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CITIZENS' RATE RELIEF ACT

GOVERNMENT

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HEARING

BEFORE THE

SUBCOMMITTEE ON

AL OPERATIONS AND SERVICES

OF THE

COMMITTEE ON

OFFICE AND CIVIL SERVICE

HOUSE OF REPRESENTATIVES

NINETY-FIFTH CONGRESS

SECOND SESSION

ON

H.R. 12844

A BILL TO AMEND TITLE 39, UNITED STATES CODE, TO ESTABLISH A REDUCED RATE OF POSTAGE FOR CERTAIN MAIL MATTER OF PRIVATE INDIVIDUALS

AUGUST 1, 1978

Serial No. 95-74

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



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1978

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CITIZENS' RATE RELIEF ACT

TUESDAY, AUGUST 1, 1978

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON POST OFFICE AND CIVIL SERVICE
SUBCOMMITTEE ON POSTAL OPERATIONS AND SERVICES,
Washington, D. C.

The subcommittee met at 9:30 a.m., in room 311, Cannon House Office Building, Hon. James M. Hanley (chairman of the subcommittee) presiding.

Mr. HANLEY. Today we begin hearings on H.R. 12844, the Citizens' Rate Relief Act of 1978.

I want to commend my colleague, Congressman Bill Ford, for introducing this legislation. The concept of a reduced rate in postage for individuals has a great deal of merit and I welcome the opportunity to explore it here this morning.

We are all concerned with skyrocketing postal rates and the impact they have had on the individual postal customer. We must never lose sight of the fact that the written word has historically been one of our most important means of communication.

Our rate structure has built into it needed subsidization for the second-class mailer and other discounts for business mail. Now we have a presort discount for first-class business mail. It is certainly time for us to determine whether the individual mail user should also get a break and be allowed a reduced rate of postage.

Congress does not set postal rates. However, we can certainly examine the rate structure of the Postal Service and legislate changes that will result in more equitable postal pricing.

I would at this point now defer to my very good friend and colleague, the gentleman from Michigan, Mr. Bill Ford.

STATEMENT OF HON. WILLIAM D. FORD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. FORD. Thank you, Mr. Chairman. I would like to begin my statement from the witness table and then join you up there, Mr. Chairman.

First, I want to thank you for not only holding the hearings today, but for all of the efforts you have made prior to today in making it possible for us to have hearings on this legislation.

This committee has been under a very difficult schedule in recent weeks, acting on legislation of a great deal of interest that made it necessary to schedule and reschedule these hearings.

I know that you join me in extending our apologies to the witnesses who have been notified to be ready and then told at the last moment that we were closed out by the activities of the full committee.

Mr. Chairman, I particularly would like to thank the Members who will be testifying this morning, and the other witnesses who have come to testify this morning.

We have Mr. Mottl, our colleague from Ohio, who is a cosponsor of the bill, and I will turn the mike over to him in a moment.

Mr. Lloyd of California is scheduled to be with us. Mr. Jim Winston of the Greeting Card Publishers' Mr. Andrew Feinstein of Congress Watch; Ms. Cecelia Fine of the Gray Panthers; Mr. Willis Ethridge, National Association for the Deaf.

We also have today submitted for the record testimony supporting this bill by Mr. Breckinridge of Kentucky; Mr. Moakley of Massachusetts; Mr. Mathis of Georgia; Mr. Eilberg of Pennsylvania; Mr. Minish of New Jersey; the Consumer Federation of America; and the National Rural Letter Carriers Association.

This legislation, Mr. Chairman, has also been endorsed by the National Council of Senior Citizens, National Association of Retired Federal Employees, and the American Coalition of Citizens with Disabilities.

Senator John Glenn, as you know, has introduced companion legislation in the Senate, and it is my understanding as a matter of fact, unofficially, that they expect to be marking that bill up either today or tomorrow, so we can expect that if we are able to take action on this bill, for a change we will be met with a comparable bill coming from the other body.

The group of supporters supporting this bill and the cosponsors of the bill indicate a very broad base of support across the country and across interests among postal users that we don't frequently hear from in this committee, Mr. Chairman.

I think one of the interesting things that working with this legislation has brought to my attention is that for the first time—in the, I think it is 12 years on this committee—in looking at a rate structure with regard to a particular group of people, or a particular segment of the business community or the population that would be directly affected by a rate change—this is the first time that I can recall that we have spent any time talking about the nonbusiness, noncommercial, nonorganizational, single, individual citizen who still uses a part of our Postal Service.

I am disappointed that the Rate Commission and then subsequently the Postal Board of Directors, after being apprised of the fact that this concept had been approved by the previous Postmaster General, Mr. Benjamin Franklin Bailer, had been endorsed by President Carter, and with legislation pending that was supported by so many members, that they then chose to set it aside and disregard their recommendations, while at the same time that they were putting their stamp of approval on additional special rates for first-class mail used by special groups of people or companies or businesses.

They were telling us that there was no way to consider the possibility of revenue foregone for the purpose of facilitating the use of this service by the individual citizen in their individual capacity.

The example that I find causes people to pay close attention to what it is we are trying to do here is when it is pointed out to a person that when a large utility, for example, sends their monthly bill for the electricity, that we subsidize that in two ways. So they don't in effect have to pay for the total cost of a 15-cent stamp.

The utility bill they send is first reduced by 2 cents because of the presort, which the chairman mentioned in his opening statement, and then, second, if it is a privately owned profitmaking utility, the

chances are it is in about the 48-percent tax bracket, and we, the Federal Government, using the taxpayers' money, are therefore picking up one-half the cost of the postage as the cost of doing business.

We do that for virtually all of the 80 percent, the estimated 80 percent of the first-class mail that is used by business. We don't give everyone the presort rate, but we do give virtually all of the business mail that 50 percent subsidy.

The fact that it is not given directly out of the revenues of the Post Office doesn't change the fact that the American taxpayer is subsidizing everyone else who uses first-class mail and subsidizing everyone, that is, except those persons who are using it for personal rather than business purposes.

I suppose the only personal purpose we would recognize as a tax deductible expense would be the stamp that you put on your contribution to your church when you mail it in, if that were the way you made your contribution to the church. I suspect that not many people bother to take advantage of that.

The overwhelming majority of first-class mail now enjoys at least one, and in many instances two; very substantial special rates and it seems to me, Mr. Chairman, that it is time that we gave the individual citizens in their own individual capacity, as one person rather than as part of a group or an investor in a corporation, some consideration.

This legislation does not attempt to give anyone a free ride. It attempts to provide some equity, very small as a matter of fact when you realize that we are talking about a bill that would have the individual pay 80 percent of the gross charge to a business user of the mail, when you recognize that in some instances more than 50 percent of the 15-cent stamp is going to be given back to that person, either through the postal subsidy itself or through income tax deductions. Eighty percent against the better than 50 percent or 20 percent subsidy, if you will, against a 50-percent subsidy, doesn't seem to be asking for too much for the individual when compared to the business user.

I don't say these things at all in any way to denigrate the business use. Over the years I have watched as you, Mr. Chairman, have attempted to warn the Postal Service, the Congress, and this committee of the rapid changes taking place that dictate that the future of many classes of mail, particularly first-class mail. The future for these classes of mail is very hazy and not likely to resemble the past for very much longer.

We have seen the advent of electronic transfer systems, and we have seen alternatives to the use of first-class mail coming along all the time.

In closing, I would like to say that one of the reasons I think it's particularly short-sighted of the Postal Service to ignore the principle of this legislation when they had the opportunity to adopt it this past year, is that if there is anyone in this country that needs to be reassured that the Postal Service is still a government service, which they recognize as being very heavily subsidized by their tax dollars, available to them on a fair and equitable basis, it's the individual acting in his or her individual capacity. They are not likely to be as concerned about the mail use that they become involved in on their job or in their profession, as they are when they communicate individually from their home, or even from their office on a personal matter.

It is at that point that they begin to realize how the cost of mailing has overtaken them in that capacity, and it is at that point that we are in danger of losing their confidence in first-class mail as a continuing viable alternative to the very attractive ads that are appearing daily now on television about calling your oldest and closest friend or members of your family.

A few years ago we wouldn't have believed that long distance telephone would have become a substitute for writing somebody a note about a rather simple matter on a personal basis, but it is happening.

The use of alternatives to first-class mail is increasing constantly. It is my feeling that the passage of this rate would be a very visible indication to the individual users of the mail in this country that we are alert to and aware of their use and, if you will, as in any other business, we would be extending the Government's hand through the Postal Corp. and the Postal Service to the individual saying, "You do count; we are trying to do something a little bit special for you because we recognize you and we want your business in the future."

There may come a day when there isn't really anybody that cares whether we have a postal service or not, except for the second- and third-class mailers and other commercial users, and it would be a pretty tragic sort of a situation.

We can't continue to use taxpayers' money in the magnitude that we have been appropriating it in recent years for a postal service that does not enjoy widespread public support, and I think to the degree that a substantial segment of the public or the population believes that they are not dealt with fairly in any government operation, any government function, they will lose confidence in that government operation and government function. When they lose confidence, they will stop supporting it.

Mr. Chairman, you and I came here together in 1964. We have seen many examples when the people out across the country lose confidence in something, Congress soon follows.

I submit that consistent with those people that would like to have a healthy and viable postal service in this country for the future, this is one very small and relatively inexpensive way to buy some insurance for the future of the postal service and for the future confidence of the American people in the postal service.

I thank you again.

Mr. HANLEY. Bill, thank you very much. You certainly make a very strong case for the concept which we are deliberating.

In my judgment, it is most unfortunate that we have arrived at a point where we have to consider this sort of accommodation. Unfortunately there are people in authority who cling to the premise that the U.S. Postal Service must be self-sufficient, and you and I have disagreed with this position from the very beginning.

As a result of that mandate, going back to the act of 1970, and continuing adherence to that concept by those in charge of the institution, and by the President himself, we are faced with the dilemma that confronts us.

Most Americans, unfortunately, still are of the opinion that the Congress controls that institution, sets policy, directs its management, and sets rates.

The President's concept with respect to the citizens' class rate differs, of course, from this concept in that there was nothing in the way of a provision for financing that concept. If it were to become law, it seems to me that the shortfall would have had to have been made up from reduced services.

We all know that there is no such thing as a free lunch, so if we are going to have the concept, then we have got to make provisions for financing the concept, and that provision, of course, is contained in your legislation.

The bill that Senator Glenn has introduced also overlooks the financing requirement associated with this concept.

I am most appreciative to you. You have championed the issue from the very beginning, and I am happy that at least today, despite the delays that you have alluded to and explained to our witnesses, that today we are beginning to take a hard look at this. I believe it is high time that we have.

For instance, the Postmaster General is in the process of deliberating something in the way of a new concept with regard to parcel rates, which I believe is a very interesting concept, and we will be hearing about that, probably in September.

So, actually what we are doing here this morning, kind of goes hand-in-hand with his intention with respect to the parcel rate structure. Bill, thanks so much for your input, your interest, and the motivation you have provided us in this regard.

Mr. FORD. Thank you very much. I would just like to observe, that with respect to the differences in the legislation here in the Senate, and and the modification of the White House's original position, it is the fine hand of the Bureau of Management and Budget that is at work here, and I can only say that it is a clear-cut textbook example of being penny-wise and pound-foolish.

It might make a difference if the chairman's bill, H.R. 7700, were to pass, and the people on the other end of the street were to assume the rightful responsibility that they should have for the operation of the Postal Service. I think their attitude toward legislation of this kind would change rather quickly. And I think the Congress would recognize a renewal of its responsibility toward the Postal Service, the need for a constant reevaluation of our approach to the customers, if you will, as they are called by the Postal Corp., the citizens, as we like to refer to them, and the voters, more importantly, as we think of them in even-numbered years.

There just doesn't seem to be any political risk in letting the post office go down the tube, and I submit that it is not going to be very much satisfaction for many of us to look back in a few years and say, I told you so, if successive administrations and successive Congress, have allowed this great and wonderful service that held this country together for so many years to literally self-destruct.

The attitude of being penurious about adopting the concept, but not being willing to pay for it in this legislation, is not unique to this OMB. It is characteristic of the way they approach things.

That's why we, Mr. Chairman, sometimes at the risk of being accused of disagreeing with the executive branch, have to exercise greater and broader wisdom.

Mr. HANLEY. Thank you, Bill.

[The prepared statement of Congressman Ford follows:]

PREPARED STATEMENT OF HON. WILLIAM D. FORD

Mr. Chairman, I first would like to thank you for calling these hearings this morning. As you know, we have had difficulties in scheduling these hearings—and I want to apologize to the witnesses for any inconveniences due to our changes in hearings dates—but the civil service reform mark-ups required us to delay the hearings until today.

Mr. Chairman, I also want to thank those witnesses who will be testifying this morning: Mr. Mottl, Mr. Lloyd, Mr. Jim Winston (Greetings Card Publishers), Mr. Andrew Feinstein (Congress Watch), Ms. Cecelia Fine (Gray Panthers), Mr. Willis Ethridge (Nat. Assoc. of Deaf); and for those who have submitted testimony for the record: Mr. Breckenridge, Mr. Moakley, Mr. Mathis, Mr. Eilberg, Consumer Federation of America, and National Rural Letter Carriers.

This bill was also been endorsed by the National Council of Senior Citizens, the National Association of Retired Federal Employees, and the American Coalition of Citizens with disabilities. And Senator John Glenn has introduced, along with his postal reorganization bill, a very similar proposal that would go into effect with the next rate increase.

This group of supporters testifies to the broad base of support that the proposal enjoys. With the rapidly increasing cost of mailing a letter, those people who look to the mails for their primary means of contact with the outside world—the poor, retirees, persons with impaired hearing, hospitalized veterans, physically handicapped individuals, and farmers and other rural residents—all are finding themselves more isolated from society—economically, geographically, or physically. These individuals are the ones most urgently in need of relief from the high cost of postage.

Between 1885–1958, the cost of first class mail went from only 2 cents to 4 cents. Since 1968 when the cost was still 5 cents, the cost has tripled to 15 cents. I had hoped that after introducing H.R. 7537 in June of 1977, and receiving the endorsement of both the President and the Postal Service for a citizen's rate, that the rate commission would have followed suit and maintained a 13 cent stamp for individuals. But as we all know, they did not.

On May 24, 1978, I, therefore, reintroduced a modified version of the Citizens' Rate Bill, H.R. 12844, in order to pursue a legislative remedy to lower rates for private mail. We already have 46 cosponsors for the bill. The legislative route is particularly appropriate in light of several commissioners contention that their reason for rejecting the citizens' rate was that they had no statutory authority to institute such a rate.

We already have a two-tier first class rate in this country with business people using first class mail and having a subsidy. It's not only a tax deduction subsidy, but most businesses receive a 2 cent pre-sort discount. So, in effect, businesses are already receiving the 13 cent citizens' rate—and as some have claimed, the citizens are receiving the business. Individuals must pay the full cost for their mail of 15 cents, while businesses pay an effective rate (considering the tax breaks and presort discount) of only about 6 and one-half cents.

