

CUTBACKS IN POSTAL SERVICE

HEARINGS
BEFORE THE
SUBCOMMITTEE ON POSTAL SERVICE
OF THE
COMMITTEE ON
POST OFFICE AND CIVIL SERVICE
HOUSE OF REPRESENTATIVES
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CUTBACKS IN POSTAL SERVICE

TUESDAY, MAY 4, 1976

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

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

OPENING STATEMENT OF CHAIRMAN JAMES N. HANLEY

Mr. HANLEY. We meet today to let our colleagues express their feelings about the quality of the Postal Service in their districts and particularly about the actual and proposed cuts in service. We have had numerous complaints about the decreasing quality of Postal Service in this country. We have attempted to solve some of the problems by passing a positive bill which would start postal policy in a new direction—away from the discredited notion of self-sufficiency at all costs and toward a service-first orientation.

H.R. 8603 is now pending in the Senate, and I hope we will be able to enact it this year. Let there be no mistake about it, the service cuts being contemplated by the Postal Service, coupled with ever-rising rates, mean disaster for mail delivery as we know it today. The most important communications network the country has known will wither on the vine.

And to add to what I have said, I am disappointed this morning that the Senate, which had initially intended to commence markups on this measure will postpone that meeting. I was advised by Senator McGee yesterday the markups would be postponed, apparently because of the lack of cooperation on the part of the Office of Management and Budget. That is regrettable, and further delays the solution to this very pressing problem.

Our first witness this morning is Senator Dick Clark of Iowa. Senator, we are delighted to welcome you here this morning. I have confidence that your testimony is going to prove meaningful to the deliberation of this committee.

STATEMENT OF HON. DICK CLARK, A U.S. SENATOR FROM THE STATE OF IOWA

Senator CLARK. Thank you very much, Mr. Chairman. I would like to express my appreciation to you and to the subcommittee for allowing me to make a presentation here today. As you know, the bill that was introduced by Congressman Jenrette and is currently being con-

sidered by this subcommittee is similar to one offered in the Senate by Senator Jennings Randolph of West Virginia. Both measures deal with a clear problem and one I am sure that this committee has recognized in holding these hearings—the responsiveness of the U.S. Postal Service to the needs and sensitivities of its customers, the American public. This is really a part of what the chairman was saying in his opening statement in talking about the legislation that has been passed by the House of Representatives and that is pending before the Senate.

As we all know, the Postal Service has expressed its desire to close a large number of post offices, predominantly rural offices, in an effort to save money and to help make up its current deficit.

Mr. Chairman, I am not prepared for a moment to state to you or anyone else that we should automatically oppose closing any post office. I accept the fact that the postal system cannot afford the luxury of maintaining post offices in areas in which the number of patrons does not justify such a facility.

However, there are two critical points which must be considered before any post office is closed. One is that every American is entitled as a matter of right to postal service. No post office should be discontinued without clear provisions for service that will equal or surpass that which is being replaced.

Second, before a final decision is made on the status of any given post office, the patrons of that post office should be fully informed of the deliberations and should be guaranteed an opportunity to express their views to the Postal Service in a hearing in their local area.

Now, this is specifically what the Jenrette and Randolph proposals would do. There is nothing revolutionary about these concepts or proposals, obviously. They are simply justice, we believe.

The measures simply provide a formal structure for insuring that certain principles, already in the legislation which established the Postal Service, be carried out. It is necessary to take this step because, in pursuing its goal of efficiency, the Postal Service seemingly has lost sight of the needs and sensitivities of the people who are to be served. I would like to offer the committee one specific example of this problem.

The town of Arion, Iowa, in Crawford County, is located about 2 miles from a larger town which provides most of the shopping facilities used by Arion residents. Arion is currently served by a fourth-class post office. The Postal Service has targeted Arion as a candidate for transfer to a rural route of the post office into a larger town nearby. I want to include with my statement copies of the letter residents of Arion received notifying them of the changes being considered by the Postal Service. The letters specify that it is intended to "prevent erroneous information and/or rumors by presenting our problems and alternatives to their solutions."

This is accomplished, apparently, in the four sentences that follow: "We have many communities such as yours that have and are satisfied with a rural-type postal service. Rural carrier service is provided so that it will not be necessary for you to walk to the post office. Carriers not only deliver mail, but will accept mail for dispatch, sell stamps, money orders, et cetera. This is especially welcomed by elderly people and others with physical handicaps and those where both husband and wife work."

[The letters referred to follow:]

U.S. POST OFFICE

**POSTAL CUSTOMER,
Arion, Iowa, Post Office.**

We are presently reviewing the Postal Service operation, staffing, and postal facilities at your post office, with special emphasis placed upon community needs and how they can best be efficiently and economically provided.

We hope to accomplish two objectives with this letter: (1) Prevent erroneous information and/or rumors by presenting our problems and alternatives to their solution; and (2) solicit your comments and suggestions on the service needed.

We are therefore considering the following on which we would appreciate your comments.

We have many communities such as yours that have and are satisfied with a Rural type postal service.

Rural carrier service is provided so that it will not be necessary for you to walk to the post office. Carrier not only deliver mail, but will accept mail for dispatch, sell stamps, money orders, etc.

This is especially welcomed by elderly people and others with physical handicaps, or those where both husband and wife work.

Please complete the attached memorandum.

**JOHN P. MUNNELLY,
SC Manager/Postmaster.**

U.S. POST OFFICE

Please complete and return no later than March 17, 1976 to SC Manager, Omaha, NE 68108.

The postal need of our community could in my opinion, be served by Rural Delivery.

Comments: _____

(Signature of Postal Customer)

Mr. CLARK. Now that explanation, such as it is, is the total contact the people of Arion will have with the Postal Service before a decision is made to convert their post office to a rural route. I find that, first, this letter simply is inadequate to do what it says it will do— prevent erroneous information and present Postal Service problems and alternatives to their solution. And, most importantly, the letter fails to guarantee Arion that its postal service will at least be what it was prior to any change.

The emotional reactions are very strong in small communities, of course, when the closing of their post office is discussed. Examples like these demonstrate an appalling lack of awareness on the part of the Postal Service toward the needs and sensitivities of the people that it is supposed to serve.

In these times of ever-increasing costs, it simply is unrealistic not to recognize the importance of increasing efficiency. But it is our obli-

gation to require that these closings are not made indiscriminately. They only should be done where it is necessary, only after the views of those affected have been heard, and only after guarantees have been given that their postal service will be demonstrably equal to the service being replaced. I thank you very much, Mr. Chairman, for the opportunity to appear briefly before your committee.

Mr. HANLEY. Well, thank you very much, Senator, for your very excellent testimony. I have long said that in fairness to the U.S. Postal Service, we must recognize that many rural offices will always operate at a deficit. This is one reason the U.S. Postal Service will not be able to break even financially as we had hoped in 1970. I have a very basic precept here in that many of our rural communities the U.S. Postal Service is the only piece of action that they enjoy from the Federal Establishment. Their tax-dollars underwrite the various social programs enjoyed by their urban brethren, whether it be housing, mass transit or any of the myriad of programs applicable to urban communities.

A little facility located in a small community serves a purpose far beyond that of a simple distribution center for mail. It is in effect a townhall where people meet to socialize and conduct business. I felt that the majority of the Congress would not want to deny that set of people this accommodation.

I embrace the hearing concept which you have alluded to and it has been my thinking that if that set of taxpayers want this facility then by all means they should have it. With that as a background, would you be in agreement that the irretrievable percentage of overhead associated with the operation of that rural post office should be funded from the U.S. Treasury?

Senator CLARK. Yes. And I think that is the concept that is implicit in—as I understand it—in the legislation which this committee reported and which was passed by the House of Representatives. Many people felt several years ago when we changed the basic postal law that it might be an effective change, but there is nothing like experience to find out how difficult self-sufficiency is going to be. I think it's quite clear that it hasn't worked out that way, that in fact we are going to have to expect that, if we are going to provide that service, then we are obligated to provide some money under the general fund. I don't see any way that we can effectively provide the kind of service that I think people want without a payment, and if this is a representative kind of government and that is what they would prefer—I must say it's what I would prefer—it seems to me we have to be prepared to pay for it.

Mr. HANLEY. I appreciate that and I feel on the basis of what you have said that we are pretty much on frequency. Many of us on this committee concluded a long time ago that self-sustaining mandate incorporated in the act of 1970 has proved unworkable and that if the traditional quality and type of postal service is going to prevail in America, then in part it has to be funded from the U.S. Treasury.

Senator CLARK. Yes, sir.

Mr. HANLEY. Senator, we are deeply appreciative for your appearance here this morning and grateful for your efforts. Thank you.

Senator CLARK. Thank you, Mr. Chairman.

Mr. HANLEY. Our next witness this morning is Representative Bernie Sisk from California. In behalf of the committee I appreciate your taking the time and making the effort this morning and I am aware of your continuing interest in this subject matter. It's a delight to have you aboard this morning.

**STATEMENT OF HON. B. F. SISK, A U.S. REPRESENTATIVE FROM
THE 15TH DISTRICT, STATE OF CALIFORNIA**

Mr. SISK. Thank you, Mr. Chairman. As my colleague from New York indicates we have maintained a considerable amount of interest in this subject and I was just trying to recall how many times I have appeared before various subcommittees over the last few years relative to this subject.

Mr. Chairman, first let me say that I have a number of copies of my statement here that the committee is welcome to look at. I ask that the full statement be made a part of the record and I will not read all of it. I do have the latter part of it that I will read. But first I would like to make some extemporaneous statements along the line that I have included in the statement.

Mr. HANLEY. Without objection your entire statement will appear in the minutes of the record.

Mr. SISK. I have just returned, Mr. Chairman, as many other Members have, of course, from a week or 10 days in my district and I have again been impressed with the attitude of the people that I have talked to. I met with a great many people, in fact several thousand people, if we consider the various meetings that I attended during that time. And regardless of the subject matter that was to be discussed, invariably one of the first questions raised was what are you going to do about the Postal Service. This came from all quarters, from all levels of people. So there is no question but what we as Members of Congress, Mr. Chairman, not only have been held but will be in the future held responsible for the successes or failures of our Postal Service.

Now we tried to pass the buck and, I being here, voted for this so-called quasi-private corporation idea. I still think that I would not want to return all the political aspects of it back to the Congress. I certainly do not want, nor do I know of any of my colleagues who want to get back to the business of appointing postmasters and back to the business of once a year going through the long struggles of salary rates and of exactly what postal rates will be.

I have introduced over the years, as my colleague from New York knows, of course, a proposal which actually would have repealed the act which created the corporation. Not with the idea of a total return as I say to the original situation, but in the hope that we might be able to do some things that would return at least the oversight responsibility and a substantial portion of the responsibility to the Congress, where we would have something to say particularly about service and costs, because these are things that we are going to be held accountable for regardless of whether we want it or not. There just isn't any way we can duck it because the American people all recognize that historically this is the oldest service rendered to the American people. It's as many people said to me, even in this most recent trip to California,

"It's little enough we are getting out of Washington today, for God's sake, can't you at least continue some decent kind of postal service?"

And I mean they are rather blunt about it. And I have a great deal of sympathy with their feelings. I want to say first that my statement deals considerably with the present issue of closure of many small post offices, and I have a number of them in my district.

I recognize the problems and the costs. I am not one of those who say that we should just automatically say no closures. But they should be considered and the people properly contacted.

I am very concerned that we assure there is a way to furnish the service because I think the people are primarily concerned about that.

Now there is no question but what we have had precedents through the years of so-called contract offices where small stores or other places in these rural communities have entered into contract arrangements to provide all postal services. And I find that this is something we should further consider.

But having said that, I think that the time has come, Mr. Chairman, that we should face up to the fact that we are going to have to pay for the cost of the services that American people want.

And I, on every occasion in this last 10 days when the question was raised, turned the question around and said to them "Are you prepared, do you want to take it out of the Treasury. In other words, do you want the taxpayer to pay for the service? Do you want a subsidized service?" And invariably they said, "Yes," because to a great majority of them at least, they believe, "That is about all we get out of Washington anyway, so for God's sake at least go ahead and subsidize decent service because that is what we want at a reasonable rate."

And let's also recognize the problem we are creating in the enormous increases in postal rates to a great number of our citizens. When you go to 13 cents mail, it does substantially become a burden on many of these people.

So I guess, Mr. Chairman, to conclude on this particular part, it's my firm conviction that the American people today are prepared to support us from a standpoint that they do want good service, they want service that is comparable to what we have enjoyed through the last 200 years, they want it at a reasonable rate and they are prepared to pay for it through tax moneys rather than seeing it done through the postal rate.

So I want to support that. I think we are just kidding ourselves if we do otherwise. I am prepared to support whatever subsidy is necessary to provide the service. I think the time has come for us to determine that that will be our position, and I would urge, Mr. Chairman, that you and this committee take this position. Let's see if, in fact, we are prepared to face up to the issue of putting up the money to do the kind of job and furnish the kind of service that I think the American people want.

Now, Mr. Chairman, let me conclude by mentioning briefly, from the latter part of my statement, some legislation that I have introduced. And I do not claim that it's perfect, but again it does indicate the more recent direction which we had hoped to go.

Mr. Chairman, in the final analysis it's clear to me over the many years that I have been here and watched the situation develop that the American people are going to hold we, the Members of the Congress of the United States, responsible for the quality, type and cost of our

mail service regardless of what we do or any attempts we may make to shift the burden of responsibility. It just will not work.

Again I appreciate the time and effort you have taken in holding these hearings.

[The prepared statement follows:]

PREPARED STATEMENT OF HON. B. F. SISK

Mr. Chairman, I am pleased to have the opportunity to appear before you this morning. It is important that your subcommittee review further the plans by the U.S. Postal Service to close many small, rural offices.

I would hope that something definitive will emerge from these hearings—the Congress simply must be given the opportunity to address this and other issues relating to this nation's mail system.

In my district in California, which engrosses substantial rural and mountainous territory, at least eight post offices may be closed. One post office has already been recommended for closing—although Postal headquarters in Washington has not yet acted finally on the recommendation—and seven others are or will be studied for possible closure.

Although the Postal Service has consistently said it will not conduct a campaign of "wholesale" closings, it is apparent that we do face the closing of hundreds—perhaps, even thousands—of small third and fourth class post offices.

I find this situation to be unacceptable on a couple of counts. First, we are discussing a fundamental change in national policy in that the systematic termination of community post offices is proposed.

It may be, Mr. Chairman, that such a change in policy is what this nation should pursue. I think it is not. But that aside, the question I pose is whether such a policy decision will be left solely to the corporate officials of the Postal Service. Or will the United States Congress have an active role in whatever ultimate decision is made relative to a restructuring of our mail system?

Secondly, regardless of the final number of third and fourth class post offices which are closed, there is no evidence that the closings will result in meaningful savings; at least not when weighed against the \$13-billion-a-year expenditures of the Postal Service.

Are we, then, simply engaged in cosmetics? If we are to any substantial degree, then I submit that the public is paying a dear price, indeed.

As the Chairman knows, I was one of 42 members of Congress who filed suit against the Postal Service in U.S. District Court on February 26 to block the planned closings of the post offices.

I agreed to become a co-party plaintiff only as a last resort. It seemed apparent at the time, however, that only the judicial system offered any degree of hope of obtaining a hearing on this issue.

Allow me to illustrate what I mean:

On January 12, 1976, I wrote Postmaster General Benjamin F. Bailar requesting that he voluntarily terminate plans to close the post offices until such time that the Congress had an opportunity to review and address the issue.

On February 12, Assistant Postmaster General Norman S. Halliday responded by letter, in which the Postal Service, in effect, rejected my proposal.

Prior to my correspondence with the Postmaster General, however, I had sought congressional action on this matter. On December 3, 1975, I wrote The Honorable David N. Henderson expressing concern over the planned closings of the third and fourth class post offices. Representative Henderson's response, nor a subsequent one from Representative Charles H. Wilson, gave any indication that the appropriate congressional committees would effectively address this matter.

In fact, Mr. Chairman, my office was consistently told by the staffs of this subcommittee and the House Subcommittee on Postal Facilities, Mail, and Labor Management, that no legislative action was planned to block in whole or part the closings of the small, rural post offices.

Moreover, on January 12, 1976, I wrote The Honorable Gale McGee, asking that his subcommittee address this issue in whatever version of the Postal Reorganization Act Amendments it might report out. I have never received a response from Senator McGee or his subcommittee.

I have since felt obligated to join with Representative Virginia Smith in seeking congressional approval of a Concurrent Resolution to express the sense of the Congress that the Postal Service should cease the closings of post offices for six months, with the hope that Congress may address this issue within that time.

It is apparent, then, Mr. Chairman, that we shall have some final resolution of this question when one considers the flurry of legal and now congressional inspection of the Postal Service's plans.

I must question, however, if we are not really overlooking the fundamental issue today. As important as the rural post offices are, are we not faced with this problem because the Congress has relinquished control over our mail system?

As the Chairman knows, I introduced legislation during the 93rd Congress to abolish the Postal Service and restore the Post Office Department as an agency of the federal government under congressional jurisdiction.

I introduced the legislation not with the expectation that it would be enacted. Rather, it was my hope that the appropriate committees in the House and Senate would discern the fact that the public and a growing number of members of Congress are tired of higher rates, poorer service and no resource over events as they relate to the movement of our mail.

If doubt existed over the sentiment in the House of Representatives, it should have been dispelled by the adoption of the Alexander Amendment to the Postal Reorganization Act Amendments late last year.

There are those, of course, who charge that a few of us simply wish to politicize the mail system and again enter into the business of appointing local postmasters. Nothing could be more false; those charges simply fly in the face of the facts.

I am not an advocate of simply abolishing the Postal Service and returning to days of yesteryear. I am an advocate, however, of giving the Congress a voice in matters substantially affecting our mail system.

It is beyond my comprehension how the Congress can further refuse to regain some control over postal matters. The Postal Service is in a state of collapse and we are going to have to address that point in the very near future regardless of whether we desire to or not.

As the Chairman knows, the postal deficit has risen from \$203 million in 1971 to \$988 million last year, according to figures provided to me by the Library of Congress. The deficit for this fiscal year is expected to be substantially higher.

Moreover, the federal subsidy of our mail system today is greater than it was during the last year of the Post Office Department, and the Postmaster General has said federal appropriations will have to be substantially increased if we are to prevent the collapse of the Postal Service.

Importantly, for the first time in this nation's history, the volume of mail has declined, and postal officials now say that may become an annual trend. If that prediction is accurate, the financial stability of the mail system will be further jeopardized.

Are the solutions to the severe postal problems simply raising rates, reducing manpower, closing hundreds of post offices, and terminating Saturday services? Maybe. But are those decisions to be made solely by the U.S. Postal Service? I hope not.

