recognition agreements which presently exist between the Post Office Department and the industrial-type postal unions. We simply cannot believe that Congress would ever want to deliberately interfere with the collective-bargaining process to such an extent that it would wipe out agreements legally negotiated by one group of unions while preserving only those agreements negotiated by another group of unions. Such action would jeopardize the entire structure of democratic labor relations. That the AFL-CIO and the postal craft organizations should endorse such a dangerous proposal is a tragic betrayal of the basic principles of democracy and fairplay which have made our country great.

A similar modification of language is also needed in section 226 in order to permit all organizations which now hold dues deduction arrangements to continue such agreements. As presently stated, the language in the bill would take away this right from the Alliance and other organizations not having "national exclusive" recognition, and place them in a very unfair competitive position with respect to the craft organizations. Here, again, we simply cannot believe that Congress will ever follow the dangerous course of conferring by legislative edict, which would wipe out existing legally negotiated agreements, preferential treatment upon one group of unions at the expense of other unions.

The most dangerous section of H.R. 17070, of course, is the notorious section 223, which can only be regarded as the administration's payoff to the AFL-CIO and the postal craft unions in return for their support of its Postal Service plan.

Section 223 represents just about as weird a type of legislative drafting as ever appeared in any bill brought before this Congress.

Let's look at it. The first sentence says:

The National Labor Relations Board shall decide in each case the national unit appropriate for collective bargaining in the Postal Service.

The second sentence says:

Such units shall be national craft units such as those previously recognized under Executive Order 10988; namely, letter carriers, maintenance employees, mail handlers, special delivery messengers, post office motor vehicle employees, rural letter carriers, and postal clerks.

One sentence gives the power to the Labor Relations Board to make a decision. The second sentence tells them exactly what they must decide. This is legislative drafting?

This section must be rejected in its entirety if any fairness and stability is to be preserved in the Postal Service's dealings with its employees. Never in history has so flagrant an attempt been made to confer by legislation exclusive bargaining rights upon one group of unions at the expense of other existing organizations.

This section goes far beyond the provisions of the National Labor Relations Act by requiring the National Labor Relations Board to establish only "national" units appropriate for collective bargaining and by further specifying that—

Such units shall be national craft units such as those previously recognized under Executive Order 10988; namely, letter carriers, maintenance employees, mail handlers, special delivery messengers, post office motor vehicle employees, rural letter carriers, and postal clerks.

Surely, it is obvious to each member of this committee that such unprecedented proposed legislative restriction of craft division has been limited entirely to the existing ones in which the seven hand-picked craft unions which negotiated the agreement now hold jurisdiction.

This self-serving language ignores completely the existence of independent, industrial unions in the Postal Service which are older and larger than five of the unions which thus would be given exclusive national recognition. Moreover, while referring to Executive Order 10988 as authority for such recognition, the administration and craft union draftsmen have flagrantly ignored the other provisions of that order which wisely and fairly conferred another form of recognition upon industrial type unions, and which also recognized that local exclusive recognition is needed to protect the democratic interests of workers in local post offices where a majority of employees reject craft organization and vote for representation on a local basis by one of the industrial unions.

Heretofore, only the administration had sought in Executive Order 11491 to eliminate the national formal and local exclusive recognition which is so essential to the very survival of the independent, industrial type of labor organization among Government workers. Prior to the issuance of that order, all of the labor unions in the entire Federal civil service joined in asking that these forms of recognition be continued. These forms have worked well under Executive Order 10988 and there is no need for their elimination; on the contrary, denial of this kind of recognition to the industrial-type unions will only create turmoil and unrest among the more than half a million Federal employees who have picked such unions to represent them in preference to the craft unions.

Let there be no misunderstanding about it—for the industrial unions, the elimination of the long-standing national formal and local exclusive recognition provisions is a matter of elementary survival and simply cannot and will not be tolerated. If the provisions of Executive Order 11491 are allowed to stand, further postal strikes will be inevitable, because the members of industrial unions simply will not allow their right to such representation to be taken away from them by political chicanery.

Any legislation which seeks to end the present postal crisis must face up to this issue and deal with it squarely and fairly. The administration, the AFL-CIO, and a handful of mainly less important craft organizations must not be allowed to dictate terms which involve the elimination of older and larger organizations representing half a million Government workers. We ask Congress to face up to its responsibility in this matter, and to amend any postal reform legislation in such a way that the rights of over one-half million Federal employees who, out of deep conviction, prefer an independent and industrial type of labor organization will be protected from this joint administration-AFL-CIO-craft Postal Union onslaught.

We find it ironic that the administration and AFL-CIO should join in insisting that the only form of recognition to be granted must be on a national craft basis. Neither the administration nor the AFL-CIO has even gone so far as to call for the elimination of industrial unionism as a matter of national labor policy, and we believe that both

would feel compelled to vigorously defend its right to exist if the challenge ever arose in such terms. Moreover, neither has insisted that all negotiations must be on a national basis in private industry; on the contrary, as the AFL-CIO well knows, when national agreements are concluded, local unions still find it necessary to negotiate supplemental local agreements to cover the different conditions in different plants.

It is certainly contradictory of basic labor policy, therefore, at the very time that the AFL-CIO and the administration seek to bring the Postal Service under the National Labor Relations Act, to move contrary to the experience of that act by denying workers the right to anything but national exclusive craft union representation.

In closing, I wish, as the leader of the union with the largest membership of black workers in the Federal Government to add one other word of caution. The National Alliance was founded in 1913 by a group of black postal mail car workers, who found it necessary to organize to prevent their jobs from being taken by white workers when the replacement of the wooden mail cars by metal rolling stock had made these jobs less hazardous.

Although the Alliance has always accepted members on an entirely nondiscriminatory basis and today has approximately 5,000 white members, we are a predominantly black organization because our role has been that of taking leadership in battles against discrimination.

While our history shows that we have been a responsible, loyal and patriotic trade union, we have nevertheless been one of the most militant in pressing for enforcement of fair employment practices in the Federal Government.

The leadership of the National Alliance believes that men should be able to find better ways of adjusting their grievances than having to resort to work stoppages, which we recognize, in the Postal Service, do inflict serious injury upon the public. We did not support the recent postal strike for this reason, believing that it was called at the wrong time for the wrong reasons, since there was every indication that Congress at last was moving on the long-delayed postal pay legislation.

On the other hand, the Alliance is greatly concerned over the threat to its very existence which is embodied in Executive Order 11491 and in H.R. 17070. Even prior to the recent postal walkouts our executive board had voted to authorize the calling of another march on Washington in cooperation with the various civil liberties and civil rights organizations and, if necessary, a strike, if other efforts to change Executive Order 11491 failed to bring about the amendments which are necessary for the Alliance to survive.

We are an organization whose members and officers are close to the communities in which they live and are active in the communities in which they live.

In this fight we have been promised the support of the National Association for the Advancement of Colored People, the National Urban League and other civil rights and civil liberties groups. We hope very much that Congress will face up to this crisis and deal with it head-on so that such drastic actions will not become necessary.

I feel, however, that I would be derelict in my duty to the Congress and the American people if I did not at this time point out just how critically this situation is regarded by leaders of the responsible black community who see in Executive Order 11491 a direct assault upon

the right of black workers to choose the kind of union which they wish to act in their interests.

We think that it is tragic that the administration has brought about such a crisis and played into the hands of the more militant and less responsible members of the black community at the very time when racial harmony is so desperately needed in the interests of our Nation.

The indifference of both the Secretary of Labor and the Postmaster General to our pleas for recognition of the crisis which their determination to wipe out our union has created is, in our view, the height of irresponsibility, and it makes clear that Congress now must act to prevent Executive Order 11491 from taking effect next October.

The postal crisis which H.R. 17070 allegedly seeks to end will only be heightened if the bill's principles and those of Executive Order 11491 which would mean the end of industrial unionism in the postal service are not only rejected but specifically outlawed by congressional action.

And I can't even credit the administration with the excuse of ignorance of our status and our influence in taking the action that it has taken. It is well aware that the Alliance is a responsible organization, that this is an organization with wide representation and influence in the black communities.

This was definitely established, the administration's knowledge of this was definitely established, when on the Sunday of the strike when the White House and the Postmaster General, the Department of Labor, and others were gathered here in Washington to decide on what to do next in the strike, when they were contemplating putting soldiers into operation to end the strike, when they were debating what would be the effect of sending soldiers out into the communities to deliver mail to take the place of the regular letter carriers.

The Post Office Department and the White House didn't go to the craft unions to find out what this effect would be in the black community.

I was in Baton Rouge, La. They discovered me there, far away, and asked me through my organization to give them some soundings on what would be the effect in black communities of soldiers marching through there delivering mail.

This we did. They found us then. We could get in on this important decision, but we couldn't get into the consultations and negotiations.

This administration, as have past administrations, has loudly proclaimed its commitment to an equal employment opportunity program.

We would like to believe this commitment is sound.

The program owes whatever success it has achieved to the policing it has received from our union. If the Alliance is murdered by H.R. 17070, the EEO program will die with it.

Unlike the craft unions which authored H.R. 17070, the Alliance seeks no unfair advantage from this Congress. All that we are asking is that Congress take the necessary action to see that we—and all other postal unions, including the craft organizations—are treated fairly and equitably by the administration.

There has been no crisis in the relations of the postal unions with the Post Office Department that warrants the present move to eliminate the two industrial, independent labor organizations, neither of whom were responsible for the recent strike. Under present law, if any

union should be eliminated, it should more logically be the one which led the walkout, but the Alliance does not advocate such action.

Rather, we see no reason why the administration should not continue to recognize and deal with the present nine postal unions. Is there really any reason that only seven craft unions should have the right to exist in the Postal Service? Is any reason compelling enough to offset the great harm to sound labor-management relations which any attempt to eliminate the industrial unions will surely bring?

We repeat, the Alliance does not oppose sound postal reform; on the contrary, we believe that such action is needed in the public interest to create a more efficient Postal Service. However, the structure of labor-management relations in the Postal Service which President Kennedy established in Executive Order 10988 has worked well in the past and there is no need for the drastic surgery which the Nixon administration is seeking.

We believe that Congress can only be fair to the interests of all postal workers and all postal labor unions if it acts to insure that no change in the present status of the latter with respect to recognition and bargaining rights is allowed to take place, either as a result of postal reform or without it.

We are submitting the following language, which should appear in any bill dealing with labor-management which emanates from your committee. We strongly urge its inclusion.

All lawful agreements between the Post Office Department and labor organizations in existence on January 1, 1970 shall be continued by the Postmaster General and, notwithstanding any other provisions of this law or of the National Labor Relations Act, those labor organizations which on or prior to January 1, 1970, had been granted "Formal Recognition" by the Department under the terms of Executive Order 10988, shall continue to have the right to such recognition and the same rights and privileges such recognition bestowed upon them, including the right to negotiate agreements providing for allotments for payment of labor organization dues. Any future grant of Exclusive Recognition on the National Level under the terms of the National Labor Relations Act or Executive Order 11491 shall not nullify or prevent renewal of an Exclusive Recognition on a regional or local level within the same unit in effect on January 1, 1970.

Provided that the Federal Labor Relations Council in deciding the appropriate unit for the purposes of Collective Bargaining shall not decide that any geographic unit other than a single post office or installation is appropriate unless a majority of the employees of each post office or installation vote for inclusion in a larger geographic unit.

End of our testimony, and we thank you for your patience in listening to a long presentation.

Mr. DULSKI. Thank you very much, Mr. Smith, for your statement.

You have outlined many of the shortcomings in the legislation. As I said before, and say again, no bill is perfect when you introduce it. It has been over a year, when I introduced H.R. 4 and our committee held hearings and marked the bill up. Then, in 35 minutes an entirely new bill was reported. So don't sit alone there like a great martyr because you have got plenty of company.

I want to stress one thing that I would like to get your comment on.

On page 7 of your statement, you say :

The recent postal shutdowns, we firmly believe, would never have occurred if Congress had exercised this responsibility and enacted H.R. 13000 or other pending pay-raise proposals last year. When the Congress, because of the threat of a Presidential veto, failed to exercise its traditional responsibility and did not attempt to pass postal pay legislation.

The House did pass it, if you remember, in October of 1969.

Mr. SMITH. This House of Congress did.

Mr. DULSKI. And so did the Senate, but they put a pretty good scalpel on the bill. I was very happy that you brought this out because when the House conferees were urging the other body to meet, they were rather reluctant because they wanted to see what the outcome would be of the meetings of negotiations that were going on with the other craft unions.

I can assure you of one thing, this committee has been working very diligently for the last year and a half trying to promote postal reform legislation. Every member of this committee has devoted a great deal of time to it. I am very proud of our members.

I commend you on a wonderful statement. There are many areas that we will have to get into.

Mr. Henderson.

Mr. HENDERSON. Thank you, Mr. Chairman.

Mr. Smith, I believe that you have said in your testimony that the industrial unions have grown very rapidly since 1960 with the issuance of Executive Order 10988, and specifically that your organization had tripled in that period of time in membership.

Mr. SMITH. That's correct. It was predicted when we didn't get national exclusive, it was predicted that that meant the end of our organization.

Our members didn't believe it. Apparently, a lot of other people in the Post Office didn't believe it.

Mr. HENDERSON. Now, as I understand what you are saying, this bill and what Congress will do if we approve the provisions of this bill is that we will not only limit the national exclusive but it will have the effect of putting the industrial unions out of business. Is that a fair conclusion?

Mr. SMITH. The industrial unions within the Postal Service; yes. Mr. Meany says this is only the beginning, apparently, so it is an attempt to move into the other Federal agencies to do the same thing.

Mr. HENDERSON. Now, under Executive Order 10988, all the workers were given the right to join or not join an organization, the others or yours. So wouldn't we follow to the logical conclusion that by the provisions of the bill before us, 17070, that we are saying that we are taking away the right to joint industrial-type unions; we are taking away the right not to join if they negotiate a union shop; and we are specifying the seven types of union, or the seven specific unions that they will have to join if such is negotiated?

Mr. SMITH. Yes. It is like saying, when going to the ice cream parlor, you can have any ice cream you want providing you want vanilla, because all we have left is vanilla. And what they are saying, of course, is that you have complete freedom of choice to join the union of your choice, but you must choose a craft union. And this is, I feel a deprivation of a considerable area of choice.

Mr. HENDERSON. Now, you have been able to establish and maintain all the benefits of your organization since 1960, and I presume you had continuing growth even under the most recent Executive Order 11491. Do you feel that you need to have compulsory unionism to sell your union to your people or to the members that you have now, prospective members?

Mr. SMITH. If we cannot convince a Federal employee that we can serve his interests to a point that is worth his dues, we don't want his membership.

Mr. HENDERSON. Well then, would you have objection to including in this bill, in addition to the language that you propose, the right to join or not to join?

Mr. SMITH. I have been negligent in not having pointed out, not having noted in this bill, that this was not, again, reasserted. It was even reasserted in 11491, and it should definitely be inserted into any labor-management legislation that is passed by Congress.

Mr. HENDERSON. And we could conclude that such provision would not, in and of itself, kill your organization if we permit it to exist otherwise, would it?

Mr. SMITH. I think the only thing that would kill our organization is to deprive us of recognition and deprive us of access to dues check-off.

Mr. HENDERSON. And you are speaking of voluntary dues checkoff?

Mr. SMITH. Yes, definitely; the type that we enjoy under Executive Order 10988.

Mr. HENDERSON. I am very appreciative of your response, because I assumed that you knew what my position was on this by the announcement I had made previously, and I certainly assure you that I will give your position as careful consideration as you have given mine.

Thank you, Mr. Chairman.

Mr. DULSKI. Mr. Waldie.