Let me emphasize that my bill will not increase the cost of postage for business users—that will stay at 15 cents and will not increase to 16 cents as the Postal Service proposed. And the costs will not be picked up by business or any other class of mail. All that my bill does is to reduce the rate for private individuals to 13 cents, and provides that the citizens rate will not exceed 80 percent of regular first class postage in the future. This will not only benefit the public and increase their confidence in the postal service, but the expected increased mail volume will assist the postal service in covering their fixed costs. Pressures to increase the costs of other classes of mail should then be eased.

Let me further emphasize, Mr. Chairman, that my proposals have not and will never contain a requirement that citizens rate mail be handwritten. That was an ill-conceived idea of the Postal Service. Also, contrary to my bills, the USPS proposal provided that citizen rate mail be deferrable—meaning that in emergency situations only that it could be held back and handled separately. Otherwise, even under the USPS proposal, normal first class handling would prevail.

My bill provides for a penalty of \$500 for each misrepresented piece of mail. Besides the expedited administrative hearing procedure in the modified bill, the potentially high risk to a violating business of being caught, of being fined, but, more importantly, of receiving the accompanying bad publicity—outweighs any savings in postage the business might incur. And since many businesses already

receive a "citizens rate" presort discount, they are already paying only 13 cents and have no incentive to violate the law.

As in enforcing postal regulations against mail fraud, the Postal Service has successfully relied upon the recipient of illegally sent mail to report the violator. I have no doubt that if a private individual receives a letter from a violating business, that he or she is first going to think that this is a pretty chincey operation, and second, that they are trying to "rip me off" as a taxpayer—and then inform the local postmaster of the violation. Furthermore, most of the postal employees have a pretty good grasp on the flow of the business mail in their area and would pick up any large scale attempts to violate the law. And business mail is often already separated in mail bag pickups.

Finally, I still have faith that most Americans, and most American businesses, are still somewhat old fashioned, and still obey the law, because it is the law.

If there are any revenue shortfalls to the Postal Service, these would be covered by appropriations from general tax funds. And this is an entirely fair system. The argument that the Office of Management and Budget made before Senator Glenn's Postal Subcommittee that the subsidies would be at the expense of the taxpayer is a seriously flawed one—if you view the situation from the eyes of the ordinary citizen. Aside from the tax breaks and presort discount, businesses are making out like bandits, when you more closely examine the public service appropriations of over \$900 million that the Postal Service receives. At present, about 80 percent of first class mail is business mail, the remaining 20 percent being private mail. Thus, 80 percent of the public service appropriations applied to first class mail benefits the business mailer. Now, if 80 percent of our general tax revenues were received from corporate taxes, this might be considered a fair system. But about two-thirds of these taxes—that are used to subsidize business—are collected from individual taxpayers. Isn't it time that the men and women who shoulder most of the burden, get a little break for a change.

There is certainly precedent for this. We have, for 200 years, granted preferential rates to newspapers and weekly publications in order to foster a greater exchange of ideas and to expand the intelligence of the public—with revenue shortfalls being picked up by appropriations or by other classes of mail. In fact, these publications pay second class rates, but receive "red tagging" first class expedited delivery service.

We have rightly recognized the first amendment's importance in this country as it applies to the freedom of the press, the freedom of speech, and the right to dissent. Isn't it time that we recognize private individual's "right to write." For many people, the written word is their primary, and sometimes only effective contact with the outside world. I, therefore, strongly believe that the rights of these and all private individuals to communicate by the written word should not only be protected by the continuation of a viable Postal Service, but should be encouraged to the very fullest extent possible by a reasonable and fair citizens rate for private individuals.

Thank you, Mr. Chairman.

Mr. HANLEY. Our next witness is a very dear friend and colleague, Congressman Ron Mottl.

STATEMENT OF HON. RONALD MOTT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Mr. MOTT. Thank you, Mr. Chairman.

It is a privilege and an honor for me to appear before your subcommittee this morning, especially since you are one of my favorite people, Mr. Chairman, and I would like to commend at the outset my dear colleague from Michigan, Mr. Ford, for being a prime sponsor of this important piece of legislation, which I am honored to be a cosponsor thereof.

This is a bill to establish a reduced rate for mail by private individuals at a 13-cent citizens' rate.

This, Mr. Chairman, is legislation which I believe to be greatly needed, especially by those categories of our citizens such as the poor and the elderly, on fixed incomes, who are already feeling the severe

pinch of inflation which is now nearly running at an annual rate in double digits.

Think of the blind, the physically handicapped, the hospitalized veterans, those with impaired hearing, and many others. Think of them at Christmastime, for example, having to pay 15 cents for a stamp to send a greeting card to a friend.

But, Mr. Chairman, we do not send just one greeting card at Christmas. We send, many of us, 50, 100, 200, or sometimes even more. Those categories I just mentioned, also like to send dozens to their families and friends.

This year, it is going to be very difficult for them to afford to send more than just a few, if they have to pay 15 cents to mail each card.

Just think of the millions of people in those categories, and think of the total sum of the difference in the cost to them of 2 cents—15 cents instead of 13 cents we used to have, and which we propose to restore to them. Quite rightly, we want to apply to all private mail.

Since 1968, Mr. Chairman, first-class rates have increased 250 percent from 6 cents per ounce to the current 15 cents, and indeed one is tempted to inquire if, perhaps with the increasing cost of service, we may now be reaching the point where the citizens' guarantee of freedom of expression may be abridged, and may eventually be priced right out of existence.

Our rights of expression derives from the first amendment to the Constitution, and although the news media are apt to lay claim to it as their own inalienable right, in point of fact the guarantee extends far beyond freedom of the press.

In other words, our Constitutional freedom of expression applies to all written material. It applies whether the communication is a letter and is read by only one person, or whether it is an editorial or news item, read by millions.

You may ask if 13-cent first-class mail would worsen the already shaky financial situation of the Postal Service, but as you know, Mr. Chairman, the Postal Service has substantial fixed costs, no matter whether one letter or millions are handled.

For this reason it can operate just as economically, perhaps more economically, and more efficiently, with large-volume mail traffic.

The history of Postal Service is that when rates are lower the volume of mail increases. It shows also that when there is another rate increase, individual letter volume decreases.

Just a few moments ago I cited the greeting card situation at Christmas. An increase in the mail rate at that time brings with it a decline in volume of 7 percent.

With the establishment of the 13-cent citizens' rate, it is reasonable to assume that people will write more letters and send more cards.

Why, you may ask, should business mailers be refused the same rate as citizens. The answer to that is business mailers already enjoy financial advantages not available to individuals.

In addition to a lower rate for mail that presorted, such as utility bills, business mailers are permitted to claim postal expenses as among the costs that are deductible on their tax returns.

This means that a 15-cent stamp on a first-class letter actually cost the business mailer about 7½ cents.

H.R. 12844 also contains language which would insure that the citizens' rate stamp will never cost more than 80 percent of regular first-class postage.

Thank you very much, Mr. Chairman, for allowing me to be here this morning.

Mr. HANLEY. Ron, thank you very much on behalf of the committee for your time and effort, and your very keen interest in the subject matter.

Bill Ford, a moment ago, mentioned to me the instance of the person mailing a first-class letter overseas, and that particular letter was just over the 1-ounce weight. Because of that, the patron was charged 64 cents, 32 cents an ounce—64 cents to send one first-class letter, and it doesn't take much in the way of content to have it go over the 1-ounce limitation.

Ron, hopefully, working together, and there are a good number of people in the Congress who look upon this issue as you do, as Bill Ford does, and I do, hopefully our efforts will met with results, with good results, in the not too distant future.

Again, our deep appreciation for your time and interest this morning.

Mr. MOTT. Thank you very much.

Mr. FORD. Thank you, Ron, for coming in.

Mr. HANLEY. Our next witness is Mr. Jim W. Winston as president of Paramount Line.

Mr. Winston, it is a pleasure to have you with us this morning. We look forward to your testimony. I am sure it is going to be rather interesting.

If, for the purpose of the record, you would introduce your associates.

STATEMENT OF JAMES W. WINSTON, PRESIDENT, PARAMOUNT LINE, ACCOMPANIED BY DOUGLAS G. GREEN, ATTORNEY, AND NORMAN S. HALLIDAY, VICE PRESIDENT, PARAMOUNT LINE

Mr. WINSTON. Thank you very much, Mr. Chairman, and members of the Subcommittee on Postal Operations and Services, for the opportunity to present our views on H.R. 12844, the Citizens' Postal Rate Relief Act of 1978.

I am James Winston, president of Paramount Line, a greeting card publishing company of Pawtucket, R.I., and a member of the board of directors of the National Association of Greeting Card Publishers, which I represent here today.

Accompany me, on my left, is Mr. Douglas G. Green, of the law firm of Arent, Fox, Kintner, Plotkin & Kahn, our association's legal counsel, and Mr. Norman S. Halliday on my right, executive vice president of the association.

NAGCP is the national trade association of the greeting card publishing industry. Our members produce about 85 percent of the over 5 billion greeting cards mailed annually in the United States. These cards are distributed through a retail network of about 150,000 outlets that are located throughout the 50 States.

We appear here today in support of the Citizens' Postal Rate Relief Act of 1978, because we believe it is in the public interest,

will strengthen the ties that bind our great country together, and because it will protect the private citizen from further unreasonable increases in postal rates by those not accountable to the public they serve.

Our group has been supporting the citizens' rate mail [CRM] concept since its inception last June, when Mr. Ford of this subcommittee introduced the first citizens' rate bill, H.R. 7537, and for many years we have been fighting to keep first-class rates affordable and equitable for citizens.

We have waged this fight not only because of our concern for the cost of sending a greeting card, but more importantly because we are concerned about the impact of diminishing mail volume on a viable postal service.

In addition, we feel it is critical to encourage the rebirth of the written form of communication, the personal letter.

We were especially disturbed and disappointed, when the Postal Rate Commission on May 12, rejected recommendations of the Postal Service, which, at the urging of Congressman Ford and President Carter, had sought to establish a 13-cent rate for first-class mail sent by individuals.

This decision was subsequently upheld, after severe criticism, on May 19, by the Postal Service Board of Governors.

The less than unanimous decision of the Commission found that the Postal Service's proposed CRM was not in accordance with the statute.

While agreeing with the end result of that opinion, PRC Chairman Du Pont, in his concurring opinion, said he, "found no statutory bar to the establishment of CRM," and disagreed with the plurality on their position that CRM was not meaningfully distinguishable from regular first-class service.

His rejection of CRM was based not on the merits of the proposal, but instead, on the incomplete record before the Commission.

Du Pont admitted the PRC:

In consonance with its ratesetting authority and the policies of the Postal Reorganization Act, as amended, should encourage written correspondence by this Nation's expanding populace, and it can be done by prescribing a lower rate for household mailers.

He rejected the CRM proposal with "reluctance," saying:

The underlying concept of CRM seems to me not only meritorious but also of positive value to the Nation. It is my belief that the CRM concept has the potential to benefit the Nation as a whole, and that it should not fail in acceptance because of ultimately correctable deficiencies in the administrative record.

So it is that in PRC Docket No. R77-1, the citizens' rate was defeated because of an insensitivity to the needs of individual citizens by appointed members of a regulatory agency.

On June 22, Senator John Glenn, chairman of the Subcommittee on Energy, Nuclear Proliferation, and Federal Services of the Committee on Governmental Affairs, introduced legislation amending, in part, the Postal Reorganization Act of 1970.

The lead section of his bill called for a citizens' rate. It differs from the bill we consider here today only in that it does not call for a roll-back for citizens' mail from the present 15 cents to the pre-May 29 rate of 13 cents, but merely freezes the rate at 15 cents until October 1, 1982.

In testifying on that bill, S. 3229, the administration opposed the Senator's concept of a citizens' rate on three grounds:

First: A freeze would preclude independent rate judgment by the Postal Service;

Second: The concept would require taxpayers to subsidize individuals; and

Third: There would be significant pressure to continue the concept beyond its October 1, 1982, expiration date.

We consider all three arguments questionable. The degree of independence the Postal Service should enjoy is the focal point of the current postal reform debate.

However, the Postal Rate Commission decided when it struck down CRM that the Postal Service does not have the statutory right to establish the individual rate.

How, then, can the Postal Service independently determine that there should be a citizen rate when it does not have the statutory right to do so.

As to the subsidy issue, it seems only fair that the individuals of this Nation, a group that is usually included in any definition of "the taxpayer," should at least reap some of the benefits of the subsidy that they pay, instead of allowing business to be the sole beneficiary.

Finally, the administration's argument that there would possibly be significant pressure to continue the concept is the most disturbing.

If there is, in fact, pressure, would not this be an overwhelming message from the citizens to Congress that there should, at long last, be written into law an affordable and equitable first-class rate for individuals?

Isn't it the citizens' basic right to apply this pressure, to petition their Government, and to make their desires and demands known?

It is important to examine just who these individual citizens are who would benefit most from a citizens' rate.

They are the many isolated Americans who are dependent upon an affordable postal system. This group includes people with hearing impairments and other handicaps, whose principal, and in some cases only, means of communicating is through the mail.

There are the geographically isolated people in rural America who depend on the mail, not only for personal communication but, more importantly, as a means of commerce.

The distant State and territory residents, such as Alaska, Puerto Rico, and Hawaii, depend on the mail as the most economical means of communicating with the Continental United States.

And perhaps more urgently, there are the economically isolated, those living on fixed incomes, such as the retired, for whom the ever-escalating cost of first-class postage means an ever-decreasing ability to communicate with family and loved ones.

These are the real beneficiaries of the citizens' rate.

It should be remembered also that the only mail sent or received by low-income Americans is first-class. They do not receive second-class magazines, third-class advertising mail, or fourth-class books. Their use of the mail is confined to the one category which has seen the greatest price increases in real economic terms.

We have heard the Postal Service say that postal rates are still a bargain when compared to other consumer items such as hamburgers and automobiles, but that argument does not consider that the in-

creased costs of products and services which place them beyond the range of the economically disadvantaged usually have purchase alternatives.

For many, however, there is no alternative to the mail and those who consider it no longer affordable must simply stop using it.

While it may be true, as some assert, that many middle- and upper-income families would benefit from the citizens' rate, it is ironic that this argument has not also been advanced against reasonable rates for second-class mailers.

This group, which receives a rate-phasing subsidy of over \$6 million, promotes its high-income readership.

In the June 19 issue of Advertising Age the ad for a large weekly publication stated that its advertisements would reach 1,200,000 subscribers in the Nation's most affluent ZIP code areas with these "subscriber characteristics: Average household income, \$37,200; attended college, 89 percent; and professional-managerial, 79 percent."

We wish to make it clear, Mr. Chairman, that we are not proposing that this phase-in appropriation be eliminated for second-class mail users.

Quite the contrary is true, for we believe that the reasonably affordable dissemination of the written word, regardless of the mail class, is vital to this country.