I was highly impressed by the candid speech of the Postmaster General before the Detroit Economic Club last March 8. He raised important questions which we all must ponder.

I think Postmaster General Bailar ought to be commended for forthrightly discussing the state of his corporation. But the Congress will be remiss, in my opinion, if it refuses to effectively respond.

I cannot properly sit here and suggest I have all the answers to this important issue. But I have attempted to reasonably think about the issue and consider alternatives which will, hopefully, resolve the immediate financial crisis of the Postal Service, while preserving existing services and also giving the Congress some voice over the future direction of this nation's mail system.

I have had legislation drafted which would do the following:

First, give the Congress the authority to disapprove all or part of any future postage rate increase proposal. The legislation, however, would guarantee financial stability of the Postal Service by having the Congress appropriate supplemental funds in the amount which the Service would lose if all or part of a rate increase was overturned.

Under my proposal, a rate increase proposal would be transmitted to the appropriate congressional committees in the House and Senate and also to the General Accounting Office. GAO would be required to report to those committees whether the rate increase was justified and why.

The committees, furthermore, would be authorized to report out a resolution to disapprove any portion of the rate increase. If the Congress concurred, then the appropriations committees would automatically have the matter referred to them for consideration of approving supplemental appropriations.

The legislation contains specific deadlines by which GAO and the Congress must act, so we would not place the Postal Service in the untenable position of indefinitely waiting for final disposition of the rate increase application.

Inaction by the Congress would constitute approval of the rate increase.

Secondly, the legislation would prohibit the Postal Service from terminating existing services—such as Saturday mail delivery—unless approved by the Congress. Again, if the Congress rejected cost-cutting proposals, it would then appropriate additional federal subsidies to make up the difference.

Finally, the legislation would protect non-profit, religious and educational organizations from increases in various fees which the Postal Service charges for special services—such as address corrections.

What would the impact of such legislation be? Obviously, it could result in higher federal subsidies for the Postal Service. I am not bothered by the fact because I believe the movement of our mail is vitally important. Also, I agree with the Postmaster General who says the Congress, Administration and the public must decide what price tag is reasonable for preserving existing services.

More importantly, however, the legislation would place the Postal Service and the Congress into partnership in reviewing problem areas, looking at alternative solutions and then, hopefully, mutually agreeing on what steps must be taken.

I think the Congress must be receptive to some changes in our mail system. However, I think the Postal Service must discern the fact that we are not going to tolerate wholesale revision of the mail system.

The legislation I propose is not the final answer. I think it may serve as a springboard for discussion on what the future of this nation's mail system will be, however.

If we can obtain some reasonable system by which the Congress is a party to major decisions affecting the movement of our mail, we won't need to hold hearings on brush-fire issues such as whether we close or retain rural post offices.

I am convinced, Mr. Chairman, that the issue of the rural post offices is indicative of the state of our mail system. We need to immediately address the question of the post offices, but we also need to address the question of where our mail system goes from here.

I would hope, Mr. Chairman, that the appropriate committees will move on both of these matters.

Thank you.

Mr. HANLEY. Thank you very much, Bernie. And I appreciate very much your very objective, fair appraisal of the situation. Are you suggesting that the Congress must exercise its prerogative as representatives of the people, that we cannot stand idly by and let a bureaucratic nonresponsive body do what it feels is best, even though its opinion is contrary to that of the will of the majority of the people of the United States?

Mr. SISK. Exactly.

Mr. HANLEY. Apparently—it's rather obvious I should say—that a mistake was made back in 1970 when the act was enacted. Congress actually relinquished virtually all authority with regard to the management of this entity which is so important to virtually every American citizen.

Just one question with regard to your rate proposal. Would it be your intent that the present procedure related to the Postal Rate Commission would endure and then, subsequent to an action taken by the Rate Commission, then the court of last resort would be the Congress to either approve or disapprove the action of that Rate Commission?

Mr. SISK. That basically is the approach that I propose to take. There are many questions that have to be judged in connection with these rate increases. In other words, its impact upon what will be the future of mail.

And I understand that the number of pieces of mail moving is going downward, basically because of the increased cost of using the service. And so those things have to be taken into account. The impact upon

people for example as I mentioned, the senior citizen, those people living on very limited incomes, have to be considered.

I think we have to realize we have to face a deadline. We can't just sit here and fiddle around and expect them to hold up indefinitely.

Mr. HANLEY. I appreciate that very much.

Mr. Johnson?

Mr. JOHNSON. Thank you, Mr. Sisk. I also voted for the postal corporation, in fact was one of the architects of it, along with my dear friend, Morris Udall.

Mr. SISK. Well, I supported it, as I say.

Mr. JOHNSON. I think you said that. Now, there is, of course, something wrong nationwide in our postal system. For instance, in my district—I am rural—we have just as many rural mail carriers as we ever had, in fact I believe we have more, and we have got just as many people working in the post offices and we have got lots of trucks hauling the mails all over. And yet people complain about the service.

Now seems like the Post Office Department ought to go into some of these big postal centers and put an economics study team in there and find out just what is going on. I don't think it's lack of personnel.

If you are going to raise salaries the way we have in the Postal Service and have all these increased costs of gasoline and so forth, somebody's got to pay for it either through high rates or through a subsidy.

Now in my office—and yours—I receive three bushel baskets of mail everyday. As far as my office is concerned I can't see any diminution in postal service. In fact the mail is heavier than ever and I can send letters up into my district and they get there the next day or maybe not the next day, the day after. Of course, I am only 300 miles away.

If there is something wrong we must get to the heart of it and I think the only way you are going to do it is to study each operation and see what is going on.

Now your idea of having Congress in effect have a nullification over a raise in rates or a closing of a post office and so forth for purposes of saving money, that is fine. But would you also have Congress nullify a substantial pay raise to the workers if the Post Office Department was unable to show us where they were going to get the money for the pay raise they agreed to? If we are going to start nullifying, we ought to be able to nullify just about everything. Had you thought about that?

Mr. SISK. Yes; I recognize that is one of the problems we run into. Of course, I tried to make it very clear that the final decision as to how much subsidy should be left to the Congress in the final analysis. I too have to go along with these more recent subsidy amounts because otherwise the service is going to collapse. They simply cannot operate without money, and if they can get it nowhere else, we will have to furnish it.

My contention is that the Congress then has to retain, or should retain, some power over how rates are set and what those rates are. And the matter, for example, of closing post offices.

All I am saying is we should retain the right to make final policy decisions if, in fact, the money has to come from the taxpayer to offset the difference if we stop a program.

Now the matter of wages, I would hope, Lord knows, that we don't want to get back into that business. I know my colleague from Pennsylvania remembers we used to have to go through that hassle. On the other hand it's a vital part of the overall cost I agree. What we have done is committed ourselves to the collective bargaining system. I am not sure the time would not come when the Congress would find itself in a position where it should be prepared to step into that situation.

That is one I do not look forward to with a great deal of fondness, but it's one we might very well have to face up to.

Mr. JOHNSON. Thank you. My time has expired.

Mr. HANLEY. Thank you, Mr. Johnson.

Mr. Simon?

Mr. SIMON. Sorry I missed the first part of your testimony. But basically you are suggesting that there should be some congressional veto power over rate increases, which I concur with completely. We have gone—people forget how rapidly we have gone—when Jim Farley came in as Postmaster General we had a 2-cent stamp. When John F. Kennedy was President and Ed Day was Postmaster General we had a 3-cent stamp. And here we are with 13-cent first class mail, moving toward putting hundreds of magazines out of business if we continue with the escalation.

So I agree on that and with some kind of veto power over services, in closing post offices, cutting back to 5-day-a-week, or whatever they are suggesting. I agree we have to face it then and we will have to subsidize. But I think the general thrust of your testimony is sound and I appreciate it.

Mr. SISK. Thank you very much.

Mr. HANLEY. Thank you, Mr. Simon. And thank you very much, Bernie, for your time and effort and input.

Mr. SISK. Thank you, Mr. Chairman.

Mr. HANLEY. Our next witness is Representative Don Fuqua of Florida. Don, we are delighted to have you with us this morning and I am confident that your testimony is going to prove most interesting.

STATEMENT OF HON. DON FUQUA, A U.S. REPRESENTATIVE FROM THE SECOND DISTRICT, STATE OF FLORIDA

Mr. FUQUA. Thank you very much, Mr. Chairman and members of the subcommittee.

Mr. Chairman, I wish to thank the committee for holding these extensive hearings offering all Members of Congress an opportunity to express their opinions on the closing of small post offices. It is my privilege to represent the second district of Florida which is the largest district in the State consisting of 23 counties and over 100 towns and cities. From my contact with these communities and the permanent residence I maintain in Altha, Fla., I can assure you that the local post office is one of the most, if not the most, important businesses in these communities.

The Postal Service bureaucracy which has adopted the new "equal or better" criteria, coupled with financial considerations in reaching its decision on closing post offices has yet to define "equal or better" and I believe the dominate consideration has been that of profit.

The Postal Service must consider factors other than those based solely on the dollar. I suggest that the factors proposed in H.R. 12994 and other similar bills, which I co-sponsored along with 25 of my colleagues, provides the necessary factors which are: The number of individuals served by the post office; the substantiality of the loss of revenue to the Postal Service if it maintains such post office; the proximity of an alternative post office, the energy requirements of individuals traveling to such alternative post office, and the effect on service of such alternative post office; and the economic impact on the area served by such post office.

The present law nor the "equal or better" regulations adopted by the Postal Service require consideration of the above factors. The total impact upon the community, economic and social, must be considered and the narrow-minded approach of the Postal Service is a disservice to our local communities.

I noted with interest the front page article in the Wall Street Journal of March 24, 1976, which I would like to have included in the record, Mr. Chairman. The article concerned the closing of the post office in New Minden, Ill., located in Mr. Simon's district. The feelings of the citizens in this community are indicative of those in communities in my section of the country, and I quote—

Villagers fear that the loss of the post office would hurt the town's emerging prosperity. Rufus Hoffman, owner of the general store, notes that the post office attracts customers. "It helps bring people to town," especially farmers, he says. "It's better for a community to have a post office for business more than anything," observes Thomas Ayers, 51, who moved here 7 years ago to open "Katie's Place," a bar and restaurant.

Also the local post office is most important to our senior citizens who may be incapable of traveling to a post office in the nearby community fortunate enough to have a post office or who desire a local post office for safety reasons, and I quote further—

The elderly also appreciate having a post office that keeps social security checks safe in locked boxes and in within walking distance of their homes. "The reason we don't want mailboxes is because we have so much outside riffraff that you can't trust," declares one widow who owns two guard dogs.

Mr. Chairman, I implore you to take whatever steps may be necessary to stop this indiscriminate closing of small post offices and suggest prompt action in H.R. 12994 which requires the Service to analyze the total impact of the closings.

Mr. HANLEY. Thank you, Don. And the Wall Street Journal article which you referred to will, without objection, be inserted into the minutes of this hearing.

[The article referred to follows:]

[From the Wall Street Journal, Mar. 24, 1976]

THE MAILSTROM—RURAL AREAS RESIST PLAN TO SHUT DOWN SMALL POST OFFICES—NEW MINDEN, ILL., RESIDENTS FEAR EFFECT OF CLOSING ON BUSINESS, SOCIAL LIFE

"WE'LL BE PUT OFF THE MAP"

(By Joann S. Lublin)

New Minden, Ill.—As she enters the narrow, one-room post office in this southern Illinois farming community to pick up her mail, Julie Karmelers muses about the government's proposal to close it down. "A small town doesn't have much going for it," the 25-year-old mother says, "so it really hurts when they take away your post office."

Her two-and-a-half-year-old daughter Andrea tugs at her sleeve and pleads, "I want to see Dorothy." Mrs. Karmeliers picks up the child so that she can ask Dorothy Harmening, the acting postmistress, "Do we have a letter?"

"Well, let's see, Andy," Mrs. Harmening replies with a wide grin. She searches the family's unlocked box. "Yep, here's one," she announces, slipping an envelope under the grilled window.

Like Mrs. Karmeliers, many of New Mindens 279 residents enjoy the personal, friendly service and convenience of their post office. They are distressed by the U.S. Postal Service's plan to close it and give townspeople a rural delivery route instead. Residents would have to drive seven miles to do business at the next closest post office.

A Flood of Letters

New Minden residents are not alone in their concern. In recent months, angry citizens from scores of small towns around the country have been flooding Congress with letters and petitions protesting the Postal Service's plans to reduce its \$1 billion-a-year deficit by closing or consolidating tiny, uneconomic post offices in rural areas as part of a broad cost-cutting program.

At the moment, opponents of the closings appear to be losing. On March 5, a federal judge who had previously blocked the shutdowns allowed them to resume so long as the Postal Service provided 90-day notice and surveyed affected customers' opinions on the closing and alternative service. Since last July, the Postal Service has closed or consolidated 186 small post offices, primarily from the ranks of its 18,000 third- and fourth-class offices, which serve four million rural Americans. The closings resulted in savings of about \$1.8 million a year, the government says. It is now considering discontinuing another 1,000 offices, including New Minden's.

The current flap began last June, when the General Accounting Office, an arm of Congress, recommended the elimination of 12,000 of these small post offices. The GAO said \$100 million could be saved annually without reducing service.

Responding to the GAO report, the Postal Service in November decided to speed up an existing closings policy. Previously the agency had abolished offices that had a postmaster vacancy and served fewer than 25 families. The new rules allow shutdowns wherever "equal or better" alternate service is available. Often, a rural route becomes a substitute. The Postal Service argues that the routes provide mail delivery that in many cases is closer and more convenient than a daily trip to the post office.

Congressmen Sue

"This is not an assault on rural America," asserts one postal official. "It's just that you can't have a post office at every crossroads in this country on the chance that somebody might come along and want to buy a stamp."

The politically popular fight to save the post offices is far from over, however. Rep. Paul Simon (D., Ill.), who organized support for a lawsuit brought by 51 Congressmen, intends to take the matter to trial. "Everything is still open to argument," notes one of Rep. Simon's aides. Financed by two postmaster organizations, the suit contends that the new rules violate postal statutes by eliminating post offices "solely for financial reasons." In addition, two U.S. Senators have introduced bills that would force the Postal Service to consider economic impact and other factors before shutting down rural post offices.

The issues involved in the controversy are evident here in New Minden. The villagers' desire to keep their post office is clear; Rep. Simon recently polled the 61 families who use it, and all 41 who responded indicated opposition to the closing. (Another 39 families in town already get their mail delivered on a rural route originating in Nashville, Ill., seven miles away.)

The Postal Service's motive in attempting to close the office is equally clear: Last year, the unit cost \$12,480 to operate and took in only \$2,049.

Small Town U.S.A.

At first glance, the loss of a post office would seem almost immaterial to a sleepy village like New Minden. Located about 50 miles east of St. Louis, the town originally was settled in 1840 by German Lutheran immigrants who became grain and dairy farmers. The ethnic makeup of the community appears to have changed little since then. Many residents are related to one another, are descendants of the town's founders and still speak with slight German accents.

The village consists of about 100 homes, two filling stations, two taverns, a general store and a Lutheran church built in the 19th Century. A Lutheran

parochial school, the only school the town has ever had, closed in 1974 for lack of pupils. (Children take buses to attend public schools in Nashville.)

Lately, however, New Minden has experienced some growth, thanks to the recent completion of an interstate highway nearby and the influx of white families from increasingly black East St. Louis. A few new businesses have opened up, young families are renting trailers and a coal company plans to start building a mine next year just outside town. New Minden's population has topped 250 for the first time in recent memory.

Villagers fear that the loss of the post office would hurt the town's emerging prosperity. Rufus Hoffman, owner of the general store, notes that the post office attracts customers. "It helps bring people to town," especially farmers, he says. "It's better for a community to have a post office for business more than anything," observes Thomas Ayers, 51, who moved here seven years ago to open "Katie's Place," a bar and restaurant.

Others worry that if the postal service extends the Nashville rural route that now skirts the edge of town, every inhabitant will have a Nashville address and New Minden's identity will disappear. Selma Weihe, a 73-year-old wife of a farmer, complains that if the post office is eliminated, "we'll probably be put off the map completely."

Villagers contend that in making their plans, Washington bureaucrats haven't adequately considered the vital social role played by the post office. As in many small communities, the office was run for years by the same friendly, dependable person whose social prominence had helped secure her the then-political appointment. And because people must pick up their mail in person, the post office here has always been a popular gathering spot for neighbors to meet and exchange gossip and news.

Hedwig "Hattie" Schuette worked in the post office for 52 years before retiring in February at age 70. She began as an 18-year-old assistant to her brother in her family's general store. Upon her appointment as postmistress in 1944, she moved the office to the living room of her white, two-story home. An American flag flies out front and a hand-lettered sign in the window announces its postal function.

A short, spry woman with brown hair, Mrs. Schuette recalls that she "went through a lot" during her tenure. "Why, I've had two women have heart attacks while they were waiting for the mail," she says matter-of-factly. "So I carried them in and put them on the couch." She frequently would let patrons into her home to make phone calls or use the bathroom.

A Sage Adviser

Over the years, townspeople sought out Mrs. Schuette for advice—and not just about parcel post rates or income tax forms. Customers with financial or marital troubles would seek her counsel. "I had to listen to an awful lot of complaints and moanings," she recalls. "I knew everybody's problems."

The tradition of service and socializing continues with Mrs. Harmening, Mrs. Schuette's interim successor. (At 62, Mrs. Harmening feels she's too old to take the job permanently.) For six hours a day, she greets each customer by name and inquires about their health. She says that occasionally, retired farmers or their widows, a large segment of the village populace, will request her help in filling out money orders because they have difficulty writing or don't understand the form.

The elderly also appreciate having a post office that keeps Social Security checks safe in locked boxes and is within walking distance of their homes. "The reason we don't want mailboxes is because we have so much outside riffraff that you can't trust," declares one widow who owns two guard dogs.

Cattle Prices and the Weather

Small-town post offices serve as community centers in other localities, too. In rural areas of Texas, ranchers gather there at the same time every day to check on cattle prices and the condition of the pastures. "Or we sit around and talk about how we sure do need a rain," says George Kelt, a 65-year-old rancher who lives in Chatfield, 50 miles south of Dallas. "We can't just give up everything we have in this country," he adds. "Our little post offices are a part of us."

In the remote Appalachian mountains of eastern Kentucky, the post office is where residents sign up for Social Security cards and where they once registered for the draft. Polly Hicks, postmistress of Mousie, Ky., says that she also calls taxis or arranges rides with neighbors for patrons who need to travel to the county seat.

And when the mail plane arrives in Shungnak, Alaska, a hamlet of 200, "people hang around outside the post office while the postmaster sorts the mail and his wife makes a pot of coffee or tea," says Hilda Woods, a former resident who now works as a receptionist for Sen. Mike Gravel (D., Alaska).