Mr. WALDIE. I just want to clarify that last little bit of testimony.

Do I understand, Mr. Smith, that you have lent your support to the right-to-work proposal?

Mr. SMITH. It is not a right-to-work proposal.

Mr. WALDIE. That is what Mr. Henderson just described to you.

Mr. HENDERSON. Would the gentleman yield?

Mr. WALDIE. Yes.

Mr. HENDERSON. I don't like to refer to it as the right to work. I would like to refer to it as the right to join or not to join.

Mr. SMITH. I have expressed the opinion of our union, which is that the type of members that we want are the members who voluntarily affiliate themselves with us.

Mr. WALDIE. I understand that. That is what the members of the right-to-work committee say—the only type of union organization there is thought to be is the union organization comprised of people you described and those who do not want to join ought not to be required to join, just because the majority have said they want to yield. Is that essentially the position—

Mr. SMITH. I repeat the statement I made. The type of union members we want are members who we can convince we can serve.

Mr. WALDIE. OK, Mr. Smith. I won't push the point further.

Do I understand from your testimony that none of your workmen were on strike?

Mr. SMITH. We did not call out our men on strike. Our members in many areas refused to cross picket lines. So there were a great many who were unemployed during that period.

Mr. WALDIE. Was it your belief that the strike was wrong?

Mr. SMITH. Was what?

Mr. WALDIE. That the strike was wrong?

Mr. SMITH. I think there was ample justification for a strike, but I don't think—as I say, I think the strike was called at the wrong time, and it was not—it was called by members of a craft union without consultation with any of our members in those areas where they walked out. I think we should, if the Alliance is going to strike, that we should choose the time and the occasion, or at least if we are going to strike in consultation with other unions, we should be in consultation with them before they go out and not blindly follow them out.

Mr. WALDIE. Well, I can understand that position, but I have expressed heretofore my objection to your not being included in the negotiation. You should have been. But I am inclined to think your opportunities to have been included would have been greater had you been more militant.

I don't think I have any more questions, Mr. Chairman.

Mr. SMITH. I think the history of the thing is against you, because I think that the most militant group, from what I heard, was also excluded. [Laughter.]

Mr. WALDIE. You are right. I guess what I am really saying is that I do not see on the part of the administration, at least thus far in this situation, any real, any real effort to meet the problems that you have presented. And I will be very frank with you, the problem that appeals to me most that you have presented is the belief that I have seen in my own area, whether it is credible or not it exists, and actions are taken on belief, that the Alliance provides better representation of the black employee than does any other organization.

I do not know that that is true, by the way. I do not pass judgment one way or the other on it. But I do believe that there has been a belief that way, action in accordance with that belief, and to diffuse your organization to a point where the emphasis upon black rights becomes meaningless, which would essentially be the result of eliminating you from the picture, does not seem to me to be in the best interests of the Postal Service or the country at this particular moment in history. And I am trying to tell you that, though I sympathize with the Postal Union's problem, the Alliance problem, it seems to me to have more meaning in terms of the solution, and hopefully a solution will include all industrial unions.

I do—I would, however, suggest a review of your position in terms of the ability to negotiate a right-to-work provision, what the right-to-work people call a compulsory union contract. I do not think that ought to be excluded, union shop ought to be excluded, from negotiation as they are asking and as I gather you are supporting. It ought not to be granted by legislation or compelled by legislation, but neither ought to be removed from the bargaining table as an issue for negotiation.

And, certainly, every industrial union of which I am aware believes in that philosophy. I think you are unique in that regard.

I have no further questions, Mr. Chairman.

Mr. SMITH. I am not yet persuaded.

Mr. WILLIAMS. Mr. Chairman, I would like to make a comment to Mr. Waldie's remarks.

I think what we are talking about is not so much the right to work but it is compulsory unionism more than the closed shop, and I am

certain there is enough testimony from the Senate committee hearings to show the dangers and the ill effects of compulsory unionism and the closed shop. It shows what harm it has done to the worker.

We are also talking about the closed shop and the compulsory unionism that has denied employment for millions of black workers. So we have a dangerous precedent.

We have another dangerous precedent in compulsory unionism in that this means this is only the beginning. You are talking about 12 million Federal employees, municipal employees, county employees, and city employees that will eventually be locked into this compulsory unionism.

In other words, what we are saying is we are indirectly putting employees of city, county, and Federal Government in the hands of a private organization. They hold great sway with compulsory unionism.

So we are not talking so much about the right to work as we are talking about the closed shop and compulsory unionism, and they are both dangerous evils.

Mr. WALDIE. I realize there are a lot of people who have expressed that thought. I had never heard it from an industrial union before. It is a unique expression from an industrial union.

Mr. SMITH. Well, there are industrial unions and there are enlightened industrial unions.

Mr. WALDIE. I gather that is the position of Mr. Meany.

Mr. DULSKI. Mr. Udall.

Mr. UDALL. Mr. Chairman, does the Chair intend to go to the other witnesses this afternoon?

Mr. DULSKI. Oh, yes. The Chair will sit here until midnight.

Mr. UDALL. All right. Well, just very briefly. I don't want to take up too much time.

I have read your statement, Mr. Smith, completely, and I think you know of the great regard I have for you personally and for the fine job your organization has done over the years for the people you represent.

I noticed on page 6 of your statement you say that the 125,000 members who have chosen industrial unions to represent them are not going to allow the administration, by a private, closed-door deal, to destroy their unions, and they will certainly strike if such extreme means become necessary as a last resort.

Is this your view of the situation?

Mr. SMITH. This is the position of our executive board which was expressed as early as last November, immediately after Executive Order 11491 came out.

Mr. UDALL. Are you saying that if the Congress were to pass, and the President were to sign, this legislation in its present form that you are mandated by your board to call a strike?

Mr. SMITH. That is correct.

Mr. UDALL. Well, this is a very serious matter, as we all know, and I just wanted—

Mr. SMITH. We don't take a strike lightly—I mean, we take it seriously, but, on the other hand, we take our union seriously and the function that we serve and the value that we feel we have to our members and to the Postal Service, our 57 years of resistance, our

57 years of history, and to wipe something like that out with a stroke of a pen is a serious matter itself.

Mr. UDALL. I had a chance while I was waiting the earlier testimony to look over a statement by Mr. Filbey, president of the clerks, which is being filed in these hearings. He is not going to testify verbally, but this is a part of the record.

One of the arguments the clerks make is that the industrial unions are arguing for democracy, for letting a vote be held, for letting the NLRB determine appropriate bargaining units, and all the rest. And they say in 1962 there was an election, that people did have a chance to vote for industrial unions or to vote for craft unions, and that 62 percent was the lowest figure that the Clerks received and that the highest figure under any computation was 16 percent for NPU and 7 percent for the Alliance.

Assuming those figures are correct, do you have any hope that if, for example, the NLRB were to have a national election, were to order a national election and have all the postal people vote whether they wanted an industrial union or whether they wanted a craft union, that those of you who favor industrial unions would be able to get a majority?

Mr. SMITH. Not necessarily in a national election, but there need not be national recognition. The Post Office is one of only two, as I understand it, agencies in which national recognition is the accepted form of recognition. I think it is true that if you had recognition based on installations as they have in many agencies, that we would fare rather well.

But, see, the figures they gave, that Mr. Filbey was quoting, are figures that were acquired in a particular type of election after the Post Office Department had made the determination that craft would be the unit and that national recognition would be the major craft union.

So they had that major advantage to begin with.

Mr. UDALL. Okay. You did not view the 1962 election as fairly posing the issue, do you want crafts or do you want industrial unions?

Mr. SMITH. No; I don't think it did.

Mr. UDALL. Your position is that they had determined in advance they were going to have craft unions, and then asked, which craft do you want, and you fellows didn't fit in that category?

Mr. SMITH. That, essentially, is my position; yes.

Mr. UDALL. All right. All right.

Now, let me ask you another thing. We are going to a new ball game if this bill passes or anything like it. Before we had sort of a hybrid setup in which the National Letter Carriers, the National Clerks had essentially in most cases national representation across the country. In most States and in most communities, at least they had some representation, whereas the NPU and the Alliance had their membership rather concentrated in the larger cities. While this system did not work perfectly, at least was something that we stumbled by with for the last 8 years in that you could all rally together when you were before the Congress on a pay bill or retirement bill, or something of that kind.

In the meantime, you could have a strong local union in Philadelphia or New York or Washington; could fight for your people in terms

of equal opportunities for jobs, in terms of particular grievances that members had. You could come before the House committee and tell us about your special problems and expect to get some relief.

Now, if this kind of a bill passes, we are going into a ball game in which the gut issue, the most important issue of all, wages, is not going to be fixed by the Congress, but will be negotiated.

Would you contemplate, if we passed the kind of amendments to this bill that you are asking for, that you would go before the NLRB and ask, for example, for the Philadelphia Post Office to be a bargaining unit, the Washington unit, the other areas where you are particularly strong, you would ask for a shot at an election there and then you would win some of those elections, and that then you would be bargaining for wages, for a Washington wage, for a Philadelphia wage, and that the National Organization of Clerks, for example, would then be bargaining for the rest of the people in the country for a wage for them, or what would your concept be? What would be the likely outcome if we amend this bill in the fashion that you have suggested?

Mr. SMITH. I can't contemplate what will be the outcome if we go into this whole wage differential system. It is going to create difficulties, and if we are looking for the easiest way out, I would think that this bill would give it to you, but if you are looking for a way out that is a rather true representation of the needs of the people at a given time in a given locality, I think you are going to have to get away—once you get away from a national wage scale, I think you are going to have to, in fairness and justice, get away from the national negotiations in all areas.

Mr. UDALL. Do you favor different wages in different areas for postal people?

Mr. SMITH. I am bound on that by the position the union has taken in the past, a position I will say that I think they should reconsider at their next convention.

Mr. UDALL. Their position now is for a national wage?

Mr. SMITH. Yes.

Mr. UDALL. And you are bound by that?

Mr. SMITH. Yes.

Mr. UDALL. If you personally had your—well, let me ask it another way—would you be content, would you be satisfied, could your organization survive if we had a situation under something like this bill, whereby wages were bargained for on a national basis by whatever organization had the most membership or could win an election, but that your organization would continue to have dues checkoff and would continue to have this kind of local formal, or national formal, plus local exclusive in areas where you have a majority to continue vigorously to represent your people on discrimination, on employee grievances, on working conditions and other things not involving wages in those local post offices? Could you survive under that system?

Mr. SMITH. This, I think we could live with, hoping that the national negotiators on wages wouldn't come up with some of the very sad types of agreements they have come up to in the areas in which they have been negotiating.

Mr. UDALL. Just one final question: what is going to happen if an amendment of the kind that Mr. Silvergleid has been advocating which

would let the NLRB decide all over the country what are appropriate units? What if the NLRB decided that national craft unions were appropriate units? Would this put you out of business?

Mr. SMITH. Let's put it like this: I prefer the type of amendment that I have suggested, because I think this would—

Mr. UDALL. All right.

Mr. SMITH. Give us the type of protection that we need.

Mr. UDALL. Well, that is a fair answer, and as always, you have done a very vigorous and effective job of representing the fine people in your organization.

Mr. WALDIE. Will the gentleman yield?

Mr. UDALL. Yes; I yield.

Mr. WALDIE. Your last suggestion from which you, or your previous to last question from which you elicited an affirmative answer was that; essentially, the same situation exists today—I mean that exists today would be enacted into law tomorrow with respect to the alliance. Would that have the same impact upon the NPU, or would that be a different situation?

Mr. UDALL. I am just thinking out loud. It essentially would have the same impact. You would divide the question of wages which would be negotiated nationally, and presumably you could have a regional concept built into it or a high cost concept built into it, but it would be a national pattern, then you could continue to recognize the independence to perform the same function, representation functions they perform now.

I am groping for some way out of this, obviously, and I don't want anyone to conclude that I have recommended any opinion, any final conclusions on it, because I haven't.

That is all, Mr. Chairman.

Mr. HENDERSON. Would the gentleman yield?

Mr. UDALL. Yes; I yield to the gentleman.

Mr. HENDERSON. I would like to explore one thing further with you, just briefly.

Suppose that Congress in its wisdom would say that it would be best for the Postal Service to provide that there should be only one type of union and that would be an industrial-type union in the Postal Service. What would be your reaction to that? Would we continue—

Mr. SMITH. Intellectually, I would say the Congress made a very wise decision, but I would still suspect that it would be unfair to impose a specific type of—

Mr. HENDERSON. Would you like to speculate on what would happen?

Mr. SMITH. What say?

Mr. HENDERSON. Would you like to speculate on what would happen if that became law?

Mr. SMITH. There would be a lot of unhappy people, but I am not trying to be facetious about this.

Mr. HENDERSON. I agree with you, and I think that—

Mr. SMITH. I think the imposition by Congress—

Mr. HENDERSON. Would you go so far as to say you think there would be some strikes in the Postal Service if we would do that?

Mr. SMITH. I don't think it would be a suspicion; I think it would be a definite fact.

Mr. HENDERSON. Very seriously, you have said that it is a serious situation if we take this action against the industrial-type unions.

I was trying to make the point as to what would happen if we took the other type of action, converse action. I think it would be equally as bad.

Mr. SMITH. It could be worse, but I am not advocating either.

Mr. HENDERSON. That is right.

Mr. SMITH. I am not advocating that Congress—

Mr. HENDERSON. But, in view of the position that you have taken on the freedom of our postal employees to join or not to join, I wouldn't be at all surprised if a majority of the people that I represent in Congress would not prefer that action than the action that is proposed in the bill with regard to favoring the craft unions. Do you follow me?

Mr. SMITH. Not quite.

Mr. HENDERSON. Well, I think that the majority of my people feel so strongly about the right to join, right of compulsory unionism that if I had only that choice the majority of the people that I represent would prefer even that kind of drastic action, and I think we have got to try and find some middle ground here, and this is the reason I feel very strongly that the right to join or not to join is a precious right, not the right to have a job. Every man ought to have an equal opportunity to a job. But, certainly the right to join or not to join after you get that job is what I understand your position has been, and I congratulate you on it.

Thank you, Mr. Chairman.

Mr. DULSKI. There being no further question, I want to again thank you, Mr. Smith, and all of the members of your wonderful organization for participating in this forum here this afternoon. And we are sorry for the interruption, but the House has adjourned now, and we will be ready to conclude by hearing from the National Association of Postal Supervisors.

Mr. SMITH. Thank you and the committee. It is nice not to be locked out.

Mr. DULSKI. Thank you very kindly.

Our next witness is the National Association of Postal Supervisors, headed by Mr. Fred J. O'Dwyer, the president, and accompanied by Mr. Donald Ledbetter, secretary, and Mr. Dan Jaspán, legislative representative.

Mr. HENDERSON (presiding). The committee will come to order.

President O'Dwyer, we are delighted to welcome you before the committee this afternoon. The chairman has asked me to announce that he had a very important message, and would be right back, but asked that I go ahead and receive you and your testimony, and as we often say, "We save the best for the last."

Good to have you and Dan and Mr. Ledbetter accompanying you and we would be delighted to hear from you at this time.

**TESTIMONY OF FRED J. O'DWYER, PRESIDENT, NATIONAL ASSOCIATION OF POSTAL SUPERVISORS, ACCOMPANIED BY DONALD N. LEDBETTER, SECRETARY; AND DAN JASPAN, LEGISLATIVE REPRESENTATIVE**

Mr. O'DWYER. Thank you, Mr. Chairman. It appears, I guess, we have special interests, because all the audience has left. We do have a

little different approach, I guess, to the problem of the matter before this committee.