But the plain facts are that when it comes to postal matters, the citizen does not stand in the same shoes as business mailers. Magazines, advertising mail, newspaper, catalogs, books, and virtually every type of business mail has available some kind of discount, subsidy, preferential rate, or tax deduction for postage. Each type of mail, that is, except personal mail sent by an individual.

This is a situation that is grossly unfair. We contend that it is time for individual citizens to get some warranted relief since their letters are just as vital, and perhaps more so, to the United States in general, and the Postal Service in particular, than any of the products or letters mailed by the other classes.

An excellent example of the inequities in the current system is the recent approval by the PRC of a 2-cent discount for more than 500 pieces of presorted business mail.

This benefit to the business mailer reduced the price of a first-class stamp to 13 cents—the same amount as the proposed citizens' rate.

As we have said so many times since May 12, the PRC gave business the citizens' rate and gave the citizens the business.

Added to this postal discount, bestowed even on small-volume business mailers, is the fact that postal costs incurred by business organizations are treated as business expenses and are therefore tax deductible.

Thus, the net cost of a nondiscounted first-class to a business is 7½ cents, while the same stamp for an individual is 15 cents.

The presorted discount rate of 13 cents then shows a net cost to a business for its first-class postage of 6½ cents.

This gives us a situation where an individual consumer receives his electric bill, for example, mailed by the utility company for 13 cents—6½ cents after taxes—and he must pay that bill with a 15-cent stamp without the benefit of any tax break. This system is inequitable and illogical.

It is fine for the business mailer to shout that the Postal Service exists for the first-class mailer, and that all too many of the services provided are for the benefit of the citizen and not the business mailer.

This has been stated recently in a pamphlet distributed by a large publisher, in a large monthly publication, and in the Senate testimony of several large business organizations.

The public be damned and business as usual has become their battle cry.

We have heard a former Postmaster General warn the Senate subcommittee that if advertising mail leaves the Postal Service, first-class rates will go through the roof.

We have heard a Congressman state that a major news weekly intends to raise its subscription rates so high that its publication will be priced out of the range of rural Americans, thus eliminating the need for rural deliveries.

To all of these statements, I must voice my concern and dismay.

While it is a fact that these businesses could easily exist with 3-day delivery and fewer rural post offices, they should also admit that it is the first-class mailer that carries the burden for keeping the Postal Service viable, and none of the business to date has advocated completely abolishing the system.

These mailers quite naturally want to maintain a system where they pay only 2 to 7 cents per ounce to mail their commercial products, and 2 cents per ounce to mail their publications, while receiving the same service as the first-class mailer receives for 15 cents.

Were it not for the announced support of the citizens' rate concept by such business mailers as the Direct Mail Marketing Association, the Association of American Publishers, and the Recording Industry Association, I would seriously question the corporate wisdom of business mail users.

Fortunately, the companies who have and always will want something for nothing are an ever-diminishing minority, and the majority realistically are aware that compromises must be made if the Postal Service is to be maintained as a nationwide institution.

In both H.R. 12844 and a similar bill in the Senate, S. 3229, exists the possibility of easing the postal burden which the individual mailer has for so long endured.

This bill gives you, the elected representatives of these individuals, the opportunity to protect the public's interest which the appointed so often chose to ignore.

Mr. Chairman, the public has not had true representation before the Postal Rate Commission and in the Postal Service, and while we will continue to fight the battle, it is imperative that we look for support from other allies—a search that brings us most logically and naturally to you, the Congress, the true representatives of the people.

This body must decide once and for all if the Postal Service is to be for the sole interest of business, or for the public, or for both.

We would hope that your decision will lead to some proper balancing of rights in a service which is vital to all Americans. We would hope that for the first time since postal reorganization, the balance might swing to midcenter, to the benefit of the individual mailer. H.R. 12844 is an important beginning to restore that balance.

Mr. Chairman, we thank you for this opportunity to testify and we shall answer any questions you might have.

Mr. FORD. Thank you very much, Mr. Winston.

In your prepared statement you take issue with the rationale advanced by the Rate Commission when it chose not to accept the recommendation for citizens' rate.

Would you care to comment further on your opinion, from where you sit, as to why they took this action?

Aside from what they have said is the reason for doing it, why they reacted this way, with the President saying it was a good idea, and with the recommendation coming from the former Postmaster General saying it was a good idea.

Mr. WINSTON. I think, Congressman, that had the Rate Commission been at full staff—there were only four members out of the five present—and had it been a full staff it quite possibly would have gone in the other direction.

I think that Chairman Du Pont in his remarks, although he went with the majority, indicated that he felt that the concept of a citizens' rate was a good concept, but I think it was the kind of a situation where it could have gone the other way, had there been a full Commission available to vote.

Mr. FORD. During their consideration of this proposal, did the Postal Service estimate for the Rate Commission how many pieces of mail would come under the citizens' rate?

Mr. WINSTON. I think the estimate was approximately 15 billion pieces. At a 2-cent differential, they were talking about approximately \$300 million.

Mr. GREEN. Congressman, if I might respond to that, I participated in the Commission and probably recollect fairly accurately exactly what they said.

With the deferable citizens' rate service option, the Postal Service had estimated that 60 percent of private citizens' mail would go by citizens' rate, and I think that came to somewhere around 10 billion pieces.

They believed that about 40 percent would not use the citizens' rate option because of the deferable service characteristic that it had.

Mr. FORD. How do you feel about that estimate? Is it a fairly accurate estimate, or were you satisfied that they based the estimate on a study that can be validated? Is this something that somebody pulled out of their hip pocket?

Mr. GREEN. It is very difficult to make those estimates and we felt that the Postal Service had to receive some deference for their expertise and experience, although, frankly, in responding to this question and to your prior question to Mr. Winston, I think quite candidly the Postal Service did not document the proposal in degree which I think would have made it more effective and which perhaps the Commission would have responded more favorably to.

To be fair to the Postal Service, they didn't decide to propose the citizens' rate concept until just before they made their rate submission to the Commission, and the exigencies of their financial situation being what it is and was, they just didn't have the time to go out and do some of the backup studies that would have given the polish to their presentation that it would ordinarily have.

It probably was deficient in what we lawyers like to call the weight of the evidence, in that it wasn't that thick a proposal.

We did feel that the concepts behind it, and that the judgments that went into it were very sound.

Mr. FORD. I understand, Mr. Winston, that your association has instituted a suit on the matter of the Rate Commission's rejection of the citizens' rate.

Can you tell the committee what the basis of that suit is, and what its present status is?

Mr. WINSTON. I defer that to Mr. Green.

Mr. GREEN. The status of the suit is that briefs will be filed August 28, and there are many parties now that have appealed from that decision and we are just 1 of approximately 12 to 15 participants in that appeal.

Our basis for the suit is twofold. No. 1, the Commission has implemented a new costing methodology which says that those classes which are deferable need only pay for 3 days of the 6-day delivery they receive.

Our first contention is, well, if that is so, then it's not fair to exclude the proposed citizens' rate from that category, because the citizens' rate category was going to be deferable, so if third-class mail is deferable and it gets delivered in 6 days and only pays for 3 days, we feel the citizens' rate, as it is proposed before the Commission, should have received equitable treatment.

Our second ground for appeal is that we disagree, as the Governors of the Postal Service also did, with the legal reasoning of the Commission on the discrimination issue.

I think neither of those points arise in this legislation because they are related to the evidence that was before the Commission.

Mr. FORD. Then you feel the legislation in its present form would not be subject to the same criticisms leveled against the postal department's proposal?

Mr. GREEN. No, sir, I do not.

Mr. FORD. What about the argument that is made that it will be confusing to private citizens to unscramble the question of when they can and cannot use the private citizens' rate?

What do you say to the skeptics who say that the American people wouldn't be able to cope with this complex decisionmaking process?

Mr. WINSTON. I don't think it's confusing at all. I think that an individual who is entitled to use a lower rate stamp and knows that he might possibly—there's just no difference under your concept, Mr. Ford. It's 13 cents if he wants to send a letter for whatever purpose.

Mr. FORD. I've been somewhat amused by it because carrying that theory to the ultimate, we would have a very substantial part of the mail deposited in the mail service that wouldn't be deliverable because it didn't have the proper postage on it, and for years this public that the skeptics have no confidence in has lived with a very complex system. The little lady that I talked to yesterday in Michigan was dismayed to find that a birthday card she was sending to Scotland just barely went over the 1-ounce level and went from 32 to 64 cents.

I said, "How do you know this?" She had gone into—I ran into her at a senior citizens' residence, she had gone into the office of the residence where they have a mail scale. This type of person is so conscious of their responsibility and what it is going to cost to put the stamps on a letter that she was weighing it in advance of going to the mailbox. She didn't take a chance and assume that because it

was a simple birthday card in the envelope in which she purchased it, that it was going to go over.

I might suggest you should give some consideration to some warning on your envelopes in this line of your cards that the card exceeds 1 ounce.

Mr. WINSTON. Yes, along that line, just about every publisher who has any greeting card that is going to exceed 1 ounce generally has printed on the envelope where the stamp goes, "extra postage required." That generally is taken care of.

Mr. FORD. She might have put a dollar bill in there for a relative or something and messed it up.

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

Mr. HANLEY. Thank you very much, Mr. Winston.

I am sorry I was interrupted by the quorum call, but I had read your statement and want to commend you on it.

I am amused on page 3 with respect to the rationale of the administration, "The concept will require taxpayers to subsidize individuals."

My question is, what's the difference? That's my question to the administration.

Can you tell us have you compiled data on a reduction in volume of first-class personal letters versus the printed greeting card? Do you have any data of that kind?

Mr. WINSTON. No, sir. We don't have any data on that to my knowledge.

Mr. HANLEY. Certainly that has had to be the subject of dialog within your industry. Is it a fair guess that resulting from the most recent rate increase volume has diminished? Would you say that is a fair guess?

Mr. WINSTON. I think so, because during any period in the past when there was an increase in postal rates, there were indications that the greeting card volume during that period fell 7 percent from what it would normally have been.

Mr. HANLEY. I note on the final page of your testimony, page 8, you evidence your dismay with the Postal Rate Commission.

You look for allies, looking upon the Congress as "true representatives of the people."

You aren't saying there that the Congress itself should once again get into the ratemaking procedure per se?

Mr. WINSTON. No, sir, we're not saying that.

Mr. HANLEY. Or are you?

Mr. WINSTON. I did not mean to state that. What I meant is that we felt it was up to Congress, as our representatives, the representatives of the citizens of this country, to look after their interests. We felt those interests were not being looked after by those people who were appointed to the regulatory agencies.

Mr. FORD. Would the gentleman yield to me?

Mr. HANLEY. I will be delighted to yield to the gentleman.

Mr. FORD. I think it should be observed that apropos of the chairman's question, the way this legislation is written, what we are really talking about is the relative rate or this rate relative to other means and classes of uses of the mail.

In their collective wisdom, if the Postal Rate Commission continues to increase rates apace with their recent record, this rate will increase as well, it will stay, however, relative to the total rate 80 percent of that cost.

It would be something different if we were to freeze a rate at any particular level for any class of mail and say that the Rate Commission thereafter had no authority to adjust it.

The Rate Commission would always be adjusting this mail along with all of the rest of first class. We would simply be giving them a guideline that said when you are making this multitier system determination in the future, you will keep this tier at 80 percent of the principal charge for a first-class stamp.

Mr. WINSTON. Yes; and we think that is a very reasonable approach, Congressman.

Mr. HANLEY. Mr. Winston, could not the increased costs of greeting cards, and not the increase in postage, be a prime reason why fewer people are sending cards?

Mr. WINSTON. Again we don't have any statistics on that, but I don't think there are any indications that fewer people are sending cards. We have no basis for that.

All we have are the indications that whenever there has been a postage increase, that the number of greeting cards sent during that year of the increase is off from where it would have been without the postage increase.

I had an example that I used before. Today in my own company, our most popularly priced box of cards is 30 cards for \$2, and it has been 30 cards for \$2 for the last 10 years.

Of course, about 10 years ago, you used to spend \$2.40 for those 30 cards in postage, and you paid \$2 for the cards. This year you are going to spend \$4.50 to mail that \$2 box of cards. It still exists, but the postage has gotten away out of line in relationship.

Mr. HANLEY. Given the inflationary world we live in: How have you been able to maintain that price over that long period of time?

Mr. WINSTON. The cards, sir, are not quite as large as they were, but the price and the count still does exist. We have reduced the size of the card.

Mr. HANLEY. So if I heard you correctly, you said that the 30-card box which sold for \$2 10 years ago continues to sell for \$2 today.

Mr. WINSTON. Yes.

Mr. HANLEY. You have accounted for inflation by reducing the size of the card and perhaps the quality of the card?

Mr. WINSTON. I don't think so. I think the quality of the card has improved.

Mr. HANLEY. Do you believe that any revenue lost to the Postal Service as a result of the citizens' class rate should be recovered by Government appropriation or by cross-subsidies from other classes of mail?

Mr. WINSTON. We think it should come from the general revenues, not by any cross-subsidy.

Mr. HANLEY. The provisions for a penalty from misuse, that is a \$500 fine, do you think that's fair?

Mr. WINSTON. It's not only fair, but I think it would be very effective.

Mr. HANLEY. Mr. Ford.

Mr. FORD. Thank you, Mr. Chairman. I have no further questions.

Mr. HANLEY. Mr. Winston, again on behalf of the committee, our deep appreciation to you and your associates for your time and input, and certainly your testimony will be of great help to us as we deliberate this particular issue.

Again I only wish that this activity was not necessary. I would prefer that the executive branch abandon the self-sufficient concept and let us provide whatever moneys are needed to assure the traditional scope and quality of postal service in America. That would be my preference and we kind of move toward that in H.R. 7700, which as you know was adopted by a vote of 384 yeas and about 11 nays in the House.

Unfortunately, the President has not looked upon the measure with favor. It's very frustrating to all of us, but there is a ray of hope in recognition of what is presently underway in the Senate and we look forward to the House-Senate conference report and the ability to come out of that with a decent bill this year.

Again thanks so much for your appearance this morning.

Mr. WINSTON. Thank you, and we appreciate the opportunity, Mr. Chairman, not only on behalf of our association, but also as a representative of the American public.

Mr. FORD. Mr. Chairman, I would like to thank Mr. Winston and the association for the fine job they have been doing to illuminate this issue for people across the country by what I regard as one of the most responsible informational drives that I have seen anybody coming before this committee put on.

I was here when we went through the fantastic period of advice from everybody in this country and outside of it on why we should have adopted the Postal Corporation in the first place, and ever since I've been on the committee someone has been telling us about how to do the very thing we are at.

I would like to offer, also, my personal thanks and that of the other cosponsors of the legislation to Norm Halliday for the aggressive way in which he has made himself available to explain this to members who showed an interest.

This is one piece of legislation where we have a lot of cosponsors, not simply because it was a popular thing to get on, but because they do in fact understand what it is they are sponsoring. I think every one of the cosponsors could explain this rather simple bill and what it purports to do, and there are no gimmicks in it.