Three Customers a Day

William J. Anderson, deputy director of the GAO's general government division, views this defense of rural post offices as unrealistic and overly nostalgic. "You go into a lot of these post offices across the country and maybe three people will come there during the whole day," he observes. "You wonder how it can be a social center."

This attitude rankles citizens of New Minden, where the proposed closing has become "an awfully big deal," according to Mrs. Schuette. "You hear about it from morning till night," she says.

The threatened closing hasn't deferred Jerry Agnew, a 23-year-old resident, from applying to be the new postmaster. Mr. Agnew, who works nights as a postal clerk in East St. Louis, has even drawn up plans to convert his master bedroom into a post office. (Because she has retired, Mrs. Schuette wants her living room back.)

If he gets the postmaster job, Mr. Agnew expects to earn around \$12,000 a year, or \$2,000 less than his present salary. He believes the pay cut would be worth it because he dislikes commuting and working nights. "Whenever I walk through town and see somebody, they all say, 'I hope you get (the appointment) and I hope they don't close the post office,'" Mr. Agnew says.

Mr. HANLEY. Is it reasonable to believe that you would support the additional subsidies we seek to underwrite the public service aspect of the USPS?

Mr. FUQUA. Oh, I think so, Mr. Chairman. I have always felt that the word "service" in the name implies just that. We don't look upon our fire department or our police department or other services to turn a profit. We look at them to provide a service. And sometimes they require certain supplements and I don't in any way feel like the Postal Service should operate an inefficient operation and there may be certain reasons for closing of certain post offices but I think there are some considerations other than what they have been given that must be considered.

Mr. HANLEY. You make another excellent point in your testimony here, one which I had not thought of before and I have tried hard to develop a position which would have the effect of perpetuating rural post offices, where it's appropriate—the effect with regard to the generation of business in that locality, where, by virtue of its existence, it brings a number of people into that little business community who in addition to picking up their mail might walk down to the hardware store and buy a pliers or hammer or might walk over to the drugstore and spend a little money.

I think that is another aspect of this that has been overlooked and you are the first one to make that point which adds to the many points that we have in favor of the continuation of tradition.

Mr. FUQUA. Mr. Chairman, that is very true. The post offices, as are churches and schools, is a place where people congregate, they may have business to transact at the post office, purchasing money orders or expecting a check in the mail or for other matters—such as buying stamps. While they are in town they can transact other business to save another trip and I think it does help promote business.

Mr. HANLEY. Yes, it's a good point and it's one that I had not thought of and I am delighted that you have made it.

Mr. Johnson.

Mr. JOHNSON. I just want to welcome you here this morning and, of course, it seems unconscionable to all of us to close our small post offices, and it goes without saying the only way we are going to keep them open is either through raised rates or have Congress foot the bill, and I guess the spirit around the Congress is, have Congress foot the bill.

But as to the people back home, I put out a questionnaire about 6 weeks ago and I asked the people do they want me to hold to the \$395 million budget of the President, even though it means cutting back on programs which you might support; and 82½ percent of the people said yes. I mean the people, they want the post offices, they want good service, they don't want to necessarily pay for it through higher postage rates nor do they want Congress to up the budget. We are facing quite a problem.

Mr. FUQUA. Well, I might say to my good friend from Pennsylvania, we do not want to get into the economies and efficiencies of the entire Postal Service. This is another area. I have been concerned about why it was necessary to move from the old headquarters building down to the new, plush, rented offices. I wonder how many new post offices are going to be cut out because of increased cost of that move. And I can go into others.

Mr. JOHNSON. Well, that is right. There is a lot of factors that go into it. That is all I have. Thank you.

Mr. HANLEY. Thank you, Mr. Johnson. And thank you very much, Don.

Mr. FUQUA. Thank you, Mr. Chairman.

Mr. HANLEY. Our next witness this morning is Representative Glenn English of Oklahoma. I am delighted to have you with us.

STATEMENT OF HON. GLENN ENGLISH, A U.S. REPRESENTATIVE FROM THE SIXTH DISTRICT, STATE OF OKLAHOMA

Mr. ENGLISH. It's certainly a privilege for me to speak on behalf of the people in my part of Oklahoma, and those in other rural areas concerning Postal Service's plans for smaller communities.

There is no doubt the U.S. Postal Service has gotten into increasingly serious trouble since it began operating independently a few years ago. Since that time its problems and deficits have risen at an incredible rate. This distinguished subcommittee is well aware of some of the unusual management decisions which may be responsible for most of the Service's problems. And in the interest of saving time I will not go into them here today. But I do believe that it's significant that shortly after taking over the responsibility for the mail delivery nationwide, the new corporation replaced many of the other post office's most experienced officials, and set up in their place a complex, expensive and untested system of automated mail handling.

Not surprisingly, the cost of this system led to large cost increases—even as the machines themselves were helping lower the quality of mail service nationwide. But we are here today to look at just one aspect of the new plan which the Postal Service executives have proposed. Unilateral reduction in the mail service to many small rural communities.

Mr. Chairman, in 1977, the operating budget of the Postal Service will be about \$14 billion. And by that time, the corporation's total deficit will have built up to about \$3 billion, and will be growing at the rate of more than \$1.5 billion every year.

We are told that one of the principal ways in which the Service wants to cut its costs is by shutting down rural post offices. I'd like to point out a major problem with that idea.

The most extreme proposal I have seen calls for the closing of two-thirds of America's smallest post offices—which would mean that 12,000 communities would lose their facilities. If every one of these 12,000 offices were closed, the net savings to the system would be only \$100 million—just seven-tenths of 1 percent of the annual Postal Service budget. Most versions of this plan do not involve such a large number of closings in small post offices—so that the savings involved becomes even less significant in comparison with the system's operating costs. But even if the Postal Service were to gain a significant dollar benefit by the closing of small post offices—which it clearly would not—I believe that there's a lot more involved in that action than the simple cost accounting.

Since it was first established, the U.S. Post Office has diligently sought to provide the best service possible to every citizen in America. And for many years, the Post Office Department did just that. The small post office became a center of community life—staffed by helpful, sympathetic local citizens who went out of their way to help meet the needs of their neighbors.

I just don't believe that any part-time "contract carrier" could provide the same high-quality service to rural customers. But even more important, I believe, is the fact that without a post office, many hundreds of communities would completely lose their identity.

Mr. Chairman, I am one of those who strongly believes in the importance of maintaining a healthy rural America. And I believe that the rural post office is a crucial center for community activities—a link which helps those who produce America's food and fiber to maintain their sense of identity in a nation of big cities. I am extremely disturbed by the Postal Service's attitude toward the rural customers it is supposed to serve. And I'm disturbed by its reluctance, even after repeated requests, for information about, or justification for cutbacks in the part of Oklahoma I am fortunate to represent.

I believe that cutting a small fraction of 1 percent of the Postal Service budget by reducing rural services is truly an irresponsible proposal, and I urge this subcommittee to reject this, or any other plan which ignores the needs of postal customers.

I think that the most important place to look for savings is at the highest level of the system, among those who have administered the corporation during the last few disastrous years.

In conclusion, Mr. Chairman, I am adamantly opposed to the wide-scale closing of rural post offices, and to other similar proposals which discriminate against Americans who have chosen not to live in one of our Nation's overcrowded cities. I would like to thank you, and the other distinguished members of the Postal Service Subcommittee for giving me this opportunity to appear before you today.

Mr. HANLEY. Thank you very much again for your excellent testimony. Again you make some excellent points and when we think of the

negative effect such action would have on rural America, I think further of the opinion of the administration which supports the possibility of repeal of the private express statute, which would be disastrous to rural America. And if they think that the rate of mail is high today, God help us should that happen where we would turn over supposedly to the private sector the ability to service heavily populated areas and then impose upon our rural taxpayers the obligation of totally funding the overhead of the USPS.

So I appreciate very much your concern about the effects of the possibility of closing rural post offices, the effects of other overtures insofar as rural taxpayers are concerned. You state it very well in your testimony.

Mr. Johnson?

Mr. JOHNSON. Thank you, Mr. Chairman. This is a pretty good statement. I am just mulling over in my mind whether I want to swipe it from you. This will read pretty good back home in the papers in Oklahoma and it would read very good in my district. Only trouble is I realize you are addressing yourself to one very narrow portion of the problem that is facing the postal system and we on this committee are faced with the overall problem of what are we going to do to save the entire postal service. And closing rural post offices—of course none of us want to see it.

Now there has been a lot of talk here this morning about contract mailing. Repealing the express statute and let people come in and contract to handle first class mail. That is all well and good but we have this great postal system which has given service as we said for 200 years, and we must not destroy its business possibilities.

And I know Mr. Hanley mentioned the United Parcel Service. Out West now they are having an eight-State strike which means no packages being delivered by UPS. They are being taken to the post office to be mailed, don't you see.

Mr. ENGLISH. I was going to say I certainly agree with you. I know the postal employees I talked to in my district, to a man I feel that they are certainly doing an outstanding job. However, I discussed this very problem with them, exactly where they see the difficulty and what's taken place in the last few years and what solutions they propose.

And they feel very strongly that the main problems that they are having now are because of decisions that were made at the highest level in the postal service and errors that were made through the past few years. In many instances they have had the number of employees, the number of hours they can work in their individual post offices in providing service to the local community, they have had that reduced. And it's my understanding that overall the postal service as a whole has been increasing in the number of employees.

The thing I wonder is where those employees have been going. They have certainly not been going down to the level of the people that handle the mail, the ones that actually provide the service.

So the question I have is should we not take a very serious and long look at the management level of the postal service now before we move ahead into the area that I think we all know is coming, that is, increasing subsidies. I think we have got to make sure that we have a truly responsible and responsive management heading up this postal

service, before we start filtering more tax dollars into that service.

Mr. JOHNSON. Thank you.

Mr. HANLEY. Thank you, Mr. Johnson; and thank you, Glenn, for your time and effort and interest this morning.

Mr. ENGLISH. Thank you, Mr. Chairman.

[The petition which follows was furnished for the record by Congressman English.]

CORDELL, OKLA., April 1975.

Congressman GLEN ENGLISH,
U.S. Senator HENRY BELLMON.

We the undersigned business people of Cordell, Washita County, do hereby protest the abbreviated postal service we are now receiving.

We feel that it is a disgrace to have such poor service as no window service on Saturday and no incoming nor outgoing mail on Sundays.

We need window service on Saturdays in order to receive registered, certified and parcel post through our boxes, when parcels are too large for box and/or require a signature.

Cordell, the county seat of Washita county, is the only post office in the county that we know of that does not have some window service on Saturday.

Cordell is the largest business town and/or office in the county and our merchants want to carry on normal or increased business on Saturdays. Not having post office service on Saturdays is a stifling influence on local business.

Business people often need to get special orders or communications off after business on Saturdays. We are now forced to let our orders wait in the local office until Monday afternoon.

Business people have rented all the boxes in the local post office in order to get mail service on Sundays and holidays and now they have cut off the mail service on Sundays—all service is cut off on Sunday.

We do not like it. We protest the reduced service. We are paying increased rates for postage and for box rents. We should be able to get better service, not reduced service. Thanks for any help!

Mr. HANLEY. Our next Representative is Joseph L. Fisher of Virginia. We are delighted to have you with us this morning, Joe, and I am confident that your testimony will prove quite interesting.

STATEMENT OF HON. JOSEPH L. FISHER, A U.S. REPRESENTATIVE FROM THE 10TH DISTRICT, STATE OF VIRGINIA

Mr. FISHER. Thank you very much, Mr. Chairman, I am pleased to come here and share my thoughts on a set of problems that concerns you on this committee and every American. These hearings do come at a time when the public is disturbed and many of them even outraged by what they perceive as a decline in the quality of postal service in the face of ever rising postage rates.

My constituents are sending me a steady stream of complaints that reflect a general dissatisfaction with the mail service. They are tired of paying higher and higher prices for mishandled mail and mangled packages. A recent complaint concerned letters which took 3 days to travel from Washington, D.C., to Falls Church, Va. (a distance of about 6 miles), 10 days from Chicago to Falls Church (an hour and a half plane flight), and newspapers which arrived in the mail as many as 3 days late. Another immediate concern is the new policy of closing small post offices—those in Reston and Philmont in my district are being surveyed for closing. If they are closed, this will cause a great inconvenience to the customers they had been serving. Postal employees themselves have been complaining about certain management decisions.

The tendency in these discussions about the mess in the postal service is to seek scapegoats. Some blame the problems on bad management.

Others say the unions are too powerful. And still others say that the lack of congressional control is the source of all the trouble. Instead of attempting to pinpoint blame, I would prefer in the course of my testimony to focus on some positive improvements that can be made within the existing postal service. Especially I want to suggest an experimental approach in which a number of changes and innovations in management and service would be tried out on a limited scale to find out which ones should be adopted.

This new public debate occurs some 5 years after the Postal Service was established in an effort to correct the deficiencies of the old Post Office Department. The Postal Service was intended to improve postal efficiency, achieve financial self-sufficiency, apportion costs of operations among various classes of mail on a fair and equitable basis, and maintain universal service and pay wages comparable to the private sector.

At this point, some serious questions must be asked about this new Postal Service. To what extent is it a public utility which must provide service whether or not it loses money? To what extent is it a business which must have enough income at least to cover its expenses? What is the meaning of the term "business" when applied to a service organization affiliated with the Government, providing a traditional Government service and granted a monopoly? What are the responsibilities and the prerogatives of such a business? Is the Postal Service businesslike in its methods to the extent compatible with its public service functions?

The 1971 Postal Service legislation provided some indirect answers to the demarcation between the public service and business aspects; for instance, in the way rates were to be handled. Blind and handicapped people were guaranteed free postage to be subsidized by the Federal Government. Newspapers and magazines subsidized by preferential rates would have their subsidy gradually withdrawn as their rates were increased.

For its first several years, the new Postal Service was to receive a subsidy intended to cover its public service costs, including the operating costs of small post offices which were not self-sustaining. Aside from this subsidy for public services, the Postal Service intended to operate as a business which matched revenues and expenses. This was to be the heart of the change from the old Post Office Department system. And it is here that the Postal Service seems to have had the least success.

Despite large increases in postal fees since 1971, at a rate outrunning the high inflation rate of the last few years, the Postal Service has run even greater deficits. It has not been able to cut or control costs so that revenues could cover them. No business could get away with that for very long.

Recently, the Postal Service has discussed possible reductions of services in order to cut costs. Two that have been mentioned—dropping 6-day-a-week delivery and closing small post offices—have already generated opposition and focused attention on the need for congressional subsidies. They have also tended to draw attention away from other, potentially more useful long-term changes. Certainly a business would not look first to its popular services for cuts, but would probably con-

sider some internal restructuring and the dropping of unpopular services.

The Postal Service has a monopoly for the greater portion of its business. This monopoly, or lack of competition, deprives it of an incentive to operate more efficiently. Some Postal Service critics have suggested that elimination of the monopoly status, particularly for first-class mail, would be an important step toward a more business-like Postal Service. This suggestion has been unpopular with management and labor alike. If we examine the benefits that are supposed to flow from abolition of the private express statutes (which make the monopoly possible), we may find that there are less drastic ways of achieving the same ends.

Discussions of the postal monopoly usually begin by pointing out that the lack of competition allows the Post Service to charge a uniform price for all first-class mail. The uniform rates, however, do not reflect the actual costs of providing services, and some kinds of first-class mail may subsidize others.

Proponents of competition argue that private carriers should be given the opportunity to handle any mail that they believe they can deliver less expensively than the Postal Service can. The Postal Service would then have a strong incentive to reduce its costs to provide competitive service with the private carriers wherever possible. The types of mail that cost more than the going rate to deliver would not be attractive to private carriers and would remain with the Postal Service. This would result in decreases for some mail costs and increases in others, possibly averaging out to a rate lower than under the present system.

Other benefits resulting from competition supposedly include a better allocation for overhead costs among the various classes of mail, a stimulus for managerial efficiency and innovation, changes in postal technology, and lower labor costs per unit of work done, in part through improved productivity.

I would like to suggest that some of these benefits can be achieved even under a monopoly.

First-class mail could be reclassified into several subclasses based on the expense or difficulty in handling it. The Postal Rate Commission has just approved a lower rate for first-class mail sent in bulk and sorted by ZIP code. Overhead costs could be allocated more to services other than first class. The end result here could be a basic change in the rate structure.

The Postal Service should also begin looking to the future and the use of new or the more extensive use of existing technology. For instance, letters could be scanned at the post office with a special device which would electronically transmit them to the delivery points. Bills or certain types of messages could be sent through devices connected to telephones. The Postal Service could get into the business of providing many types of imaginative services which could replace some of the less efficient mail functions.

Managerial efficiency and innovation could be promoted through small-scale experiments with different kinds of service or ways of providing service. Different regions could be put into competition with each other to see which could move the mail most speedily, most accurately, and least expensively. One area could try to limit the size

and shape of envelopes and require ZIP codes, perhaps with preferential rates for mailers who conform. Another area could try having private competition. Still others could try contracting out the delivery of rural mail. Another could have a mobile rural post office serving different communities each day to take the place of unprofitable small offices.

From these kinds of experiments the Postal Service could learn, as a business does from doing market research or using test markets, what innovations should be implemented nationwide, which are unworkable, and which are useful only in limited areas. These attempts might not necessarily make the Postal Service profitable, but they could decrease the losses, and most importantly, improve the quality of the service. Too many times in the past postal reformers have been quick to turn to an untested and unproven program or procedure as an instant cure for all the ills of our mail service.

Mr. Chairman, I bring forward just a few suggestions as a stimulus to discussion and hope that the committee will give this experimental approach serious consideration as a possible way out of the shambles—if that is not too hard a word—which is today's Postal Service. This seems to me to be a kind of commonsense approach that ought to be done in a systematic way over a period of time, so that we can select ways of improving postal service on the basis of experiments and tests, and not succumb again to some popular wave of dissatisfaction that leads us to grab for some big, highly visible solution that really won't help us.

Thank you very much.

Mr. HANLEY. Thank you, Joe, very much for your very fine testimony, and obviously you have given the subject matter a great deal of thought. You offer some very good suggestions here. I believe that in essence you relate to the research and development shortcoming of the U.S. Postal Service. You relate to the necessity of being more deliberative when Congress moves in the direction of changes.

I have been a long-time critic of the inadequacy of its research and development program as an institution with a budget in excess of \$10 billion, that puts little into an R. & D. effort. There are many things it should have been doing a long time ago. This was one of the principles embodied in the act of 1970, that it would develop a real R. & D. program to stay on top of, in effect, get ahead, so that we could anticipate the needs of the institution in the future.

Unfortunately that type of R. & D. program has yet to get off the ground. We are on the threshold of the electronic era, which is going to produce a substantive negative effect on the volume—on postal volume.

