

EXTENSIONS OF REMARKS

COMMENDING THE TRUST FOR PUBLIC LAND

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 25, 1997

Mr. HOYER. Mr. Speaker, I rise today to recognize the hard work of the Trust for Public Land (TPL) and commend their staff for their tremendous efforts to protect the pristine land and promote the historic heritage of southern Maryland. As a result of their work with real estate, law and finance experts, business interests, and citizens' groups, we have been able, over the past several years, to conserve natural, historic, and environmental landmarks at Piscataway Park and Myrtle Point.

The motto of the Trust for Public Land is the inspiration which guides the organization. "Conserving land for people", is often a very complex, costly, and timely task. However, the TPL has shown that with the right combination of leadership, energy, and commitment, permanent conservation and preservation can be a reality.

Mr. Speaker, in 1793, George Washington wrote of his boyhood home Mount Vernon that "no estate in the United America is more pleasantly situated than this." Dating back to 1955, there have been significant threats to the 18th century scenery which serves as a viewshed across the river in Maryland. For the past several years, I have enjoyed working with the Trust for Public Land to ensure that today a functioning colonial farm, which serves as the perfect backdrop for Mount Vernon, runs along the Potomac River on the Maryland side.

Recently, the Trust for Public Land played an integral role in the effort to save the last undeveloped waterfront property in St. Marys County: Myrtle Point. Due to the services provided by the Trust for Public Land, this 192-acre Patuxent River parcel will be managed as a natural area and public recreational park with waterfront access. They negotiated the agreement between St. Marys County, the State of Maryland, and the Federal Deposit Insurance Corp. for more than 1½ years. In fact, without the leadership and vision of the staff of the Trust for Public Land, this deal might never have come together.

Mr. Speaker, these are just a few examples of the productive role the Trust for Public Land has played in ensuring the protection of our Nation's pristine environment and open space. Since its founding in 1972, the Trust for Public Land has protected close to 1 million acres of land valued at over \$1 billion in 44 States and Canada, including 2,000 acres in Maryland.

They have successfully brought together government and private interests in the name of conservation and are to be commended for their efforts and success. I know that my colleagues join me in recognizing their dedication and congratulate them on their many accomplishments.

A REDEDICATION TO CIVIL RIGHTS

SPEECH OF

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 11, 1997

Mr. CLAY. Mr. Speaker, as we commemorate Black History month 1997 it is important to recognize what black Americans have accomplished and to rededicate ourselves to future progress. As a Member of Congress who has devoted his life to the struggle for civil rights, I am deeply troubled by the state of race relations in America. Over the last decade legislative and legal challenges have led to the deterioration of monumental civil rights initiatives. Today, the civil rights achievements of a generation of courageous men and women lie in jeopardy.

Racial and gender-based discrimination is a serious national problem. Recently it has become popular to vilify civil rights initiatives as unfair and ineffective. Opponents make the austere assertion these initiatives tilt the playing field to favor women and minorities yet they offer no substantial proof to support this notion. They try to persuade the public to believe we now live in a colorblind society and no longer need the restraint of law to ensure the fair and equitable treatment of women and minorities. They diligently argue this point while black churches smoulder throughout the country. Their message resonates in conservative circles even as institutional discriminatory employment practices like those at Texaco, Avis, and the Department of Agriculture are regularly disclosed. The opponents of civil rights laws discount their value to society even as we see mounting evidence that our own Government was actively involved or passively ignored the introduction of crack cocaine to poor inner city communities. And, sadly, civil rights opponents have attacked the boundaries of minority congressional districts while enacting racist initiatives like California's prop 209.

Programs like affirmative action, voting rights, race-based scholarships, and minority set asides were put into effect as a remedy to overt race and sex discrimination. Affirmative action has been defined as "any measure, beyond simple termination of a discriminatory practice, adopted to correct or compensate for past or present discrimination or to prevent discrimination from recurring in the future."—U.S. Commission on Civil Rights, Statement on Affirmative Action, October 1977. It does not force employers to meet defined quotas or hire unqualified applicants. However, it did force society to open the doors of opportunity to individuals who were previously precluded from participating fully in our society. Without these programs to prohibit racist and sexist behavior, people would be free to practice the socially destructive behaviors that inhibit our success and progress.