It is a pleasure to deal with a piece of legislation that in fact is not not only on its face but in substance clean.

I might give you this by way of encouragement, that some of us have wrestled with this concept of rates in interesting ways and just about given up, only to find that sooner or later the sunshine breaks through.

I spent, I don't remember how many years now, trying to get into law a provision that said that the Postal Rate Commission would take into account in setting rates the educational, cultural, and informational value to the recipient of the mail. That was difficult for many people to understand until we finally had a judge over there on a rate case who said something to the effect, if I can paraphrase him, that a package is a package, whether it contains a brick or a book.

The reaction to that was predictably strong, because it was an indication that we were living with know-nothing concepts.

We did get that into the law, and then it came as a great surprise to me to find the lawyer for the Postal Corporation arguing before the Rate Commission that what I had intended by that amendment was that the rate should be higher for a book than for a brick because of the cultural, educational, and informational value.

I treasure as a memento of bureaucratic obtuseness a copy of the transcript in which that argument was actually made.

It is very hard for me as a lawyer, and particularly as a lawyer serving in Congress, to understand with a long history of the discussion on that language, how that could have come out, but it does give you some indication of the minds and the mentality that we are dealing with in the setting of postal rates.

Any help we can give them in this kind of a simple approach that is understandable to citizens certainly will be good for the Postal Service and for the country.

Mr. HANLEY. Thank you, Mr. Ford.

If I may go off the record for a moment.

[Off the record.]

Mr. HANLEY. Our next witness this morning is a very distinguished legislator from the great Sunshine State of California, Mr. Jim Lloyd.

STATEMENT OF HON. JAMES F. LLOYD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. LLOYD. I would like to submit my statement for the record.

Mr. HANLEY. Without objection, it is so ordered.

[The complete statement follows:]

STATEMENT OF HON. JIM LLOYD

I'm here in support of the citizens postal rate of 13 cents and a limit on future increases of 80 percent of first class levels. The Postal Service is just that—a service to the American people. It should be affordable, even if this means a Federal subsidy.

We have all heard from constituents protesting this spring's rate increase. Particularly hard hit are senior citizens who often rely on the mail for both business and the bulk of their communication with friends and family. Among others who would most benefit from a citizens rate would be those who are isolated economically, geographically or physically. This is reflected by organizations supporting the citizens rate concept. They include the National Council of Senior Citizens, the American Coalition of Citizens With Disabilities and the National Association of the Deaf.

The poor, the elderly and the handicapped can ill afford postal rate increases as dramatic as over the last 15 years when rates increased 300 percent. Increased rates are self-defeating as they are in any public service. As the rates increase, fewer and fewer people use the service, driving costs upward. Congress should be responsible for making mail affordable and the citizens postal rate can help.

Mr. LLOYD. I shall be very brief in my remarks, as my statement is.

Obviously you have been regaled, I am sure, as you have gone along here in your hearings, with all of the problems which beset the Postal Service.

In essence, I think the greatest complaint is that the Postal Service has somehow lost a sensitivity to the people that it is supposed to serve, and indeed it is supposed to serve.

We have very good people who work in the postal department. I think, for instance, of a postmistress who heads up that activity in the very small town of Mount Baldy, which is in my district.

I'm sure she doesn't get very much recognition for the fact that she will accommodate her patrons almost in the middle of the night. She reminds them of many things beyond the picking up of the mail or delivery of the mail or whatever is necessary to accommodate them.

She also takes care of much of their social living. She will remind them when they are supposed to vote, and she will remind them of a great many things.

Her name is Pat Batchelder, and I think she does just an excellent job and really typifies what we would like to think the postal department is comprised of.

Yet in other areas, it seems as though the people's greatest concern is whether they have a day off. The last consideration appears to be whether or not they are delivering the mail.

It is, of course, a never-ending source of consternation, frustration, confusion, irritation in our society today that the Postal Service is indeed not very much of a service in some areas.

I think that in our great effort to make it a paying concern, and I know that you gentlemen are not responsible for that, but in our great effort to make it appear as a business, in our great effort to make it appear as a viable economic unit, we have forgotten the main basic which is service, and I think it is time that we review what it is we are really doing.

I personally would have no objection if we could somehow determine or delineate say a 10-cent fee for first-class mail, particularly for those who are terribly dependent upon the postal services, the elderly, the infirm, those who are kept indoors, obviously parents of young people in the service or whatever it may be.

These are very, very important communications and merit more attention, or better yet, more consideration than I think we have given it, and I think my cry is that somehow we are out of whack.

We also have to recognize that, just as we are here in Congress, every businessman is absolutely dependent upon the postal department to deliver his communications, and he needs it as rapidly as possible, as swiftly as possible. We see jokes, such as somebody delivered by pony express, or an attempt at other means of delivering a letter to show that it could get there faster than the modern system.

We also heard that if there was a slowdown in the postal department, how could you tell?

These are humorous in a way, but they are really sad, that in a society which can go to the Moon and which has already looked at what is on Venus and who will go further into the galaxy, cannot communicate at a very rapid rate.

When I was in the service during World War II, letters got through in really admirable shape, and it seems as though we did a better job then than we are doing now.

Maybe we have gotten too complex. Maybe we expect too much of the system. Maybe we simply don't imbue people today in our society with the spirit of personal service to others and the rewards gained therefrom.

I don't really know what all the problems are. I only know that we have a festering sore which affects the total of our society, and I think the time has come for us to address ourselves to that, and see if indeed we cannot find solutions to some of those problems, hopefully all, but at least some of them.

I commend the chairman of this subcommittee for holding these hearings. Thank you very much, Mr. Chairman.

Mr. HANLEY. Thank you very much, Jim, and I think that simple description, "festering sore," covers it all very well.

We in the Congress have had to bear all of the criticism for the inadequacies of the U.S. Postal whether it be in the area of service, rates, or what have you, but unfortunately we find ourselves in the extremely frustrating position of being unable to do anything about it.

I am delighted with the sensitivity expressed by the vast majority of the Congress.

You will recall on the occasion of the consideration of the H.R. 7700, there were but 11 negative votes on that measure, which transmits a very strong message in that the representatives of the people are hearing what the people are saying about the Postal Service, and they want the inadequacies and the shortfall corrected.

I think we in the House have done a commendable job in responding to the will of the majority of the American people.

Of recent, the Senate has taken up our measure. Senator Glenn has introduced a bill in a form different from our own, but at any event, we are optimistic about the probability of a House and Senate conference. If we can ultimately retain most of the provisions of that bill and have it enacted into law, we can look back upon this Congress as having been highly significant in moving in the direction of, if not eliminating, certainly substantively alleviating the problems we have with this service.

We would like very much, Mr. Bill Ford, myself and others on this committee, would like very much to see the self-sufficient concept junked, and when you talk about the cost of doing this, in relation to our Nation's budget it is minimal, and we could essentially provide this vast service to 217 million Americans in accord with the traditions of this country.

Unfortunately, there are a few people who continue to resist this effort.

I again, Jim, appreciate your initiative this morning, your continuing interest, and your support on behalf of this effort.

Mr. Ford?

Mr. FORD. Thank you, Mr. Chairman.

I want to thank our colleague from California for the interest he has shown in this legislation from its early stages and for making the extra effort to prepare a statement and appear here today in support of the legislation.

I think he has very well summed up the feeling that comes to me from our colleagues on the floor, that in turn reflects what they are hearing from people out across the country, and I would hope that somebody over there at the department, particularly the Board of

Governors, who took the negative action on this proposal, would be able to hear what Representative Lloyd has tried to say to them about what their customers—and they call them customers over there.

That's one indication of what is wrong with the Postal Corp. They don't regard themselves as a service serving American citizens who are paying for that service, as do our people in other essential services to our country, whether it's military or civilian, but as some kind of a special hybrid group of people engaged in a business at the expense of the American taxpayer but without response to the American Taxpayer.

I appreciate very much having the support of Representative Lloyd because I know that his cosponsorship means that a lot of other people who wouldn't have taken notice will be supporting us when we go to the floor.

Mr. HANLEY. Thank you, Mr. Ford.

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

Mr. HANLEY. Thank you very much, Jim.

Our next witness this morning is Mr. Andrew Feinstein, representative of the Public Citizen Congress Watch.

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

I would ask that my statement be submitted for the record, and then I could just go over some of the high points in it.

Mr. HANLEY. Without objection, so ordered.

[The complete statement follows:]

STATEMENT OF ANDREW A. FEINSTEIN, PUBLIC CITIZEN CONGRESS WATCH

Mr. Chairman, members of the committee, I am pleased to testify before you today in support of H.R. 12844, legislation to create a citizens' postal rate. This special reduced rate for individuals will foster increased communication between citizens by assuring an affordable level of postage. Unlike the numerous direct and indirect corporate subsidy programs which Congress periodically enacts, this legislation provides a direct economic benefit to citizens.

Among its other major missions, government should surely want to encourage greater communication between its citizens. The first Amendment to the Constitution depends on lively, robust discourse. To facilitate this goal, the drafters of the Constitution listed the establishment of post offices as one of the seventeen basic functions of government.

This need for free and open speech is as compelling today as it was in 1789. Citizens use the mails to communicate news, send greetings, complain about goods and services, solicit information, propose political solutions, and let their voices be heard in the institutions of American society. As a matter of economic reality, increases in the costs of communication lead increasingly to corporate and government control over information. Consumers hear what corporations want them to hear about products. Even the bulk of news about the activities of the Congress is transmitted by the interest groups most affected by the proposed legislation. If citizens are ever to be able to regain their power over their government, it is going to take an extensive amount of communication. The higher the cost of the communication, the less likely it is to be made by non-wealthy citizen groups.

Letters to government, and particularly the Congress, may dry up if the cost of sending them becomes too high. Yet, these individual letters are an extremely valuable barometer of public sentiment on issues. They often provide the necessary support for members of Congress to buck special interest pressures and vote on behalf of their constituents. The organized, computer generated mail campaigns will likely continue unabated even if postage goes up; their business sponsors have the resources and self-interest to continue such "indirect" lobbying. Citizen, voter mail is much more sensitive to the type of deterrent which an increase in stamp price can cause.

Inexpensive citizen mail serves as an important alternative to the monopoly service of the telephone company. Communications in this country is too great an extent controlled by one private corporation, AT&T. Telephone rates have been climbing steeply over the last decade, particularly message toll rates charged

for intercity and interstate call. As rates go up, friends and relatives lose contact. Old people, handicapped individuals, rural residents, and poor people become shut off from communication. Low cost postal service is one of the few available means for these people to stay in touch with those people and institutions they care about. Postal service can only serve as an alternative to the telephone if its cost is kept modest. The ease and convenience of making a phone call can only be counter-balanced by very low postage rates. On the other hand, low postage rates serve as a check on rising long distance telephone costs. It is an imperfect form of competition, but it is one of the only ones we possess.

Four major objections have been raised to citizen postal rates—i.e. that it will cost the Postal Service money, that a handwriting requirement is unfair, that defferable mail service is undesirable, and that it is wrong to give citizens a special rate. I would like to address these charges:

I. COST

Despite the enactment of the Postal Reorganization Act of 1970, the Postal Service operates under a central conflict between its role as the institution providing a unique and fundamental function of government and its role as a profit making corporation. President Nixon's notion, adopted in the 1970 Act, was that each class of service should pay for itself. As occasionally applied, the results can be salutary: first class users, for example, should not be involuntarily underwriting the postage for third class commercial solicitations. But I disagree with the general proposition that in all ways draws a parallel between the government's role in delivering the mail and any corporation's role in providing its service. The government was assigned postal functions by the founders because they saw communication between citizens as a desirable social goal. A balance sheet where income covers expenses is a valid and worthy target for the operations of the Postal Service. But if the meeting of this goal causes rates to rise to such a level as to discourage average citizen communication, this economic target must give way to the more important societal need.

When the Postal Rate Commission rejected the establishment of a citizen's rate, it did so, in part, because the Postal Service was unable to conclusively demonstrate that the added volume from a lower citizen rate would produce the necessary income to cover the cost of service. Obviously, the data has to be speculative and uncertain. Nevertheless, the Commission, operating within the straightjacket of a balanced budget for each line of service, felt it had to reject this proposal. The Congress need not be so encumbered.

In the first place, the whole notion of cost covering is somewhat bogus in the first case of the Postal Service. The Postal Service has tried to set rates by attributing a scant half of their total costs to individual lines of services claiming that the rest were fixed, institutional costs. H.R. 7700 takes the small step of requiring sixty percent attribution. Other regulated industries are forced to attribute a significantly higher percentage of their costs. This massive percentage of institutional costs particularly discriminates against first class mail users because the big expansion areas of the post office are in bulk mail. Are first class mail users subsidizing the construction and operation of bulk facilities under the pretense that these are part of institutional costs? With this level of institutional costs, it appears that first class and citizen mailers are, in reality, subsidizing the big mailers, like Time, Inc. and Readers Digest.

Secondly, since I view the delivery of the mail as a unique governmental function, I have no problem with the direct subsidization of citizen mail costs. This subsidy could come in the form of a public service appropriation from general revenues or from the revenue from other types of service, such as second and third class. This legislation is silent on the question of subsidies for citizen mail if there is a revenue decline. Statements made about the bill suggest that this revenue loss would have to be made up by a government appropriation and not by cross subsidies from other lines of service. Although an appropriation from general revenues is entirely legitimate because of the public policy vindicated by low postage rates, a network of cross-subsidies would also be appropriate. The telephone company, by way of analogy, has long asserted that business users pay a high amount, in comparison to costs, to keep residential rates down. This policy has been approved by state public utility commissions and by the Federal Communications Commission as a legitimate way to distribute the costs of service. In the case of the Postal Service, this sort of cross-subsidy is even more appropriate, due to the constitutional basis for a government postal service. I urge that the committee explore this alternative to an appropriation from general revenues to cover any revenue loss.

The question of whether citizen rates pay their own way should not be answered by use of the Postal Service's discredited accounting mechanism. Only if revenue from citizen rate mail falls below its attributable costs plus a minor portion of institutional costs should a government subsidy be made. On the other hand, the adoption of a citizen rate will result in a revenue decline unless the volume of mail increases. For this reason, establishment of the citizen rate should be widely publicized to increase useage.

2. HANDWRITING

There have been several press accounts of citizen objections to the citizen rate proposal before the Postal Rate Commission. The part of the Postal Services proposal most criticized by citizens required that both the address and the return address be handwritten to qualify for citizen mail. Spokespersons for senior citizens, the blind, and the handicapped were outraged at this requirement. The legislation introduced by Representative Ford contains no such handwriting requirement and the legislative history should make it clear that the Congress intends that no such requirement be imposed by the Postal Service.