For instance, long ago with regard to the mail-a-gram concept, I said to those in charge here, you have it again, you people are doing all the work and Western Union enjoys the cream and pecans. With a little thought it seems to me that you could have had it all yourself and you could have provided that service at a rate far less than what Western Union has to get for it today.

You talked about being deliberative Joe, that is one of the principles embodied in H.R. 8603. We mandate the creation of a study commission which would have a 2-year life and this study commission would be expected to go up and down the back of the institution with a fine-tooth comb seeking out areas where prudent and efficient changes could be made.

We are very hopeful that that study commission will become fact. We look upon it as a fundamental ray of hope of bringing the institution out of its dilemma. It would be composed of a group of objective people who would tackle their chore on a day-to-day basis, ferreting out areas of inefficiency and then reporting back to the Congress and the President.

At this point I defer to Mr. Collins.

Mr. COLLINS. Mr. Chairman, I just was interested in your comments and I appreciate the fact that our colleagues are joining us in expressing their viewpoints on what I think is probably the most important current subject we have before the House.

Mr. FISHER. Mr. Chairman, I come out of many years experience in the research and development industry where I headed an R. & D. corporation, and I have been aware over the years of how important to the telephone system—the Bell system—R. & D. has been. And it has been their policy as I understand it to devote a substantial percentage of their total revenues to R. & D.

This has given us not a perfect telephone system but far and away the best in the world. And it does seem to me that there is enough similarity between the Postal Service and the telephone service that their policy on R. & D. ought to mean something to the Postal Service as a way of improving quality, holding down costs, and really delivering the service in a satisfactory way. Now that might be a target to aim for.

Mr. HANLEY. Well, again, two very important areas, that is R. & D. and the study commission which we hope will become fact. Again, our deep appreciation for your time and effort and interest, Joe. You have contributed measurably. Thank you.

Mr. FISHER. Thank you.

Mr. HANLEY. And our next witness is Representative Virginia Smith of Nebraska.

Virginia, we are delighted to have you with us this morning. I am confident that your contribution is going to be substantive.

STATEMENT OF HON. VIRGINIA SMITH, A U.S. REPRESENTATIVE FROM THE THIRD DISTRICT, STATE OF NEBRASKA

Mrs. SMITH. Thank you very much. I appreciate being here and I have two constituents who have come 1,500 miles to be with us this morning. I would like to introduce them; Louise and Earl Meredith. Earl is the vice president of the auxiliary to the Postmaster's League.

Mr. HANLEY. Fine. Delighted to have you on board this morning. Welcome. You are well represented, incidentally.

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

I very much appreciate the opportunity to testify on the problems being caused by the increase in rural post office closings. As you folks know, I have introduced legislation, along with 65 of our colleagues, to declare the sense of Congress that a 6-month moratorium be declared on post office closings.

Now you have heard much, of course, about the problems caused to our rural communities by these closings. I could take my entire time just giving you individual instances. But instead, I would like to take a few minutes to point out why the post office's decision to

reduce its operating loss by closing rural post offices is poor public policy, and to offer one or two suggestions on cost savings alternatives.

By recommending this all-but-wholesale closure of rural post offices, the Postal Service is doing exactly what it claims that private mail carriers would do if we allowed them to handle first class mail. They are skimming off the cream and leaving the rural areas without adequate service. The current policy really establishes two classes of citizenship, rural and urban, in the distribution of mail service and, of course, we all know that such a policy is unfair and is contrary to law.

But the Postal Service says that service will be provided those communities losing their post office that is equal or superior to what they have with a post office. Anybody in my district will tell you that is not true. A contract post office is a catch-as-catch-can operation running from year to year and using people to handle the mail who have no experience or training for the job.

I was in one in my district just the other day. A nice lady is running it. She serves the hamburger over here and sells the liquor over in this corner and the groceries in this corner and she handles the mail over here. And she circles around trying to tend to all of them as best she can.

Well, now I understand that roughly \$160 billion of our tax money was sent through the mails last year in individual checks to people across this country. Is this any way to handle the U.S. mail? I say it isn't. Nor is the patron any better served if service is switched to a postal facility which is miles away. The other night I spoke in Hyannis, a fine, small town in my district. The postmasters were there from the three towns along that main road where they fear they are going to have the post offices closed. If they are closed they will be 50 miles from a post office. That is not good service, and we know it isn't.

Our people are being given three choices, a community post office, the rural carrier or service by a more distant post office. And when the rural carrier comes is he going to be able to provide IRS forms or passport applications? What about the poor rancher or farmer. How long must he stand out by the mailbox waiting for the carrier to come, how does he know when he is going to come?

Well, I understand that the Postmaster General's main reason for saying he wanted to close all these post offices was that he could close 12,000 offices and save us \$100 million per year and that made a nice press release but as I figure it, of the \$1.5 billion deficit last year, that would just stop 1/15th of the deficit and close 12,000 small post offices to do it.

Now in my State 1/50th of those post offices would be 240 post offices and we would probably get stuck with more closings than that because we have got a big State.

That would just ruin the rural areas of our State. Some of those towns where they threaten to close the post office have a local bank. Could a local bank operate by going and putting its mail in the box by the side of the road to wait for the rural mail carrier to come?

Well now, I said I would suggest some alternatives, and I want to. I think we ought to streamline the Postal Rate Commission. We ought to increase congressional oversight. Perhaps we ought to require congressional confirmation of the top post office administration. Perhaps we should be returning Postal Service executive pay scales to civil service standards.

We ought to more accurately identify, I am sure, the public service costs. We ought to improve the cost allocation among the various classes of mail. Perhaps we ought to have uniform size of letters. Perhaps we ought to review the postal labor policy.

Perhaps we ought to review the personnel policies. Many of the people in my district think that we have too much help at the top, and they don't think that they are all that efficient that they are worth that much money, as poor a job as they do. And at the very least I think we ought to have some outside group review a post office closing. It hadn't ought to be decided just by the Post Office Department.

It seems to us out in our district—and I represent one of the biggest districts in the country, 61 counties, a district 400 miles long—that we are being asked by one independent Federal agency to bear the brunt of the burden of the deficit in the Post Office Department. We don't think it's fair.

This is the reason that I have asked for a 6-month moratorium so that your committee will have a chance to study the whole issue and decide where the economies need to be made, because if we let the Postal Service go on as it's been doing, we will have those post offices closed, and we will never be able to get them open.

Thank you for giving me this chance.

Mr. HANLEY. Well, thank you very much, Virginia, for your very interesting observation. Certainly you offer a number of excellent suggestions with regard to the moratorium. As you know, I prevailed upon Postmaster General Bailar some weeks ago to impose a moratorium on any further curtailment of service until such time as the study commission, which would be a creature of my legislation, had the opportunity to work its will and in straightforward and objective fashion analyze the entire agency and ultimately come back to the Congress and the President with recommendations. I feel, and most members of this committee are of the opinion, that that is the approach that should be taken in recognition of the herculean extent of the problem.

Unfortunately, the Postmaster General doesn't seem to agree with us. As I said to him back then, you know we will be coming back into the House reasonably soon with the House/Senate conference, once the Senate concludes its deliberations on this subject matter. The U.S. Postal Service expects the House to approve an action which will provide the additional moneys that are so necessary to avert bankruptcy. Yet on a day-to-day basis, its actions, its directives, continue to agonize the Members of Congress. These cutbacks, whether it be rural post offices, or whether it be reductions from two to one service per day in metropolitan areas. On a continuing basis it continues to antagonize the Members who bear the brunt of criticism from their constituents who want to know what is going on.

I don't think we can ask the House to vote to allow a public service appropriation to the U.S. Postal Service unless we can state that the American people are not going to be afflicted by further cutbacks until such time as this study commission has had the opportunity to work its will and put the whole thing into a proper perspective.

So I totally support your overture with regard to a moratorium. I only wish that the Postmaster General could see it that way, and for

that matter I only wish the President could see it that way, and it's that only way that I see we can develop a light at the end of the tunnel.

Mr. Collins?

Mr. COLLINS. Thank you, Mr. Chairman. As we are talking about small post offices, Virginia, you probably have as many as anyone with that broad Nebraska area that you cover. I just wondered, have they ever suggested to you from the Post Office Department what is the minimum size town in which you can have a post office? I know I have a city of 32,000 named Farmers Branch, and they said it's too small for one. And yet we have got them right now in towns of 50. Does size affect determination? What is the real criteria of how small a town could be to have a post office?

Mrs. SMITH. In our district we don't think there is any criteria because here they come and try to close one in a town of 650 people with a bank in it. Why, it would just destroy that town. Well, we got that stopped.

But there doesn't seem to be a criteria. And moreover our whole district—and I have 307 towns in my district—the whole district is afraid that the ax will fall on them next. And I get letters every day from constituents who say to me, "We are afraid we will be next; is there anything we could be doing now to ward it off?" Well, this is not the way for us to let one of our Federal agencies be harassing the American people.

I certainly appreciate your interest and your support. Might I ask you one question? If the Congress would pass this sense of Congress resolution, wouldn't the Postmaster General surely abide by it?

Mr. HANLEY. Not necessarily, Mrs. Smith.

Mrs. SMITH. It would not force him to, but it would certainly say the Congress wants him to, and if he wants and expects kind treatment from us, he better be listening.

Mr. HANLEY. Up to this point he is somewhat reluctant to adhere to the wishes of the Representatives of the people.

Mrs. SMITH. We have noted that.

Mr. HANLEY. Thank you so much for your interesting testimony and excellent suggestions.

[The letter which follows was presented to the subcommittee for the record by Congresswoman Smith.]

AYR COMMITTEE OF THE NEBRASKA AMERICAN
REVOLUTION BICENTENNIAL COMMISSION
Ayr, Nebr., April 30, 1976.

Hon. VIRGINIA SMITH,
U.S. Congress, Washington, D.C.

DEAR MRS. SMITH: In regard to our phone conversation pertaining to the postal service.

~~We~~ do not feel that additional funding from government sources will ever solve the problem for the following reasons.

The biggest problem as I see it is from exceptionally poor management, and poor judgment by the present management. Examples:

(1) You can not eliminate over 12,000 mail handlers who are doing the actual work and replace them with the same number of administrators, who do nothing more than duplicate each other. This action alone will cost us millions of dollars each and every year. I have asked for the justification for reducing the number of lower salaried workers, and was informed by Mr. O. J. Cummins of the Grand Island Regional Center that increased productivity made this possible. He could give no justification for having one administrator for every two mail handlers.

(2) Bulk mail centers are the blunder of the century for the postal system.

Why spend millions of dollars to bend and break packages when they did such a great job of it before?

(3) Why does a monopoly need PR people running around telling people how great the service is? Who else are we going to use to handle our correspondence?

(4) Why can a member of congress not get in to see the Postmaster General? Why will he not answer frank, honest questions from people who will be affected by postoffice closings or change of status? He should be held responsible to someone!

As you know Ayr, Nebr. was notified that we would have a contract office. We contacted everyone connected with this in any way. We received no answers from the postal people and were forced to prepare a rather expensive law suit in Federal District Court at Lincoln, Nebr. This awoke the postal people who asked us not to file this suit until the final decision was made.

The contract offered to us was very poor from the village point of view, because under their terms the regional manager (Mr. O. J. Cummings) who greatly resents our questioning his decision could come back one day after the contract was in force and cut it (the contract) in half or even give us only one hour service per day. Contract service in our opinion is next to no service.

We are at present operating with a clerk in charge, which is a very good program. Why pay \$16,000 or more for operation of a small office when it can be done for \$8,000 and not have a loss of identity or less service?

I do not understand why the small towns and villages should be denied good postal service just because they are small. Our per patron cost is less than an office the size of Omaha or Chicago. It is a fact we do not have the large mailers these cities have, however, we receive the mail they send. This gives the larger offices revenue credit for the mail we receive.

The only way to straighten out this mess is for congress to again take over the postal system and completely revamp the structure. This will not be popular with the present postal administration, but is necessary none the less.

I would be willing to come to Washington at my own expense to further voice my personal opinions if it would benefit the Congress and help rural America.

Sincerely,

STAN AMAN,
Mayor, Village of Ayr, Nebr.

MR. HANLEY. Our next witness is William A. Steiger, a Representative from Wisconsin. Welcome to the committee, Bill.

STATEMENT OF HON. WILLIAM A. STEIGER, A U.S. REPRESENTATIVE FROM THE SIXTH DISTRICT, STATE OF WISCONSIN

MR. STEIGER. Mr. Chairman, thank you for giving me this opportunity to testify here this morning. You deserve great credit for the efforts you have made and continue to make on behalf of rural postal patrons. I hope these hearings will draw further attention to the needs and concerns of postal users in smaller communities.

The first bill I introduced as a Member of the House of Representatives, on January 12, 1967, was one to take politics out of the old Post Office Department. I believed then, and I believe now, that the office of postmaster, in a community of any size, should not be a political patronage position.

It is becoming increasingly clear, however, that we in Congress have an obligation to our constituents to determine whether the Postal Service as now constituted is doing the kind of job we expect it to do. Especially in light of the subsidy it receives, we must assess the extent to which the Postal Service is in fact providing a service to the American people and the extent of its obligation to provide that service.

I admit I am deeply distressed about the recent reductions in service, particularly in rural America. The threat of post office closings

is especially troubling. In my district, I have been notified of one closing, in the community of Manchester. Four other post offices in Brooks, Fair Water, Mather, and South Byron, are under consideration for closing. It is my understanding that other communities also have been surveyed for changes in service.

To help me in preparing this testimony, I wrote a short letter to postmasters of all third- and fourth-class post offices in my district. I asked them if they had been notified of any change in service and if they could give me an idea of the kinds of services they provide their patrons.

Answers came from slightly under half of the postmasters. They gave me some important insights into the role of the rural postmaster. But they also showed me something I perhaps naively had not expected—the fear that many of these people have of those above them within the Postal Service. A common thread running through many of the responses was a fear of intimidation and reprisal. If this is what happens when politics is taken out of the Postal Service, it is nothing short of tragic. It is a sad, sad day indeed when an American lives in fear of writing that citizen's Representative in Congress because his or her job may be at stake as a result. What would the Washingtons, Jeffersons, and Adamses of 200 years ago say if they were here to observe this?

I had not intended this to be a thrust of my testimony, but I feel it must be. Postal officials will, I'm sure, say the fears of the small postmasters are unwarranted. In fact, a meeting of USPS officials with officers of the National Association of Postmasters of the United States indicates that the USPS is downplaying this situation. I'll quote briefly from a special newsletter of NAPUS national president John C. Goodman, as printed in "The Bagger Postmaster" of January-February 1976:

It was also brought to the attention of the postal officials that many Postmasters were afraid to bring anything to the attention of anyone for fear of reprisal or recrimination. The USPS officials could scarcely believe this, but we brought it strongly to their attention that this was true.

I want to state firmly to those officials that it is all too unfortunately true. Many postmasters didn't dare answer my letter, a couple of them had their spouses or friends write, others simply referred me to their sectional center manager. I'd like to quote, without identification, of course, from some of these letters.

A Fond du Lac County man told me :

Because you sent some letters to small post offices, I have heard from a reliable source that by answering them they have practically jeopardized their positions. Since when has a postmaster not had the freedom of speech? Why can they not tell you why they believe their post office is of service to their community?

Another letter read in part :

I read the letter you wrote my wife as Postmaster of _____ and as she has been advised not to answer it because she can lose her job and her retirement, I have decided to answer it for her. . . . Somewhere I read that a congressman said you do not hear from many postmasters trying to save their offices. They are not allowed to, and I cannot understand how the P.O. Department can get away with such Gestapo tactics. Listening to my wife and other postmasters talk, I have come to the conclusion that they are afraid of their own shadows now. I have been among them long enough to know that used to be an outgoing cheerful group of people. As for getting the post offices out of politics, that is a laugh.

One postmaster who did dare to write said, "I hope this is confidential." He opened his letter saying, "As you may know, we are not supposed to contact Members of Congress."

Another told me:

I hope you get many responses to your letter. I have doubts if you will. You understand any postmaster who loses his office is completely at the mercy of his superiors for future placement. The alternatives range from postmaster to part-time flexible anywhere in the country. It is for those very reasons that I hesitated to write this letter, but I feel better, consciencewise, for writing it. However, if you have no use for it, I would appreciate it if you return it. I am sure you understand my concern.

In another case, a postmaster wrote me a thoughtful letter detailing the services he provides those in his community. The next day, I received another letter from him:

Yesterday, I answered your letter regarding the closing of small post offices. After careful consideration, I thought I had better write to you and hope you do not use my letter as a reference. In fact, I believe my views may jeopardize my position as postmaster. I was just appointed last _____, and I suppose there are some things I can do and some I can't, and I don't know if answering your letter was one of them.

How low have things sunk, if this is the perception on the part of postmasters across America? I doubt if any of us, when we voted to take politics out of the Postal Service, had any idea this would be the result.

I was told by one postmaster that there is "a bad situation all over the State of Wisconsin," and the word "intimidation" keeps recurring in conversations. An example of this came in a letter from a postmaster with 19 years of service:

The survey was made in February, also mail count, et cetera. Then the next week a man (don't know his official title), Mr. _____ from _____ office came late in afternoon. He told me I would have to sign paper he brought or he would sit here all night until he got it. It was a statement giving me a choice to resign, retire or accept employment . . . 70 miles away. There simply are not any positions available in the Service with all the cutbacks. I would have liked to have had time to think about statement, but no chance. I felt cornered or up a tree and no way down.

I've been told by officials of the Wisconsin chapter of NAPUS that within 5 or 10 years, some 300 post offices in the State of Wisconsin may be closed if Congress doesn't act to prevent it. The information I received is that even some first- and second-class post offices are in jeopardy and that all fourth-class post offices in the Milwaukee district—over 60 of them—could be closed by late summer if something is not done quickly. This hearing will, I hope, have a deterrent effect in that regard.

If the closings are permitted, it will be yet another blow to rural America. As you have pointed out so well, Mr. Chairman, the post office is in many cases the only tie to the Federal Government visible in a smaller community.

Over the past several months, I have received many thousands of letters and signatures on petitions from constituents who are concerned that they may have their service cut back, or lose their community post office. A letter I've received from Joan Wachter, of Warrens, sums up well the feelings expressed over and over again to me by those who write:

As a rural postal customer, I believe that the removal of our smaller post offices is a great disservice to the people not living in the cities and suburbs. We

have just as much right to a full-time mail service as anyone else. By taking away these offices, you are causing us a great many more problems.

A 15-minute wait by the rural carrier at a prescribed unit will not fulfill the needs of the rural customer. It is not taking into consideration people's working hours, the time of year (winter will cause many problems), nor the fact that such a short amount of time cannot take care of the postal needs of a rural community.