It is irresponsible for Members of this body to embrace the notion we no longer need laws

to prevent and protect women and minorities against discrimination. This body must work diligently to contain the disease of hate and prejudice which is eroding the very fabric of our Nation. The race problem in America threatens the two things that make us the most productive country in the industrialized world; diversity and opportunity. Mr. Speaker, Members should resist the temptation to participate in racially divisive politics. We as Members of the United States Congress need to do what is morally right, not what is politically advantageous. To dismantle our civil rights laws is to knock on the door of disaster. We cannot fan the flames of fear without getting burned. We must extinguish the fire. It is our responsibility to remain steadfast as the vanguards of justice and equality. We must not betray our responsibility to nurture and heal the deep divisions that prohibit us from realizing our true greatness.

HONORING MARVIN RUNYON

HON. BOB CLEMENT

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 25, 1997

Mr. CLEMENT. Mr. Speaker, I speak today in honor of Marvin Runyon—a good friend, a great constituent, and an honorable leader. Many Americans recognize Mr. Runyon as the Postmaster General of the United States. However, he has also enjoyed a distinguished career in the corporate world and as a public servant.

I first met him when he was President and CEO of Nissan America. At the time, he had chosen Smyrna, TN, as the site to build Nissan's manufacturing plant from the ground up. After great successes at Nissan, he was selected by former President Ronald Reagan to become chairman of the Tennessee Valley Authority. Following his chairmanship, the Postal Service's Board of Governors asked Mr. Runyon to become our Nation's 70th Postmaster General.

My esteemed constituent oversees a \$56 billion Federal agency, employing 760,000 individuals and bearing 40,000 post offices nationwide. Under Mr. Runyon's watch, the U.S. Postal Service earned a \$1.6 billion in 1996. In addition, overnight service performance has improved in recent years from 82 to 91 percent.

Mr. Runyon has come under criticism in past months over some stock holdings. However, I hope that these allegations do not overshadow the diligence, competence, and honor of a man who has spent his career serving others. While others must judge the ethics of Mr. Runyon's investments, I am pleased to submit two articles that tell his side of the story. I ask that these articles be submitted for the RECORD.

[From Industry Week, Feb. 3, 1997]

MARVIN RUNYON DELIVERS A TURNAROUND
(By William H. Miller)

When most top-level CEOs reach the retirement years, they're only too glad to swap

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

their corner offices, limousines, and other perks for a less stressful life of golf, grandchildren, and gardening. If they do want to keep a hand in running things, may be they'll sit on a few boards, head a quiet foundation, or spearhead a fundraising drive for the local symphony.

For Marvin T. Runyon, all that sounds boringly tame. At age 72, the former Ford Motor Co. vice president, Nissan USA manufacturing CEO, and Tennessee Valley Authority (TVA) chairman toils 10 to 12 hours a day—and takes work home—in what has been called the toughest management job in the U.S.: Postmaster General and CEO of the U.S. Postal Service (USPS).

Runyon has been in the job—thriving in it, in fact—for 4½ years. During that time he has created headlines and controversy—and a notable turnaround of a troubled organization that in an onrushing era of electronic communication seemed an anachronism.

How tough is his job? Based on its size alone, the Postal Service is a managerial pressure cooker. Its fiscal-1996 revenues were \$56.4 billion—enough, probably, to preserve its 1995 ranking as the U.S.'s ninth largest and the world's 33rd largest enterprise. And with a career workforce of more than 760,000, it is the nation's largest employer next to the Dept. of Defense.