My name, for the record, is Fred J. O'Dwyer, and I am the president of the National Association of Postal Supervisors, composed of more than 33,000 postal supervisors, with members in all 50 States and in Guam, Puerto Rico, and the Virgin Islands.

Our members are employed in post offices, branches, stations, motor vehicles facilities, maintenance units, airmail facilities, and mobile units. I am accompanied this afternoon by our national secretary, Donald N. Ledbetter on my left, and our legislative representative, Dan Jaspán, on my right.

We appreciate the opportunity of appearing before your committee to express our views on a matter of great concern to postal supervisors, as well as all postal employees.

We appeared before this committee last year in opposition to H.R. 11750 which we then believed—and still believe—was too radical an approach to eliminate the problems of the Postal Service. We said then—and we repeat—that the Postal Service as now constituted is not perfect. However, we believe that reform can come from within the present framework.

A number of Members of Congress have sent questionnaires to their constituents asking their opinion of a changeover to another form of mail service. The questionnaires have usually been worded something like—"Are you in favor of a Postal Corporation to put the Postal Service on a breakeven basis?" Naturally, the answer to such a loaded question would be mostly "Yes."

However, if these same Members of Congress would ask their constituents whether they favored a Postal Corporation, or some other form of Postal Service that could lead to considerably higher rates and possible reduction of service—we are certain that the negative replies would be overwhelming.

It is an interesting sidelight to note that of the former Postmasters General who appeared before this committee, the one with the longest service in that position, J. Edward Day, strongly opposed the proposed changes and stated that it is a delusion to believe "that business has a monopoly on brains and efficiency, and that Government employees and managers are lazy incompetents." We do not believe that corporations can do no wrong, nor do we believe that Government is all bad.

As you know, Mr. Chairman and members of the committee, a number of possible solutions to the ills of the Postal Service have been offered in the past year and a half. The first and best solution was in the bill introduced by you, Mr. Chairman, the original H.R. 4. Supervisors fully supported that bill.

It proposed that the present basic structure of the Postal Service be retained, but it provided funds for mechanizing and modernizing the present facilities and for building new facilities. The bill also provided for new ways of coping with transportation, ratemaking, and other important problems of the Service. Of prime importance to employees was the section on employee-management relations which would have provided for recognition of all categories of employees, including supervisors.

Unfortunately, the content of H.R. 4 was replaced on March 12 with the administration's revised proposal for postal reorganization in the form of an Authority. The new H.R. 4, which strongly resem-

bles the administration's previous bills—H.R. 11750 and H.R. 15430—was approved by this committee on that date. Postal supervisors could not support that bill. For one thing, it eliminated all forms of recognition for supervisors and, for another, it contained a highly discriminatory pay schedule which provided a pay increase for employees in the first six PFS levels and nothing at all for supervisors, postmasters, postal inspectors, and other employees in the management levels from PFS-7 to PFS-21.

The Senate committee has been busy with its own version of postal reform contained in S. 3613, which was cosponsored by the Senate committee chairman and the ranking minority member of the committee. S. 3613 provides solutions to many of the ills of the Service while retaining the present basic structure of the Postal Service—with a Postmaster General and two Deputy Postmasters General.

The latest proposal of the administration—H.R. 17070—is basically a slight revision of the previous proposals for a Postal Corporation or a Postal Authority. Even though it retains the position of Postmaster General, it provides that the Postal Service would be run by a presidentially appointed nine-member Commission which would select the Postmaster General who could be removed at the discretion of the Commissioners.

One of the major criticisms of the present Postal Service is that there are too many changes in the top positions. This lack of continuity could be continued under the provisions of H.R. 17070 since the Commission, which would meet at unstated intervals, could conceivably appoint a Postmaster General and Deputy Postmaster General for only 1 year. In fact, it appears possible, according to the provisions of the bill, for five of the Commissioners to remove the Postmaster General at any time. We wonder who would be willing to accept the position with virtually no contract guaranteeing a chance to prove himself.

It is also difficult to understand the power, if any, of the Postal Service Advisory Council. H.R. 17070 merely states that "the Commission and the Postmaster General shall consult with and receive the advice of the Advisory Council regarding postal rates and services and compensation of employees."

There is no requirement that the Commission and Postmaster General accept this advice. We are certain that all of these phases, however, will receive the careful scrutiny of this committee.

Section 201 of H.R. 17070 provides for appointments and promotions. Even though it states that "officers and employees of the Postal Service shall be in the postal career service, which shall be part of the Civil Service" the bill further provides that "such appointments and promotions shall be in accordance with procedures established by the Postal Service."

It seems to us that the new Postal Service, under H.R. 17070, could eventually establish its own appointment and promotion procedures which could be at variance with civil service regulations and could eliminate the merit system entirely.

H.R. 17070 is reportedly the result of negotiations between the Post Office Department and the seven craft unions with exclusive recognition. In view of this, it was interesting to note that when the spokesman for the unions—Mr. George Meany—appeared before this committee last Thursday, he stated that the unions were only inter-

ested in the labor-management provisions of H.R. 17070. Obviously, the other aspects of the bill were written by the administration. The administration spokesman—the Postmaster General—emphasized to this committee that he could support no amendments to this bill.

Supervisors played no part in the development of H.R. 17070. Supervisors were not even accorded the rights to consultation as recommended in the legislation. So now we must appeal to you—the Congress—to assure that supervisors have some protection from the unilateral authority that can and has been exercised.

Over the years we have had negotiations—not with the Post Office Department but with Congress. On many occasions in the past—despite the strenuous objections of the Post Office Department—Congress recognized the justification for equity in legislation and included benefits for supervisors.

It can readily be seen, therefore, that under the provisions of section 208 of H.R. 17070 the only avenue of consideration will be the U.S. Postal Service and their decision would be unilateral and absolute with no further appeal rights as far as supervisors are concerned.

Section 208 does provide for “consultation” with organizations such as the National Association of Postal Supervisors. For almost 62 years our organization has had something similar to bargaining rights with Congress. Under the provisions of H.R. 17070 we would not have these rights nor could we even present our problems or grievances to Congress.

This section, in return for removing our liaison with the Congress, entitled organizations such as ours “to consult (with the U.S. Postal Service) with respect to pay policies and schedules, fringe benefit programs, and other programs relating to employees in such occupations.” In our opinion, this type of consultation with the U.S. Postal Service would have little meaning unless stronger provisions are written into the proposed legislation.

We believe that the present top officials of the Post Office Department are sincere in their statements that supervisors would be treated like management and would benefit from enactment of H.R. 17070. However, our Association—which was founded because supervisors were rarely treated like management—has heard these words many times. We have been in existence for many years and have seen many changes in the top staff of the Post Office Department. We have survived over the years, and hope to continue to do so.

It is entirely possible that the new Postal Service would not select the present Postmaster General and Deputy Postmaster General, or that these men may not wish to continue in those positions. If they should leave, any present verbal understandings with them would be meaningless.

We wonder, too, what guarantee there would be that the policy statements made by any Postmaster General would maintain. The Commissioners will be the policymakers—and as we understand it, their position could very well differ from that of any administration.

We are, in effect, now in a collective bargaining process with you—the committee—to amend the provisions that top management has unilaterally concluded “take care” of supervisors. On this point, let us emphasize that if the bill were now law, supervisors would be bound by the decisions of top management with no way to reach an agreement or any avenue of appeal.

We strongly urge that section 208 of H.R. 17070 be amended by including the following:

(a) The provisions of this section or any other laws and regulations shall be interpreted as requiring the recognition of an organization of supervisors, which includes administrative, professional, and technical employees in comparable levels, below the installation head, and representing a majority of such employees.

(b) Representatives of such an organization shall be entitled to act for and make agreements covering all supervisory, administrative, professional, and technical employees at the national and local installation levels and shall be responsible for representing the interests of all such employees. Such an organization shall have the right to participate with the United States Postal Service in the formulation, implementation, and modification of personnel policies and practices, salaries, fringe benefits, and all other matters affecting the conditions of employment of such employees. The United States Postal Service and such organizations, through appropriate officials and representatives, shall meet at reasonable times for the purpose of consultation.

(c) Impasses will be resolved through an outside three-man panel composed of a representative of the Civil Service Commission, a representative of the Department of Labor and a representative of the Federal Mediation and Conciliation Service.

Although section 203 provides that "no variation, addition, or substitution with respect to fringe benefits shall result in a program of fringe benefits which, on the whole, is less favorable to the employees than fringe benefits in effect on the effective date of this section," there is nothing to provide for additional fringe benefits if the Congress sees fit to upgrade the benefits for employees in other agencies of the Government. It is true that the new U.S. Postal Service would bargain collectively with the craft unions on this subject, but there is no guarantee that there would be improvements or that any new benefits negotiated would apply to employees above the levels of the collective bargaining units.

We are happy to note the provisions of the bill prohibiting political influence in the Postal Service, but can see no improvement over similar provisions of the original H.R. 4. H.R. 17070 provides no residence requirements of any kind for the position of postmaster, or for filling that position. Thus, this promotion opportunity which the original H.R. 4 provided could be denied the employees of the various offices where there is a postmaster vacancy. We feel very strongly that only the employees of a given post office should be eligible for the position of postmaster in that office, but that they should be eligible regardless of place of residence. With the trend today to suburban living, it is not uncommon for employees of an office to live outside the delivery limits of an office.

Section 202(b) of title II provides that the agreements negotiated to establish a new wage schedule would assure that postal employees receive "the maximum pay step for the respective labor grades after not more than 8 years of satisfactory service in such grades." The postal field service schedule consists of 21 PFS levels. There is no way of defining a "labor grade."

We respectfully request that this committee amend this section by striking out the words "their respective labor grades" and insert in lieu thereof "all PFS levels."

As we have repeatedly pointed out, many supervisors have served more than 40 years and still have not reached the top step of their PFS levels. If this provision is applied only to "labor grades"—whatever that means—there is a possibility that postal supervisors would still have to serve many years before reaching the top step.

In title II, we would like to have the committee clarify certain sections. Section 201 provides that the Postmaster General "shall increase the rates of basic compensation and basic pay of employees," et cetera. We respectfully request that the committee insert the word "all" before "employees." This would assure that the 8-percent salary increase would have no cutoff point which could result in gross inequities.

It is difficult to understand the necessity for a "part-time" Commission to run the Postal Service. From reading the bill, it appears that their main function would be to approve or disapprove the actions of the Postmaster General. The Congress can now do that—and has done it effectively. The Congress is responsive to the will and desires of the people.

It appears that this committee is being asked to make a most important decision: Should the Postal Service be run as a business, or should it be continued as a service to the American public, supervised by their elected Representatives in Congress? We firmly believe that the profit motive should be removed, and that the post office should be continued as a public service, with provisions made for improved facilities, mechanization and modernization, transportation, proper financing, and so forth, along the lines of the original H.R. 4 or S. 3613.

We respectfully request this committee to include in any legislation provisions for the protection of postal supervisors along the lines recommended in our testimony.

We thank you for the opportunity of appearing before this committee to present our views, and particularly for staying overtime today, because it is of great importance, not only to postal supervisors, but to employees everywhere, as well as to the American public which deserves, we feel, the best possible postal service.

Thank you, Mr. Chairman.

Mr. DULSKI. Thank you very much, Mr. O'Dwyer, for a short, but very fine statement. I think you have outlined another one of those inequities that does exist. The Postmaster General gave us the idea, at least he gave me the impression, that the supervisor would be part of management. As you related in your statement, this is only a verbal arrangement, and unless we have something written in the law, this could be completely eliminated.

In your statement you refer to the fact that the supervisors are only receiving a very small amount above the employees. The members of this committee are very cognizant of the work that you have done.

During the work stoppage you gentlemen worked 12, 14, 16 hours, when called upon to get the job done. This, you have done; I comment you for it.

I can assure you that I know that many members of this committee will give your labor-management relations every consideration.

My mail runs almost 10 to 1 for either a corporation or something

that is going to improve the service. We get very few letters commenting that the job has been well done.

I find also, in my correspondence, that various corporations who were very much enthused with the legislation as it was introduced for a corporation, now are very reluctant, because the rates for their mail will be increased substantially to meet the goals that the Postmaster General enumerated.

I feel that we owe it to the public that the U.S. Post Office not be a profitmaking organization. It gives service.

This is the third or fourth bill that this committee has gone through. We will do our best.

You have a very fine statement. You highlighted many of the inequities that do exist. As I said, we will not bring out a perfect package. We are going to do the best that we possibly can under the circumstances.

Thank you very much.

Mr. O'DWYER. Thank you, Mr. Chairman. Just one comment. The Postmaster General mentioned, I think, when the question was asked whether the provisions of section 208, were the same as the conditions that presently prevail with the postal supervisors, and the response was: "Yes."

It does, to a degree, give us consultative rights which we currently have with the Post Office Department, but our real concern is above and beyond the Post Office Department, that consultation rights confine us to consultation and unilateral decisions that we can't overcome in the wage-benefit area by going to Congress.

Now, if something isn't written into this bill that will give us the same kind of consideration that we currently enjoy, we are going to be disenfranchised. This is our great concern. We believe in reform. We endorsed your bill, Mr. Chairman, since the day you first introduced it and we still endorse it, as a matter of fact. And we believe there is a need for reform in ratemaking, bond selling and all of those particular areas but we also feel that we should not lose the rights we currently enjoy and the opportunity we can have to go to Congress to secure some benefits for our members.

I would just like to cite one example of an indication of our concern:

The Post Office Department fought us right down the line in our endeavor to secure overtime for our people. We were successful through the good will of Congress to have the firstline supervisor included in the overtime provision and then we endeavored to extend that provision, and again the Post Office Department fought us, strenuously, I might add, in that regard, but, fortunately, again, Congress saw the need as we presented it and enacted it into law.

But I am not so sure if we were under an authority tomorrow that that same condition would prevail. The unilateral decision would be that there would be no overtime and we would not have a further right of appeal. This is why we feel that it is so essential and important to have it written into section 208.

Now, we are not asking for collective bargaining, because we are sure that you would not, Congress would not write collective bargaining into a provision of law; we are not asking for it, although that would be ideal. We do not feel that this would be granted, but we do feel that there should be some way in which we could reach an agreement and where we could take an impasse.

Now, in the private sector they say that supervisors do not have this right, or there is anything comparable in the private sector to our organization. This is so; we were born of necessity back in 1908. And we have had the privilege of going to Congress, which does not, apparently, prevail in the private market. So there is a difference.

There is a precedent that has been established over the years that this legislation would take away. This is our real concern.

Mr. JASPAN. Mr. Chairman, I would just like to say a word.

You mentioned something that gives us a lot of trouble; you mentioned that we are part of management and should be treated as part of management, which we have heard from the Postmaster General over the years, from every Postmaster General.

But, unfortunately, they don't point out how low we are on the management rung. There is the Post Office Department, the region, the postmaster, and then the postal supervisor.

The postal supervisor in most instances do not have any part in the formulation of policy. We carry out the policies. If we were part of management, we could help to formulate the policies.

And I just hope when this committee goes into executive session that they will lay to rest once and for all, these statements that we are part of the management.

We would like to be part of management, but we have never been treated that way in the 62 years we have been in existence. We are afraid we will continue to be treated as another, maybe glorified craft organization. That is why we have to have something in the law for our protection.

Mr. DULSKI. Mr. Henderson.

Mr. HENDERSON. Mr. Chairman, if I could go off the record just a minute.

(Discussion off the record.)

Mr. HENDERSON. I agree with your position that you will not get the compression into eight grades in the present bill.

Now, I do, however, believe that you would get the 8-percent pay increase, whether we amended the legislation or not. And if it was with that understanding, I have no objection to amending it to make it absolutely clear, if that is necessary.