We in the country believe that America is becoming far too impersonal and out of reach as it is, and this is just another example of it. In this bicentennial year, let us start by giving rights and privileges back to the people, not by taking them away. We need our rural offices..

It's a shame to see all the wasteful spending that goes on in the government that should be stopped and isn't; and yet something worthwhile and necessary as a post office is being done away with. Where are our priorities?

Ray Heding, of Union Center, told me:

Closing of these little post offices means closing the heart of a community. It is much more than a place to buy a stamp or being able to pick up your mail in the morning, and being able to go to the post office anytime during the day, open for full service. In this world today, much money is thrown away and wasted in many causes that benefit that taxpayer in no way ; it seems to me that there are many other ways to economize than to penalize the smalltown taxpayer, who deserves a little first class service too.

One small town postmaster wrote me that he and others in his position are "pretty well known to the people of his or her territory as Mr. Government. In many cases, the postmaster is the only member of Government the small town customer gets to see and talk to. . . . Mr. Small Town Customer expects the security of his mail in the safety of his lock box, a place to meet others, and all these services are due him, and justly so, as he sees so little other actual return into the smaller communities for his tax dollars."

An argument the Postal Service makes is that it will guarantee equal or superior service to those in communities losing their post offices. It is an admirable goal, but it is simply not realistic to suggest that a rural route or contract office can give service equal to—let alone better than—that of a local postmaster.

One postmaster noted that early mail delivery is as important to a farmer as to a businessman in a major city. He told of a farmer a mile from his village who has an investment of some \$400,000 in his dairy operation and "pays \$5 box rent to have the privilege of driving to the post office at 8:30 in the morning to pick up his mail instead of receiving it on the rural route at 2:30 in the afternoon. This man's mail is surely just as important to him in his business as that of the attorney in downtown Boston," he said.

Another postmaster pointed out that a small post office offers many services other than routine postal business. "Income tax blanks, both State and Federal, migratory bird hunting stamps, alien address reports, requests for social security change of records and applications for social security numbers are made available," he told me, "Service is of a very personal nature, and many times delivery of inadequately addressed mail is accomplished that would be next to impossible in a large office."

The role of the small post office as some people's contact with Government was mentioned by another postmaster. "Our citizens pay taxes as anyone else, and I think they deserve the first-class service, too," she said. "There are many other areas where there can be economy cuts than penalizing our people because they are small and can't fight bureaucracy and are easy prey."

"Anyone who thinks a small post office is money wasted should spend some time in one and see the services that are extended," she went on. "USPS is supposed to mean service and our little post offices try our hardest. Some days, we are doctor, lawyer, secretary, babysitter; you name it, we probably do it, but it is worth it and makes you feel great knowing that you helped make someone's day a little easier or brighter. We sell stamps, money orders, and so forth, and distribute mail, and fill out reports, too. We may not be self-supporting moneywise, but really don't think our expenses are that great. Many of us pay our own phone bills, buy supplies, do our own janitor work, shovel our own sidewalks at no extra expense."

Several of the letters I've received, from both postmasters and postal users, stressed the problems that would be created for the elderly if a post office is closed. "To close it would be depriving our senior citizens of a service that they use every day and that means so much to them," one said. "If closed, many would have to hire someone to take them to the next post office to get their money orders filled out because some can't see well, or can't read and write. If a carrier left a notice for a package too large for the box or a letter to be signed for—that means another day delay in delivery or again hire someone to take them to the next post office to pick it up."

This was brought out clearly by a Union Center resident who wrote: "I am an elderly lady and live in Union Center and would like your help in preserving the post office in our small community. Our community needs a post office due to the fact that many of the residents are elderly and need the convenience of a local post office. I do not wish to inconvenience my neighbors or friends or relatives for transportation to another town for my postal needs."

The importance of a post office to the community as a whole is another factor that must be considered. Richard Hansen, Jr., a columnist for the Great Falls, Mont., Tribune, said in a recent column: "If any rural community can be said to have a central heart—a hub, then it must be the local post office."

The wife of a postmaster detailed her concerns, then said, "Small towns need an identity; they've taken away our schools, transportation, the REA just folded, we feel like second-class citizens. There is no oversimple solution, but the USPS should go back and reread the rules set down for reorganization. The USPS system is first and always will be service."

Many businessmen have written to tell me of the inconvenience they will face if they have to travel several extra miles to and from a neighboring town if the post office in their own community is closed. They have noted that the time they lose in making this extra effort is something they as a small business cannot afford. Other small businessmen have told me they fear that the closing of the post office in their community will mean that postal customers will conduct their business in the town where they go to pick up their mail. Thus, the economic ramifications for rural America if any kind of substantial program of closings is allowed could be ominous.

"The Postal Service seems to think that the only objection we have to the closing of our post offices is the loss of our identity," one postmaster said. "The small town will not only lose its name, but it will lose its businesses, and any chance of growth, in future years. Postal service is important to most businesses, and they would hesitate about

going into a town that has only rural route service. Small town businesses will lose out, when the people living in the rural areas around the town are required to go to the next town for a service at the post office there. We do not serve only the people living in our town, but those living on the rural route surrounding the town, also. They come in to mail their letters and parcels, buy stamps and other services. At the same time, they take care of any other needs from the town's business people. Should they need to drive right through _____ and go to _____ to get something out in the mail that day, they will do their business in _____ also. With the loss of business from the rural customers, a small town business cannot survive.

"If the Postal Service is allowed to go ahead with their discrimination against small rural towns, we will soon have nothing left of our own," she continued. "First the loss of services and our identity, and later, our very existence. I know that the Postal Service claims this is not their responsibility, but it should be someone's."

We in Congress are that someone. We have to impress upon postal officials that we won't sit back and let them deal a death blow to rural America. We must make it clear to them that we expect more than mere lip service to quality postal service.

It sometimes seems that postal officials think they can give us an onion to bite into and if they call it an apple enough times we won't notice the bitter taste when we bite. The words of Postmaster General Bailar before National Postal Form LX on September 8, 1975, give little indication of what is being done to smalltown America: "Service is our first and foremost mission. No program, no policy or procedure will be adopted unless it contributes in some way to an improvement in fulfilling our basic obligation to the public. It was the purpose of Postal Reform to give us the means to make continuing improvements in that service. And it has worked."

He did at least acknowledge that not everything is perfect, saying that "there is room for further improvement. And we are determined to fill in the gaps." Then, toward the end of his speech, the sugar coating thinned somewhat when he said: "In the months ahead, postal management and the Congress will be taking a hard look at the policy governing post offices in smaller communities to determine if more economical and efficient service can be provided by other means. We view these programs as exercises of management's duty to take whatever steps necessary consistent with our labor agreement to hold down the costs of our operation, increase efficiency and improve the quality of service. We are optimistic that we will gain exactly those benefits and we are looking to our employees, their organizations and the Congress for their understanding and support."

Last November, he announced the Postal Service's new policy concerning small post offices. As before, any one of four criteria need apply for a closing to be effected. Let's look at the four:

(1) An equivalent or improved level of postal service can be provided to the affected customers more efficiently—As I indicated earlier in this testimony, I simply don't find it realistic to suggest one of the alternatives could be equal.

(2) Another postal facility is located within a reasonable distance of the post office to be discontinued, is easily accessible to the customers affected and would provide an equivalent or improved level

of postal service—Who decides what is a reasonable distance? Is there such a thing for an elderly or handicapped person in a rural community?

(3) A survey of the customers affected discloses that a majority of them approve a change in service—From what I've seen, residents who are surveyed are not asked if they want to keep their local post office open; they're asked only what form of alternative service best suits their needs.

(4) Changing conditions related to the community, or to the staffing or facilities of the post office, make it impractical to operate a post office, and effective and regular postal services can otherwise be provided to customers served by the post office—Who decides on these changing conditions? Do those in the community have any voice as this is being evaluated?

The Postal Service claims the new policy is "no radical change from past policy." They tell us the only difference is that "two arbitrary restrictions have been eliminated." It is no longer necessary that a postmaster vacancy exist or that the post office serve fewer than 25 families. Removal of these two restrictions means, in effect, that one could close any post office in the country if one wanted to. As you noted in your letter of February 26 to Postmaster General Bailar, Mr. Chairman, there is a distinct feeling that the intent and spirit of section 101(b) of title 39 of the Postal Reorganization Act of 1970 is being violated.

The law states that "no small post office shall be closed solely for operating at a deficit, it being the specific intent of the Congress that effective postal services be insured to residents of both urban and rural communities." The Senate committee report on that law said, as Mr. Bailar should know: "The Committee reports the bill with the reminder to present and future postal managers that the system will work only if the public interest is kept as the paramount criterion in every decision made."

In March, Senator Gale McGee, chairman of the Senate Post Office Committee, noted the Postal Service's proud announcement that it had saved \$2 million by closing 186 post offices since July of last year. He pointed out that the Postal Service's fiscal year 1976 budget is \$14.5 billion. The manpower cost alone—86 percent of the total budget—comes to \$14.2 million per hour. Thus, the \$2 million saved in current post office closings would pay manpower costs for the total system for exactly 9 minutes.

What's to be done, then? The Postal Service needs to save money, and rural America needs its quality mail service. Is there any compatibility between these two goals? I think there is.

The first element of any solution, of course, must come in trying to improve the economic footing of the Postal Service. You are to be commended for your efforts in this regard. An increased subsidy is needed, but all of us in Congress also have a responsibility to help your committee in providing the congressional oversight needed over postal actions.

As you know, I joined many of my colleagues in supporting the Alexander amendment because of my frustration with the way the Postal Service conducts its business. That approach may go too far toward involving Congress in postal affairs, but I do feel it reflects the

feeling we've got to do more than we are now to ride herd on waste and inefficiency in the Postal Service.

I think there is also merit in a number of proposals endorsed by NAPUS. These include:

Undertaking a study, perhaps by your subcommittee, of the service aspect of the USPS. While this is being accomplished, a moratorium would be in effect on the closing and consolidation of post offices and cuts in service to the American people.

Returning appointment of the Postmaster General to the President with confirmation by the Senate.

Making the Postal Rate Commission independent of the Postal Service and giving it the final decision on all rates.

Having Congress reexamine the Postal Reorganization Act relative to public service costs in order to provide the maximum degree of effective and regular postal services in communities where post offices may not be deemed self-sustaining.

Concerning the small post offices themselves, I don't think any of us would argue that there are not some that could legitimately be closed. The Postal Service has been closing an average of 300 a year for the past several years. There has been little protest, because the Postal Service was acting in accordance with the intent of Congress. Why, suddenly, when we keep hearing reports of costly, inefficient bulk mail systems, questionable contract awards, costly labor agreements and high executive salaries, is it necessary to sharply step up small post office closings for the sake of economy?

Once a post office is closed, there will be no reopening. That is why, I get the feeling, the Postal Service wants to close as many as it can before Congress is able to stop it from doing so. And that is why this hearing is so important.

As former NAPUS President Hal Hemmingsen told your subcommittee last September, "The small towns and villages in rural America are certainly entitled to service equal to that received in the cities and metropolitan areas. There is no reason why all savings have to be effected in the rural areas. The Congress made this decision in 1970 * * *."

I'd also like to quote our distinguished colleague, Jim Wright, who said during consideration of the Postal Reorganization Act of 1970: "I do not think the Congress is ready to sacrifice and condemn to the past the initial fundamental concept of the Post Office Department as a service institution. The Post Office Department has one purpose in being and one purpose only—service to the people of the United States."

It is with this belief that I have joined my Wisconsin colleague Bob Kastenmeier in cosponsoring legislation to slow the rate of postal closings. Under the proposal, the Postal Service would be able to effect a closing if (1) it could convince a majority of the affected patrons that alternative service was acceptable, or (2) it would replace a post office with a contract facility which retains the name and zip code of the original post office and maintains the same level of service, or (3) it meets all four of the following criteria: an equivalent or improved level of service would be provided; fewer than 35 families are currently served by such a post office; another postal facility is easily accessible to persons regularly served by the post office to be closed; and a substantial decrease in revenues and patronage of the post office to be closed has been realized over the previous 3-year period.

I also support Senator Jennings Randolph's proposal that the Postal Service conduct public hearings before any closing or consolidation of postal facilities. If the Postal Service insists on following its present course on small post office closings, I think we should consider an approach such as the Kastenemeier bill provides as well.

Something, clearly, has got to be done. As Byron Adams, president of the Wisconsin chapter of NAPUS, has said:

This country was made on the courage of small communities. They have been resourceful, they have had integrity, and they have been concerned with their fellow man. No longer does this seem to be the outlook of the majority of the people. Our only concern seems to be with the large post office and to disregard the inefficiency of those.

And one of the postmasters wrote this to me:

All throughout our country in the bicentennial year, the theme is American Heritage. Is this just lip talk or do we really mean it? Is this generation really appreciative of what our forefathers fought for and believed in, or are we a generation of greed, money, payoffs, fraud and big business conglomerates? Let us keep one part of our forefathers' heritage—the United States Post Office, a department of the government of our great nation in every incorporated town, village and city in the country.

The main point, then, is that rural America should not have to bear the burden of postal economies. There are larger areas of waste and inefficiency that seem to go unnoticed while reductions are made at the expense of those in smaller communities. Not only is this antithetical to the concept of postal service, but it is not the way we're going to correct the Postal Service's economic problems. Mr. and Mrs. Claude Hays, of Brooks, a small community in Adams County, described this situation in an excellent way: "Sir, if you attempted to throw a steer by grabbing his tail instead of the horns, you would not succeed, and yet this is precisely what type of action the Postal Service has taken to correct their financial problems."

I can think of no better note on which to close this testimony. Thank you for taking the steer by the horns and for giving me this opportunity to share with you the feelings of the Sixth District of Wisconsin on this important issue.

Mr. HANLEY. Bill, thank you very much for your excellent testimony and obviously you put a great deal of time into its preparation. You make some excellent points. It's especially heartening to me, and I am sure to other members of this committee, to learn that the fear of intimidation continues to prevail. Of course that fear, as I believe you know, dates back to the administration of Winton Blount who, back at the very early stage of this implementation of the act, imposed a gag rule advising personnel not to contact directly their representatives in Congress, which of course was contrary to the Constitution and later the directive was withdrawn but unfortunately the damage had already been done.

And obviously in accord with your testimony today even though 5 years later, that fear continues to prevail which is a sad thing when people associated with that agency are reluctant to talk to Members of Congress for fear of intimidation. You can be sure that your testimony in this regard will be called to the attention of the Postmaster General, Ben Bailar, for a reaction.

And we have called upon him and his predecessors to get the message out to the troops that what Mr. Blount said at the very begin-

ning no longer prevails and encourage communications with Members of Congress so that hopefully working together we can come up with the solutions to this problem.

Mr. STEIGER. I appreciate that, Mr. Chairman. I do think perhaps not all that is directly related to the statement that Red Blount made. I agree it was a bad rule.

There is a new dimension to this fear of intimidation, simply on the basis of what those in the sectional centers are saying and doing as they try and provide the impetus for more closings. But if you can call it to Mr. Bailar's attention I certainly look forward to his response to that concern.

Mr. HANLEY. Be assured that that will be the case. Again, with regard to your statement about removing polities from the Postal Service, that was one of my fundamental goals way back then. I said that if we removed any semblance of political activity from this institution then let us have it work as the TVA does or Internal Revenue or whatever other agency. That was one of our goals.

Now unfortunately we have fallen upon a situation where those in charge of the operation are recalcitrant and are reluctant to respond to what the multitude wants, as is evidenced on a continuing basis of testimony.

We have a situation here where a Postmaster General can make a decision unilaterally, and the result of that can have a devastating effect on the agency. He picks up his bag and goes elsewhere; the Congress remains, obligated to respond to the citizenry. And we have so many examples where previous Postmasters General since 1970 have pursued devastating programs, even though contrary to professional judgments that were offered them, yet they made the decision.

I think of, for instance, Red Blount again and one of his initial decisions which had the entity turning over the construction program to the Corps of Engineers. And back then some of us said to him, "Mr. Blount, for what it's worth, the Corps of Engineers is having a heck of a time doing its own thing and doing it well, let alone imposing upon its shoulders the entire construction program now for the USPS. Please don't do it that way."

It was his prerogative and he did it that way, which in effect, that one error alone has cost hundreds and hundreds and hundreds of millions of dollars. He went about his merry way. We happen to be stuck with that problem. Now if we had some input back then we might have been able to sidetrack that decision.

I can recount many other similar examples where, because of the fact that it isn't necessary for these people to respond or even listen, for that matter, they have proceeded to wreck the institution, leaving the remnants of it to the Congress to try to correct.

Mr. Collins?

Mr. COLLINS. Thank you, Mr. Chairman. I certainly agree with the chairman that you had a key point, Bill, in the emphasis of the fact that we need to have feedback. In other words, instead of coercing postmasters we should be encouraging them to give us ideas. And I think the more that we can hear from them—and that is not only at the postmaster level but at every working level in the post office—if they would express themselves and be encouraged to express themselves, that the post office could do more not only to serve better, but

also to work out the problem we have now with costs. I think they could improve service and costs.

And I would like to see this committee emphasize this as much as any point in our recommendations; that we encourage and have a lot more feedback from every level. I know in Congress we would welcome it but I hope we also have citizen committees that would work jointly with the local post office.

Mr. STEIGER. You both are very kind and I do appreciate that. I would not want to make this appear too one-sided, Mr. Chairman. Mine's a pretty strong statement; I am not often given to statements of this kind, but it relates to what I think is a terrible thing within the Postal Service. There is, though, a degree of responsiveness within the last year at the local level that I have seen. A wall was there that I could just knock my head against in the decisions the Postal Corporation was making, but in the last year there have been times when in fact they have been exceedingly responsive, very good as a matter of fact in meeting some local problems.

And I would not want us to have a record that is so lopsided, so one-sided that we don't show there is another side. At least I should indicate that on a number of occasions the postal people at the local level have been exceedingly good in meeting some very real problems, helping us to overcome them, doing so with a great deal of public understanding and sensitivity. For that I am grateful. I am distressed by what I now see happening and again my thanks to you for letting us all come and testify.

Mr. HANLEY. I believe that postal employees on the top level should assign to those on the local level the prerogative of making judgments. A local postmaster, is in a good position, possibly the best position, to determine what is a correct decision. If he isn't capable of making that decision then he shouldn't be with the agency.

Again, Bill, our appreciation for your excellent testimony.

Mr. STEIGER. Thank you very much.

Mr. HANLEY. Our next witness this morning is Representative Tom Harkin of Iowa.

Tom, we are delighted to have you with us this morning. We appreciate your patience and we are confident that you will make a contribution here this morning.