What makes Runyon's job even more challenging, however, are the severe restraints on operating freedom that any boss of the Postal Service faces—restrictions not shared by private-sector CEOs. Although no longer a Cabinet department—it became a quasi-government organization in 1971—USPS is subject to oversight from Congress, which has never been shy about exercising its will. It also reports to a nine-member Board of Governors appointed by the President.

Moreover, a host of federal departments can control its actions: Treasury, for example, must approve any new businesses the Postal Service enters; the Dept. of Transportation sets rates for overseas air mail; and the Office of Personnel Management represents the agency on appeals to the Merit Systems Protection Board.

The Postal Service can't even determine its own postal rates. It can only recommend increases to the Postal Rate Commission, an oversight body that can approve, disapprove, or change them. The decision process often drags on for 10 months or more, during which time markets may change or competitors beat the USPS to the punch.

In perhaps its greatest lack of self-determination, however, the Postal Service—unlike private businesses or its competitors—isn't able to pick and choose its markets and services. It is required by statute to provide universal service at a uniform price—delivering mail to any address in the U.S., regardless of how remote or how crime-ridden an area may be, six days a week and at a standard rate. "That keeps us from cream-skimming, like our competitors can," Runyon acknowledges.

As if these strictures weren't enough, any Postmaster General must manage in an awkward labor-relations environment. Because strikes among government workers are forbidden by law, the Postal Service and its five unions—mainly, the 365,000-member American Postal Workers Union (APWU)—must submit labor disputes to mandatory binding arbitration. "No company has to do that," points out Runyon. "One arbitrator can tell us what our labor costs are going to be. And we have no responsibility for the outcome."

Runyon was well aware of these constraints when he stepped into his post, first held by Benjamin Franklin. He also was aware of a variety of other daunting challenges he had inherited—challenges that to an executive war-horse like him made the job seem even more appealing. Among them:

Nimble competitors, not bound by the obligation to provide universal service at a uniform price, were tearing at the Postal Service's very existence. Private carriers offering overnight package delivery were grabbing an increasing share of the market. The fax machine, e-mail, and other electronic forms of communication were rapidly replacing first-class mail, long a USPS monopoly. Runyon figures that 35% of business-to-business mail has disappeared in recent years—an erosion that he expects to continue.

The Postal Service's organizational structure was a classic example of bureaucracy at its most bloated. The culture of the 221-year-old agency was steeped in the 19th century. Technology seemed barely in the 20th.

Red ink was flowing. The last time the USPS had turned a profit was 1989, the year after a postal-rate rise.

Relations with the postal unions were, at best, strained.

Runyon plowed into these challenges with the zest of a CEO 20 years his junior. But, unlike a younger executive, he brought a rich background of varied management experience to the post.

First was his 37-year career at Ford. He started as an assembly-line worker in Dallas while awaiting a call-up to the Air Force during World War II, went back as an hourly employee while completing his engineering degree at Texas A&M University, and eventually worked his way up to vice president of Body & Assembly Operations.

After leaving Ford in 1980, he became President and CEO of Nissan Motor Manufacturing Corp. U.S.A. where he built the first Japanese auto plant in the U.S. at a greenfield site in Smyrna, Tenn.

Then, at a time when most executives his age head for the golf course, in 1988 he left Nissan to become TVA's chairman. "I went there," he says, "because President Reagan asked me to. And I wanted to prove that we could run a government agency as efficiently as a private company."

He did precisely that. In what he calls "a learning experience" for the Postal Service, he turned TVA, then a reeling organization, around. He slashed overhead by 30%, achieved \$1.8 billion in efficiency improvements, and stabilized TVA's utility rates that had been rising more than 10% a year for the previous 22 years. (Thanks to his spadework, it has been 10 years since TVA's last rate increase.)

His success at TVA caught the eye of the Postal Service's governors, who offered him the Postmaster General's job in May 1992. He started two months later and immediately asked all postal officers to "explain to me what they did, why they did it, and how they did it." After digesting that information, within three weeks he launched a process of change that, going on five years later, continues.