But, now I would like to explore this with you quite explicitly, because I am not sure that you are contending that you ought to have exactly the same compression at the supervisory level that we are speaking of below that level.

I am not for it or against it, necessarily.

I am not sure it is fair to give this advantage to the lower employees and not have some sort of assurance as to what they are going to do with regard to permitting your people to get to the top of the pay scale in a reasonable time.

Is it your position that it should be the same?

Mr. O'DWYER. It should be the same.

I think that question was asked the Postmaster General, and he indicated this would be a negotiable item through the collective-bargaining processes with the crafts, and that they then would have a different scale for supervisors. But, he also sent a statement out thanking our people, following the strike, for their efforts and devotion in assuming their duties and responsibilities and indicated that the 8 percent would

apply all the way across, as well as the compression in-steps. This seems to be at variance with—

Mr. HENDERSON. I think the 8 percent will apply, but I am not at all sure that the compression will apply. I am sure that it would not under the terms of the bill.

Mr. O'DWYER. Not under the terms of the bill; no.

Mr. HENDERSON. It is a matter we ought to give very serious consideration, and I was just trying to explore here whether or not it was your position that 8 years, or perhaps less than 8 years should be provided under the terms of the bill for the workers below the supervisory level.

Now, with regard to your recommended amendment to section 208, on first reading it seems to me that it is a bit more complicated than what I had originally thought it to be, and I am inclined to take your recommendation as having been much better thought out than my own ideas. But, as I read the bill with regard to your right of consultation, it certainly seems to me that the one thing we could do to improve it would be to provide that whatever agreements were arrived at through consultation would be reduced to writing and would be effective for a 2-year period unless you mutually changed it.

It may be that proposal does not provide quite the assurance that your amendment does. I was glad to hear you say that you do not interpret the language of your amendment to be collective bargaining, as such, for your members within the supervisory category. But it does say you should have the right to participate in formulation, implementation, and modification of personnel policies and practices, salaries, fringe benefits, and all other matters affecting the conditions of employment of such employees. And, of course, you have, very briefly in subsection (c), attempted to resolve any impasse that might arise.

So you clearly do not consider that to be collective bargaining, but, rather, stronger language than consultation. Certainly you would want whatever agreements were arrived at to be reduced to writing that there would be no misunderstanding as to what they meant, and I presume that you would want impasses or interpretations, even if they came to disagreement, to be settled by the outside three-man panel?

Mr. O'DWYER. This is what we are striving for; yes.

Mr. HENDERSON. I think that is all I have, Mr. Chairman, except to again commend the gentlemen for their presentation.

Mr. DULSKI. Thank you. Mr. Udall.

Mr. UDALL. Well, I appreciate your effective presentation here today.

Fred, contrast for me quickly the status you now have with what the bill gives you and with what you would like to have. You now have a recognition contract with the Department.

Mr. O'DWYER. Under the provisions of Executive Order 10988 we do have formal recognition.

Mr. UDALL. What does this entitle you to?

Mr. O'DWYER. Just to consult.

Mr. UDALL. Just consultation.

Mr. O'DWYER. And they say "No," and that is the end of the trail.

Mr. UDALL. And if that does not work out, you can come up here and belabor Mr. Henderson and Mr. Waldie and the chairman—

Mr. O'DWYER. That is right.

Mr. UDALL. And myself to try to get some relief. The bill says—

Mr. HENDERSON. Will the gentleman yield?

Mr. UDALL. Yes.

Mr. HENDERSON. Do you have a written agreement?

Mr. O'DWYER. No written agreement; no.

Mr. HENDERSON. Have you ever attempted to negotiate, or to write—

Mr. O'DWYER. They frown on that word.

Mr. HENDERSON. To get a written agreement as a result of your consultation?

Mr. O'DWYER. We tried, but we never were successful.

Mr. LEDBETTER. The minutes of the meetings is the only thing in writing.

Mr. O'DWYER. That is right; the closest thing we come to it are the minutes of the meetings which are in writing, but they are not, in fact—

Mr. HENDERSON. You have never had a memorandum of agreement or a contract?

Mr. O'DWYER. No.

Mr. UDALL. All right. We now understand your present situation. H.R. 17070 as written, you say, gives you basically what you have now.

Mr. O'DWYER. Right.

Mr. UDALL. Consultation. But deprives you of the right to come to Congress.

Mr. O'DWYER. Right.

Mr. UDALL. Well, I would sharply question that, because my own view is that we are going off in the woods here with an entirely new idea, and a lot of us don't know just how this wagon will survive the trip. And I, for one, foresee a period a shakedown period of 2 or 3 years in which we find bugs in this new legislation.

We are going to find things that we had not thought of and things that do not work. And I would say to you: even if the bill is not changed—and I am not necessarily posing a change with regard to supervisors—there would be nothing on God's earth to prevent you from coming up here and saying that great reform bill, which was passed in 1970 is not much of a reform as far as we are concerned, because it has these inequities affecting supervisors and we would like the following relief.

My door will be open and the chairman's door will be open, and I will be glad, if that should be the case, to consider anything you have to say.

Mr. O'DWYER. We appreciate the fact that your doors would be open, and they always have been, but that would not be the solution to our problem, because the issues would be decided down town and there would not, under this bill, be any avenue of appeal to Congress to correct them, because the wages, fringe benefits, and all the other factors are going to be determined through collective bargaining.

Mr. UDALL. From which you are excluded.

Mr. O'DWYER. We are excluded. We could come and say hello to you and meet with you, but there would be nothing, as I view this, you could do for us unless you reopened the bill and passed something different.

Mr. UDALL. This is what I am talking about.

Mr. O'DWYER. Well, we would rather have something in this bill to assure us that we will not—

Mr. UDALL. There would be the Dulski-Udall amendment to the 1970 Postal Reform Act, which would give you what they refused to give you down there.

Mr. JASPAN. Mr. Udall, there is another thing we are concerned about, and that is if this bill goes through, there will not be a Post Office and Civil Service Committee for us to come to. There might be a Civil Service Committee and we could come to you as an individual member, but we still could not appear before the Post Office and Civil Service Committee at all.

Mr. UDALL. This is not my view.

Mr. JASPAN. That is a possibility.

Mr. UDALL. My view is that we do not have a Post Office Committee for all practical purposes, because we spend all of our time every year on pay bills and rate bills; we never have time to haul management in and find out what they are doing wrong, supervise them, check them, oversee them, and so on.

Mr. HENDERSON. Will the gentleman yield?

Mr. UDALL. Yes, I yield.

Mr. HENDERSON. It just seems to me that the argument that our good friend is making, if that is the effect of the legislation, we might find that the middle numbers of the bill are 707 and this bill would go out of here just as fast as the 707 would if it would abolish the Post Office side of this committee.

Mr. UDALL. All right. I started out with what you have now, where the bill puts you. What you want is consultation, plus what looks to me in section 208, in your version of section 208, very suspiciously, like binding arbitration. If you have a grievance, you want to take it to this three-man panel, and they have the power to impose it on the Post Office Department, whether they like it or not; right?

Mr. O'DWYER. Right; absolutely. In fact, we do have collective bargaining. This is what we are asking for; we do have it now with you gentlemen here. This is what we have now. We can come to you—and we are trying to collectively bargain with you for this particular provision, for the adjustment and if this committee agrees and puts that in, then we have accomplished our collective bargaining process.

We would not have that if we went to the Post Office Department and again we would have to come back and spend all your time again to get the reform measure legislatively adjusted to provide for that.

Mr. UDALL. I want to make it as good as we can now, but I refuse to say that we have closed the door on any changes. We are going to have to perfect and improve and ride herd on this thing for many years to come. I suspect there will be many things in it that will not work just the way we found they were going to work.

Let me question you on two other things quickly.

One is: Don't you agree that there ought to be some cutoff point beyond which a guy is management and is not a supervisor?

It seems that your language here is so broad, so all-inclusive that I can envision the postmaster of Los Angeles being called, being visited by a delegation of his employees desiring consultation and they consist of his three top subordinates. It is as though the vice

presidents of General Motors had a union and were coming in to negotiate benefits with the president.

Shouldn't we say at some point that a supervisor is a guy who is under 14, or PFS-12, or 16, or something?

I cannot imagine a guy being a PFS-19 or 20 belonging to the supervisors. And yet, under the language as I read it, you would go all the way up to the Postmaster himself.

Mr. O'DWYER. PFS-18 would be the top one we represent. There wouldn't be any postmasters. They would not be included, and the language we have in here is what the Department now recognizes as including our group.

Mr. UDALL. Well, you see, Dan is right in suggesting that an important firstline supervisor in San Jose is not going to consult with Mr. Blount very often about policy and so on. He is not really part of management.

Mr. JASPAN. Or even higher than firstline; much higher.

Mr. UDALL. But, in a real sense, up that hierarchy a third assistant regional director in San Francisco sure as hell is management. He is consulted.

At some place I think you have to cut it off.

Mr. O'DWYER. We cut them off at the postmasters and above. Regional officials are top management. We are below both postmasters and regional officials.

Mr. UDALL. What part of your membership do we chop off if we limit the supervisors to, say, 15, just arbitrarily, 15, 16?

Mr. O'DWYER. I would say 800 or 900.

Mr. UDALL. Do you have that many above in your organization?

Mr. O'DWYER. Yes.

Mr. UDALL. These are just guesses.

Mr. O'DWYER. That is a guess.

Mr. UDALL. But you have a substantial number——

Mr. O'DWYER. Yes.

Mr. UDALL (continuing). Of members of your organization who are PFS-15 and above?

Mr. O'DWYER. Right.

Mr. UDALL. Okay. Now, finally, would you be comforted, feel a little bit more protected if we did something on the differential in pay between the supervisors, and the clerks, and carriers?

What I am talking about is this: you know, we have had these many fights where we will have a pay bill and somebody says, "Well, let's cut it off at six. It is the clerks and carriers who need it. The heck with the supervisors." I have never yet seen a Postmaster General or a Budget Bureau of Administration in favor of these kinds of cutoffs where all the money went to the low-income people.

These cutoff ideas have always come, in all the pay bills I have ever had anything to do with, from the clerks and the carriers, and these other groups, saying: "You have only got so much money in the budget. We have got to have a cutoff here. The supervisors are making more money anyway."

That is why this differential was narrowed and narrowed and narrowed until we finally got all the comparability in that 1967 bill.

Suppose we draft a little amendment here which says that differential in pay between firstline employees, the clerk and carriers, and the supervisors shall never be less than  $x$  percent?

I remember we talked a long time ago about what is a reasonable differential.

In my judgment the guy who takes a supervisor's job ought to have 20 or 25 percent more than the people he supervises.

Wouldn't this kind of permanent protection eliminate this one fear you raise that management will sell out and give all the money and give huge wages to the clerks and carriers and you will be sitting there making 1 percent more than the 10 percent you supervise?

Mr. O'DWYER. That is one area where, of course, that would be helpful. You have different levels of supervisors: first-line, second-line, third-line, fourth-line, fifth-line. And if you pyramid that 25 percent between each level it would get completely out of proportion.

Mr. UDALL. No; I would not want to do that. I would not want to fix a glaring gap between the two, having confidence that no management ever is going to let a PFS-11 get less than a PFS-10. There ought to be some differential. The point where you all run together is you all want to get very close-line supervision, but the clerks and the carriers want to get all the money that is available and to get very close to your pay. But, as I say, my hopes don't put any money in your pockets, or my beliefs, but the problem on differential has never come from management or the Postmaster General. The problems always come from clerks and carriers faced with a limited amount of money in the budget, saying, "Let's have a straight across-the-board raise of \$100 for everyone, or let's take all the money that is available for clerks and carriers and have a cutoff at the supervisors."

Mr. JASPAN. Mr. Udall, in 1964 I think it was, the Post Office Department supported legislation that gave the craft employees 6 percent and the supervisors 4 percent. The craft employees got more money in that instance. We have had our problems on that.

But there is one thing I would like to point out on the score. You had a representative today suggesting that money be put into a pot and divided evenly among all postal employees.

One thing that the committee should bear in mind is that, if the postal supervisors from, let's say, 7 up did not get 1 cent of increase and it was divided even among all the crafts, they would get something like \$1.90 a week before taxes.

Mr. UDALL. I have made that argument every year when somebody suggests this, and it never makes much impression on these people, but this is the way it is; this is true.

Mr. JASPAN. About \$1.90 a week for the craft employees.

Mr. UDALL. I am afraid we are going to slip back into this business of putting all the money in the lower grades. And I am all for the lower grades. It took us years and years and years to finally get the differential and get full comparability, and now we are going to slip back again if some of these suggestions are carried out.

That is all I have, Mr. Chairman.

Mr. DULSKI. Thank you. Mr. Waldie.

Mr. WALDIE. I have never fully understood the Post Office, why they object to the supervisors organization having the same bargaining status as the seven craft unions. You, obviously, with such a status, do not detract from the seven craft unions' sanctuary. NPU and the Alliance might, and I can see where there would be objection there, but your organization is not competitive with them in terms of dues check-offs.

That being the case, they would not, it would seem to me, object—"they," meaning the seven postal unions—to your having the status in terms of collective bargaining that they have.

Why does the Post Office Department itself create what seems a fiction that you are an essential part of management and to give you rights against management would, in fact, erode managerial authority? That is describing something that might exist somewhere else, but it does not exist in the Post Office. You have never really been a part of it, part of management, have you?

Mr. O'DWYER. Not that we can recall we haven't; no, sir.

Mr. WALDIE. In the short time I have been here it wouldn't be hard for me to describe the supervisors as part of management. In terms of the way you are treated, what then, is the argument—maybe someone on the committee can help me—why should not the supervisors be given the same bargaining rights as the seven craft unions? They do not interfere with the craft unions; they are not competing with them for members. So the only one that could possibly object would be a postmaster or the Post Office Department. Why do they object to giving postal supervisors the same bargaining rights the craft unions have?

Mr. O'DWYER. If I could respond, the only reason I know they maintain we should not have it is because there is no counterpart in private industry, and for that reason it should not be—this is the only reason.

Mr. WALDIE. Well, I agree with that, because their counterpart in private industry objects to the status you now have, too.

Mr. O'DWYER. This is correct; this is what we have been maintaining.

Mr. HENDERSON. Will the gentleman yield?

Mr. WALDIE. Could you help me on that?

Mr. HENDERSON. I don't want to be unfair on this because I don't have the long term experience that the gentlemen before us have, but I wonder if, to a great extent, it is not the situation in the private sector that the break between management and labor is just below the supervisory level, management and the National Labor Relations Act, having recognized this. And to be practical about it, I think that they have come to think of that as the breakpoint. Above that they are antiunion and below that, generally they are pro-union. And so I wondered if this hasn't spilled over here?

Mr. WALDIE. I think it has here.

Mr. HENDERSON. Which is not necessarily comparable at all.

Mr. WALDIE. I think they are describing a situation that exists elsewhere, but not the situation that exists here. I don't know, I think with the political realities of this bill which are present, as well as the integrity of the bill in terms of reorganizing the post office, it would seem to me that dealing with this problem is a lot simpler as a political problem than to deal with the Alliance and the NPU, because if you deal with them and give them a piece of the pie you offend the seven craft unions. That is where the competition is, with the membership issue.

We are dealing with a plea that the postal supervisors are making, and politically, at least you do not offend the unions at all, because they are not competing for that membership. And yet I think it is a far more realistic treatment of them because, in effect, they have

been bargaining with Congress just as the other unions. They have not been treated as management and they have not, to my knowledge, considered themselves as anything other than employees.

Mr. DULSKI. Will the gentleman yield?

Mr. WALDIE. Yes.