STATEMENT OF HON. TOM HARKIN, A U.S. REPRESENTATIVE FROM THE FIFTH DISTRICT, STATE OF IOWA

Mr. HARKIN. Mr. Chairman and members of the committee, I appreciate the opportunity to share my views regarding the service provided by the U.S. Postal Service. As the Representative from the 8th most rural Congressional District, I am particularly concerned that recent service cuts affect rural communities and citizens far more than urban families.

PRESENT PROBLEMS

There is little doubt that the U.S. Postal Service faces severe financial problems. The growing deficit this year, expected to reach \$1.5 billion, has forced the Service to attempt to cut costs by eliminating certain services. While much of the expected deficit be attributed to general inflation, services which are mandated by the Postal Reorgani-

zation Act, and low rates for certain classifications of mail mandated by the act, I feel that the reduction in volumes has also been a participating factor. I am sure the committee is well aware of the many studies which indicate that present postal rates are meeting with customer resistance, resulting in the drop. However, there is also a growing feeling that the service provided by the U.S. Postal Service has deteriorated and that the service provided is not worth the money.

Will the economic recovery restore postal volumes to projected levels? Only time will answer this critical question. Only time will tell if the Postal Service can improve its service to competitive levels for parcel post. Only time will tell whether the competing modes of communications will replace the mails for the delivery of checks and the payment of bills. Such modes as the electronic transfer of funds pose serious challenges to the U.S. Postal Service, and electronic transfer of funds could result in the loss of millions of pieces of mail annually.

The mails provide several essential services, however, which will not be replaced by other modes. These essential services include utilization of the mails for advertising, notice of meetings, newsletters and magazines, and personal and business correspondences. The proliferation of mail order firms has also provided Americans with national markets to purchase goods and services. Parcel post remains an essential function of the U.S. Postal Service, particularly for areas not served by the United Parcel Service, such as some small towns in rural America. These rural citizens need the access to national markets more than residents in large communities or commercial centers. Access depends upon a reliable parcel post delivery system.

In light of the growing U.S. Postal Service deficit and the future uncertainty regarding postal volumes, I feel that it is imperative to allow the Postal Service to take needed economy measures. However, I also feel that it is equally imperative that Congress take a greater role in overseeing the operation of U.S. Postal Service, especially in areas regarding cuts in the public service function of U.S. Postal Service and in the management decisions. Such oversight could have prevented the debacle with the billion dollar bulk mail system.

I commend the actions of Chairman Hanley and others in recognizing this responsibility in H.R. 8603. This bill originally addressed the growing realization that the goals of a self-sufficient U.S. Postal Service by the year 1984 may not be a realistic objective. In all likelihood, Federal subsidies will be necessary into the future. I hope that these subsidies can be kept within reasonable bounds by economy measures taken by U.S. Postal Service.

SMALL TOWN POST OFFICES

I am one of the more than 50 Members of Congress who have filed suit with the postmasters to block the mass closing of third- and fourth-class post offices. I feel such action was necessary to prevent indiscriminate closings. I am also a cosponsor of the Small Post Office Preservation Act introduced by Representative Kastenmeier which I feel establishes clear congressional direction to the U.S. Postal Service in the operation of the closings and sets out solid guidelines to retain quality service for these rural communities. I grew up in the town of Cumming, Iowa, which had the post office located in the local grocery store. From

my experiences, I am intimately aware of the essential public service and social function provided by small, rural post offices.

Last June the General Accounting Office recommended closing two-thirds of the 18,000 third- and fourth-class post offices in the United States. This would mean the closing of 400 post offices in the State of Iowa, roughly 100 of which are located in the Fifth Congressional District. Such action would mean the loss of 45 percent of the post offices in my district. From information which I have received, the U.S. Postal Service plans to consider 18 of the 40 small, rural post offices over the next 2 years in the 515 and 516 zip code areas of my district. I am concerned that this represents the full implementation of the GAO recommendations and a significant loss of service to many of my constituents.

I have brought with me the voluminous petitions, letters, and post cards which I have received regarding the desire to retain these offices. It is obvious to me that the U.S. Postal Service has not taken into consideration the needs and desires of these rural communities. Attachment No. 1 is a copy of a letter from the town council in Luther, Iowa, with the questionnaire sent by the U.S. Postal Service. The community had but 5 days to answer the questionnaire and return it to the Service. The community has a gas station which has submitted a bid for designation as a community post office. The great animosity and hard feelings could have been avoided had the Service initially attempted to find a community post office. In contrast, the Omaha district office of the U.S. Postal Service has utilized door-to-door survey in the community of Arion, Iowa, just north of my district. The Arion survey will result in the smooth transition to alternate service without the rumors and inuendoes of the Luther action. At a time when the Postal Service image with the public has declined, I feel greater steps should be taken to work with communities on such delicate issues.

However, it appears that the U.S. Postal Service has not taken steps to insure that the needs and desires of communities. For example, attachment No. 2 is a letter from one post master to another confirming a meeting on plans to study certain communities. Listed in the letter is the town of Marne, Iowa, which maintains a second class post office. All these communities have populations less than 200 people regardless of the fact that several businesses in Marne do considerable business by mail. The annual receipts of the Marne post office are roughly \$25,000.

These small communities have an intense sense of pride and community identity. Most are taking steps to better themselves and the quality of life for the residents through State and Federal programs such as Farmers Home Administration sewer and water loans and grants. I am concerned that these rural development programs and the proposed closings may be working at cross purposes. An example of these community betterment projects is the community of Shambaugh, Iowa, which has 178 people and which will be surveyed in the near future; Shambaugh, Iowa, was the place at which 4-H was founded.

Nearly all of these communities have large grain elevators and other businesses. For example, the Percival elevator does \$15 million worth of business annually. McClelland and Mineola both have banks. Imogene has a lumber yard, grain elevator, and implement store. These

businesses rely upon parcel post for sending and receiving parts for machinery. Grain elevators utilize the parcel post at times to send samples of grain to a grain inspection firm. A delay of one or two days can be quite costly in time and money.

Any plan to close a post office in favor of a rural route should definitely consider the distance to a nearby post office. A distance of only 10 miles would involve at least a half hour to mail a parcel, send a certified letter, purchase stamps, and conduct other essential business. This is extremely difficult for the large number of elderly residing in rural America. Many of the counties in my district have populations of 25 percent to 30 percent over the age of 65.

Many constituents have written me regarding the planned closings. A banker from Paton, Iowa, states, "There is some cost in providing service in any event, and we believe that the dollars that might be saved will not begin to offset the social and economic loss that will take place in these communities if their local post office is removed."

The city council of Shannon City, Iowa, writes, "For many of our elderly citizens, it is their only means of communicating with their family and friends. If the Shannon City Post Office is closed, the nearest facility that would be able to provide postal service would be Afton, Iowa, which is approximately 12 to 14 miles from Shannon City." From a Madrid, Iowa, insurance agent, "The Postal Service is the one Government agency that serves all the people. * * * Other Government agencies are not expected to 'break even' or operate at a profit. * * * From where I am, dealing with the public every day, the complaints I hear about the Postal Service have to do with deterioration in Service, not with cost of operating the department."

From a postal employee, "Cutting Saturday service altogether will only delay mail and make a mess for the following day. Ask any employee of the post office what the situation is a day after the holiday."

A farmer from R.R. 1, Madrid, near the town Luther writes, "* * * the fact remains that their presence (Madrid rural boxes) does not mean the service offered by the Luther Post Office is not needed."

Regarding the need to get newspapers through the mail, an elderly Bouton citizen writes, "* * * old people that don't drive and the paper boy don't (sic) stay * * * boys around here don't like to deliver papers any more." A grocer in Marne writes, "Since we have no newspaper in our town, all of my advertising is done by direct mail. * * * If the post office should close, it will be a big step towards the closing of my store here in Marne, Iowa."

From a Little Sioux resident, "The post office is the hub to our little town and so many older people depend on it for money orders. We do a big money order business as we don't have a bank."

And finally, a retired Postmaster writes, "I realize in a few cases it is justified (to close a post office), but I do believe more could be saved in the running and maintenance of the office of the Postmaster General and staff, etc., than could be by this drastic act."

The Postal Reorganization Act of 1970 states that:

Sec. 101(b) The Postal Service shall maintain effective and regular postal service to rural areas, communities, and small towns where post offices are not self-sustaining. No small post office shall be closed for operating at a deficit unless the quality of mail service is maintained, it being the specific intent of the Congress that

effective postal service be insured to residents of both urban and rural communities.

This section has apparently been defined by USPS to mean only delivery service, but not the other essential services provided by a local post office.

The USPS established a list of criteria which should be used to close a post office. They are good criteria, however, they are also discretionary and extremely broad, such as the criteria which allows the closing of a post office if conditions relating to the community make it impractical to operate a post office and effective service can be provided by another office. Under this criteria, the need for community approval can be overlooked.

The Small Post Office Preservation Act deserves serious consideration by this committee, because it provides the same criteria in very specific terms. It would give congressional direction to USPS while allowing the Service to take needed economy measures. For example, a post office can be closed only if a CPO is maintained in the community with the identity of the community maintained by the mailing address. Such discretion requires that service be maintained at present levels with the use of a local business as the part-time postmaster. Great savings can be achieved under such a plan. However, if the majority of the community approve of some other plan, a different option would be open to the Service. Therefore, the Service is directed and required to sell its plan to the community.

USPS could take action to close post offices with fewer than 35 customers with specific congressional direction as to the criteria to be used. It may take more time to develop the case, but it would give the Postal Service discretion for these extremely small post offices. For example, it would establish the growth or decline of an area's population as one criteria. I feel this is needed in bringing actions into conformity with the objectives of the Rural Development Act.

Without this type of clear direction, USPS can replace a post office with a rural route or a nonpersonnel branch. Neither of these options would provide the service that is desired by all citizens. While a CPO would be slightly more costly than either of these options, the savings to USPS would still be substantial. A CPO could, if combined with rural delivery, actually bring rural customers into par with urban citizens who receive mail to their door at no cost. As you know, most small town post offices require postal patrons to rent boxes in the post offices.

RURAL ROUTE CONSOLIDATION

One aspect not considered by the Postal Service is the closing of these small post offices is the effect upon farmers. Recently, action has begun to combine the rural routes of Mondamin and Little Sioux. These towns are 8 miles apart and have populations of 420 and 240, respectively. The Little Sioux farmers are concerned that their address will be changed to Mondamin. Thus, to receive a package they would have to travel to Mondamin rather than Little Sioux. Even if the post office at Little Sioux were to become a CPO in the future, the change of address would still adversely affect the farmers. Therefore, I would like to see direction also given to the Postal Service that any address change be approved by the affected customer.

SATURDAY DELIVERY

Rural customers would be harmed far more by the elimination of Saturday delivery than would those in larger communities. As you know, the distances between farms makes it more costly to provide newspaper delivery on a daily basis than in larger communities. The rural population must rely upon USPS for newspaper delivery, which is a day late as it is. Elimination of Saturday delivery would increase the delay to 2 days over the weekend. During a 3-day weekend, the delay would increase to three days.

Newspapers provide a multitude of services to the individual besides communicating the news. Newspapers have advertising, want ads, and detailed market information. Because of time delay, businesses would have to convert to other forms of advertising sales targeted for farmers. The farmers would also be denied up-to-the-minute details regarding market conditions and analysis, essential to the efficient operation of a farm. In short, elimination of Saturday delivery would hurt rural postal customers far more than urban customers.

[The following letters were submitted for the record by Congressman Harkin:]

LUTHER, IOWA,
March 6, 1976.

DEAR MR. HARKIN: This is a copy of the letter that the Boxholders of the Luther, Iowa 50152 Post Office received on February 24, 1976 with instructions to have it returned to Des Moines by March 1.

There was no plan included in the choices to LEAVE THE POST OFFICE AS IS . . . therefore many thought that they had to choose one of the plans offered.

Even though it was Tuesday when these letters were delivered, I as Mayor started contacting the residents of Luther and we were able to hold a town meeting on Thursday night of the same week. There were many residents who could not attend because of the short notice and they had other obligations. The strong feelings of those who did attend however were that to lose our Post Office is to lose our town identity and an over-all loss to our community. We felt that once it was taken out of our town we knew we would get it back.

A petition was started and has been signed by those patrons in Luther that have boxes in the Post Office along with rural people who patronize the Luther Post Office.

We feel our Business places will suffer if the Post Office is removed from our town and also feel the inconvenience for our older residents should be a factor in keeping it open. We know we cannot get BETTER SERVICE through any of the plans offered by the Postal Service Letter.

WE PROTEST THE CLOSING OF THE LUTHER, IOWA POST OFFICE.

DES MOINES POSTAL SERVICE.

Des Moines, Iowa.

To the Postal Customers Receiving Mail Service at the Luther, Iowa Post Office:

As you know, the postmaster at Luther will retire on May 31, 1976. When a vacancy occurs in the Postmaster's position, the operation, staffing, and postal facilities of an office are reviewed with special emphasis placed upon community needs, and how they can be efficiently and economically met.

We hope to accomplish two objectives with this letter.

1. Prevent erroneous information and/or rumors by presenting our problems and alternatives to its solution.

2. Solicit your comments and suggestions on the service needed.

I'm sure you will agree with us that the present operation, with receipts of approximately \$4,996.00 and operating costs of approximately \$16,200.00 per year, cannot be considered economical. We are, therefore, considering the following alternatives on which we would appreciate your comments.

PLAN NO. 1—COMMUNITY POST OFFICE

Community post offices are operated under a contract and can ordinarily be combined with an existing business. All Postal services will continue to be provided. Under this arrangement, a community maintains its name, ZIP code and identity by a listing in the Directory of Post Offices. A member of the community is awarded the contract as a result of bidding.

We have communities which are more than twice as large in population as your community that have and approved this type of postal service.

PLAN NO. 2—RURAL SERVICE

Rural delivery service provided directly in front of each residence so that it will not be necessary for you to walk to the post office. Rural carriers not only deliver mail, but will accept mail for dispatch, sell stamps, money orders, etc.

This is especially welcomed by elderly people and others with physical handicaps, or those where husband and wife work.

PLAN NO. 3—COMBINATION OF PLANS NO. 1 AND NO. 2**PLAN NO. 4—A NON-PERSONNEL RURAL BRANCH**

This service provides mail service into lock boxes, and this is performed by the rural carrier. He will remain at the unit a minimum of fifteen minutes each delivery day to conduct stamp sales and other postal needs.

We must explore every possibility to reduce cost where service needs are not sacrificed. As a postal customer and taxpayer, which alternative will best serve your postal needs? (An envelope which requires no postage has been provided for your convenience.)

**FRANCIS X. SARONE,
Postmaster/SCF Manager.**

(Please complete and return to the Post Office by no later than 3/1/76.)

The postal needs of our community will, in my opinion, be best served by Plan No. -----.

Comments : -----

(Signature of Postal Customer)

Mailing Address : -----

(Include box number)

BRADDYVILLE, IOWA, January 17, 1976.

DEAR MILT: Friday, Jan. 16, 1976, a meeting was held at the Omaha District Office, Charlie Dickey presiding, on the closing of small Post Offices. In attendance were 3 members each from Neb. League and NAPUS, 1 from Branch PO's, 1 Postal Supervisor, Clarence Bush for the League of 515-516 and myself for NAPUS 515-516.

We were instructed to inform our people of the Post Offices to be closed so those concerned could better themselves for a like or better position if they desire to remain with the Postal Service. As you have read no positions of level 2 or below will be filled.

Before any closings take place your town will be surveyed as each of the towns marked on the map for considered closings was based on the population. The District is in hopes these can be accomplished within a year; great pressure is put on the District to achieve these closings and they could come in less time to meet the demands.

The Post Offices marked for closing are:

516.—Blanchard, Imogene, Northboro, Shambaugh, Yorktown, Barlett (6 months), and Percival (6 months).

515.—Arion, Marne, Westphalia, Mineola (6 months), and Honeycreek (6 months). Tenant (already in process).

Sincerely,

R. D. STEWART.

SUMMARIZATION

Mr. HARKIN. Mr. Chairman, there are two questions that have to be answered as I see it. No. 1, does Bob Gulkin, who lives in Marne, Iowa, population 187, have the same right to decent postal service as Joe Smith, who lives in Washington, D.C., or New York City or Los Angeles or Chicago? And I think the answer to that is yes; he does have the right to the same decent postal service.

Now, the second question is, Who should exercise oversight and jurisdiction over this postal service? And I think the answer to that is the Congress because we are service-oriented people.

Now it might be all right for individuals that run American companies to turn a profit for that company. That is fine. They better do it; that is their business. But I don't think they should transfer that goal over to the Postal Service because in doing so they are going to ruin it, and it is not going to be service oriented. So I think the oversight and jurisdiction of the Postal Service has to come from Congress.

Mr. Chairman. I happen to represent the eighth most rural district in the United States. Last June GAO recommended closing two-thirds of the 18,000 third- and fourth-class post offices in the country. This would mean 400 post offices in Iowa; 100 in the Fifth Congressional District which I represent. This action would mean the loss of 45 percent of the post offices in my congressional district. And this to me is a significant loss of service to the people of the Fifth Congressional District.

Now earlier Mr. Johnson spoke about the bushel baskets of mail. If I brought all the mail I received I would have bushel baskets. I just want to show you an indication of the mail I received. That is a stack of postcards that I have just received in the last month from people.

Mr. HANLEY. Excuse me, Tom. The mail you just exhibited, what does it relate to?

Mr. HARKIN. The small town post offices. For example,

Dear Tom, I mail out 100 newsletters every two weeks all summer and fall. When I'm ready for them to go out I don't want to drive 14 miles to mail them. By having this post office I can get them out faster and easier. Roger Wells, Yorktown, Iowa.

My contention is that life and customs of small towns center around its post office, Roy Wasserman, Mineola, Iowa.

Mr. HANLEY. Thank you.

Mr. HARKIN. One after another. Those are postcards. These are petitions which I have received. And I have added up some of the names and come up with 750 if you had a letter for every petitioner. Here's another stack of letters here from the Fifth District. And I have a mobile office that goes around to all the small towns and there is 500 people that stopped into my mobile office to register their complaints about the closing of those post offices. So it's probably one of the most burning if not the most burning issue in my congressional district.

Now we have heard people talk about a sense of pride and different things like that but there is more than that. There are the businesses of these small towns that are going to suffer. Let me give you one example. I mentioned about Marne, Iowa, population of 200—right around 187. The annual receipts of that post office are roughly \$25,000 a year. And yet they are going to close it.

Talk about a sense of pride. You are talking about closing a post office in Shambaugh, Iowa, 178 people. Shambaugh may not mean much to people in this room, but to any member of or former member of 4-H it's the founding place of 4-H in this country. The schoolhouse in which 4-H started still exists in Shambaugh.

Businesses—for example, in Percival, Iowa, a town unincorporated, the elevator does \$15 million annual business.

McClelland, Mineola—160 population—both have banks. Imogene has a grain elevator and implement stores. All of these are now in line to be closed.