The handwriting requirement was proposed as a method of holding down fraudulent misuse of the citizen rate. This should not be a major problem. If a special citizen rate stamp is issued, recipients of mail can readily tell if it is being improperly used. There is little doubt that a flurry of complaints to the Postal Service would develop if a corporation started using a citizen rate stamp. With the high penalties provided in the bill and the attendant adverse publicity sure to flow from any prosecution for misuse, businesses are very unlikely to try to cheat. This form of enforcement should be sufficient to hold down fraud.

3. DEFERRABLE SERVICE

Another source of citizen concern about the Postal Service's proposal came over that portion which would place citizen mail in a deferrable status. This new category was supposed to be somewhere in between the allegedly prompt first class delivery and the current deferred category of bulk mail. The Ford bill contains no requirement for deferring delivery and none should be added. As the chances of one or two day delivery drops, so does the attraction of citizen mail. If citizens believed that their mail would get lower priority treatment than business mail, they would stop using the citizen rate and the Postal Service's income would drop. The legislative history should clearly state that citizen rate mail should get the same treatment as regular first class mail.

4. EQUITY

Large mailers and the Chamber of Commerce objected to citizen rate mail on some peculiar notion of equity. It was somehow unfair, they said, for citizens to be able to mail a letter cheaper than a corporation can. Without dwelling on the utter speciousness of an argument which equates corporate rights with citizen rights, let me point out that corporate mail users have numerous existing advantages over individuals now. When the telephone company or the electric company sends a bill to its subscribers, it presorts the bills by zip code and pays only 13¢ per letter to send it. A citizen can not use this sort of bargain rate because he or she rarely has the volume of mail to qualify. So, when the subscriber pays the bill, he or she must affix a 15¢ stamp to the envelope to send it back. In this case, businesses are paying the citizen rate and citizens are paying the corporate rate.

Futhermore, the business can charge off the cost of postage as an ordinary and necessary business expense, and thereby avoid any taxes on the cost of postage. The citizen is given no similar tax advantage and must pay full taxes on the money spent on postage. Moreover, if the bill is from a regulated utility, the cost of postage is counted as part of the rate base of the utility. This rate base is then used as the principal from which the rate of profit is computed. The higher the rate base, the greater amount of profit a utility can make. Hence, not only does a utility save money through presorting and tax breaks, but even gets to make money based on the amount of postage. Where is the equity in this situation?

Equity can be approached by reducing the cost of citizen mail to a level at which it is attractive to citizens to use the mails. Fairness requires that the enormous postal advantages given to big mailers be counterbalanced by the establishment of a small break for individual citizens. If we subsidize the maritime industry, why not the First Amendment?

Thank you.

STATEMENT OF ANDREW FEINSTEIN, PUBLIC CITIZEN, CONGRESS WATCH

Mr. FEINSTEIN. I am pleased to testify here today in support of H.R. 12844 legislation creating a citizens' postal rate.

Unlike the numerous direct and indirect corporate subsidy programs which Congress periodically enacts, this legislation provides direct economic impact to citizens.

Among its other missions, government should surely want to encourage greater communications between citizens. The Constitution is framed around, in large part, this type of communication. The first amendment attempts to encourage debate, both in terms of political debate and in free expression of ideas. To facilitate the attainment of this goal, the drafters of the Constitution mandated the establishment of post offices as one of the basic functions of government.

The need for free and open speech is as compelling today as it was when the Constitution was written. Citizens use the mail to communicate news, send greetings, complain about goods and services, solicit information, propose political solutions, and let their voices be heard in the institutions of American society.

As a matter of economic reality, increases in the cost of communication, and particularly postal communication, lead increasingly to corporate and government control over information.

In terms of goods and services, consumers tend to hear what corporations want them to hear. In terms of the activities of Congress, voters, citizens hear what special interest groups want them to hear, to much too great an extent.

If citizens are ever going to be able to regain power over their government, it is going to require a large amount of communication citizen to citizen, to try to establish some force that can countervail against the type of excessive influence to which corporate power over communication is increasingly leading.

The major objection raised against the citizens' postal rate has been the cost argument. Cost, for purposes of the Postal Service, has a unique meaning, to which this committee need not be bound. Let me explain: The post office operates in a high degree of schizophrenia. On the one hand there is the unique and fundamental governmental function, described above, which we think is so important. On the other hand, the Postal Reorganization Act mandated that each class of service pay for itself. The act seems to be based on the notion that postal service is in fact no different from any other corporation; that in fact the Government is merely acting as a private monopoly corporation in delivering the mail.

While on its face the notion that each class should pay for itself is a worthy target, at that point where the goal of a balanced budget for each line of service gets in the way of the really important societal function of encouraging communications, then the economic must give way to the social goal. Citizens' postal rates is just such a case.

Now I'm not saying that citizens' rates are not going to pay for themselves. At least the record is unclear on that. There could be increases in volume that could make up for the declining per-piece revenue.

In any case, even if revenue from citizen's mail do not cover cost, I don't think that is a good argument against establishing a citizens' postal rate.

In the first place, the question of cost covering in the Postal Service, I think, is a somewhat bogus concept. The Postal Service has been asserting that institutional costs, which run across all lines of service, account for close to half of all the operational costs of the post office. This percentage for institutional costs is much higher than is accepted in other utilities, and certainly competitive companies would never allow themselves to consider such a high proportion of institutional costs for purposes of accounting.

The fact that the Postal Service makes little effort to allocate more of its costs suggests that one line of service may actually be subsidizing another. Does the Postal Service charge construction to institutional costs? If so, the areas of expansion, such as second and third class, may be receiving a hidden subsidy from first-class mail users.

If so, what we have is a cross-subsidy program where individual citizen first-class mailers are subsidizing the big mailers, such as Time, Inc., Readers Digest.

So the first question relating to cost covering for a line of service is not answered by relying upon the Postal Service's data in making a determination.

If the determination is made that citizens' rate mail will result in a revenue shortfall, as opposed to a revenue loss—unless the volume goes up significantly, it probably will—government appropriations from the general revenues are certainly appropriate.

Also appropriate would be the notion of cross-subsidies from other lines of mail service.

By way of analogy, State regulatory commissions, and the Federal Communication Commission have long accepted A.T. & T.'s argument that residential telephone rates are kept low by the subsidies from business rates and from long-distance rates.

We have had some problems with Bell's argument, but the basic concept of the cross-subsidy program is not inappropriate. It is very similar to the notion of progressive taxation, that you take notice of the customer's ability to pay in order to meet an important societal goal.

My written statement goes on to talk about the old proposal for a handwriting requirement. I hope that is a totally dead letter now, no pun intended.

Also proposed was that citizen mail be a deferrable service, which I think is inappropriate. If this is something we want to encourage, citizen mail, then establishing deferrable service acts as a strong discouragement.

We think the citizens' rate mail should get exactly the same service as first-class mail from whatever sender.

Finally, as to questions of equity, whether citizens' rate mail is in fact a special benefit for citizens as compared to corporate mail, the arguments have been made earlier today, so there is no need to repeat them.

Mr. Chairman, we do support this legislation and think that it would provide a very important statement by the Congress of encouragement for citizens to use the mail to communicate with one another.

Thank you.

Mr. HANLEY. Thank you very much, Mr. Feinstein, for your very fine testimony.

I find that fundamentally I am pretty much on agreement with what you have been saying here.

To quote from page 3, "The government was assigned postal functions by the founders because they saw communications between citizens as a desirable social goal." The foresight that our Founding Fathers demonstrated away back then proved a great advantage in achieving a society that enjoyed the best standard of living in the world. They felt that this goal could best be achieved by a relatively free flow of mail to all citizens, regardless of their social or economic status.

It worked very well through the years, up until 1970, when this change became mandated by law. I think it was a terrible mistake back then and I hope that this sort of colloquy that we're having today and in other forms that this committee utilizes will eventually get us back to where we were prior to 1970 with respect to how this institution should be funded.

Mr. FEINSTEIN. Well, the notion of accountability of the Postal Service to the elected representatives of the people is a very important concept, and the 1970 reorganization took a giant step away from accountability to the people.

Mr. HANLEY. Well, every class of mail, of course, serves a great purpose; our economy depends to a major extent on the availability of this service at reasonable rates.

So each class of mail serves a great purpose from the standpoint of the American society and the American economy. It is only regrettable that we have had these 7 or 8 difficult years, and we hope very much that we are going to be able to change that.

Mr. Ford.

Mr. FORD. Thank you, Mr. Chairman.

I want to thank you for your testimony, Mr. Feinstein, and particularly for drawing attention to the things that people are saying about this legislation that are not in the legislation.

When we consider this business of the handwritten communication as a test, an obviously easily discernible test, we were trying to reach the doubters who said that the people in the Postal Service, as well as the citizens using the mail, wouldn't be able to identify the fraudulent misuse of the mail, and it took us a little while to finally start thinking in a more reasonable fashion, to recognize that could be said about any class of mail because not everyone walks around with a postal scale in their pocket to determine whether or not an employee has made a mistake in allowing underfunded, understamped mail to go into the process.

I am reminded by your statement, however, of one of my first experiences on this committee in 1967, which is in fact the last time that the Congress considered a massive legislative rewrite of the entire postal rate system. It was a bloody battle, in which many of us learned far more about the post office than we had ever wanted to know, and about the tremendous pressures that the pressure groups with an interest in postal rates are able to bring around here.

The then-Postmaster General, I believe, was Larry O'Brien, and somebody in the postal department called my attention to the fact that we had a statutory definition of first class that limited first class to handwritten or typewritten communication.

In 1967 we were in the early stages of what now is a broad proliferation of the use of the impersonal computer, that without human intervention could select out your name or mine and write us a letter and personalize it and either tell us that our subscription was about to expire or solicit us to join a book club or do something else.

It came to my attention that Reader's Digest, as a result of this, was able to send the communications that they sent to their book club subscribers on their second class rate, which was in those days and—I guess—to a large extent still remains the most preferential subsidized type of mail that we have.

They apparently had determined that if the computer could write the letter it wasn't typewritten. It looked like a typewritten letter, the citizens thought it was a typewritten letter, but the computer did it, not a person, so it wasn't typewritten.

I offered an amendment in this room in what was then the common practice of an executive session, where theoretically no one outside knew what we were doing in the secrecy of this room, and discovered how fast news flies, because by the time I left the meeting and got back to my office, the vice president of Reader's Digest was waiting for me, to advise me about how unwise it was to attack this sacred instrument.

That is one of the areas where he and I disagreed then and still disagree.

The House did keep the amendment in, and the more I heard about it, the more excited I became when I discovered that Reader's Digest was saving over \$1 million as one user of the mail over that one little gimmick in the first-class statute.

There were others at that time who had computers. That statutory provisions is no longer in existence, but when that rate bill got to the Senate, somehow, mysteriously, our little amendment disappeared, and for many years Reader's Digest, while railing against government waste and ripoff artists and welfare cheats and all the rest of it, continued to get their million-dollar-plus special rakeoff because of a couple of little words in the statute.

We do get bogged down with these technical kinds of definitions. Most frequently those technical definitions are in there because some body is advantaged, some particular group is advantaged.

It is the kind of thing that the American public has had enough of, and the kind of thing that your organization has very successfully called to the public's attention in a way that caused the public to react and bring about change.

I think the very fact that we are considering this kind of legislation has people actually beginning to realize, for the first time, that we have left now in society, only one very small class of people who do not get a direct Federal subsidy for the use of the Postal Service. It is going to have an impact on the future of how the Congress deals, not only with this rate, but with the Postal Service in general.

I think that your advocacy of this legislation is certainly consistent with what I have known the reputation of the Congress Watch to be, and we appreciate having your support, and particularly appreciate your incisive statement.

I would like to note also that your statement went a step further than any of the rest of us in pointing out the additional tier of subsidy that is involved, or the additional way in which the ordinary citizen

pays for somebody else's postage, when you used, as others have, the contrast between a privately owned public utility mailing its mail for 13 cents, which nets out to some $6\frac{1}{2}$ or 7 cents in real costs because of the tax break.

You went the additional step that I had forgotten until this morning, and that is that most privately owned public utilities have a guaranteed profit. They are cost-plus operations, in effect, so as the cost of postage goes up, it just simply gets added to the cost base which is then submitted to the Utilities Commission. It then becomes the basis for their request for a rate raise and is automatically passed on to the user.

So this person, this ordinary citizen who has to pay a full 15 cents to pay their electric bill, is getting their electric bill with a 13-cent stamp which cost 7 cents and then paying for it in part with their income tax payment and in part with an add-on to their utility bill for this increase in postage as a cost of doing business.

MR. FEINSTEIN. It is more than just an add-on. It is applied to the rate of return. Instead of paying 13 cents for a 13-cent stamp, utilities are allowed to make a 10-percent profit, so, when the utility passes the cost of postage on to the consumer, the consumer pays 14.3 cents for the 13-cent stamp used by the company.

MR. FORD. Again, Mr. Feinstein, on behalf of the committee, our appreciation for your appearance this morning and for the support given H.R. 12844 by Public Citizen Congress Watch.

MR. FEINSTEIN. Thank you very much.

MR. HANLEY. Our next witness this morning is Ms. Cecelia Fine of the Washington chapter of the Gray Panthers.

Ms. Fine, we are delighted to have you with us this morning.

May we, and perhaps this is contained within your testimony, but can you tell us a bit about the Gray Panthers and what its purpose is?

STATEMENT OF CECELIA L. FINE, CHAIR, HEALTH ACTION COMMITTEE, GRAY PANTHERS OF METROPOLITAN WASHINGTON, D.C.

MS. FINE. Thank you, Mr. Chairman, and members of the Subcommittee on Postal Operations and Services, for the opportunity to present the views of the Gray Panthers of Metropolitan Washington on the Citizens' Postal Rate Relief Act of 1978.

The Gray Panthers is an organization dedicated to taking on the problems of the elderly whatever or wherever they may be. We are working toward obtaining better housing and food for the needy elderly. We have found that only one of every eight older persons who are in need of public subsidized housing can obtain it; a large number of nursing homes continue inadequately to provide for their patients; and 40 percent of this country's elderly have deficient diets according to Federal standards.

These are but a few of the issues the Gray Panthers are fighting today. We are fighting for the deserving elderly not to be left out. Everyone will be old one day and face problems like these unless something is done about it now.

That, Mr. Chairman, is why we have come before this committee today. The issue before us is a critical one and the Gray Panthers

feel the Citizens' Postal Rate Relief Act is a way to change things for the better for the elderly of this country now.

Mr. Chairman, the telephone company urges everyone to "call long distance" to keep in touch with family and friends. However, some of the elderly often do not have this option as the cost of a long-distance call can be prohibitive and a hurried phone conversation often misunderstood.

Buslines have joined in the bargain fare race offering low-cost, long-distance travel. Unfortunately, this mode of travel is quite physically demanding, and, despite well-meant efforts, cost does remain a factor.

Airlines have recently lowered fares to allow more people to see the world, "discover their heritage," and visit loved ones. Despite the reductions, the cost of air travel remains high for fixed-income individuals and the incidence of poor health and conditions attendant on old age make travel impractical, if not impossible.