Mr. DULSKI. In my original H.R. 4 I did have a section for the postal supervisors, but section 207 provides: "Notwithstanding any other provision of law, but subject to," et cetera, et cetera.

In other words, their doors would be closed automatically.

Mr. WALDIE. Well, the present bill, very plainly, gives them absolutely nothing. They have given up the right, as Moe and Fred's colloquy described very easily; they have given up the right to appeal to Congress. Their status in terms of negotiating is precisely as it is now, but that isn't a fair description because consultation as it exists now has the effect that if their consultative needs are not met, they will appeal to Congress.

Mr. O'DWYER. That is right.

Mr. WALDIE. It is a very weak right even now, but at least it is strengthened by the right that he can appeal to a friendly Congress.

Mr. O'DWYER. That is right.

Mr. WALDIE. But, if you remove that right, that consultative right that you are supposedly left with, this is really just a sop that is supposed to buy you off.

Mr. HENDERSON. Will the gentleman yield?

Mr. WALDIE. Yes.

Mr. HENDERSON. One of the things I have found is that when the supervisors organization has come to us with problems in the past under what is referred to as a right to collectively bargain with us, they usually bring to us problems that are departmentwide.

Now, the other crafts in their vying for position emphasize problems that may be peculiar geographically to their own membership. And it seems to me that management would do well some way, either through the formal wording of our act or otherwise, to pay great attention to the supervisors and their spokesmen, because usually when they go through the process of talking to the people and bringing the problem to management or to us as the Board of Directors, as we have often referred to it, it is a departmentwide problem; a real nationwide problem throughout the system, and we could get a lot from this.

Mr. WALDIE. I don't want to prolong the discussion. I don't intend to because I want to leave, myself, but it does seem to me that they make a very strong case for treatment—that is, a very rational treatment of a problem that would not dislocate any of the political sensitivities of this bill.

I think their fears are awfully well founded. I think a recent history in terms of putting together this package and your denial of any opportunity to participate in that is a pretty good indication that you are really not considered an important part of management.

Mr. O'DWYER. That is right.

Mr. HENDERSON. Would the gentleman yield for one other point?

I think this is very important. There are some provisions in this bill that industry people are concerned about. They have been in touch with us over them. I think that we are setting some unusual prec-

edents in view of the history of this legislation and the way we will be acting, but nobody has suggested to me that if we give the postal supervisors the type of recognition and powers that they are seeking here that this would spread it to industry. I have no fear of this.

Mr. WALDIE. There is no impact, really, in terms of the sensitivity of the bill on anybody but perhaps the Postmaster General who just finds himself with another heading to deal with and he would not have to deal with you folks, under this bill he would not have to deal with you at all.

Mr. HENDERSON. Could I ask just one question?

Couldn't you contend that the new management would have less problems if we spelled out in this bill the provisions under which they were going to deal with supervisors, rather than consult—

Mr. O'DWYER. That is right.

Mr. HENDERSON (continuing). Have a more formal way of doing it? Your convictions are that this would improve the Postal Service, isn't this true?

Mr. O'DWYER. We believe so.

Mr. JASPAN. Mr. Chairman, if I may say to Mr. Henderson, I believe most of you members have attended our conventions, and you notice that almost everything that comes up there is for the improvement of the Postal Service. Supervisors are very much interested in improving the Postal Service.

Mr. HENDERSON. I haven't heard of you folks considering the problem of whether to strike or not to strike or even the right to do so.

Mr. JASPAN. That is right. But, in regard to what Mr. Waldie said about treating us like in private industry, that is a real bugaboo with the Post Office Department. They want us to have all the restrictions of private industry but none of the benefits. Private industry has a lot of fringe benefits for the supervisors. They have stock options, they pay all their insurance, life insurance, health insurance, different from the nonsupervisory people.

There are many differences between the Postal Department and private industry and their treatment of supervisors.

Mr. O'DWYER. I just want to touch on one point there.

The exclusive organizations through their collective bargaining process, of course, have reached agreements, and I think are in the second or third agreement now. These are written agreements that apply principally to craft. Nevertheless, those same agreements written for the craft apply to our people. We have consultative rights, but that was a unilateral decision, and grievance procedures, appeal procedures, all of those areas negotiated by the crafts we are governed by, yet we had no input into it whatsoever. And this is one of the reasons we feel when we get into an authority or whatever it may be termed, that there must be some way that we can protect our interests in a measure besides the consultative process.

Mr. DULSKI. If there are no further questions, the committee stands adjourned until tomorrow morning.

Thank you, Mr. O'Dwyer.

Mr. O'DWYER. Thank you, Mr. Chairman.

(Whereupon, at 6:20 p.m. the hearing was adjourned to reconvene on Tuesday, April 28, 1970.)

(The statements and letters which follow were received for inclusion in the record.)

STATEMENT OF SHERMAN P. LLOYD, A REPRESENTATIVE IN CONGRESS FROM THE  
STATE OF UTAH

Mr. Chairman and members of the committee, postal reform is overdue. The fact that we have permitted the postal service to be supervised by the Congress is a contributing factor to the inefficiencies of the present system and to the lack of meaningful wage comparability deserved by the postal workers.

As a citizen and as a Member of Congress, I have been very disturbed by the fact that a situation has prevailed under which Members of Congress and postal workers could be of mutual assistance to each other at public expense. For a vote favorable to the postal workers, a U.S. Congressman might expect a smile of approval and often much more active support in his behalf at election time. For an unfavorable vote, he might expect political punishment. To allow this situation to prevail is clearly not in the public interest, and I do strongly support postal reform as proposed in H.R. 17070.

The proposed legislation, does, however, have a very serious deficiency. It permits negotiation of a union shop under which all postal workers would thereby become contractually obligated to join the postal union. It is not enough for us to say the Bill will respect freedom of choice only in those States where this freedom is protected by law. I know of no one who opposes an employee's right to join a union anymore, and certainly I do not oppose free affiliation with a labor union. I am quite sure that were I in an appropriate situation, I would give strong support to a union which I respected or whose potentials I respected. However, it is just fundamentally wrong to compel union membership as a condition of employment, and we will be making a very serious mistake if we do not put appropriate language in this legislation which will guarantee to the individual postal worker the freedom of choice as to whether or not he becomes a member of the union.

I strongly urge an amendment to this Bill which will specifically provide that postal workers will have the freedom of choice to determine voluntarily whether they desire to join the union. Without such language, the legislation, the major provisions of which are essential to the welfare of this country, will be critically endangered.

STATEMENT OF CONGRESSMAN JACOB H. GILBERT, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF NEW YORK

Mr. Chairman and members of the committee, I wish to inform the committee of my support of certain amendments to H.R. 17070, to improve and modernize the postal service. The following Members of the House from my State of New York join me in supporting these amendments: Joseph P. Addabbo, Mario Biaggi, Jonathan B. Bingham, Emanuel Celler, Shirley Chisholm, Leonard Farbstein, Seymour Halpern, Edward I. Koch, Allard K. Lowenstein, Adam C. Powell, Benjamin S. Rosenthal, and William F. Ryan.

The amendments, which I hereby submit to the committee, seek to give fair and just treatment to all postal employees in selecting their bargaining representatives of their own choosing in any appropriate unit.

My New York colleagues and I strongly urge that this committee favorably consider these amendments which we have recommended.

The amendments follow:

First: On Page 16, add a new paragraph (6) at the end of section 114, to read as follows—

“(6) all provisions of title 5 relating to the competitive civil service.”

Amend section 201, relating to appointments and promotions, by striking out the first three sentences and insert in lieu thereof the following:

“The Postal Service may appoint and promote, in accordance with the provisions of title 5 relating to the competitive civil service, such officers, attorneys, agents, and employees and vest them with such powers and duties as it deems necessary.”

This amendment would insure continuation of the current civil service status of postal workers within the proposed U.S. Civil Service.

Second: Page 29, line 15, delete the word “national”; line 16, delete “such units shall be national crafts”; line 17, delete the entire line; line 18, delete the entire line; line 19, delete the entire line; line 20, delete the entire line; line 21, delete the word “clerks”.

This amendment frees employees in the Postal Service from legislatively mandated segregation into and permanent confinement in seven national so-called "craft" units. It would permit the National Labor Relations Board to apply the normally accepted standards in determining what are appropriate units—industrial, craft, or combinations thereof—for collection representation. The right of collective bargaining is a sham if the employees are denied the right to freely select their bargaining representatives. The mandated units are grossly inequitable. Some are large and would be relatively powerful; some are disproportionately and relatively powerless. An appropriate unit structure is of the essence of the right of collective bargaining. To have units determined by legislative fiat is to introduce into the Postal Service a repressive technique with strong Soviet overtures.

Third: Page 30, line 16, delete the word "national"; line 19, after the word "representative", change the period to a comma, and insert the following: "Provided that the constitution of such labor organization grants fair and, as nearly as practicable, proportionate representation to its members."

The proposed amendment of paragraph (a), Section 224, Title I, page 30, would again leave determination of appropriate unit to the National Labor Relations Board without mandated restrictions. The proposed addition to the paragraph is intended to require labor organizations in Postal Service reasonably comply with the "one-man one-vote" principle which is now recognized as fundamental to the democratic process.

Fourth: Page 30, lines 20 and 21, delete the words "national exclusive recognition and national"; line 21, delete the words "entered into by" and substitute therefor the words "covering employees in"; lines 22 and 23, delete beginning with the word "pursuant" up to and including "order 11491"; line 23, after the word "recognized" insert the words "by the Postal Service".

The proposed amendment of paragraph (b) of Section 224, Title I (page 30) would continue existing agreements in effect until altered or amended pursuant to law. As written, the bill might well be held to nullify all existing local agreements and some national agreements. Under the provisions of section 202 of Title II it could take over seven months to arrive at new agreements to replace those nullified.

Fifth: Page 32, line 2, delete "a statement signed by" and insert therefor "proof that"; line 4, delete the words "stating they"; line 5, substitute a comma for the period and after the word "sub-section" add the following "or by written proof that at least 30 per centum of the employees in the unit are members in good standing of the petitioning organization".

The proposed amendment of paragraph (d) of Section 224, Title I, (page 32) would have the requirements for an effective election petition conform to NLRB practices.

Sixth: Page 33, line 4, insert "(a)" at the beginning of the paragraph; and delete the word "National"; line 10, after the words "if the" insert "Post Office Department or the". After line 13, insert as paragraph (b):

(b) Any agreement in effect immediately prior to the enactment of this section between the Post Office Department and any organization of postal employees which provides for deduction by the Department of the regular and periodic initiation fees, dues and assessments of the organization from the pay of its members, shall continue in full force and effect and such obligation assumed by the Postal Service, provided that no such deduction shall be made from the wage of any employee except on his written assignment which shall be irrevocable for periods of not more than one year.

The proposed amendment of paragraph (a) of Section 226 of Title I (page 33) would make dues deduction arrangements available to any exclusively recognized organization; and the addition of paragraph (b) would permit organizations which now hold dues deduction agreements to continue such agreements.

Seventh: Page 154, line 6, delete the word "national"; line 7, delete the word "exclusive".

The amendment of Section 202(a) Title II (page 154) would simply continue existing recognition rights during the transitional period and until altered or amended pursuant to law.

STATEMENT OF FRANCIS S. FILBEY, PRESIDENT, UNITED FEDERATION OF POSTAL CLERKS, AFL-CIO

Mr. Chairman and members of the committee, I am Francis S. Filbey, President of the United Federation of Postal Clerks (AFL-CIO) the exclusive representative at the national level of the more than 300,000 postal clerks employed by the Post Office Department in all the states of our great nation.

We thank you for this opportunity to present our views on this most important piece of legislation.

The national exclusive recognition we presently hold was won by us in a free democratic representation election held in June 1962 and Executive Order 10988. The Post Office Department held that 1962 representation election under the supervision of the Department of Labor. In 1962 there were 240,152 postal clerks who were eligible to cast ballots. 183,508 of them did cast valid ballots and the United Federation of Postal Clerks (AFL-CIO) received 115,741 of those valid votes, a little better than 62% of the clerk votes cast. The National Postal Union received 30,489 of which 12,983 came from clerks in the New York Postal Region. The U.P.F.C. received 10,097 clerk votes from the New Postal Region.

The National Alliance of Postal Employees, as it was then known, received 14,080 of the total clerk votes cast, nationwide.

The United Federation of Postal Clerks (AFL-CIO) was seeking recognition in the Postal Clerk Craft only, while the N.P.U. and the Alliance were seeking recognition on an industrial basis; that is, from all crafts.

1962 REPRESENTATION ELECTION

	Number	Percent of valid ballots cast
Postal clerks eligible to vote.....	240,512	
Postal clerk valid ballots cast.....	183,508	100.0
UFPC (AFL-CIO) valid ballots received.....	115,741	63.1
NPU valid ballots received.....	30,489	16.6
Alliance valid ballots received.....	14,080	7.7
Valid ballots for other unions or no union.....	17,198	12.6

<sup>1</sup> 76 plus percent of postal clerks eligible to vote.

These figures are pointed out to show that when we say that we won the right to represent all postal clerks, by the choice of the majority of the clerk votes, that we did just that.

However, despite this overwhelming choice by the postal clerks of our nation, Post Office Department conferred upon the NPU and the Alliance a form of recognition previously unheard of in labor representation situations known as National General Formal Recognition, not only for the Postal Clerk Craft, but for all crafts.

The NPU and the Alliance make much of the fact that they are industrial type unions and would lead one to believe that such industrial type of unionism is preferred by the tremendous numbers of rank and file postal employees. Let us look at the record.

1962 REPRESENTATION ELECTION, ALL CRAFTS

	Number	Percent
Total valid votes cast.....	367,730	100.00
NPU valid votes received.....	38,367	10.46
Alliance valid votes received.....	21,999	6.00

1970 POSTAL POPULATION (RANK AND FILE)

	Number	Percent
Total employees all crafts.....	623,768	100.00
NPU claimed membership.....	80,000	12.84
Alliance claimed membership.....	40,000	6.42

Using the two tables above one very readily can see that the number of postal employees who desired industrial unions in 1962 has not materially increased in the intervening 8 years. The industrial union NPU increased only 2.42% and the industrial Alliance only a little less than one half of one per cent. We also believe that note should be made here that the Alliance's increase of less than one half of one per cent does not even reflect the large influx of black workers into the Post Office Department over the past 8 years.

The dues check-off figures of the Post Office Department for the month of January 1970 are also very revealing:

Postal clerks on rolls.....	303,488
UFPC (99% P.O. clerks).....	135,089
NPU (all crafts).....	68,276
Alliance (all crafts).....	28,177

Obviously, if industrial unionism is so potent, the NPU and Alliance check-off figures quoted above must contain many employees who are not postal clerks. So let us look at the total picture:

	Number	Percent
Rank and file postal employees (all crafts).....	623,768	100.00
NPU Checkoff (all crafts).....	68,276	10.94
Alliance Checkoff (all crafts).....	28,177	4.36

If we use their total claimed membership, the figures are not much better:

	Number	Percent
Rank and file postal employees (all crafts).....	623,768	100.00
NPU claimed membership (all crafts).....	80,000	12.84
Alliance claimed membership (all crafts).....	40,000	6.42

Where is this great industrial unionism desire on the part of postal employees? We, therefore, respectfully urge this great committee to permit the employees of the postal service to continue to be represented by the unions whom they chose in a free democratic representation election without that representation being diluted or fragmented. Certainly, if this bill, H.R. 17070 or even the amended H.R. 4 (already approved by this committee) is to afford postal unions full collective bargaining with a Postal Authority or an Independent Establishment, they must be placed at that bargaining table as nearly equal as possible with Postal Management. This cannot be done if they are to be fragmented by continuation of the present chaotic situation.