Mrs. Smith spoke earlier about the elderly. I would like to point out that in my district, some counties have a population of 25 to 30 percent of the people are age 65 or older. Removal of a post office to a nearby town might mean only 10 miles, but that 10 miles to one of those elderly persons who can't drive and don't have means to mass transit; the post office might as well be on the moon because they can't get to it.

I want just to read one letter I got here from Shannon City, Iowa:

If the Shannon City post office is closed, the nearest facility that would be able to provide service would be Afton, 12 to 14 miles away. There is no way the elderly people can get over there.

Let me just bring up one final thing. The Small Post Office Preservation Act introduced by Congressman Kastenmeier, has a lot of merit because it provides the same criteria as the other bills but in very specific terms.

For example, it says that the post office can be closed only if a contract post office is maintained in the community, a community post office. Now when I was growing up I grew up in a town of 135 people and we had a kind of community post office that existed in the grocery store. But the directions to the people in Iowa who go around closing these offices from their supervisors are that they don't want to have anything to do with community post offices. They want to close them.

One example is in Tennant. Tennant has only 32 boxes. They are going to put it on a rural route. But it could be made into a community post office, located in the elevator there or one of the businesses in the town. But, the directions the person, who was going around to close the post office, got from his district supervisor is that he wants nothing to do with community post offices.

There is one other thing that is taking place, Mr. Chairman. It is not only the closing of these small post offices but also the dismantling the medium-size post offices—taking off the arms and legs to reduce it in size so they can then close it. Little Sioux, Iowa, has 89 boxes plus 164 on the rural route. They are taking 164 rural route boxes, splitting them up into four different towns. Now, that means one of those four towns gets too many boxes, so they have to split yet another town, maybe seven different towns in all that will have to have address changes. They have a system of rating how long it takes to deliver mail

on these rural routes, and the Little Sioux rural route with 164 customers was rated at 28 hours a week.

Well, the nearby town of Dunlap has 2 rural carriers, one has 171 customers and the other 136 customers. Why aren't they considered for consolidation? I asked myself that question and went out and tried to find out. Here's one with 136 boxes, it is not going to be consolidated but the one with 164 is.

I think I found the answer. The rural route carrier for Little Sioux with 164 boxes is 69 years old. He is due to retire in 11 months. He has been there 41 years and rather than replace him with another rural route carrier they are going to split it up and do away with the route. That will take away the rural route from Little Sioux leaving 89 boxes and the next step—mark my word—will be to take Little Sioux itself and those 89 boxes and put them on rural routes and not have a post office there.

Many recommendations have been made. The one I think that has perhaps the most merit is to mandate that wherever possible if they close a small post office with 12 boxes, 15 boxes, or 20 boxes that they do everything in their power to set up a community post office in a grocery store, elevator or another business, which maintains the sense of identity and service to the people of those small towns.

Thank you, Mr. Chairman.

Mr. HANLEY. Well, Tom, thank you very much for your excellent testimony and obviously you have done your homework very well and you certainly have much at stake in this problem.

I can compare some of the things that you have said with the testimony of Mrs. Smith and one inconsistency which is very apparent. I agree that the U.S. Postal Service should preserve the private express statutes. The Postal Service claims that if we let private entrepreneurs deliver first-class mail they will skim profit off the top and we don't want that to happen. Yet on the other hand, they are most willing to do the same thing themselves with regard to rural post offices.

Mr. HARKIN. Exactly what they are doing.

Mr. HANLEY. Our forefathers realized that we needed to have a universal system. They believed that every American deserved the same quality of postal service. So if we are not going to have it universally, then you can bet your boots that the whole cookie will soon crumble.

Thank you, Mr. Harkin.

Mr. HARKIN. Thank you, Mr. Chairman.

Mr. HANLEY. Our next witness is Representative John Duncan, of Tennessee.

John, we are delighted to have you with us this morning and I am confident that your testimony will be very interesting.

STATEMENT OF HON. JOHN J. DUNCAN, A U.S. REPRESENTATIVE FROM THE SECOND DISTRICT, STATE OF TENNESSEE

Mr. DUNCAN. Thank you, Mr. Chairman, and may I ask unanimous consent that my statement be printed in the record as though read in full?

Mr. HANLEY. So ordered.

Mr. DUNCAN. I represent the Second Congressional District of Tennessee comprised of nine counties. But in addition to the urban center

of Knoxville where I live we do have the rural counties and we are quite concerned about the effort to close some of the rural post offices.

I am opposed to these wholesale closings for several reasons. At a time when more and more people feel they are losing touch with their Government, these rural post offices provide many worthwhile services which are available nowhere else in the communities they serve. In addition to obvious duties in connection with mail distribution, the postmaster is available to the people in these communities to sell money orders, change bills, and distribute information on many Government programs and services, including social security, civil service, and tax information. In effect, the postmaster serves as a Government liaison person, and the post office itself symbolizes the community identity and provides a logical and convenient communications center for the people.

As an example of the effect of closing small rural post offices, I would like to briefly discuss the post office in Newcomb, Tenn., which the Postal Service has proposed to discontinue. According to the Newcomb postmaster, the Postal Service could have the \$960 annual rent if the post office is closed, plus about \$720 per year in annual savings on the star route.

However, the total of these two figures does not necessarily represent the net savings to the Postal Service if the Newcomb Post Office is closed. The postmaster has been offered a less responsible position in the Knoxville Post Office, more than 50 miles away, at a salary several hundred dollars a year higher. In addition, the Postal Service would pay the postmaster's moving expenses to move him to a place where he does not want to go, away from a community where he is performing a necessary and appreciated service. I have received many letters and petitions from the people of Newcomb attesting to their desire to keep their post office.

The Newcomb postmaster estimates the closing of this post office would result in a net annual savings to the Postal Service of less than \$500 a year. Surely in an operation the size of the U.S. Postal Service a way can be found to save this small amount without closing a post office which serves 91 lock box customers, 226 families and businesses, and a total population of 770 people.

Several other communities in my district, including Heiskell, Lone Mountain, Mount Vernon, and Winsfield, are also threatened with the loss of their post offices. Like the citizens of Newcomb, they have expressed to me their desire to keep their post offices.

In the few remaining minutes allotted for my testimony, I would like to discuss a related matter. Several years ago, the Postal Service began implementation of a retail analysis program which seemed to be leading to the closing of many post offices. The Postal Service contended that under the Postal Reorganization Act they could take such action without the approval of the U.S. Postal Rate Commission. I joined Congressman John Buchanan in filing suit in U.S. District Court in Birmingham, Ala. The district court agreed with our position, and issued an injunction against further implementation of "any program or methodology based on a retail market analysis, as applied to any existing post office, branch office or station in any manner that could have the effect of relocating, downgrading or eliminating such post office, branch office or station or of reducing in any manner the postal services offered to postal users at their facilities." This district

court decision was unsuccessfully appealed to the Fifth Circuit Court of Appeals by the Postal Service.

On April 26, 1976, the U.S. Postal Rate Commission issued an advisory opinion supporting our contention that the Postal Service should seek approval from the Postal Rate Commission before implementing programs such as the retail analysis program which are likely to lead to the closing of many post offices. The Postal Rate Commission stated: "There is a jurisdictional change whenever a Postal Service action or program has as its goal, or will have as a reasonably foreseeable effect, an appreciable alteration in the accessibility of postal services to the public or in the type or quality of postal services offered to the public which is substantial and extends over a broad geographical area.

I am not familiar with all the criteria the Postal Service is using to justify the closing of thousands of small post offices. However, the plans certainly appear to represent "an appreciable alteration in the accessibility of postal services offered to the public which is substantial and extends over a broad geographical area." Therefore, I hope the Postal Service will be more responsive to the intent of the Postal Reorganization Act and the suggestions of elected officials and the people they serve before undertaking large-scale post office closings.

SUMMARIZATION

May I also say that I want to commend Mr. Steiger for his courage in admitting that he was the father of the present postal system, because in my opinion, politics has never been taken out of the post office. We thought we were taking it out but what we have now is inside bureaucratic politics which in my opinion is a lot worse than what we had. I have brought every instance to the attention of the postal department and had very little relief from my request.

But in my opinion it doesn't appear that the closing of the rural offices saves all the money the postal department says it will, because in most instances they don't indicate what it's going to cost to add additional service into a large office.

For example, I would like to discuss one post office in Newcomb, Tenn., which the postal department has proposed to discontinue. According to the Newcomb postmaster the Postal Service might save \$960 annual rent plus \$720 in savings on the rural route. However, the total of these two figures does not necessarily represent the net savings to the Postal Service if the Newcomb Post Office is closed. The postmaster has been offered a less responsible position in the Knoxville Post Office more than 50 miles away at a salary several hundred dollars a year higher.

In addition the Postal Service would pay the postmaster's moving expenses to move him to a place he doesn't want to go, away from a community where he is performing a necessary and appreciated service.

I receive many letters and petitions from people not only from this office but from others that indicate the same thing. Other offices are being threatened in Mount Vernon and Winfield and there are other offices that the postal department has closed in the past. They don't always add on the end the additional costs they are going to add to another post office where they are moving services from rural areas.

I think it's something that certainly should be taken into consideration and I will reiterate what my other colleagues have said.

It's a community center and perhaps it's the only contact that the people in some of these rural areas have with their Federal Government. I strongly am against the present proposal of the Postal Service of closing these small offices because if they mail a letter on a rural route, even to their next door neighbor, it goes into one of the sectional centers and might get back 3 or 4 days later.

There are a lot of changes that need to be made in the postal department and I want to say again that politics is still in the post office. To me, it's a lot worse than it was when it was under the control of Congress.

I thank you, Mr. Chairman.

Mr. HANLEY. John, thank you for your excellent testimony. And you have made some good points. I have said from the very beginning that this overture with respect to the closing of rural post offices is purely a symbolic one. If it concurred with the GAO recommendation and closed but 25 percent of that recommendation, and that is about as far as they could go, you are talking about approximately \$25 million, which isn't a tenth of your small little finger as it relates to the overall deficit of the institution.

Every Representative who has appeared before this committee has advised us, that the majority of people in their respective congressional districts want the maintenance of the rural post offices. I think that we are a nation that abides by, as a democracy, by the majority opinion, so we have this majority opinion here. The people want it. Yet we have just a few people up top in a bureaucracy who say or tend to say or want to say, now you can't have it. Well, we intend to continue our opposition.

Let me just ask one question. I have confidence that you would support additional funding to the USPS to underwrite the public service aspect of its overhead. The revenue from small post offices might only account for 60 percent of the USPS overhead, well, that it's fair and understandable the other 40 percent should come from the U.S. Treasury. Wouldn't you agree with that?

Mr. DUNCAN. I have already pledged myself to do such because I think that we have got to look at the Postal Service perhaps as a service organization. We don't make money on the recreational programs or library programs but they are essential services for people. I would certainly support additional funding.

Mr. HANLEY. I appreciate that.

Mr. DUNCAN. I commend you, Mr. Chairman, for your great interest in this subject. I know you are not from a rural community but we rural boys thank you very much.

Mr. HANLEY. Well, I appreciate that, John, very much and if at this point I can defer to Mr. Mineta.

Mr. MINETA. I have no questions, Mr. Chairman. I just want to thank John for his presentation before the subcommittee.

Mr. HANLEY. Thank you, John.

Mr. DUNCAN. Thank you.

Mr. HANLEY. Our next witness is Representative Don H. Clausen of California. Don, we are delighted to have you aboard this morning. I have confidence that your input is going to be substantive.

**STATEMENT OF HON. DON H. CLAUSEN, A U.S. REPRESENTATIVE
FROM THE SECOND DISTRICT, STATE OF CALIFORNIA**

Mr. CLAUSEN. Thank you, Mr. Chairman, for giving me this opportunity to present testimony before the committee.

I want to thank you very much for scheduling these hearings on behalf of the legislation we have introduced to declare this moratorium on the closing of these rural post offices, until such time as you can advance the information that will evolve from the study commission recommendations.

A declaration of a moratorium will put a lot of people's minds at rest.

Throughout the course of the testimony by the preceding witnesses, there is a general trend in their testimony—they are very concerned about the loss of service and what it provides in these rural sections.

I, too, am concerned with the recent proposed changes in Post Service policies and direction. We must recognize the need to insure our rural communities with continuous postal service at least equivalent to the service currently provided.

I recognize the Postal Service's need to consider any measures which might help to bring its operating costs into better balance with its revenues and at the same time continue to provide quality mail service to all parts of the country. We all support this necessary and important goal.

The prime responsibility of the Postal Service is to deliver the mail—and they haven't been doing a very good job of it.

Bureaucracy is under attack all over the country and one thing they always come back to, "Why turn it over to the Federal Government, they can't even deliver the mail."

It isn't always necessarily the fault of the people involved. It is the fault of the system. And, frankly, in the past there has been too much in the way of politics.

The people are not concerned about the politics. All they want is service.

We need to assure adequate service to rural communities.

As far as I am concerned, the so-called deficit spending problem we face must be cured, but not at the expense of quality service. We must not overlook the social and cultural importance while evaluating from an economic standpoint.

The rural post offices are meeting places and places for dissemination of information. As a matter of fact, Mr. Chairman, I have described a post office in a rural community as a catalyst for communications and information dissemination.

People will come from all around the area to pick up their mail, to come in and pick up information that, in a major city, would be routinely disseminated through a Federal agency.

And there is one other point that I think needs to be taken into consideration. Because of the high cost of living throughout the country, and particularly in the cities and major metropolitan areas, there are many elderly people that want to go and live in rural America because they can have a little bit of a garden. They can sustain themselves more effectively if they have access to all that is available to them in those rural areas consistent with what they had in the urban communities.

As you know, transportation and communication are key factors. There is one thing that has happened in this country that I think we need to reverse.

We have serious problems because we have created an outmigration trend from the rural areas to the major metropolitan areas. One way that you can stabilize that population pattern is by keeping post offices in rural communities. Removing service from our rural areas will contribute to the outmigration.

Often times the post office is combined with another economic enterprise. Maybe it is a grocery store. It might be a clothing store. Maybe a combination. This is unique to rural America.

In a letter to Postmaster Bailar, I have urged consideration of the social, as well as economic impact of post offices on rural communities. I have urged acceptance of a moratorium until the end of the year to permit the Congress to consider the views of the Postal Service and the views of the people all over the country with regard to mail services and to analyze and evaluate all the alternatives available to us.

In conclusion, Mr. Chairman, I am hopeful that we can come forth with a declaration of a moratorium and gain some semblance of stability to the people that are in service to the Postal Service, as well as the communities that we are representing and hope to serve.

I hope the subcommittee accepts the recommendations I have made here today and will support and maintain the role of the Congress in Postal Service policy to recognize and consider the needs of all communities, while continuing to ensure quality mail service to all communities both large and small.

Thank you, Mr. Chairman.

Mr. HANLEY. Thank you very much, Don, for your excellent testimony and your commonsense and logical approach to the solution of this problem.

I have said many times that I look upon the overture which would have the effect of closing these rural post offices as highly discriminatory to rural taxpayers, the majority of whom want to continue to enjoy this accommodation. This could be the only one service that they get directly from the Federal Government.

That same set of taxpayers underwrite the cost of the various social programs we find in the urban centers of our Nation, whether it be senior citizens' housing, public housing, or mass transit.

It is very evident to this committee that the majority of the Congress wants for them to continue to enjoy good postal service.

Along with that observation, I am confident that the Congress, in fairness to the USPS, would not expect that the USPS underwrite the total cost of that operation.

So we have simply put it this way, that fairness dictates that the percentage of the operation, has to be attributed to public service, and as such, has to be funded from the U.S. Treasury. That is what our appropriations thing is all about. I am confident that you would support that concept.

Mr. CLAUSEN. Yes, I have already gone on record as being supportive of that. Let me just make one other observation.

You are dealing with facilities. We deal with transportation systems development. But in final analysis we are trying to arrive at fair and equitable formulas for the development and the implementa-

tion of programs that will give us the facilities necessary to make the quality of life equal in most of these communities.

There is one thing that has happened in this country. We have had revenue allocation formulas over the years that have been based solely on the basis of where the population is. What we need to do is to give equal consideration to where the population could, or maybe should, be. The greatest problem in America today is because of the imbalance in our population pattern. There are people crowded into the big cities, and you have all of the related problems of that.

Now, if you are not going to stabilize the Postal Service and the public facilities in the rural section, you are going to add to that problem. They are all going to be migrating into the big cities and this is not the way to treat people. Thank you.

Mr. HANLEY. Mr. Mineta?

Mr. MINETA. Thank you very much, Don. Being a working colleague with Don on Public Works and Transportation, this is a message that Don articulates very well.

Mr. CLAUSEN. Thank you.

Mr. HANLEY. Thank you, Don.

Mr. MINETA (acting chairman). At this time, I would like to call on Representative Robert Kastenmeier of Wisconsin.

STATEMENT OF HON. ROBERT W. KASTENMEIER, A U.S. REPRESENTATIVE FROM THE SECOND DISTRICT OF THE STATE OF WISCONSIN

Mr. KASTENMEIER. Thank you, Mr. Chairman.

I would like to express my appreciation to the subcommittee for the opportunity to testify on the issue of small post office closings.

Like a number of my colleagues here today, I submitted testimony last September on the General Accounting Office's 1975 report on the financial condition of the U.S. Postal Service, which observed that the Postal Service could save up to \$100 million a year if it eliminated 12,000 of the 18,000 small post offices in this country. Many of us were surprised when the Postal Service announced after those hearings that it was changing the criteria it uses to evaluate post offices, making closings easier to effect. Since then we have all witnessed the Postal Service's eagerness to pursue a mass closing policy.

Rather than going over the problems such closings would cause communities and patrons in my district of Wisconsin, I would like to use my time today to encourage the subcommittee to recommend legislation which would insure that any small post office closing will not be undertaken precipitously.

The situation facing rural Americans and their right to postal service is critical. Further moratoriums, studies and surveys will not solve this problem; I think we need to take definitive action.

We all realize that the Postal Service has dire financial problems—having lost an estimated \$3 million a day last year. Given this fact, it would seem unreasonable for Congress to try to prevent the Postal Service from ever closing a post office. On the other hand, we must insure that the needs of the local patrons are not only taken into account but met. After all, the services that many consider the most important are frequently those that make the least sense in accounting terms.

Last week, I was joined by 18 of our colleagues in introducing H.R. 13437, the Small Post Office Preservation Act, which is identical to H.R. 12801.

This proposal outlines the circumstances under which the Postal Service can effect a closing in order to force the Postal Service to consider the devastating consequences such a closing can have on a small community, its businesses and residents.