In my capacity as chairperson of the Health Action Committee of the Gray Panthers of Metropolitan Washington, I have become aware of the importance of the older person's maintaining contact with the outside world. Those of us who are in daily contact with others, need to be reminded of how damaging is the tendency of the old to withdraw when communication with the outside world is lacking. The importance of sending and receiving letters and even the receipt of a greeting card is an important weapon in the fight against mental disease.

The failure to provide a citizens' postal rate for such communication is one more evidence that the needs of the elderly are not being met. The high cost of even sending the familiar first-class letter, particularly for the elderly, is actually pricing them out of the market. The friendly letter is rapidly becoming a thing of the past for them.

More revealing than the mere refusal to adopt a citizens' rate, is the fact that amid the rising cost of heat and other utilities, companies providing these services are given a decided advantage over the individual citizen. For instance, the gas company, by presorting mail, pays only 13 cents for every piece of first-class mail it sends. Combine the 2-cent break with tax deductions and the company ends up paying only about 6½ cents per piece. At the same time, we must return our payment to them with a 15-cent stamp.

Mr. Chairman and members of this committee, the elderly rely heavily on the postal system to send and receive news from family and friends. To communicate with a grandchild, to receive a greeting card, or send one may brighten the whole existence of an elderly person confined in a nursing home. The failure to provide a citizens' postal rate to meet the needs of the growing body of elderly citizens is a sad commentary on the system.

The Postal Commission's disregard for the requests of the administration, the Postmaster General, and Members of Congress, indicates to the elderly that they once more are being disregarded. The elderly want to keep in touch and be a part of this world. However, they are increasingly faced with the realization that not only are they often prohibited from being contributing members of society, they cannot afford to be.

It would seem that the time has long passed when the elderly are either isolated or made to feel of no importance to society. It cannot be the intention of the postal system to inflict this unfair treatment on

them. There is only one way to prove it. The Gray Panthers of Metropolitan Washington support Representative William D. Ford's bill, H.R. 12844, which would establish a reduced rate of postage for certain mail matter of private individuals. We earnestly urge that it be favorably acted upon.

Thank you.

Mr. HANLEY. Ms. Fine, thank you very much for your excellent testimony, and you make some very strong points on behalf of this legislation, especially the possible cultural impact of it, and you stated very well with respect to how meaningful it is to the elderly to look forward to, whether it be a greeting card or a letter and the ability to send those.

Again it is my philosophy that all Americans should be able to enjoy this combination at reasonable rates.

I express my appreciation to the Washington chapter of the Gray Panthers for its interest, its initiative and its support.

May I ask, are the Gray Panthers organized nationally and do you have chapters throughout the country?

Ms. FINE. The Gray Panthers are indeed national in scope with local networks in 34 States spanning the country from the east coast to the west. California leads with the largest number of local networks, 23 at the last report, with New York State and Washington State second and third, respectively. The Gray Panther motto—"Age and Youth in Action"—emphasizes its focus as a movement of all ages dedicated to changing people's ideas about aging and improving the quality of life for all. Total membership has been estimated to be 25,000.

Mr. HANLEY. I commend those responsible for the institution of the organization. Certainly it can serve a great purpose in bringing to light the problems confronting senior citizens, so I commend you and your associates on the good work you are doing, and in particular your efforts on behalf of this legislation.

Mr. Ford?

Mr. FORD. Thank you, Mr. Chairman.

I would like to echo what the chairman said and thank you for a clear, concise, and very persuasive explanation of what this very small, in terms of what happens here in Washington, piece of relief to a part of our population really means when viewed from the perspective that you provide for us.

On a personal note, I would simply like to tell you that I have a mother living in a senior citizens' apartment, and I am going to take the liberty of mailing her a copy of your statement so she can show some of her neighbors that occasionally her son does the right thing down here.

We appreciate your help.

Mr. HANLEY. Thank you again, Ms. Fine.

Our next witness is Mr. Willis Ethridge, representing the National Association of the Deaf.

Mr. Ethridge, our appreciation for your time and effort here this morning.

STATEMENT OF WILLIS A. ETHRIDGE, NATIONAL ASSOCIATION OF THE DEAF

Mr. ETHRIDGE. Thank you for permitting us to testify here this morning.

I have a prepared statement which is very short, but I would like to submit it for the record and then I would make a few remarks in relation to it.

Mr. HANLEY. Without objection, so ordered.

[The complete statement follows:]

STATEMENT OF WILLIS A. ETHRIDGE

Mr. Chairman and other members of the Congress, my name is Willis A. Ethridge, and I am employed by the National Association of the Deaf as Director of CETA training. This consumer organization, with its national headquarters located in Silver Spring, Maryland, represents 47 state affiliate associations and has an aggregate membership of 18,000 deaf citizens. In behalf of the organization and its members, I desire to speak briefly in support of H.R. 12844—the Citizens Postal Rate Relief Act.

The key work in the amelioration of the handicapping conditions resulting from profound hearing loss is communication. Owing to the fact that for many years deaf persons were unable to use a telephone, they have tended to rely more heavily than other citizens on personal correspondence, whether in communicating with other deaf persons or with their friends and relatives who do not have impaired hearing. The steady increase in postal rates over the past decade has made it economically unfeasible for deaf persons to mail letters as frequently as they would like to do.

While it now is possible for deaf persons to use a telephone by means of a modified teletypewriter device (TTY), relatively few deaf citizens can afford the initial high costs of the equipment. Even if they acquire these devices, because communicating by means of typed messages is accomplished more slowly than is possible through use of spoken conversation, few deaf persons can afford the high costs of long distance TTY calls with any frequency. Coupled with the fact that letter-writing also is increasingly expensive, in effect deaf citizens are victims of an economic squeeze which tends to abrogate their Constitutional rights as guaranteed by the First Amendment.

Although deaf people read the daily newspapers, frequently the level of the English used is too sophisticated for easy understanding by the mass of the deaf population to whom English is a second language. Communications benefits of radio—which are taken for granted by the average citizen—of course are lost to deaf individuals. The only captioned television news program for the hearing impaired is telecast over a single Public Broadcasting Station and only at 11:30 p.m. in most localities. As a result, deaf citizens continue to lose out on the benefits of modern technologies, and must rely on an exchange of personal letters to keep themselves informed. In 1968, we could send letters to ten persons for 60¢; in 1978, we can communicate with only four persons for the same sum. The figures speak for themselves.

The National Association of the Deaf strongly supports the pending legislation introduced by Mr. Ford. If enacted, it would benefit millions of Americans who are on the verge of being overwhelmed by runaway inflation. Private citizens deserve relief and we do not concur in the belief expressed by opponents of this legislation that it would have adverse effects on business users of the U.S. Postal Service. We are conscious of the fact that members of Congress were elected to office by the votes of private citizens, not by corporations; and we view the Citizens Postal Rate Relief Act as an excellent vehicle for the Congress to provide pragmatic assistance to a financially burdened public.

We appreciate the opportunity to speak in support of this landmark bill, and to urge your most thoughtful consideration and support of its passage.

Mr. ETHRIDGE. I believe that the key to our support is that communication is the basic problem with deaf persons, both verbally and orally. Primarily they are basically cut off from the use of the telephone.

I am aware there is a device known as the teletypewriter which can be connected to a telephone. The price of the instrument itself is relatively high, and many deaf persons are not earning salaries comparable to hearing persons, even sometimes when they are in the same field of work.

In addition to that, the long-distance toll charges are multiplied when you communicate by teletypewriter. What you and I might communicate in, say, 5 minutes on a long-distance phone call could take from 20 to 30 minutes or even longer for a deaf person to communicate by phone.

Deaf people for many years have utilized the mails as their main source of communication, both with friends and family. I can personally attest to that.

I have a deaf daughter who lives in Minneapolis and at least twice a month and sometimes 3 times a month I receive a 10-to 15-page letter. This is her means of communicating with her family, and she does this with her friends.

We support this bill, H.R. 12844, fully and we do trust that it will be favorably received when it reaches the floor.

Thank you.

Mr. HANLEY. Thank you very much, Mr. Ethridge, and you called to our attention another category of citizen who would be most deserving of the accommodation we seek to provide if this measure can be enacted into law.

I am sure that there are other groups of people in our society who are so dependent upon the ability to communicate by letter. In the course of our dealings on the subject matter, the point that you have made on behalf of the deaf has not been made. That further adds to the credibility of what we are attempting to do and we can only assure you that we are going to try awfully hard, and certainly in concert with the support of associations such as yours and the previous witness, Gray Panthers, hopefully we can ultimately make our mark.

It wouldn't be a bad idea, in my judgment, for you folks to communicate with the White House, expressing your position on this matter.

Mr. ETHRIDGE. We'll do that, and I might point out, Mr. Chairman, that hearing impairments is the largest single disability in our country.

Mr. HANLEY. Certainly the President would be sensitive to that, as he would be sensitive also to the position of the Gray Panthers, and all of us are dependent upon people bringing to us observations that otherwise we might not consider, so if I might respectfully suggest, it wouldn't be a bad idea to communicate the thoughts expressed in your testimony to the President.

Mr. Ford?

Mr. FORD. Thank you, Mr. Chairman.

I want to associate myself with your remarks, and thank you, Mr. Ethridge, for the time and effort it took to make this presentation. I add my solicitation to that of the chairman for your communication to the people out on the other end of the street.

I am sure that the President would be sensitive to this, but a few letters might even make OMB sensitive to it. I'm not giving up hope yet, although it gets dimmer and dimmer each day.

I think it's very important, as you identify yourself as spokesman for a consumer organization of 18,000 strong across 47 States, for people to understand that you are speaking for that kind of a population dispersed throughout the country. It gives a dimension to this legislation that I think is very important in terms of people making their value judgments as to whether or not this is a wise expenditure of Federal funds.

When you describe it in the terms in which you described the use of the mail here, it strikes me that if this was legislation before the Education and Labor Committee, tied to one of the numerous programs concocted over there over the years, that the Congress would be falling all over itself to enact it.

Maybe one of the problems with this legislation is that it is such a simple, easy way to help people that it takes more time for people to recognize it. It isn't as glamorous as some of the big things that we spend money on around here. It isn't likely to have a very heavy impact on the forthcoming even-numbered year activities in November, but with the persistence of groups like yours bringing this legislation to the attention all across the States that you have people of Representatives from those States, you can virtually guarantee the passage of it for us.

Mr. ETHRIDGE. We will contact the White House, as you suggested. Further than that, we will include it in our newsletter, which goes out to the various States, to suggest they contact their Congressmen as well.

Mr. HANLEY. Thank you, Mr. Ethridge.

At this point, the hearing will stand adjourned.

[Whereupon, the hearing was adjourned at 11:20 a.m., August 1, 1978.]

[The statements and letters which follow were received for inclusion in the record.]

STATEMENT OF HON. JOHN B. BRECKINRIDGE, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF KENTUCKY

Mr. Chairman, I am pleased to have the opportunity today to express before the subcommittee my support of H.R. 12844, "Citizens' Postal Rate Relief Act of 1978." This legislation will effectively check the tremendous increase in first-class postal rates apparent in recent years, a trend which, if it continues, soon will pose a serious threat to the ability of American citizens to freely express their opinions and communicate with one another. In addition, it will eliminate present inequities in the rate structure of the Postal Service which enable certain businesses to pay 13 cents in postage for first-class letters while individuals are forced to pay 15 cents for their letters.

Under present Postal Service regulations, businesses and organizations can send out presorted groups of 500 or more letters with a discount of 2 cents postage on each, making the effective rate for these groups only 13 cents. Personal letters account for only about 20 percent of all first-class mail and, experts claim, make less money for the Postal Service than business letters. Yet we cannot allow the continuance of a system which discriminates against individual citizens by forcing them to pay a higher first-class postal rate than business for exactly the same service.

The differential system proposed by my colleague, Mr. Ford, will ameliorate this situation by creating a citizens' postal rate of 13 cents for a one-ounce first-class letter, equal to the discounted rate presently available to businesses. Even with this bill in effect, of course, certain groups would still be paying a lower effective rate for first-class postage. As a Chicago Tribune editorial correctly noted, " * * * postage is a business expense for corporate income tax purposes, * * * the net outlay per letter could still be less for business than for individuals even if there were a lower 'citizen rate.' " H.R. 12844 will, however, end rate discrimina-

tion against individuals and prove to the citizenry that Congress intends to preserve a postal system which people can afford to use.

Actions by the Postal Service to cut down costs and increase efficiency are commendable. Unfortunately, recent and projected rate increases and increasing use of electronic communications equipment have led some experts to predict a reduction of as much as 25 percent in business demand for first-class service over the next decade. This will undoubtedly lead to proposals for even higher first-class rates in coming years. The Postal Service Board of Governors and the Postal Rate Commission may well attempt to meet all operating expenses through excessive rate increases, thereby threatening the affordability of the first-class letter which, for so many years, has played an integral role in interpersonal communication and the free expression of ideas in American society.

Congress must indicate, through positive action on the "Citizens' Postal Rate Relief Act of 1978", that it will not allow the first-class rate to rise so high that mailing a letter becomes a luxury few can afford. Only by action to lower the postal rate for individuals and keep it at a reasonable level can we protect one of the most important modes of free expression available in this nation.

STATEMENT OF HON. WES WATKINS, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF OKLAHOMA

Mr. Chairman, allow me to express my appreciation to you and members of the subcommittee for giving me this opportunity to express my support for the Citizens' Postal Relief Act of 1978.

We are all aware of the impact of inflation on our pocketbooks. The Postal Service, like the rest of us, is suffering from the effects of outrageous inflation and is attempting to deal with it by increasing rates. Because I feel that the segments of our society which are hardest hit by inflation, the elderly and handicapped, will suffer unnecessary hardships due to this move, I strongly oppose raising the cost of a first class letter to 15 cents.

An extremely large percentage of my constituency is elderly. It is estimated that one-fourth of the people in Oklahoma's Third Congressional District are senior citizens. That is 100,000 to 150,000 people. A good portion of these elderly citizens are living on limited fixed incomes. Having to add an additional two cents postage on a letter may be insignificant to a lot of people, but to those elderly and handicapped citizens who are struggling with today's inflationary costs on very limited incomes, it can be a severe burden.

Since increases always hurt those on fixed incomes the most, the increase in postal rates could be detrimental to the rights of many citizens to communicate through the mail. It may mean a grandmother cannot send her grandson a birthday card. That is an injustice she should not have to endure; it is a heartache she should not have to feel.

My district—like a vast portion of this nation—is rural. That means transportation is a major problem and people have to rely on the post office because of geographic isolation. They rely on the post office to stay in touch with friends and relatives and in many cases this may be their only source of communication.

While some senior citizens have had to give up their telephones because they cannot afford the cost, some of my constituents do not have access to telephone service due to their geographical location. These people are forced to rely on our postal system for all of their personal transactions.

Mr. Chairman, special consideration must also be given to our handicapped population. For example, a telephone is useless to the deaf. They must use the mail to stay in touch with friends and relatives. I believe it is unfair to these people to make them pay more for the privilege of communication.