Mr. Chairman and Members of the Committee, we therefore, pray your favorable consideration of Sections 224 and 226 of Chapter 2 of H.R. 17070 as written.

We do not agree that adoption of these two sections will put any postal organization out of business. If our national exclusive recognition with all of its accompanying requirements, is to be effective, we must be freed from this dual and fragmenting recognition.

Contrariwise, if industrial unionism is so greatly desired, as the NPU and the Alliance allege, they should have no difficulty in wresting the present national exclusive recognition from one or more of the present national craft unions through the N.L.R.B. elections which become available under this Bill.

Mr. Chairman, we support H.R. 17070 in its entirety as the fruit of our negotiations with the Post Office, Department.

## DUES CHECKOFF

	Employees <sup>1</sup> on dues checkoff (Jan. 1970)	Actual monthly <sup>1</sup> dues collected (Jan. 1970)	Projected <sup>1</sup> annual dues to be withheld (calendar year 1970)	Estimated union membership <sup>2</sup>	Number in <sup>1</sup> bargaining unit (Jan. 1970)
National Association of Post Office and General Services Maintenance Employees, AFL-CIO .....	5,930	\$12,570.69	\$150,848.28	9,237	24,605
National Association of Special Delivery Messengers, AFL-CIO .....	2,423	6,531.50	78,378.00	2,073	5,823
National Alliance of Postal and Federal Employees .....	28,177	73,419.29	881,031.48	37,000	-----
United Federation of Postal Clerks, AFL-CIO .....	135,089	348,166.68	4,178,000.16	143,146	303,488
National Association of Post Office Mail Handlers, Watchmen, Messengers and Group Leaders, AFL-CIO .....	21,770	48,908.78	586,905.36	32,800	45,038
National Association of Letter Carriers, AFL-CIO .....	169,623	524,914.99	6,298,979.88	189,628	201,289
National League of Postmasters .....	9,217	13,225.41	158,704.92	18,000	-----
National Association of Postmasters .....	17,788	27,362.77	328,353.24	32,717	-----
National Rural Letter Carriers' Association .....	9,581	14,245.91	181,750.92	40,340	30,954
National Association of Postal Supervisors .....	31,314	84,114.91	1,009,378.92	31,700	-----
National Postal Union .....	68,276	139,297.14	1,671,565.68	70,000	-----
National Federation of Post Office Motor Vehicle Employees, AFL-CIO .....	7,794	21,491.95	257,903.40	8,141	12,571
American Federation of Government Employees, AFL-CIO .....	80	184.70	2,216.40	-----	-----
International Association of Machinists, AFL-CIO .....	5	27.90	334.80	-----	-----
<b>Total .....</b>	<b>507,067</b>	<b>1,314,462.62</b>	<b>15,784,351.44</b>	<b>594,782</b>	<b>623,768</b>

<sup>1</sup> Source—Bureau of Finance and Administration.<sup>2</sup> Source—Bureau of Labor Statistics.<sup>3</sup> Includes GSA and POD Employees.

[Key: SDM—National Association of Special Delivery Messengers, AFL-CIO, AFGE—American Federation of Government Employees, AFL-CIO, NAPE—National Alliance of Postal Employees, NPU—National Postal Union, MH—National Association of Post Office Mail Handlers, Watchmen, and Group Leaders, AFL-CIO, MC—National Association of Post Office Maintenance Employees, MW—National Federation of Post Office Motor Vehicle Employees, AFL-CIO, UFPC—United Federation of Postal Clerks, AFL-CIO, NALC—National Association of Letter Carriers, AFL-CIO, RLC—National Rural Letter Carrier's Association]

POST OFFICE ELECTION CERTIFICATION

Craft	Recapitulation										None (11)
	SDM (1)	AFGE (2)	NAPE (3)	NPU (4)	MH (5)	MC (6)	MV (7)	UFPC (8)	NALC (9)	RLC (10)	
Rural carriers.....	26,779		28	46	8,253	20	2	43	1,474	25,009	177
Mail handlers.....	18,043	26	2,385	4,516	3	1	16	1,047	1,590	9	175
Special delivery messengers.....	3,016	7	88	52	3	1	3	67	1,081	8	21
Motor vehicle maintenance.....	5,588	1,692	943	546	15	10	3,483	96	1,465	1	31
Maintenance custodial.....	11,412	1	1,241	1,491	94	5,805	8	660	1,374	29	129
Carriers.....	125,384	31	3,234	1,227	8	14	96	800	118,692	321	975
Clerks.....	177,508	6	14,080	30,489	77	42	72	115,741	10,428	405	6,082
Grand total.....	367,730	1,734	21,999	38,367	8,450	5,892	3,611	118,484	135,104	25,782	7,590

POST OFFICE ELECTION CERTIFICATION—REGION: NEW YORK

Craft	Recapitulation										None (11)
	SDM (1)	AFGE (2)	NAPE (3)	NPU (4)	MH (5)	MC (6)	MV (7)	UFPC (8)	NALC (9)	RLC (10)	
Rural carriers.....	1,076		2	2	1,081	4		4	60	998	10
Mail handlers.....	5,689	3	479	2,645	7		1	227	475	3	50
Special delivery messengers.....	1,487	216	8	7				3	250		2
Motor vehicle maintenance.....	1,100	4	72	299	7	778	626	12	81		5
Maintenance custodial.....	2,036	45	205	780			1	76	135		16
Carriers.....	15,532	3	1,577	223	12	4	11	62	14,964	28	66
Clerks.....	26,935	2	1,168	12,893	12		17	10,097	1,980	17	746
Grand total.....	52,855	221	2,091	16,849	1,820	786	646	10,484	17,955	1,047	895

STATEMENT OF J. EDWARD DAY, GENERAL COUNSEL, ASSOCIATED THIRD CLASS MAIL USERS

On behalf of the Associated Third Class Mail Users, of which I am General Counsel, I am submitting herewith a few priority suggestions for urgently needed amendments to the above bill.

At the time he testified on the bill before your Committee on April 22, the Postmaster General stated a number of times that the bill should not be amended because it represented the agreement arrived at by bargaining between the Department and the postal unions. It should be pointed out that neither the major mail users, nor other groups such as transportation companies having a vital interest in this legislation, nor even the general public, were represented in these closed bargaining sessions.

It should be obvious that the representatives of the postal unions were primarily concerned with pay and labor relations questions and had no reason to bargain or even be concerned with the provisions of the bill on bond financing and rate-making.

In order to conserve the time of the Committee, we are limiting our comments to only six vital points, although there are many others which give us concern, a number of which were covered in my testimony before the Committee last year.

(1) *The bill should provide that so-called "social acceptance" of a class of mail may not be taken into account in rate-making.*

Twice during the past 12 months the Department has stated to your Committee that only a 5% increase in rates for bulk third class mail was justified. The Department has now made public an updated and improved cost study which shows that bulk third class mail on the basis of fiscal year 1969 figures was covering 198.7% of its demonstrably related costs.

Despite this record, the Department has suddenly shifted to a proposal for a 33 1/3% increase in third class rates. In an attempt to rationalize this ill conceived and unjustified switch in position, the Department has said that third class mail must pay "a substantial premium because of its lack of social acceptance." (Statement by Mr. Hargrove to the Subcommittee on Rates on April 21, 1970).

We urge in the strongest terms that Chapter 12 of the bill be amended to make clear that so-called "social acceptance" may not be taken into account in determining the rates for a class of mail.

The implications of the "social acceptance" approach, newly manufactured by the Department, are highly dangerous. All of the numerous versions of the reorganization bills, including H.R. 17070, would give to the Postal Service the authority to establish appropriate classes of mail. With the new theory now put forward by the Department, the Postal Service could, for example, divide what are now considered second class publications into two separate classes: one class for those publications the Postal Service considered to be worthwhile, educational and sound, and the other class consisting of those which the Postal Service disapproved of or felt were of limited educational value. We could find the New Republic being put in one class and the National Review in another, with different rates charged to each, entirely aside from cost factors, on the basis of the Department's subjective views of "social acceptance."

Years ago, when Postmaster General Walker attempted to exclude Esquire Magazine from second class privileges on the ground it was not educational, the Supreme Court roundly denounced as unconstitutional efforts to effect the level of the postal rate payable by a particular type of item on the basis of whether it was considered to be worthwhile or not. *Hannegan v. Esquire, Inc.*, 327 U.S. 146 (1946). In that case the Supreme Court said:

"From the beginning Congress has allowed special rates to certain classes of publications."

\* \* \* \* \*  
 "The original object in placing on second-class matter a rate far below that on any other class of mail was to encourage the dissemination of news and of current literature of educational value."

\* \* \* \* \*  
 "The low rate has helped to stimulate an enormous mass of periodicals, many of which are of little utility for the cause of popular education."

\* \* \* \* \*  
 "What seems to one to be trash may have for others fleeting or even enduring values. But to withdraw the second-class rate from this publication today because

its contents seemed to one official not good for the public would sanction withdrawal of the second-class rate tomorrow from another periodical whose social or economic views seemed harmful to another official."

\* \* \* \* \*

"But the power to determine whether a periodical (which is mailable) contains information of a public character, literature or art does not include the further power to determine whether the contents meet some standard of the public good or welfare."

Aside from the dangerous implication of giving the new Postal Service "power to determine whether the contents (of third class mail) meet some standard of the public good or welfare", the assertion that third class lacks "social acceptance" is contrary to the facts. The claim that the public does not want and does not respond to advertising mail is on its face untrue, since businessmen surely would not use advertising mail if people did not read it and respond to it. Obviously, it works. Obviously, it succeeds. Probably, in many situations, it is the most efficient form of advertising because it permits targeting in on a specific group of more likely customers or more promising geographic areas.

The impression, which is cultivated on occasion by those working for competing advertising media, that members of the public are deluged with huge quantities of advertising mail is likewise untrue. The Kappel Commission had a study made of the amount of various types of mail received by households. On page 3-31 of Volume II of the Annex to the Kappel Report, we find that the average number of pieces of bulk mail advertising received *per week* by all households in the United States is less than three pieces—2.8 to be exact. And even this low figure isn't the average amount for a *typical* household because for households in the low income categories the average is only about two pieces of bulk advertising mail per week. Even for households with an annual income of \$20,000 or more, the number of pieces of bulk third class is 7.2 a week. This fact is, as reported by the Kappel material, that 25% of the households in the United States do not receive any mail at all on a typical day and 58% receive no more than two pieces of all classes together on any day. Surely, such households have no reason to "resent" receipt of a piece of advertising mail, particularly when a large amount of bulk mail is from charitable organizations, social associations, churches and civic organizations. Even for the affluent group, annual reports of corporations in which stock is held, would typically come by third class mail, as well as such essential items as auto license tags and the application forms for such tags, small packages of merchandise and other items.

In our law firm's wide experience in rate regulatory questions for public utilities and transportation companies, we have never heard of an attempt being made to consider "social acceptance" of a product as a pertinent factor in rate making. On the contrary it is well established in these fields that lower value of a commodity or service is a justification for lower rates.

It is therefore essential that the Postal Service, which would, under H.R. 17070, be largely insulated from Congressional direction and control, should not have this dangerous authority to couple creation of classes of mail with subjective decisions of "social acceptance."

(2) *There should be full government backing of the proposed bonds.*

H.R. 17070 provides that the proposed bonds would not be guaranteed by the Government unless the Secretary of the Treasury, in his uncontrolled discretion, determined that it would be in the public interest to provide such a guarantee. When I testified a year ago, I went into detail about the enormous interest costs that would be involved for such nonguaranteed bonds. It turns out that my predictions were highly conservative. The latest issue of TVA bonds was offered a few weeks ago with a 9% interest rate. On page 31 of the Tuesday, April 21 issue of The Wall Street Journal we see a report that a new offering of bonds of Pennsylvania Electric Company "attracted only fair retail demand, despite its lofty promise to the investor of a 9.20% yield." On the same page, there is an advertisement for an offering of 9¼% notes guaranteed by the prestigious and successful Marriott Corporation. Last December, Mississippi Power & Light Co. sold a \$20-million block of bonds with a 9% interest rate.

The new Postal Service, with its past history of deficit operations, would have to pay even much higher interest rates in order to float its non-guaranteed bonds. (Particularly since H.R. 17070 actually provides that as much as one half billion dollars a year of bond revenues could be used for operating expenses!) Even "AAA" corporate bonds typically sell at an average yield about 1% above United States Treasury Bonds. Bonds of the Postal Service will be

far from "AAA". These sky high interest rates, along with other increased costs arising out of the requirements of the new organization, would easily force the first class rate above the 12 cent level which I predicted when I testified on the Administration's then corporation proposal last year. Already the Administration has stated in its short-lived rate proposal, announced after the conclusion of the agreement with the postal unions, that the first class rate should be 10 cents—this even before the new organization, with its rigid break-even requirements, comes into existence and before any bonds are sold.

No matter what the form of the reorganization bill and no matter what the effort may be to deprive Congress of an opportunity to provide guidance and oversight for the Post Office, Congress will not be able to escape the onus of the enormous rate increases which will be brought about by the bond issue plan proposed in H.R. 17070.

Sufficient funds should indeed be provided to permit accelerated modernization of postal facilities. But, as H.R. 17070 now recognizes, the Postal operation is part of the Government. The bonds to provide for the modernization should, therefore, be obligations of the general Government.

The bill should be amended to provide that bonds of the Postal Service would be issued only to the Secretary of the Treasury and the Secretary should be required to purchase such obligations from the Postal Service, with such bonds to be redeemed only out of general Government revenues.

(3) *The public service allowance should be continued permanently at the present percentage level of postal costs.*

The annual percentage reduction of the public service allowance contemplated by H.R. 17070 would provide recurring need for further burdensome rate increases. The public service allowance should be maintained at its present level in relation to postal costs. It is inequitable to expect users of the mail to bear additional burdens resulting from the many and varied public service features which are a Government function to the American taxpayer. Service such as daily delivery to sparsely settled and distant areas for the same cost as crosstown delivery are benefits to recipients, not users of the mail. Properly, they should be supported by public funds.

(4) *Temporary rates should not be authorized.*

The provision in H.R. 17070 for temporary rates, which could not be touched either by Congress or the courts, and which could continue for as long as two or three years, should not be authorized. This extreme and unprecedented proposal arises solely from the fact that the Department's insistence on non-guaranteed bonds, to be supported solely by postal revenues, makes it necessary that Congress be kept out of the act at all costs as far as "interfering" with rate increases is concerned. The Department sees this as the only way to make the bonds saleable. The temporary rate authority renders even more meaningless the very limited provisions in the bill for Congressional and judicial review of rate increases. With the change as urged above to support of the bonds by the general Government, it would not be necessary to consider this drastic temporary rate authority.

(5) *Congressional review should be more meaningful.*

The requirement of a two-thirds vote in either House to veto rate increase proposals is a nearly impossible requirement, particularly in view of the fact that only 60 days would be allowed for such action. This 60 days might commence at the beginning of a Session when one of the Houses of Congress was not even fully organized and its committees were not designated and functioning. The 60 days might also come at a time when one or both of the Houses were heavily preoccupied with some major controversy or crisis.

It is urged that the Congressional review be by the Post Office committees of the two Houses, since they are the real experts on the subject and have the background and facilities for giving realistic consideration to rate increases. It is urged that the rates not go into effect if disapproved within 60 days by a majority vote of the Post Office Committee of either House. There should also be a provision that the 60 days would not begin to run until each of the committees was fully organized and functioning. There is precedent for this approach in other legislation. Harris, Congressional Control of Administration, Section entitled "The Committee Veto" page 217.