"The biggest challenge," he says, "was to stop losing money." Beyond that, his goals were to improve service, stop the high wage increases that were granted every three years, and reduce overhead.

"Another challenge I had, both at TVA and here," he reflects, "was to convince employees that they had customers. I had to convince them that we didn't just exist because we were a government agency, but because we provided a service—a service to customers. And we had to satisfy those customers. It required a total culture change."

"We've done a pretty good job," Runyon reflects, looking back on his tenure with an air of detachment—and obvious satisfaction. Ticking off his team's accomplishments, he points out that USPS went four years without a rate increase. When it did raise rates in January 1995, the boost was only 10.3%—two points below the four-year inflation rate.

Significantly, the service posted a profit of \$1.8 billion in fiscal 1995 and \$1.5 billion in 1996. Runyon is confident of more black ink in fiscal '97, which would mark the first time since the Postal Service became independent in 1971 that it has strung together three consecutive profitable years. Profit is budgeted at \$55 million, but Runyon is setting \$1 billion as "an aggressive target."

The service doesn't make a profit merely for the sake of profit. But the last two years of black ink have more than halved USPS's one-time negative equity of \$6 billion. "When we get our negative equity down toward zero, and if we can continue to make a profit, we may be able to cut the price of stamps," he says.

In perhaps an even greater accomplishment, the Postal Service under Runyon has managed to make these profits while simultaneously improving its performance. Since early 1994, USPS has boosted on-time delivery of overnight-designated mail from 79% to 91%, helping to erase its long-time image of offering "snail mail."

How did Runyon accomplish all this? Much of the turnaround he credits to his reorganization of the once-bloated agency. He trimmed four layers of management, reducing overhead by some 23,000 administrative employees. This leaner organization, in turn, has made possible a significant improvement in communication. And communication, he stresses, "is the most important thing you have in any business."

At the same time, Runyon reduced the number of regulations in the USPS Domestic Mail Manual, which hadn't been overhauled in more than a century, by 50%.

Not unexpectedly, many of Runyon's moves sparked resistance. But now, he claims, his customer-oriented, market-driven approach—unquestionably helped by the incentive-compensation plan he has installed—has energized the organization.

Important, too, in the Postal Service's turnaround have been Runyon's marketing innovations. Perhaps most noticeable to the general public are the post offices themselves. They don't look like—well—post offices anymore. They're bright, colorful, user-friendly "postal stores," featuring automatic-teller machines and clerks who actually smile. Customers can even use cards—a simple convenience that took Runyon two years to get approved by Congress.

In addition, Runyon has launched an aggressive advertising campaign. Focused particularly on Priority Mail, it is credited with raising volume of that service by 23% from the previous year. The campaign has been so successful that it has attracted a lawsuit by Federal Express over claims made in the ads.

The Priority Mail campaign also is the subject of one of Runyon's managerial embarrassments. It led to the forced resignation last October of Loren E. Smith, the former chief marketing officer who draws effusive praise from Runyon for spearheading USPS's marketing initiatives. A one-time Procter & Gamble executive, Smith left the Postal Service following revelations he had overspent his advertising budget by nearly \$90 million. The episode is another example of the lack of flexibility the Postal Service, whose advertising expenditures are firmly fixed by the Board of Governors, has in responding to the market. Any private company seeing similar effectiveness of an ad campaign, postal officials point out, could easily have shifted spending to continue the momentum.

Besides its marketing emphasis, the Postal Service is introducing a steady stream of popular new products. Self-adhesive "no-lick" stamps, which now account for 60% of all stamp sales, are one. Two newer ones in recent months: Global Priority Mail (available to 27 nations) and Global Package Link

(a customized direct-mail service for businesses). More new-product offerings are on the way, many of which are an effort by the Postal Service to counter its electronic competition by offering innovations of its own in the area of electronic commerce. Among them:

CIPS (Customer Initiated Payment System)—a service that will enable consumers to drop a prepaid card into the mail to trigger electronic payment of bills. It will save them from having to write a check.