Many of our people have reached the breaking point where they can not stretch their limited incomes any further. I think it is time we give these people a little consideration.

Mr. Chairman, I appreciate you and your distinguished colleagues allowing me to comment on this matter.

STATEMENT OF HON. DAWSON MATHIS, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF GEORGIA

Mr. Chairman, I want to thank the Committee for allowing me the opportunity to submit this statement of support for H.R. 12844, the Citizens Postal Rate Relief Act of 1978.

I am a cosponsor of the legislation and simply want to reiterate my support for this measure. Aside from the provisions of the bill itself, passage of this measure would send a strong message to the Postal Service and its Board of Governors that Congress in specific and the public in general are fed up with rising postal rates and the inverse decline in the availability and quality of services provided by the Postal Service. I feel that the special "Citizens Rate" this bill would create is most worthwhile and would benefit the consumer as well as the Postal Service by stimulating an increase in the volume of mail sent by individuals.

Additionally, the bill provides a revised procedure by which the Postal Service can keep up with the inevitable rise in postage rates by maintaining the "Citizens Rate" at a level of eighty percent of the regular rate for mailing a first-class letter.

For these reasons and many more too numerous to mention, I lend my full support for this bill and urge my Colleagues to join with Mr. Ford and myself to work toward passage.

STATEMENT OF HON. THOMAS J. DOWNEY, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF NEW YORK

Mr. Chairman, it is my pleasure to offer testimony in support of the Citizen's Postal Rate Relief Act of 1978, introduced by Congressman Bill Ford.

This bill, which I have co-sponsored, seeks to redress the problem of soaring mail costs. From 5 cents at the beginning of 1968, the price of mailing a one-ounce letter has tripled to the present price of 15 cents. Why? Before 1968, mail costs received heavy direct subsidies, allowing the Postal Service to set rates below the cost of sending mail. The Postal Service's subsequent attempt to operate on a break-even basis has forced the price to rise. Rapidly rising labor costs and some questionable managerial decisions combined to push up postal rates at a greater pace than the overall price index. The decision to end subsidies for mail service has proven to be inflationary.

The Citizens' Postal Rate Relief Act, on the other hand, would reverse the inflationary trend of mail prices. As the Carter Administration has pointed out and made the basis of its decision to oppose Congressman Ford's bill, the rate reduction would lead to increased subsidization of the Postal Service. The Administration is certainly right to be concerned about increased subsidies, which could run as high as \$312 million a year, but that cost should not blind us to other aspects of the bill. The Postal Service already received subsidies well in excess of \$312 million a year.

Whatever its possible indirect effects, the Citizen's Postal Rate Relief Act reduces the price for the average citizen to mail a postcard or letter. This bill moves directly against inflation and provides us with a rare opportunity to directly reduce the price of a commodity. Even if nothing else spoke in this bill's favor, our shared concern about inflation would incline us to support Representative Ford's measure. But there are other reasons to support this bill.

Giving non-business mail users a discount is a sound business practice. To a large degree, demand for mail service responds in a classical fashion to price changes. Each past price increase has been followed by a decline in the volume of mail. Since the postal service has large fixed costs, the decline in mail volume translates into a higher unit cost. The high unit cost creates a need for still higher prices, thus clearing the way for future price rises. Following the past course of action seems to hold little in store but spiralling mail prices.

Therefore, I think there is a clear need to approach the problem in a different fashion. Rather than depress mail volume, we should take steps to stimulate it, simultaneously increasing the cost-efficiency of the postal service. The short-term costs of Congressman Ford's bill could well be recouped in the long run because of the measure's contribution to the efficiency of the Postal Service's operations. I believe that the Citizen's Postal Rate Relief Act, because it will keep the volume of mail usage high, will reduce the unit cost of mail, will actually lower the total expenditure on mail service in the long run.

Further, there is a question of equity. At present, businesses receive a discount for pre-sorted mail and can write off the cost of postage as a tax deduction. In net terms, mail may cost a corporation as little as 6½ cents, less than half the net cost to other consumers. This is inequitable. Mr. Ford's measure will reduce the cost differential without penalizing businesses. The Postal Service will use general revenues to pay for the increased operating deficit.

An anti-inflationary, economically sound and equitable measure deserves our backing. Therefore, I urge the committee to take swift action on the Citizen's Postal Rate Relief Act of 1978.

STATEMENT OF HON. DALE E. KILDEE, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF MICHIGAN

Mr. Chairman and colleagues, I am here to express my support for H.R. 12844, the Postal Rate Relief Act of 1978. As a co-sponsor of this bill, I feel that recent rate increases, combined with the U.S. Postal Service Governors' refusal to protest the Postal Rate Commission's rejection of a citizen's postal rate, mandates Congressional action in this area.

I am alarmed at the rapidly increasing cost of mailing letters, and I believe that this alarm is shared by the majority of the members of Congress. During consideration of H.R. 7700, the Postal Service Act of 1978, the House of Representatives included a provision to restore Congressional veto over postal rate increases. In doing this, the House recognized that reform in rate setting was needed. The Postal Rate Relief Act of 1978 seeks to implement a major reform by more fairly distributing the cost of mail delivery.

An inordinate share of the Postal Service's operating expenses are borne by the individual citizen. Recently, a constituent sent me a letter in which he enclosed an advertisement sent to him by a business concern at the cost of 7.7 cents. It cost the constituent 40 cents to mail the same package to me third class. Business has access to cut-rate postage prices, but similar programs are not available to private citizens. H.R. 12844 would provide a separate 13 cents, first-class mail rate for personal letter mail for individuals. The bill also provides that future rates for personal mail could not exceed 80 percent of the rate established for regular first class mail.

President Carter has indicated his support for a citizen's postal rate, and in July, 1977, the U.S. Postal Service proposed the lower rate to the Postal Rate Commission. However, the Commission rejected the proposal and the Postal Board of Governors upheld its decision. Apparently, the only way the American public can obtain price reduction in its first-class mail is through legislation.

The burden of increased postal rates affect all people irrespective of their financial status. Should prices continue to rise at their current rate, it is not inconceivable that the poor, retired, and those on fixed incomes would be forced to drastically curtail their reliance on the postal system.

It cannot be denied that a definite need exists for the services provided by the postal system. The question now appears to be whether it is the inherent right of all citizens to communicate through this system. If one agrees that citizens have the right to use the postal system, then it is our responsibility to create a system that is economically strong, yet within a reasonable cost range so that all people can use the services it provides. It is my belief that the Postal Rate Relief Act of 1978 will significantly contribute to the realization of this goal.

STATEMENT OF HON. JOHN JOSEPH MOAKLEY, A REPRESENTATIVE
FROM THE STATE OF MASSACHUSETTS

Mr. Chairman, distinguished members of this committee, thank you very much for this opportunity to present testimony on Congressman Ford's H.R. 12844, the Citizen's Postal Rate Relief Act of which I am a co-sponsor.

The above mentioned bill would roll back to thirteen cents the price of postage for privately sent first-class mail. It would thereafter hold the price of private citizens' letters to 80 percent of that of businesses. This proposal would relieve average Americans from the crushing burden of supporting our postal service. Passage of this legislation would also send the message to the Postal Rate Commission that they cannot ignore the wishes of the President, the United States Congress, and the American Public.

When Congressman Ford introduced legislation last June, to provide for a separate thirteen-cent, first-class mail rate for individuals, it met with favorable reaction from both President Carter and the Postal Service. However, the Postal Rate Commission rejected the proposal and last month the Board of Governors reinforced their opinion. Congressman Ford then reintroduced a revised version of his bill as a last attempt to project the rights of the American Citizen.

All too often, with the current postal rate structures, it costs the average American more to mail his bills than it costs the companies to send them out. This is due to the fact that while the postage rate is apparently the same for everyone, there are many discounts and advantages available to businesses, that are not open to individuals. Options such as pre-sorting, mailing at bulk rate and deducting postage costs from their corporate income tax, allow businesses to mail communica-

tions at an average cost of 6 cents per letter. It is time that the individual American was granted some similar benefits.

H.R. 12844 would allow for just such an advantage. The revised form of this legislation also eases the Administration and enforcement of this measure. The new version eliminates the section that linked future increases to the Government's cost of living index, and instead uses the aforementioned 80% of regular first-class criteria. The Postal Service itself does not foresee administration as being too cumbersome. Since much of business mail is already pre-sorted, this obviously distinguishes it. A \$500 fine for misuse and the resulting bad publicity will further help enforce the measure.

To sum up, the ability of an individual to send moderately priced communications is a mainstay of our Democratic form of government. When it costs a private citizen more to write his Congressman than it costs a business to send out ever-increasing bills, something is amiss. I urge support of H.R. 12844 as a final attempt to assure the American public their right to communicate at a reasonable rate.

TESTIMONY OF HON. JOSHUA EILBERG, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF PENNSYLVANIA

We in Congress spend a great deal of time dealing with difficult issues—issues that are far removed from the business of helping Americans meet their everyday needs. Rarely does one have the chance to speak in favor of legislation that is so clearly beneficial to the American people. That is why I am so pleased to be able to come before the Subcommittee on Postal Operations and Services to support H.R. 12844, the Citizens Postal Relief Act.

Mr. Chairman, I would like to take a moment to commend my friend and colleague from Michigan, Mr. Ford, on this legislation. He has successfully fashioned a simple and intelligent bill. Most of all, the gentleman from Michigan, has introduced a bill which is a straightforward effort to give consideration to the daily hardships faced by American citizens.

The Citizen's Postal Relief Act would establish a separate and lower postal rate for individuals sending mail. At present, it would reduce the cost of sending a letter from 15¢ to 13¢ for the individual user. This constitutes a 13 percent reduction in the cost of mailing a letter.

Congressman Ford is also to be commended on his revision of the procedure for increasing the cost of citizen mail in the future. In the initially introduced bill, the citizen postal rate was tied to the cost-of living. Increases in postal rates would reflect increases in the cost-of-living. But this system turned out to be problematic. Mr. Ford remedied the problem by introducing a new bill with revised provisions for the future increase in postal rates.

Under the new bill, the citizens postal rate must never be more than 80 percent of the normal postage rate. This establishes a simple and unambiguous mechanism for raising rates in the future.

A wide range of individuals will benefit from enactment of this legislation. To understand who will benefit the most from the Citizen's Postal Relief Act, all one has to do is look at the list of groups who are supporting the bill. The National Council of Senior Citizens, the National Association of Retired Federal Employees, the American Coalition of Citizens with Disabilities, the National Association of the Deaf, support the Citizen's Postal Relief Act. Consumer groups too, are backing this bill to lower postal rates.

By looking at this list of supporters, Mr. Chairman, I think it becomes rather evident that the individuals who depend on the mail the most are those that can least afford rate increases. The elderly, many of whom live on limited and fixed incomes, cannot afford to use the telephone to communicate with family and friends. Instead, they write letters. But this mode of communication is being threatened by rising postal rates. The intent of this legislation is to put a halt to the increasing costs which are making it more and more difficult for persons with moderate income to use the mail.

The cost of sending a letter has increased six times in the last 10 years. Each time there has been a rate increase, the volume of mail has gone down. I think this indicates very clearly that people are using the mail less because they find it too expensive.

Our experience with the most recent rate increase makes it clear to me that Congress must take the initiative in this case; we must step in and represent the interests of our constituents.

Before the Postal Rate Commission put into effect the latest rate increase, there had been vocal support for the Citizen's Postal Rate. This support came from high ranking officials, inside and outside of the Postal Service. Nonetheless, the Postal Rate Commission went ahead and raised the cost of sending a letter.

Last July, Congressman Ford introduced the original Citizen's Postal Relief Act. He also wrote to the Postmaster General asking him to consider establishing a lower postal rate for personal mail sent by individuals.

A few weeks later President Carter joined my friend from Michigan in this effort. The President wrote to the Postmaster General urging that the Citizen's Postal Rate idea be submitted to the Postal Board of Governor's.

The Postal Board of Governor's approved the idea of a lower rate for personal mail. From the Postal Board of Governors, the Citizen's Postal Rate concept went to the final decision making body, the Postal Rate Commission. The Postal Rate Commission rejected the idea. That, Mr. Chairman, is why our postal rate is so outrageously high today, and that is why it is incumbent upon the Congress to act.

You have before you a very sensible approach to the problem of rising postal rates. I urge the Members of the Committee to give favorable consideration to the Citizen's Postal Relief Act. In so doing, you will be acting to protect the right of American's to communicate with each other at a reasonable cost.

CHAMBER OF COMMERCE OF THE UNITED STATES,
Washington, D.C., August 23, 1978.

Hon. JAMES M. HANLEY,
Chairman, Subcommittee on Postal Operations Services, Committee on Post Office and Civil Service, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: The National Chamber's 76,000 members have an important stake in a healthy United States Postal Service (USPS). They share your concern about equitable rates, adequate service, and the need for USPS to operate efficiently and strive for greater productivity.

Since its creation in 1970, USPS has taken great strides toward meeting its obligation to provide a basic and fundamental service. Generally, USPS has provided reliable mail delivery in the face of increasing costs while operating as an independent body.

However, a proposal before your Subcommittee—H.R. 12844, the Citizens' Postal Rate Relief Act—will add unnecessarily to USPS costs. It would establish for the first time a lower, 13-cent first class rate for individuals while retaining a higher first class rate for other users of this service.

The Administration—which originally supported the concept of a special citizens' rate—now rejects the idea for two reasons: First, it would preclude USPS from making independent rate judgments; and, second, it would prevent USPS from making rate adjustments to cover associated expenses. In agreeing with the Administration on these points, we also concur with it that the citizens' rate proposal would lead to further subsidy to individual mail users at the expense of all taxpayers who must make up the shortfall in revenue.

The cost of the proposed citizens' rate would not be insignificant. USPS has estimated the cost to be about \$380 million per year for a 2-cent first class rate differential. That is equal to more than one-third of the \$290 million yearly appropriation approved by the House in H.R. 7700 to meet public service requirements of USPS operations. The added subsidies necessary to implement the citizens' rate will aggravate further an overburdened, runaway Federal budget.

The citizens' rate proposal is not defective solely on cost grounds. It is also discriminatory in nature. Citizens' rate proponents say it is a necessary step to prevent unreasonable increases in first class postal rates. Yet, rate increases have occurred for other users at percentages far greater than those for individual mail users, but they are not asking for such rate protection.

The citizens' rate proposal is an ill-advised palliative and should be rejected.

We will appreciate your consideration of our views on H.R. 12844 and request that this letter be made a part of the Subcommittee's hearing record.

Cordially,

HILTON DAVIS,
Vice President Legislative Action.

STATEMENT OF CLIFFORD E. EDWARDS, PRESIDENT, NATIONAL RURAL LETTER CARRIERS' ASSOCIATION

* * * On the issue of rolling back the present 15-cent first-class stamp for all individuals' personal mail to 13 cents.