This change could easily be made if the bonds are made obligations of the general Government and there is no longer the necessity for keeping Congress out of the picture as a practical matter in the all-important rate-making function.

(6) *Judicial review should be made meaningful.*

The Judicial Review provided for by H.R. 17070 is limited to an absolute minimum, with the jurisdiction of the court restricted to far less meaningful review than provided generally for federal agencies by the Administrative Procedure Act.

It is startling but true that H.R. 17070, in Section 144, makes clear that the Administrative Procedure Act has only limited application to the new proposed Postal Service. For example, both the requirement for adequate findings and the requirement for substantial evidence are made inapplicable. The attempted avoidance of many salutary provisions of the Administrative Procedure Act is so broad that it would even mean that the new Postal Service would not be subject to the Freedom of Information Act. It is difficult to conceive what the new Postal Service might wish to conceal by avoiding the necessity of complying with the Freedom of Information Act.

In conclusion, six amendments of the rate and bond issue provisions which are of highest priority are as follows:

- (1) The bill should provide that so-called "social acceptance" of a class of mail may not be taken into account in rate-making.
- (2) There should be full Government backing of the proposed bonds.
- (3) The public service allowance should be continued permanently at the present percentage level of postal costs.
- (4) Temporary rates should not be authorized.
- (5) Congressional review should be more meaningful.
- (6) Judicial Review should be made meaningful.

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STATEMENT OF EUGENE VOLL, PRESIDENT, MASA, INTERNATIONAL, AND JOSEPH H. SHARLITT, GENERAL COUNSEL, MAIL ADVERTISING EDUCATIONAL COMMITTEE OF MASA, INTERNATIONAL

(The Administration Postal Reform Bill Is Unconstitutional And Reforms Nothing; A Statement by The Mail Advertising Educational Committee of MASA)

This statement is filed for the record because our request to testify on a bill threatening the existence of our entire industry was not granted. It is filed by the Mail Advertising Educational Committee of MASA, the trade association of producers of direct mail advertising. This Association is made up of more than 500 companies throughout the country, 98% of which are small businesses providing the only advertising medium that hundreds of thousands of small local merchants can afford—direct mail advertising. The purpose of this statement is to warn this Committee that it is dealing a deadly and unconstitutional blow to the nation's small businesses if it reports out the Administration's Postal Reform Bill as it stands.

## ADMINISTRATION BILL THREAT TO ALL USERS OF MAIL

The Administration's bill is a heavy club aimed at the existence of our industry because under it postal rates and mail service are subjected to the uncontrolled whim of the proposed Commission on Postal Costs and Revenues. That ponderous title should mislead no one. The label on the bottle has been changed by Mr. Blount twice since last June, but the medicine is the same. It is the Postal Corporation smelling just as pungently under another name. And the parents of this Commission-Authority-Corporation have hoaxed this Committee into surrendering to it the non-reviewable power to tax our industry to death, the non-reviewable power to burden individual first class mailers with a 12¢ or 14¢ stamp for ordinary service, and they have deceived the Committee into giving this entity the non-reviewable power to cut this nation's postal service into a fraction of what it is today.

## WHY MAILERS FEAR THIS POSTAL DICTATORSHIP

Why do we fear the whim of this new bureaucratic postal dictatorship with so much power over us? Because recent evidence indicates that once it goes into operation every concept of equity and fairness will be forgotten. The testimony on April 21 of Deputy Postmaster General Hargrove before your Subcommittee on Rates was an ominous warning to all mailers that the new Commission will fix postal rates according to the Commission's private notions of what is popular

mail and what is not, abandoning all concepts of whether classes of mail pay their own way, provide lucrative revenue for the Department, or provide an essential medium of communication for the nation's small businesses. Mr. Hargrove's justification for a major increase in the third class rate was his own undocumented belief that third class mail was distasteful to the public.

No record supports Mr. Hargrove; the economics of the Department, he admits, would oppose such an increase. Nonetheless, that is his recommendation. Is it any wonder that we mistrust postal rate-making behind closed doors, suspect the absence of rate standards and fear the careful elimination of meaningful judicial review, all defects of the Administration bill. The uncontrolled whim of postal authorities—and arbitrary inequities of the very kind pronounced by Mr. Hargrove—will govern our future, and the future of all mailers if the Administration bill becomes law.

#### RATE MAKING BY WHIM WITH NO REVIEW

We say the uncontrolled whim of the proposed Commission can do all this. We mean just that. For the Rate Hearings provided by this bill are a farce. The Commission can freely ignore the Rate Commissioners. The "limited" judicial review described by Mr. Blount is pure sophistry. The bill carefully destroys the power of any Court to examine the record on which the Commission has acted, primarily because the Commission is legally authorized to fix rates and make service changes without making *any* record at all. And when we say that this Commission's dictates will be non-reviewable, we mean just that. If this Commission raises our rates 300%, or raises the small newspaper rate, or mail for the blind 200% in a rate increase across the board, the burden of persuading this House—or the Senate—to veto the entire package on our behalf, or on behalf of the newspapers, or on behalf of the blind mailers *within sixty days* is an impossible one. There is no item veto in this bill.

It is not there for the same reason that meaningful evidentiary hearings are missing; for the same reason that judicial review is a delusion; for the same reason that Congress is given an impossibly short time in which to veto and required to do so by a 2/3 vote. The Administration wants *no* limits on its Commission's power. They view it as a giant corporation dealing with the American public in the way that management indulges inquisitive old ladies at annual board meetings.

#### ADMINISTRATION BILL IS UNCONSTITUTIONAL

But the American public is not to be patronized or fooled. The attempt to do so in this bill is unconstitutional. The careful method chosen by the Administration to give its Commission unbridled freedom to set rates and cut service is the fatal flaw in the bill. For it has asked the Congress to delegate to this Commission its entire legislative power to set postal rates and establish patterns of postal service without fixing any limits on the exercise of this power, without any legislative directives on how the power is to be used, and without the supervision of the Courts to insure that these limits and standards are observed.<sup>1</sup> Pierce the gloss, look through the contrived procedures that simulate due process without the substance of due process, examine this package carefully and it is unmistakable that Congress is giving Mr. Blount's creation a blank check and an open license to fix rates and curtail postal service in any way it wishes. If the Board of Mr. Blount's construction company in Alabama, or the Board of Mr. Klaasen's American Can Company were designated by Congress to establish postal rates and services, and given absolute freedom to do so, it would be no more constitutional an exercise than the Administration's scheme.

The veto given Congress corrects none of this. In practice, it would be an impossible remedy for an aggrieved class of mailers. But far more seriously, from a constitutional viewpoint this kind of experimentation with Congressional vetoes has never been sanctioned by a single Court where private property rights are involved. Two hundred million Americans have a property interest in mail rates—the money they must pay to the Post Office, a Federal monopoly, to carry their mail. The 2/3 vote, one-house veto is a piece of legal patchwork, aimed at papering over Congress' wholesale, unrestricted turnover of legislative power to fix rates, mail classes and mail service to Mr. Blount's Commission.

<sup>1</sup> A memorandum pointing up the unconstitutionality of the rate-making provisions of the Administration Bill and stating in detail the reasons supporting this conclusion was submitted to the Staff of this Committee on April 6, 1970.

This country ended that kind of constitutional tinkering in 1937 in the days of the Schechter case, *Panama Refining v. Ryan*, the NRA and the AAA. Messrs. Blount and Nixon would revive this experiment. They seem to think that they can do so because the Post Office Department provides a governmental "service" rather than economic regulation. Even if that were true—and it is not—the notion that the traditional federal postal monopoly in this country is somehow untouched by due process represents a naive joke. Let this Commission, in its benign wisdom, charge black mailers 15¢ and white mailers 5¢, or mailers in different regions of this country different rates for the same service, and it will get the message from federal Courts in quick order. Indeed, this House should ponder carefully lest a conservative Supreme Court (which *will* ignore the window dressing in this bill when *it* decides whether the *substance* of due process is present here) voids this package and loses for all of us this priceless opportunity for real postal reform.

#### REAL RATE REFORM : HEARINGS AND COURT REVIEW

Constitutional problems aside, does this bill really achieve reform? It proposes new forms and new bodies. But at its heart, in the vital procedures of postal rate-making, does it reform anything? As businessmen whose economic future is based on responsible rate-making, we view the modernization of this process as the key to reform. Rate-making everywhere else in this country and in each of the states is an expert proceeding, including the presentation of data and evidence by all interested parties, the development of a complete record by an expert body and judicial review of this body's decision. If we, as business mailers, are to prove that we are paying our way, we can do it only through evidence, a complete record and an expert body required to make its rate decisions on that record under judicial scrutiny.

#### THE ADMINISTRATION BILL, A BACKWARD STEP

Rate-making under the Administration proposal is the exact opposite of this. Look forward, if you will, to what must occur during the sixty-day period provided for Congressional veto. Hearings would be a breakneck shambles of hasty attempts to put something into the record. The clouds of lobbyists that would swarm the halls during these sixty days would make past rate fights seem like summer church meetings insofar as this Congress' dignity, order and decency are concerned. We ardently desire an end to all this. Far from taking postal rates out of politics, the Administration bill is simply the lobbyists' private Anti-Poverty measure. If this is the Administration's cure for postal ills, the remedy is far worse than the illness.

The Administration's bill is unconstitutional; it is sham, and not reform. The bill richly deserves the callous bludgeoning the Administration has resorted to in order to get it passed. No record on this bill would be complete without a description of what has taken place.

#### THIS BILL'S HISTORY : CYNICAL BLUDGEONING OF CONGRESS

The Postmaster has forced its bill down the throats of Congressmen who clearly do not want it and postal workers who have been cruelly blackmailed to get it. The March 12 vote by this Committee on this bill's predecessor found almost a third of this Committee publicly reversing themselves on this bill. It is our surmise that none of these men feel any differently now than they did in October when they rejected the Postal Corporation. We submit that the pressures brought to bear on these men by the Administration in this election year make rational re-appraisal of the bill politically impossible. The blame for this arrogant defiance of reason—and this Committee's recorded rejection of the Administration plan—must fall squarely on an Administration so desperate it would flaunt the President's powers in an open affront to this Committee's independence, its procedures and its considered judgment.

#### BLACKMAILING OF POSTAL WORKERS

As for the Postal Workers, we doubt that 10% support any part of the Administration's bill excepting that dealing with labor-management relations. Mr. Meany's statement to this Committee on April 23 carried this message with crystal clarity. Witness, however, the cynical indifference to the economic plight of the Postal Workers so clear in the package before you. The Administration has in-

sisted on keeping a substantial part of the worker's pay raise within the bill. 750,000 Postal Workers thus must literally embrace a future full of peril to their jobs and their security in order to get the last ration of a pay raise so justly due them in 1970. They know this, their leaders know it, the Congress knows it—but quite obviously little can be done about it.

Why this blackmailing of the rank and file in order to ram through the Administration's Plan? Simply because the President will veto any true and full raise without it. It is precisely as if the President stated he would veto a pay raise for the military unless it was tied to a resolution supporting our military ventures in Laos and Cambodia, and quite the same as a Presidential statement of intention to veto a general pay raise for federal workers unless the Senate concurrently gave him whom he wanted on the Supreme Court. In each of these cases the package is an improper one, a bastard mix of legislative decisions that do not belong together. In the case of ransoming postal workers' pay in return for the surrender of their future security, the unhappy joinder is most cruel.

#### SERVICE AND WHOLESALE JOB CUTS INEVITABLE

Let the record be absolutely clear. Mr. Blount and the President originally claimed that their Postal Corporation—Authority—Commission will break even by 1975 because of increased efficiency. The break-even point is now January 1, 1978, but the drive will be well advanced by 1975. But we state here and now that the Administration's new kind of postal service will "break-even" only if postal services are substantially curtailed by 1975. And, by substantially curtailed, we mean substantially: loss of Saturday and two-per-day delivery; reclassification of "first class" mail so that only a fraction of it gets top priority one-day or even thirty-six hour or two-day delivery—for a 12¢ or 14¢ stamp—yet even the low priority, three-day delivery mail will be labelled "first class;" closing of third and fourth class post offices in rural areas throughout the country. Then, and only then, will this system "break even." It takes no seer to foresee this result. It is inevitable.

And we state here and now that all of this will be accomplished only if over 100,000 postal workers are laid off by 1975. We doubt if the public realizes this, let alone wants it. We are sure that the postal workers, the unwilling bride during the recent closed harmony talks, have no notion that this is what is in store for them. But it will, just as certainly as postal services will be curtailed, if this bill is passed, and we want the record to show that we said so in 1970.

#### WHAT WE ASK IN POSTAL REFORM

It is our understanding that the record before this Committee will now close on the subject of Postal Reform. Let us reaffirm what we have said to this Committee since it first heard us on this subject last July. To us as business mailers, postal reform is a vital necessity, for we rely on it to keep us in the fight with the newspapers and magazines for the small businessman's advertising dollar. To us, postal reform means a postal service taken out of politics from local postmaster on up to the Postmaster General, who, with his advisers must remain responsible to the President for the maintenance of the largest federal service performed in this country. To us, reform means modernization through bonding, but with postal bonds guaranteed by the federal treasury so that the public will buy them at interest rates the Service can afford to pay. To us, postal reform means an annual public service allocation of funds by the Congress for maintenance in the public interest of the oldest governmental service now in existence, except defense. To us, reform means rate-making taken entirely out of politics, with full evidentiary hearings before an independent body, an initial decision based on those hearings, a final decision made by the Postmaster General, and judicial review of his decision, a proper and long overdue replacement for the biennial or quadrennial spectacle Congress must now endure in its lobbies and cloakrooms when it tries to change rates. There is a bill before the Senate (and recently filed in this House) that incorporates all of these ingredients of real reform. It is worthy of this Committee's consideration.

#### THE UNCONSTITUTIONAL ALTERNATIVE

The alternative is the package before you, a triumph of political expediency that sacrifices constitutionality and reason in order to create a Commission dictatorship over rates and service. Users of first class mail will be the initial vic-

tims of this bill. But the ultimate victim will be the mail advertising industry, 500 small businesses will be priced out of the market, forced to accept whimsical and inadequate rates—with no remedy here or in the Courts. When this happens the only advertising medium that local small businesses can afford will fall into deadly peril.

The threat of unconstitutionality of any legislation warrants the most painstaking examination by members of Congress. When total reform of a major cabinet agency and an historic governmental service falls under that cloud the need for caution is immensely increased. Among its many flaws the unconstitutionality of its rate-making procedures will plague the Administration Bill if Congress takes the imprudent gamble of quick enactment.

We ask you to consider these points now, while the headlong race to passage ordained by the Administration goes on.

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STATEMENT OF REED LARSON, EXECUTIVE VICE PRESIDENT, NATIONAL RIGHT  
TO WORK COMMITTEE

Mr. Chairman and members of the committee, my name is Reed Larson. I am the Executive Vice President of the National Right to Work Committee, a single-purpose citizens' organization dedicated to the concept that union membership should be voluntary, not compulsory. We represent a cross-section of workers from all walks of life, including many members of unions both in the private sector and in public employment.

We regret very much the crisis atmosphere under which this very complex legislation is being pressed upon the Congress and the American people. The impression has been widely circulated that, unless Congress quickly rubber-stamps this package, precisely as presented by the AFL-CIO and the White House, the Nation will be faced with another illegal postal strike.

It seems clear to us the primary reason for the attempt to railroad this measure through the Congress is that some of its provisions will not stand up under the glare of public inspection. This is unquestionably the case with the provision authorizing compulsory unionism—and it may likewise be true of other Sections of this complicated 156-page proposal.