Hybrid Mail—a potential market of \$200 million a year in which consumers—especially advertisers—can transmit mail electronically and have it delivered in hard copy.

Electronic Postmark capitalizes on the Postal Service's unique capability of being a "trusted third party" by certifying electronic messages.

Kiosks will offer consumers one-stop shopping for federal services. By inserting a "smart card" in a slot, for example, they can get their Social Security checks.

Still another innovation—installation of vending machines in post offices—is in the works (and has subjected Runyon to a Justice Dept. investigation because he was involved in negotiations despite formerly owning Coca-Cola stock).

At the same time it introduces these and other new services, the Postal Service is installing sophisticated new automation equipment—part of a record five-year, \$14 billion capital-investment program that is one reason for the dramatic improvement in on-time delivery.

Despite this automation and other efficiency gains, 80 percent of USPS's revenues still goes to labor, Runyon pointed out in a recent speech. He indicated the agency is "taking a good, long look" at using private-sector labor—an action that invites a battle with postal unions (see Page 47).

As if Runyon won't be busy enough this year shepherding the Postal Service's new products and other innovations, he also will devote much of his attention to Capitol Hill. Already, he says, "I spend 20 percent of my time dealing with Congressional matters." That percentage may increase as he works for enactment of legislation, expected to be reintroduced by Rep. John M. McHugh (R, N.Y.), that would give the Postal Service greater flexibility to set prices and to expand and create products more rapidly.

Beyond that, Runyon says his goal is "to just keep on improving." He'd like to extend USPS's string of profitable years—"a historic three-peat," he calls it—and boost its service performance even higher.

"That is what makes the rumors so hard to understand," he declared in a December speech to the National Postal Policy Council, an organization representing large mailers. "I am talking about the rumors that I am ready to hang up my bag and leave the Postal Service. I am looking forward to 1997 and beyond."

That doesn't sound like a man who wants to chuck it all for golf, grandchildren, and gardening.

[From Barrons, Monday, Jan. 27, 1997]

THE APPEARANCE OF CONFLICT (By Thomas G. Donlan)

STOCK OWNERSHIP IS NOT NECESSARILY A COLLISION OF INTEREST

Marvin Runyon, chief executive officer of the Postal Service (in pretense a private company) has done what he must to hold on to his real job, which is Postmaster General of the United States. He has apologized for "an appearance of conflict of interest" involving his ownership of stock in a company doing business with the Postal Service. The apology may have been politically necessary

but it will do nothing to improve government or the Postal Service.

At issue is Runyon's ownership of somewhere between \$50,000 and \$100,000 worth of Coca-Cola stock while he was also involved last year in discussions about a franchise for Coke machines in the nation's 40,000 post offices.

According to Runyon's report, he has owned the stock since 1977. We did not ask him, but let's assume he has about 1,700 shares worth about \$100,000. Undo the effects of 20 years' worth of stocks splits and appreciation: By our calculation, that means he paid \$35 a share for 70 shares—much less if he reinvested dividends. It was a trivial investment for a man who was then one of Ford Motor Co.'s top executives. Only 20 years' worth of appreciation makes the investment a sum worth noting.

Anyone with a sense of proportion should also wonder how much profit Coca-Cola might gain from even 40,000 new Coke machines. After all, the company makes syrup, which passes through the hands of distributors and bottling companies and vending-machine companies before it ever reaches the lips of thirsty postal patrons, parched by waiting for the so-called service of the Postal Service.

If Coca-Cola makes a penny a drink and each machine rings up 500 sales a day (both estimates are absurdly high), that's 20 million pennies or \$200,000 a day profit. Six days a week minus national holidays is roughly 300 days and \$60 million. Divide that among 2.4 billion shares and multiply by no more than 1,700 shares that Runyon owns if his holdings are worth less than \$100,000, and we're looking at an appearance of less than \$45 a year worth of conflict of interest.

When Runyon was reproached for this conflict, he should have replied with defiance, not with meek acceptance. Instead, he recused himself from the negotiations with Coca-Cola and sold his Coke stock.