The Bill I am referring to is the Citizens Postal Rate Relief Act of 1978 known as H.R. 12844.

Mr. Chairman, my name is Clifford E. Edwards, President of the National Rural Letter Carriers' Association, an organization representing nearly 70,000 regular, substitute, auxiliary, and retired rural letter carriers. The rural letter carriers we represent serve over twelve (12) million families or forty (40) million persons in rural and suburban areas and travel in excess of two (2) million miles each day. We appreciate very much the opportunity to submit our statement to this Committee to express our views on H.R. 12844, introduced by Congressman William D. Ford for the purpose of rolling back the present 15-cent first-class stamp for all individuals' personal mail to 13 cents. We commend your Subcommittee for holding hearings on this Bill to improve the lot of a segment of our society who we believe to be discriminated against in the latest increase in postal rates. We believe that individuals and consumers should not be subject to extreme rate increases because of the complexity of the different groups of people throughout this Nation. Since the vast majority of the mail volume generated through the Postal Service is by business institutions, then they should pay their rightful share in order to balance out the operating expenses of the Postal Service. Due to the pre-sort rates given to business institutions, they are allowed to send first-class mail at a 13-cent rate and when an individual pays a bill or answers a letter from a business institution, he must return his letter at the 15-cent rate.

Because of the high percentage of the population of this country being in the senior citizen class, it behooves the Federal Government not to take advantage of this class of citizenry. Many of these senior citizens are living and existing on a fixed income and the rate of inflation is eating up their fixed annuities and low Social Security payments to the extent that any increase in Postal Service costs has a great effect upon these people. We certainly support the roll-back of the 15-cent rate to 13 cents for individuals and also the proposal to keep the individual rate at 80 percent of the rate charged at any time to business mailers.

It is common knowledge that President Carter, himself, urged support of the citizen's stamp and shortly thereafter, the United States Postal Service proposed the lower rate to the Postal Rate Commission. The Postal Rate Commission rejected the proposal and their rejection was upheld by the Postal Board of Governors. The only way that the American public can obtain a break on his first-class postage is through legislation. We are happy that hearings are being held on this important matter.

For years, the American public has been burdened with the major cost of running the Postal Service. For years, major business mailers have been offered low, subsidized or discounted rates paid for out of the taxpayers' pockets. We believe it is time to give the average American a break. We are happy to join with Congressman Ford in his effort to hold down the costs of mailing a letter to individuals and certainly to our senior citizens of this Nation.

We appreciate very much the opportunity to submit this statement to your Subcommittee and it is our hope that our views will be considered.

Respectfully submitted,

CLIFFORD E. EDWARDS,
President, National Rural Letter Carriers Association.

STATEMENT OF CONSUMER FEDERATION OF AMERICA

Consumer Federation of America is a federation of 225 national, state and local non-profit organizations that have joined together to espouse the consumer viewpoint. CFA and its member organizations represent more than 30 million consumers throughout the United States. Among our members are: 53 state and local consumer organizations; 17 cooperatives and credit union leagues; 27 national and regional organizations ranging from the National Board of the YWCA to the National Education Association; and 16 national labor organizations.

The continued escalation of postal rates has reached an alarming rate and is, therefore, of great concern to the nation's consumers. It seems hardly possible that in a span of only ten years the price of mailing a first class letter has tripled from 5 cents in 1968 to the present 15 cents level in 1978. That increase has not

been matched by a parallel improvement in postal service. The resultant effects of such an increase on consumers' budgets are disturbing. Even more distressing is the adverse impact upon the free flow of information (and therefore, speech) which ultimately takes place from such sharp increases. For as the postal rate continues to advance, interchange of thoughts, ideas and beliefs will inevitably decline inversely. Naturally this decline will be more pronounced among non-profit organizations, such as CFA, and private individuals, particularly low-income persons and the elderly on fixed incomes. As a consequence there is a further hampering of their ability to exercise first amendment rights. This imbalance is additionally enhanced when postal rate increases are applicable solely to individuals, as was the case in the May 29 increase.

At its most recent annual meeting CFA overwhelmingly adopted the following language to be included in its policy resolution on the Post Office:

"Postal rates must not be used to inhibit the free flow of information. We are concerned with the continuing general postal rate increases that impede the flow of communication among citizens, citizen organizations and enterprises of limited means. We believe that efforts to reduce the postal service's operating costs must not be permitted to further reduce the opportunity for citizens and organizations to communicate by mail.

"We oppose any increase in the rates for newspapers and periodicals, or for bulk mailing by noncommercial organizations, as such an increase would have a severe economic effect on those publications and mailers and, concomitantly, would restrict the citizens' right to the free flow of information and to the freedom of association. If necessary, government subsidies should be used to effect any such increases."

While CFA is not suggesting that the guarantees of the 1st Amendment require that their exercise be subsidized, we do maintain that precautions be taken to ensure that channels of communication be equally accessible. Clearly, industry is afforded an unfair advantage when it is charged only 13 cents (provided 500 or more pieces are being mailed) while an individual must pay 15 cents per letter.

CFA recognizes that if the public continues to be faced with biannual increases in postal rates, certain segments of the public will be led to other means of communications. This trend would have the resultant effect of further increasing the burden of postal rates on individuals since the business sector could ultimately pull out of the market completely. This phenomenon has already been demonstrated by the rapid growth of various modes of electronic communication. Further postal rate increases would tend to accelerate this expansion, and since individuals lack the resources to share in this technology they would be forced to absorb any increases caused by the loss of industry postage users.

CFA, therefore, calls upon this committee to consider both of the above mentioned concerns (i.e., equal access to the mails and rates that would encourage industry to use other channels of communication) when considering HR 12844. By underscoring the issues involved, CFA hopes that a proper balance of its concerns will yield the most equitable and reasonable price schedule.

STATEMENT OF HARRY J. LAMBETH, ATTORNEY, COUNCIL TO SAVE THE POST CARD

This statement is filed on behalf of the Council to Save the Post Card, an organization comprised mainly of the members of the Post Card Manufacturers Association (PCMA) and the Post Card Distributors Association (PCDA), with offices in Washington, D.C.

Members of the Post Card Manufacturers Association produce about 75 percent of the color scenic picture post cards manufactured in the United States for an estimated annual dollar business volume of more than \$25 million. In addition to the employees of the manufacturers and distributors, thousands of others are involved in the chain of production of the picture post card from the photographer to the clerks in more than the 100,000 retail shops that sell the cards.

The Council applauds the proposal of a special citizens' rate for an individual's first class mail, but notes that, while legislative measures are offered to apply such relief for individual first class letter mail, they do not consider individual first class post card mail. Few communication methods can be more "individual" than the picture post card with its "Wish You Were Here" message from travellers to friends back home.

In addition to such simple messages of greeting, the scenic post card serves a great public interest. Scenic cards stimulate the public's interest in travel; thereby, serving as both a cultural and education benefit. Just as members of Congress supporting H.R. 12844 are concerned about the high price of first class postage,

members of the Council to Save the Post Card are concerned about the effect these constant postage increases are having on the custom of sending travel post cards and of the post card as a quick yet simple method of communication.

H.R. 12844, CITIZENS' MAIL

Alarmed about the increases in first class postage rates, Rep. William D. Ford (D-Mich.) introduced H.R. 12844 to establish a reduced rate for postage for first class mail of private individuals. H.R. 12844 is formally titled the "Citizens' Postal Rate Relief Act of 1978". It recognizes the plight of the private citizen and provides for a 13-cent first class postage rate for personal letter mail, a reduction from the present 15-cent rate. It would provide in Section 3629(d) (1) that the special reduced 13-cent rate would be available only for domestic mail sent by an individual. It specifically excludes mail from corporations, associations, institutions and government units.

The idea for a citizens' mail was first proposed by President Carter and supported by the U.S. Postal Service. It was not accepted by the Postal Rate Commission in its 1978 hearings on postage increases. The Commission approved increases for first class letters from 13 to 15 cents and increases for post cards from 9 to 10 cents. Mr. Ford's bill is designed to remedy its failure to adopt a citizens' mail rate.

While seeking to aid the citizen in his personal letter-writing, the bill makes no mention of the post card. The post card is almost an exclusive citizen communication vehicle. While it lacks the benefits and privileges of a letter in that its message is open for all to see, it cannot include an enclosure such as a check, it is drastically limited in message space, and it does not receive return mail service. The post card is the simplest of mail communication; thus, is truly a citizen's message. Nearly 100 percent of the picture post cards are sent by individuals to individuals.

We urge the Committee in considering H.R. 12844 to adopt a simple amendment to the bill and specifically to include the post card as citizens' mail along with citizens' letters, and specify that its postage rate be 9 cents, the rate that paralleled the 13-cent postage for letter mail before the recent first class mail increase. While both letters and post cards are classified first class mail, H.R. 12844 unwittingly discriminates against the citizens' use of the post card. It rolls back the letter rate to 13 cents, but not the post card rate to its 9 cents.

The Council to Save the Post Card fears that if citizens' post cards are not given the same relief as citizens' letters the decline in post card use will continue.

Statistics from the U.S. Postal Service show a drop in post card mailings since 1971. A volume table in millions of cards reveals: Post cards—1971; \$1,709; 1972, \$1,646; 1973, \$1,647; 1974, \$1,728; 1975, \$1,656; 1976, \$1,645; 1977 (estimated), \$1,700.

At the same time, post card postage rates increased from one cent to two cents in 1952; to 3 cents in 1959; to 4 cents in 1963; to 5 cents in 1968; to 6 cents in 1972; to 8 cents in 1974; to 9 cents in 1975; and to 10 cents in 1978.

In contrast to these increases, the number of significant printers specializing in the manufacture of post cards has decreased from 22 to nine, and the membership of PCMA has reflected this decline. While it once had 11 members, it now has but five.

It is our view that H.R. 12844 recognizes the need to stop the inflation postage treadmill for individual-to-individual correspondence, but, in all fairness, the measure should include the real citizens' correspondence—the post card. At one time the post card was known as the "poor man's letter". It still is.

We recognize that Postal Service expenses and costs have increased, but unfortunately certain other classifications of mail have not met their share of such increases. Most of the weight of postage increases has fallen upon first class mail. While both President Carter, Rep. Ford and other members of Congress have recognized the need for relief for the individual, we believe the individual's first class post card should be considered as is the individual's first class letter. Both merit the special citizens' rate.

The Council to Save the Post Card, hundreds of the small businesses and the thousands of their employees who make their livelihood from the scenic post card ask that the Committee provide that an individual's post card mailing be given the same Citizens' classification as the individual's letter mailing.

95TH CONGRESS
2D SESSION

H. R. 12844

IN THE HOUSE OF REPRESENTATIVES

MAY 24, 1978

Mr. Ford of Michigan introduced the following bill; which was referred to the Committee on Post Office and Civil Service

A BILL

To amend title 39, United States Code, to establish a reduced rate of postage for certain mail matter of private individuals.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Citizens' Postal Rate
4 Relief Act of 1978".

5 SEC. 2. (a) Subchapter II of chapter 36 of title 39,
6 United States Code, is amended by adding at the end thereof
7 the following new section:

8 "**§ 3629. Reduced rate for certain mail matter of individuals**

9 "(a) Notwithstanding the provisions of this subchapter
10 or of subchapter III of this chapter, the rate of postage
11 established under such subchapters for qualified mail matter

1 (as defined in subsection (d) of this section) shall be estab-
2 lished in accordance with subsection (b) of this section.

3 “(b) (1) Until such time as an adjustment is made
4 under paragraph (2) of this subsection, the rate referred to
5 in subsection (a) of this section shall be 13 cents for the first
6 ounce of each piece of mail matter and 11 cents for each
7 additional ounce or fraction of an ounce.

8 “(2) If the rates for the class of mail that is maintained
9 under section 3623 (d) of this title for the transmission of
10 ordinary letters sealed against inspection are adjusted under
11 subchapter II or subchapter III of this chapter, the Postal
12 Service shall adjust the rates for qualified mail matter as
13 defined in subsection (d) of this section so that the rates for
14 such mail matter shall in no event exceed 80 percent of the
15 rates for such class, rounded to the nearest whole cent.

16 “(c) (1) Except as authorized by this section, no person
17 shall mail any matter at the rates prescribed pursuant to
18 subsection (b) of this section.

19 “(2) The Postal Service may fine any violator of
20 paragraph (1) of this subsection an amount it deems reason-
21 able but not to exceed \$500 for each piece of mail matter so
22 mailed.

23 “(3) The Postal Service shall provide an alleged
24 violator with written notice of the decision to fine and the
25 charges upon which it is based. The Postal Service may,

1 and upon timely request by the alleged violator shall, order
 2 a hearing on the charges pursuant to sections 554 and 555
 3 of title 5, United States Code.

4 “(4) The decision of the Postal Service to fine a
 5 violator, whether or not pursuant to a hearing under sub-
 6 section (c) of this section, shall be final and conclusive
 7 unless it is appealed to any court of appeals of the United
 8 States within 15 days after service of the decision upon the
 9 violator. The court shall review the decision, in accordance
 10 with section 706 of title 5, and chapter 158 and section 2112
 11 of title 28, except that the facts underlying a decision to
 12 fine shall not be subject to trial de novo by the court. Issues
 13 which became final and conclusive because no appeal was
 14 taken to a court of appeals, and issues which were raised or
 15 might have been raised in a court of appeals, may not be
 16 raised as a defense to a suit by the Postal Service for collec-
 17 tion of a fine.

18 “(d) For purposes of this section, the term ‘qualified
 19 mail matter’ means domestic letter mail—

20 “(1) of the class that is maintained under section
 21 3623 (d) of this title for the transmission of ordinary
 22 letters sealed against inspection;

23 “(2) prepared in accordance with such reasonable
 24 mail preparation requirements as the Postal Service may
 25 prescribe by regulation; and

1 “(3) sent by an individual.
 2 For purposes of this subsection, the term ‘individual’ does
 3 not include a corporation, company, business, association,
 4 partnership, professional entity, proprietorship, institution,
 5 or governmental unit or any similar entity.”.

6 (b) The table of sections for subchapter II of chapter
 7 36 of title 39, United States Code, is amended by adding
 8 at the end thereof the following new item:

“3629. Reduced rate for certain mail matter of individuals.”.

9 SEC. 3. Section 2401 (c) and section 3627 of title 39,
 10 United States Code, are amended by striking out “and
 11 3626” in section 2401 (c) and inserting in lieu thereof
 12 “3626, and 3629” and by striking out “or 3626” in section
 13 3627 and inserting in lieu thereof “3626, or 3629”.

14 SEC. 4. The amendments made by the foregoing pro-
 15 visions of this Act shall apply to any qualified mail matter
 16 (as defined in section 3629 of title 39, United States Code,
 17 as added by section 2 of this Act) which is mailed on or
 18 after the effective date of such regulations as are prescribed
 19 pursuant to subsection (d) (2) of such section 3629, but
 20 not later than 60 days after the date of enactment of this
 21 Act.