The *Washington Daily News* summarized this issue cogently when it said editorially on April 17: "Mr. Blount says that this agreement if it goes through Congress would permit unions to negotiate for union shops. Union shops require all employees to join the union, whether they want to or not. This is common in private industry, but is it good public policy? In principle, no. The question for Congress is whether this is too stiff a price a pay for reform of the postal system, desperate as that need is. If the union shop possibility isn't in the package, the whole deal could be defeated by union lobbies, even though an eight per cent pay raise is at stake. This is a sharp turn-around in public policy, which Congress should examine with extreme care; and on which outpouring of opinion from the public at large would be decidedly in order."

Without question the American people, in overwhelming numbers, oppose this radical turn-around in public policy. But they are about to get it rammed down their throats.

The hasty consideration being pressed by the White House is apparently designed to foreclose any careful examination of the measure, or public awareness of the magnitude of the sell-out of the public employee's freedom which is involved.

Section 222 of this proposal would subject postal employees to coverage of section 7 of the National Labor Relations Act. Section 7 is the provision which has led to the wide-spread practice of compulsory unionism in private industry. It purports, on the one hand, to guarantee the rights and privileges of employees, while cynically destroying those rights on the other. Section 7 specifies that employees shall have the right to form, join or assist unions and the right to refrain from such activities, but shall be deprived of these rights "to the extent that such right may be affected by an agreement requiring membership in a labor organization as a condition of employment."

It is important to recognize, furthermore, the distinction between compulsory unionism in private industry and compulsory unionism in government. Bad as the practice is in private industry, it is abhorrent in government employment. No official in the federal government other than Postmaster General Blount has ever tried to defend it. The right of federal employees to refrain from union activity

was reaffirmed by President Kennedy, and strongly defended by his Secretary of Labor Arthur Goldberg, who told a union convention: "I know you will agree with me that the union shop and the closed shop are inappropriate to the federal government. And because of this there is a larger responsibility for enlightenment on the part of a government union. In your own organization you have to win acceptance by your own conduct, your own action, your own wisdom, your own responsibility and your own achievements."

Protection of this right was pledged by the 1968 G.O.P. platform. It was reaffirmed last year by President Nixon, and supported by Secretary of Labor George Shultz, Secretary Shultz as recently as last November said that "a person should not have to be a member of any organization to be able to work for the government."

One of the factors which makes compulsory unionism in government principally offensive to those who genuinely believe in the civil rights of government employees is the fact that union resources, directly and indirectly, are used in substantial amounts for political purposes. The imposition of compulsory unionism on government employees means that an individual, in order to work for his own government, can be compelled to pay his money for political purposes with which he may disagree.

This legislation amounts to a renewal of the old Spoils System in its most ugly aspects. Political activity on the part of government employee unions, even when membership is voluntary has been severely criticized, but to add the injustice of compulsory union membership makes it an outrage which this Congress will surely reject—if given an opportunity to consider the issue. In this connection, the New York Times commented editorially last November, under the heading, "Backing The Boss in Politics": "It is true that postal unions and other federal employee organizations have found many ways to circumvent the rules that are supposed to keep them out of direct support for favored candidates. But none of this makes less improper the situation in New York in which unions embracing a third of a million municipal employees provide major financial help to elect or defeat the man who has a decisive voice in determining how much money they will receive from the public purse in higher wages, larger pensions and the other benefits they regularly seek. Whether or not the law condones it, here is a real conflict of interest."

On this point, Supreme Court Justice Hugo Black wrote a few years ago, "There can be no doubt that the federally-sanctioned union shop contract here, as it actually works, takes a part of the earnings of some men and turns it over to others, who spend a substantial part of the funds so-received in efforts to thwart the political, economic and ideological hopes of those whose money has been forced from them under authority of law."

Mr. Kurt Hanslowe, former assistant general counsel of the United Auto Workers, now a professor at Cornell University put it this way: "The union shop in public employment has the potential of becoming a neat mutual back-scratching mechanism, whereby public employee representatives and politicians each reinforce the other's interest and domain, with the individual employee and the individual citizen left to look on, while his employment conditions and his tax rate and public policies are generally decided by entrenched and mutually-supportive government officials and collective bargaining representatives over whom the public has diminishing control."

Published figures indicate that about 200,000 of the 750,000 postal employees have been chosen not to join any union. The freedom of these employees to work for the government without being compelled to join or pay dues to any private organization is, in itself, an issue of major national significance. In addition, those who have chosen to join a union deserve the protection of their right to quit paying dues to any union which they feel is not serving their interests or the interests of the country.

But even more significant is the precedent which will be set by passage of this legislation. As George Meany told this Committee on April 23, "We think this bill is only the beginning. . . . We in the AFL-CIO hope to be back before this Committee in the very near future, urging adoption of a measure that will insure genuine collective bargaining for all aspects of employment for all civilian workers of the federal government." The official publication of Mr. Meany's organization acknowledged the far-reaching consequences which could be expected from Congressional endorsement of an authorization for compulsory unionism. Said the *AFL-CIO News*: "What's good enough for Uncle Sam ought to be good enough for every state, county, and city."

The Postmaster General, and some of his defenders have tried to portray this bill, negotiated at AFL-CIO headquarters as a compromise. They contend that because some employees in the present 19 Right to Work states may not lose their Right to Work protection through this bill, it is a case of meeting union officials half-way. Like other information circulated by the Postmaster General about the compulsory union shop authorization, this is inaccurate and deceptive. The fact is that 750,000 postal workers now enjoy protection from compulsory unionism. Even if the Postmaster General's assertion that state Right to Work laws would apply to postal workers is correct—and it is not—this means that some 550,000 postal workers would lose their Right to Work protection. Even for those who are willing to use an employee's freedom of choice as something to be placed on the auction block in political horse-trading, this is, indeed, a shabby compromise.

We believe that this entire package is a sell-out, not only of the postal workers, but of all public employees. It provides what George Meany and other union officials want most—compulsory unionism—in exchange for their support of a so-called postal reform bill. Mr. Meany made it clear when he appeared before this Committee last Thursday that, if he doesn't get his compulsory union shop authorization, he won't support the bill. I don't know how the subject could be put any more clearly.

The entire issue has been summarized succinctly in a letter we received from a long-time postal employee in New York City. His name is Joseph Romeo, Jr. On March 30 he wrote us as follows: "I am personally interested in forced unionization of postal employees because I am a postal employee and I stayed on the job during the recent strike. I was a member of a postal union for eleven years until I quit my membership last year because the union began to favor striking against the government. Sometime ago I wrote my Senators and Representative expressing my opposition to forced unionization of postal employees."

Should Joseph Romeo be fired for refusing to pay dues to a union which promoted an illegal strike? President John F. Kennedy said no! The 1968 GOP Party platform said no! And present Federal policy (Executive Order 11491) says no—it protects the freedom of all postal workers to work whether or not they pay money to a union—but H.R. 17070 proposed by the Administration would change all that. It would strip postal employees of their Right to Work protection.

Mr. Chairman, Members of the Committee, I cannot believe you agree that people like Joseph Romeo should be fired for refusing to pay dues to a union which advocates illegal strikes against the government or any other policy which offends the conscience of the individual employee. That is exactly what will happen if this bill is adopted as written—and neither of the architects of this bill, Postmaster General Blount, or AFL-CIO president George Meany can deny it.

We are greatly heartened that several distinguished members of this Committee have voiced their concern about this provision. We are also heartened by the fact that no member of this Committee has ever indicated that he believes postal workers should be deprived of their right not to join a union. At least two members of the Committee, one Democrat and one Republican, have publicly announced their intention to submit an amendment which will retain for postal workers the freedom of choice which they presently enjoy under federal policy. Congressman Henderson released a statement on April 22 announcing the language of the amendment which he will offer. We strongly endorse that proposal. We also endorse a similar proposal which Congressman William Scott of Virginia has indicated that he will offer.

Gentlemen of the Committee, we would like to close with a final plea that each of you take your stand with the individual postal worker, defending his interests rather than the special interests of Mr. Meany and other union officials who wish to compel membership in a union as a condition of employment.

Unless it is amended to preserve the freedom of choice which postal employees presently enjoy, we urge that H.R. 17070 be rejected by this Committee.

CONNECTICUT STATE BRANCH AUXILIARY,  
NATIONAL ASSOCIATION OF POSTAL SUPERVISORS,  
Bloomfield, Conn., April 13, 1970.

HON. EMILIO Q. DADDARIO,  
2330 Rayburn House Office Building,  
Washington, D.C.

DEAR CONGRESSMAN DADDARIO: As the wife of a postal supervisor and as an officer on both the local and state level I wish to request that the following objectives be included in any Postal Reform Bill:

1. Recognition of our Association to have the right to participate in the formulation, implementation, and modification of personnel policies and practices, salaries, fringe benefits, and all other matters affecting conditions of employment of postal supervisors.
2. The extension of any salary adjustment through all levels.
3. Representation of postal supervisors on the Postal Service Advisory Board.
4. Inclusion of postal supervisors in the acceleration of step advancement.
5. Continuation of present Civil Service coverage.

I would like to take this opportunity to thank you for your past considerations and your prompt replies to my previous letters. A note of this will be made at our state convention next month.

Respectfully yours,

Mrs. BEVERLY JANOWETCH,  
Corresponding Secretary.

STATEMENT OF WALTER P. REUTHER, PRESIDENT, INTERNATIONAL UNION, UNITED  
AUTOMOBILE, AEROSPACE, AND AGRICULTURAL IMPLEMENT WORKERS OF AMERICA  
(UAW)

The UAW appreciates this opportunity to state its views on the pending postal reform legislation. As the largest industrial union in the nation, we are vitally interested in any legislation which dictates any congressional pattern or brand of unionism regardless of where it may be, whether in the auto industry or in the postal service.

We oppose H.R. 17070 as presently drafted for several reasons. Primarily, we feel it is a grave mistake for Congress to decide on the specific kind of unionism which workers in any industry or occupation may belong to, be represented by, or negotiate for them. This unfortunately, is what H.R. 17070 does. In the name of postal modernization and reform, H.R. 17070 lays down craft lines as the national pattern for postal unionism. This is not only grossly unfair to the postal workers, it sets the stage for subsequent labor-management unrest and disorder. It will also handicap genuine, much-needed postal modernization.

Our reasons for opposing H.R. 17070 are:

1. *It would destroy industrial unionism among the largest public employer in the country, the postal service.*

H.R. 17070, unless amended to conform with National Labor Relations Board procedures for determining appropriate bargaining units, would deprive 110,000 members of the National Postal Union and the National Alliance of Postal and Federal Employees (the third and fourth largest postal unions) of an effective voice at the national bargaining table. By legislative fiat it would fragment postal workers by giving a place at national bargaining to the 2,000 member Special Delivery Messengers while denying a national bargaining voice for 110,000 NPU and National Alliance members. It would also freeze out the 32,000 members of the Rural Letter Carriers Association.

To deliberately break up the mass of postal workers into a myriad of craft unions is to deny them their right to choose the type of union and unionism they desire and which they determine best fits their needs. They should not be denied the right to select an industrial union as their collective bargaining representative and an industrial union type bargaining if they feel these are most desirable.

2. *Craft union type bargaining with large employers has tended to prove more disruptive than constructive, witness the collective bargaining problems in the newspaper publishing industry as craft unions vie with each other for dominance at the collective bargaining table.*

Industrial union type bargaining has proven its ability to speak in behalf of all workers while meeting the unique problems of special groups of workers

within the work force represented. In any even, however, the workers themselves should have the opportunity to choose as between craft unions and industrial unions representation.

3. *The predominately black membership of the National Alliance numbering 37,000 would be denied a national bargaining voice under the present terms of H.R. 17070.*

The National Alliance is an independent, virtually all-black organization of postal workers with a majority membership in at least one large urban center of the nation. To deprive this union of a place at the national bargaining table is not only undemocratic, but grossly discriminatory. The National Alliance has tripled in membership since Executive Order 10988 was issued in 1962—it is the fourth largest of the postal organizations. It would be highly undemocratic to freeze out the Alliance whose black membership represents a growing assertion of minority needs and rights in the postal service.

4. *There is no guarantee of amnesty either in the proposed legislation or in the tentative agreement reached following the recent postal strike.*

It is a fundamental tradition in any labor-management confrontation that the slate be wiped clean after a strike before any other agreement is reached. We find it unthinkable that there is no guarantee of amnesty for postal workers in New York or elsewhere. In fact, Postmaster General Blount was recently quoted as demanding that postal workers be punished for respecting a picket-line.

The recent postal strike dramatized the economic plight of postal workers. There was widespread and deeply-felt public sympathy for postal workers whose pay scales are vastly inferior to comparable occupations. No group of workers either public or private agrees to suffer the hardships of a strike without great provocation. Even the most disinterested bystander in the recent postal strike understood when the facts were fully presented that the underpaid postal worker had great provocation. Therefore, amnesty for postal strikers should be nailed down before any legislation is approved or as part of any new legislation.

5. *Postal modernization will be jeopardized if archaic craft unions are engraved in granite by Congress.*

The postal service is a vital public service which links together over 200 million people. There is need for modernization of this communications complex using the most scientific instrumentalities available. Craft unionism harkens back to a less complicated age; it should not be foisted upon the workers faced with a much-needed program of postal modernization. Certainly any group of workers whether craft or industrial has a right to appeal to the loyalty of any other workers who need and wish to have representation. Craft unions ought to stand and fall on their own merits, but should not enjoy special privileges either by administrative or congressional action.

The fact that some craft unions have won national recognition elections does not obviate the fact that craft patterns by which those elections were won might become obsolete. In fact, craft union lines might not only become obsolete, but could stand in the way of needed modernization of the postal service. There are legitimate ways to protect the job security and pay scales of workers without perpetuating craft occupations which have outlived their purpose or usefulness. Industrial unions have proven this again and again.

We do not buy the notion that the postal service can be put on a pay-as-you-go basis, which unfortunately is the erroneous premise of H.R. 17070 and other postal reform proposals. We do, however, welcome any and all improvements in productivity which can be made by new equipment, new processes, and new installations. Automation, with worker's rights properly protected, can provide better service to the public and also enable postal workers to receive a bigger share of the postal pie. As David Silvergleid, President of the National Postal Union, stated in testimony before this committee, "The postal service is and will remain labor-intensive, because that is the nature of the service."

Craft unionism, is historically and chronically resistant to change, especially technological change. Those who would impose craft unionism upon the workers in the face of needed postal modernization are merely inviting years of conflict and discord which will neither help improve postal productivity nor improve postal workers income.

We are suggesting here only that Congress remain neutral on the question of craft versus industrial unionism. The fact that seven craft unions did participate in national bargaining does not reflect the democratic wishes of all postal workers in the United States. One out of five postal union members who have voluntarily

signed union membership and checkoff cards were excluded from bargaining and would be wiped out by this legislation from national bargaining. The seven craft unions were selected only because of administrative decisions which set in motion representation patterns. Congress should not regard as sacrosanct or permanent these earlier decisions.

Public employment bargaining is a new and difficult area. It would be a serious mistake for Congress to recklessly bend to the pressures of the moment without regarding the diverse needs and wishes of all postal workers. Some national postal unions are strong in certain localities, weak in others. They have sprung up in different times to meet different needs. Ultimately either a coalition of unions or a single national postal union ought to be the countervailing power for any postal corporation or postal employer.

H.R. 17070 is a patched up and improvised response to a postal breakdown which forced the federal government to come up with an answer to prevent the total collapse to our postal service. Congress, however, can make a more careful study of the total situation and provide the kind of thoughtful answer which the nation needs to balance our national needs for excellent postal service with the needs of postal workers for sound worker representation in solving their demands for decent wages, hours and working conditions.