Obviously, he paid more in capital gains tax on the sale than he could have earned from 500 years of his stockholder's share of the profits from a Coke franchise in post offices. But this is the U.S. Postal Service, which swallows camels and strains at gnats with the best bureaucratic skill.

A few months ago, the Postal Service system forced the resignation of one of Runyon's key aides, marketing director Loren E. Smith. The unfortunate fellow violated a rule against unauthorized budget transfers. He had overspent his advertising budget by \$90 million on aggressive ads for express mail that targeted the competition, Federal Express and United Parcel Service.

Called "\$12, \$6, \$3: What's Your Priority?" the ads boosted the Postal Service's Priority Mail service, which offers two-day service for \$3, compared with the competitors' two-day services at \$12 and \$6. The ads glossed over the other guys' service guarantees and computer package-tracking, but the emphasis on low price worked.

The ads were the most effective in Postal Service history, pushing express-mail revenues up by \$500 million or more during the campaign. "Quite frankly, you ought to be throwing a parade for everybody in the marketing department," Smith said, just before he was sacked.

The Smith affair underscored the real character of the Postal Service as a government bureaucracy rather than a real corporation. The rules Smith broke were legislated into his way by political appointees on the Postal Service Board of Governors, for whom line items were more important than success. Smith had never overspent the marketing budget, just the part for advertising, which was covered by spending restraint in other areas.

For an explanation of Smith's fate, recall that FedEx was the largest corporate contributor to congressional campaigns between 1993 and 1995, while UPS was third. When such contributors complain about their governmental competition, things happen. All Runyon could do was send Smith on his way with a \$94,000 severance arrangement, something that brought the postmaster general under more fire.

Still, the biggest stick with which Runyon's enemies are beating him is this convenient thing, the appearance of conflict of interest.

Similar sticks are raised throughout the country, where federal, state and local rules restrain officials from owning insignificant quantities of stock because their holdings might pose an appearance of conflict.

At the moment, two Clinton Administration nominees, Anthony Lake and Samuel Berger, are struggling with such an appearance. While Lake was serving as National Security adviser and Berger was his deputy, the two were advised by some overzealous White House lawyer to sell their energy stocks, as if they could pervert the nation's foreign policy to make a few pennies per share in Lake's Duke Power and Exxon stock, his wife's stock in Mobil and TECO Energy, and Berger's stock in Amoco. The two men ignored the admonition, accidentally they say, and the Justice Department has been investigating them for more than a year.

Now Lake has been nominated to be director of the CIA, a particular irony since the most successful recent director, the late William Casey, was an ardent Wall Street plunger. Casey's purchase of stocks at the beginning of the bull market in 1982 was fully disclosed and drew sarcastic remarks in *Baron's*, among other places, but never seemed to affect his performance as the nation's spymaster.

Appearances aside, either there's a conflict or there isn't, and reasonable people can tell the difference. It's not a conflict for an official such as Runyon who owns one-millionth of a company while negotiating with that company for a contract that might enhance its profits by 3%. It's a conflict when the investment is so large that the potential swing in earnings also represents a substantial percentage of the official's annual income.

The real appearance in the Postal Service is of a conflict between tough-minded people trying to run a business and muddle-headed political appointees trying to maintain a traditional preserve of civil-service unions and political patronage.

CHILD ACCESS PREVENTION

HON. EARL BLUMENAUER

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 25, 1997

Mr. BLUMENAUER. Mr. Speaker, the statistics regarding kids and guns today are truly alarming. Every 90 minutes a child is killed with a loaded gun. Shootings are the fourth leading cause of accidental death for children. For every child killed by gunfire, four more are wounded. This is a tragedy we can and should do something about.

The right to own a gun must be balanced with the responsibility of keeping guns out of children's hands. When people buy a gun, they should also be encouraged to purchase either a lock box, trigger safety, or similar device to make sure the gun cannot be accidentally handled or fired.