H.R. 12801 is designed to require the Postal Service to make every effort to persuade a local community that proposed changes in service will, in fact, offer equivalent or improved service, and puts the burden of evidence on the Postal Service to sell a change in service rather than on a community to justify the need to maintain a post office. Moreover, the bill puts an emphasis on the principal concern of many postal patrons—the identity that a postal facility gives a community.

Under H.R. 12801, the Postal Service could effect a closing if it could convince a majority of the patrons that alternative service was acceptable. Second, if the Postal Service is unable to convince a community to accept the proposed closing and change in service, it could still shift to a postal contract facility, provided that each community retains its individual identity, name and zip code, and the level of service was the same or improved. This would insure that a community would be able to count on continued local service, while the Postal Service would be able to realize substantial cost reductions.

A General Accounting Office study noted that, in comparing costs of actual conversions in 1974, approximately \$2,000 annually is saved by shifting from a fourth-class post office to a contract facility and almost \$9,000 is saved in changing from a third-class post office to a contract facility.

Given the radically different and, many believe, inferior service provided by rural delivery alone, the third alternative provided by the bill requires the Postal Service to meet stringent tests prior to making a change to rural delivery service.

The Postal Service would have to: (1) demonstrate that an equivalent or improved level of postal service would be provided persons regularly served by the post office in question; and (2) show that less than 35 families are being served by the post office; and (3) insure that another postal facility is easily accessible to persons who are regularly served by the existing post office; and (4) demonstrate that a substantial decrease in revenues and patronage has occurred over the previous 3-year period.

In conclusion, Mr. Chairman, the Postal Service was our Nation's first public service. What could be more appropriate in this, our Bicentennial year, than to reaffirm that we are truly a national community, concerned with optimum communication between all citizens, and a country where each American community, however small or remote, will continue to be in touch with the rest of our Nation. Thank you, Mr. Chairman.

Mr. MINETA. Thank you very much, Bob, for your initiative in putting together this legislation and for your other colleagues who have joined in.

There is no question that, in many instances, the local post office is the only connection that people have with the Federal Government. This is an important facet of not only their connection with the

Federal Government but of their getting their mail and of their maintaining a community identity and the other things that you pointed out.

I would like to thank you for your testimony this morning.

Mr. KASTENMEIER. Thank you.

Mr. MINETA. At this point, I would like to call on Representative Robert McEwen of New York.

**STATEMENT OF HON. ROBERT C. McEWEN, A U.S. REPRESENTATIVE
FROM THE 30TH DISTRICT OF THE STATE OF NEW YORK**

Mr. McEWEN. Mr. Chairman and members of the subcommittee, I want to thank you for this opportunity to express my objections to the U.S. Postal Service proposal to close certain post offices as part of their cost-cutting plan.

In light of all the Federal involvement in our lives, some of which I question, I view the removal of a basic government service that long has been a part of local communities and, oftentimes in rural areas the only representative of the Federal Government, as inequitable and discriminatory.

Small post offices in rural areas have become part of the social fabric of communities, where people gather to exchange news and keep in touch with their friends in the course of receiving and sending their mail. As one patron of the Parishville, New York Post Office, which has been in existence since 1813 and has 212 box rental customers, wrote:

The loss of our post office would be a detriment to our daily living. Only one who lives, or has lived in a small town can know what a convenient and comfortable institution its Post Office is to its citizens . . . (it) means a daily contact with our friends and neighbors: mail on time; the safety of our mail, especially with so many Social Security and government checks coming in; and to be able to purchase stamps, money orders, mail packages and post a letter with no worry as to whether it will reach its destination quickly and safely.

We have a book mailing program from the North Country Library System through which a great many readers receive and return their books through the mail. . . . So much has already been changed or taken from us, we hope this much can be left for us to enjoy.

(Mrs. Genevieve Hanson, Librarian, Parishville Public Library.)

And yet the preservation of what the Postal Service considers an uneconomical form of service is not the only issue at stake. We here in Congress spend a great deal of time and taxpayers' money trying to solve the problems of, or rescue, big cities and their residents.

Let us consider, for example, New York State. According to Professor Hortense Cochrane, a Syracuse University sociologist, New York State has 18.2 million residents of whom about 14 percent, or 2.6 million live in rural areas. While about 44 percent of the State's residents live in one of the major cities, it is the third largest rural State in the country, with only Pennsylvania and North Carolina having larger rural populations than New York. Professor Cochrane maintains that despite the State's relatively high percentage of rural dwellers, those people are isolated from many services which are readily available in cities. (Syracuse Post-Standard, April 5, 1976.) In my view, to close a rural post office is, in effect, to penalize those patrons for not living in a more densely populated area.

I share the view that removing Postal Service offices from our rural areas is one more way of discouraging retention in these areas by individuals or industry. It is one more way of adding to a sense of disillusionment for reasonable expectations of each citizen from his or her Government.

To quote from an editorial in a newspaper in my district:

All rural communities will become the outcasts of the postal service if its newly announced policy is implemented. . . . Communities like some in the North Country have already lost their identity, a fact indisputably brought about by decisions to close their post offices. . . . Mr. Bailar declares that the service is losing \$7 million a day but he fails to say what percentage of the loss is attributable to the rural post offices marked for elimination. . . . The Postmaster General might better look at the many metropolitan mail centers where extravagance, inefficiency and waste are truly responsible for the plight in which the service finds itself. There is still no substitute for the rural post office in spite of the fine claims made for rural delivery. (Watertown Daily Times).

Mr. Chairman, I believe that we in Congress cannot stand by and allow the Postal Service to decide independently to remove a long-standing symbol of Federal service from rural America. The intent of Congress was clearly expressed in the language of the Postal Service Reorganization Act of 1970; namely, that post offices would not be closed down because of operating at a deficit. The Congress authorized Federal subsidies for the new Service, in part to cover the costs of post offices which were not fully self-supporting.

The substitution of rural routes for post offices, or the consolidation of rural routes by the Postal Service, is not viewed as equal or superior service by my rural constituents. The conditions set forth by Postmaster General Bailar under which a post office may be considered for a closing do not strictly abide by the intent of Congress. I believe it is up to Congress, and not the Postmaster, to determine what is to be done about this service and its financial plight.

I co-sponsored legislation calling for a temporary moratorium on post office closings until Congress can determine how best the Postal Service financial situation and cost reduction proposals should be dealt with. Following the Federal court ruling of March 5th, which granted the right to shutdown certain post offices after several provisions are met, I co-sponsored legislation that would require specific considerations in post office closing decisions, including the effect on service of alternatives and the economic impact on the area being served.

In closing, Mr. Chairman, I wish to state that I do not believe that the rapid onset and enormous size of the current Postal Service financial deficit, accrued over the past several years, can be pinned to the serving of rural postal patrons. I certainly do not believe that the closing of rural post offices will even begin to resolve the problems underlying the Post Service's increasing debt. Therefore, I do not believe that rural America should have to be the one to pay the piper.

Thank you, Mr. Chairman.

Mr. MINETA. Thank you very much, Bob, for your excellent testimony.

In view of these kinds of suggestions relative to Postal Service reductions in service, and yet recognizing that they have a management responsibility to make certain decisions, I am wondering how you would feel toward some of the recommendations that have been made

relative to increasing the general fund appropriations to the Postal Service to stave off this reduction in service.

Mr. McEWEN. Mr. Chairman, I think that is something that we are going to have to look at if we ask that these services be continued.

I would have to say this, Mr. Chairman: I think there are a number of areas that could be looked at for savings. However, I am intrigued with all of the consideration of closing of small post offices and yet, according to figures I have seen, if these be accurate, they indicate that if we close something approaching half of the post offices in the country; namely, these smaller ones, the savings would amount to about \$100 million, where the Postal Service is facing a possible deficit of what—\$1 billion?

I have seen figures indicating that if we were to eliminate 1 day of service, we could save three and a half times as much as we could by closing down these small post offices, or if there were elimination of maybe one mail delivery in metropolitan areas during the day—a great amount could be saved. A number of cost-cutting proposals have been brought up.

But why, Mr. Chairman, did they single out to destroy the social fabric, if you will, of rural America, to take one Federal institution and the only one that is present in many of our smaller communities and say, this is what we are going to sacrifice on the altar of saving the Postal Service, when in fact it would not begin to meet the problems of the deficits of the Postal Service.

Mr. MINETA. Given all the alternatives in other areas that might be cut, and being able to, let's say, make those operations as efficient as possible, do you think that there is a possibility that we would have to face up to increased general fund appropriations if those other kinds of savings were not going to bring the necessary funds to the Postal Service.

Mr. McEWEN. If the alternative would be destroying a service our people have come to expect and, I believe, have a right to, my answer would be "yes," we would have to increase those appropriations.

Mr. MINETA. As Don Clausen indicated, and as Chairman Hanley has indicated, there is this whole question of whether there is a transfer and impact. You have talked about the social fabric of industries and other things in smaller communities. This is a heavy responsibility that we are just going to have to go through and analyze and see what the impact is in the final analysis.

I appreciate your testimony on this, and I know that the subcommittee will take your statement, as well as all the others, into consideration as we continue on these hearings.

Thank you very much, Bob.

Mr. McEWEN. Thank you.

Mr. MINETA. At this time, I would like to call on Congressman Baucus.

STATEMENT OF HON. MAX BAUCUS, A U.S. REPRESENTATIVE FROM THE FIRST DISTRICT OF THE STATE OF MONTANA

Mr. BAUCUS. Thank you, Mr. Chairman.

With your permission, I would like to include my statement in the record as though read in full, and make a few closing comments.

Mr. MINETA. The complete statement will appear as read in full, along with your additional comments.

Mr. BAUCUS. Mr. Chairman, I am deeply troubled by the condition of our Nation's Postal Service. Mailing costs rise inexorably while the quality of service appears to be declining. I have studied the problem in the past few weeks seeking solutions to reverse these alarming trends. Today I would like to share what I have learned. I will first provide a brief sketch of the origin, goals and current status of the U.S. Postal Service. I will then present some of the conclusions I have reached. To anticipate, I do not favor any solution involving higher mailing costs or more bureaucratic reorganizations.

In April 1967, President Johnson appointed a Commission on Postal Organization to review the old U.S. Post Office Department. The Commission, headed by Frederick Kappel, the former chairman of American Telephone & Telegraph, reported that the Post Office's principal problem was that its managers lacked decision authority. All managerial decisions such as postal rates and wages, postmaster appointments and post office construction projects were made by Congress. Business, as opposed to Government management of the Post Office would reduce costs by 20 percent and "there is no telling what greater savings could be made over the long pull," said Kappel.

Based up the Commission's recommendations, Congress adopted the Postal Reorganization Act of 1970. This act created an independent U.S. Postal Service fully authorized to operate the postal system. The policy goals established were: (1) To maintain universal coverage; (2) to pay wages comparable to those paid in the private sector and improve working conditions; (3) to apportion the costs of all postal operations on a fair and equitable basis; (4) to improve postal efficiency in all postal operations including transportation; and (5) to achieve self-sufficiency; that is, to balance total revenues including appropriations and total costs. How well has the Postal Service succeeded in meeting these goals?

The goal to provide service to all Americans has so far been met.

The effort to improve labor wages has been a notable success. Wage rates for Postal Service workers have gone up 60 percent in the period 1970-75. During the same period wage rates for Federal civilian workers have risen only 38 percent. Currently, the median salary for clerks and carriers is \$14,200 and the starting salary is \$11,444.

As far as equitably apportioning postal costs among the various classes of mail, progress is far from satisfactory. First-class rates substantially exceed delivery costs. This overcharging of first-class mail is used partially to subsidize the handling of second- and third-class mail. Congress also subsidizes the publishers and direct mail advertisers who use second- and third-class mail through direct grants from the Treasury. The new postal rate increases only exacerbate these rate inequities. Rates for already overcharged first-class mail rose by 33 percent while subsidized second- and third-class rates rose only 22 percent and 24 percent respectively.

As to whether the goal of improved service has been met, there are conflicting opinions. The 1974 annual report of the Postmaster General, says that, "Mail service is very good." The report stated that the Service is meeting its standard of overnight delivery for 95 percent of local first-class mail. But "it is still falling short of its public commit-

ment on service" for regional areas (2 days) and cross country (3 days) first-class mail. Only 88 percent of these deliveries met the standards. The Postal Service also points to its national service index figures: these have shown a decrease from 1.65 days between postmarking and pickup for final delivery in 1970, to 1.57 days in 1975. However, a private firm, Phoenix-Hecht Cash Management Services Inc. of Chicago, which sends out some 300,000 letters each year to test the mails, reported that mail delays may be more widespread than the Postal Service's statistics show. The private firm's comparison of delivery speeds for the 147 possible combinations of mail flow between and within seven cities (Boston, Chicago, Los Angeles, Miami, New York, Philadelphia, and St. Louis) showed slower delivery than reported by the Postal Service in 121 cases. I suspect that delivery time between cities in Montana and those in other states is slower yet.

A further problem is that of missent mail, which is not included in delivery speed studies. A GAO study showed that about 7 percent of all mail is sent to the wrong location—resulting in an additional average delay of 3 days.

Achievement of the goal of self-sufficiency has been the Postal Service's most pronounced failure. The Reorganization Act authorized Congress to appropriate an annual public subsidy of \$920 million for the Postal Service from 1972 to 1979, and a declining amount thereafter until 1984, when the subsidy could be eliminated. With this Federal help, the Postal Service was supposed to be able to break even. But only in 1973 did it come close to breaking even, when the deficit was \$13 million. The deficit jumped to \$438 million in 1974 and came to nearly \$989 million in fiscal year 1975. The estimated deficit for 1976 is \$1.6 billion.

These massive deficits have been occurring in the face of skyrocketing postal rates. Rates have risen from 6 cents for a first-class letter in 1970 to the current 13 cents. Second-class rates have also more than doubled in the same period. These rate increases have far outstripped simple inflation. The 63-percent rise in first-class postal rates since 1971 has been almost twice as rapid as the 35-percent increase in the Consumer Price Index (CPI) for the same period.

Who has benefited from these enormous cost increases? Certainly neither the speed nor the quality of our mail service has improved. Basically, the Postal Service's \$1.7 billion deficit and doubled postal rates have bankrolled expensive new mechanization and increased labor contracts.

Employee salaries have risen from 81.9 percent of the budget in 1968 to 86 percent in 1975. This reflects the greater than 35 percent increase in "real" salaries and benefits per person-year that occurred during the 7-year period. There was little disagreement that postal workers were underpaid before the Reorganization Act. Yet, at current salary levels, some experts now contend, postal workers are paid significantly more than comparable nonpostal workers. There would be no need for higher postal rates if these salary increases were balanced by increases in worker productivity.

The Postal Service's drive to save costs through increased mechanization has been a notable failure. The Service committed \$178 million for new mail processing equipment in 1974 and \$262 million last year. This effort has resulted in a rise in the amount of mail sorted mechani-

cally from 25 percent in 1971 to 60 percent in 1975. Yet, as previously noted, this expensive equipment has had only a marginal effect in increasing worker productivity. Typical of the mechanization effort is the Postal Service's new billion dollar national bulk mail system. This system was designed to halt the erosion of parcel business to the Postal Service's private competitor, United Parcel Service. Yet even before the system became operational, GAO reported that its proposed delivery standards did not equal the present standards of UPS.

Faced with their spiraling deficit, the Postal Service has instituted the following economy measures: (1) freezing the hiring of new employees; (2) cutting down on overtime work; and (3) reassigned employees who are "excess" in their present locations to new jobs in different locations. The Postal Service also has attempted to put into effect a computerized method of redesigning letter carrier routes to eliminate some jobs. The National Association of Letter Carriers has demanded arbitration of this "Kokomo Plan," thus delaying its implementation.

While these efforts to increase worker efficiency are laudable, the Postal Service is considering other cost-cutting moves that directly impair the quality of service it was mandated to provide. I refer now to proposals to end Saturday delivery service and close 12,000 rural post offices at an annual savings of \$350 million and \$100 million respectively.

The American public is not happy with the prospect of reduced service.

Services provided by rural post offices as centers for companionship, information on Federal programs, and community identity far outweigh their cost. Putting the cost of rural post offices in perspective, one must remember that the Postal Service is losing \$200 million per month. If 12,000 small offices were to be closed today, the Postal Service would break even for only the next 15 days. Moreover, the \$920 million annual Government subsidy was granted specifically "to meet the requirement that the Postal Service maintain service in rural areas and other areas where post office and other services provided by the Postal Service are not self-sustaining."

Recently, I introduced legislation (H.R. 12409) that would give the residents of each community the power to veto any proposed closing of their local post office. My bill would forbid even the consideration of the closing of a rural post office unless "equal or improved quality of service" was guaranteed.

Reviewing the current status of the Postal Service, we find that inefficient management has made large investments in unproductive mechanization the productivity of which has not kept pace with increases in postal wage votes. To cover these expenditures, the Postal Service has been forced to borrow heavily and double mailing rates. Faced with growing public and congressional opposition, the Postal Service has moved to both freeze their labor force and end unprofitable service operations.

I believe our postal problems are rooted in the conflicting goals set for the Postal Service by the 1970 Reorganization Act. On one hand, the law says: "The Postal Service shall have as its basic function the obligation to provide services to bind the Nation together through the personal, educational, literary and business correspondence of the

people." Yet, "postal rates and fees shall provide sufficient revenues so that the total estimated income and appropriations to the Postal Service will equal, as nearly as practicable, total estimated costs of the Postal Service." It has become apparent that these public service and break-even mandates are incompatible.

To resolve the Postal Service's problems, I propose we recognize this incompatibility. Clearly, the Postal Service provides some services, which although unprofitable, are in the national interest. These include Saturday delivery, rural post office operation, and lower than cost postal rates for nonprofit mailers (educational institutions, mail for the blind) and commercial users (newspaper and magazine publishers). Congress already provides a \$600 million annual subsidy to second- and third-class mail. Also, as previously noted, the \$920 million annual public service subsidy was designed to cover unprofitable operation of rural post offices. Under the Reorganization Act, all of these subsidies were to be eventually phased out. Commercial and nonprofit mailers were to gradually assume the full burden of their mailing costs. The Postal Service was granted a monopoly on first-class mail to enable it to charge rates that would cover losses suffered from operating rural post offices.

A DISCUSSION OF ALTERNATIVES

I believe that Congress erred when it suggested that the Postal Service could provide these unprofitable services without subsidies. Should we decide that these services are necessary, as I believe they are to keep our economy vital, then we should be willing to pay their price.

I would like to review, today, the major proposals pending in Congress which deal with the problems now being encountered by postal patrons and the Postal Service.

I suppose one alternative, although not a very realistic one, is just to let things continue as they are. I guess that would mean that the cost of postal rates would continue to rise faster than the cost of living. Additionally, for my State it would mean a continuing deterioration in the quality of postal service, a fact that I will cover later in my statement.

A second alternative would be to reduce expectations for and increase financial commitments to the U.S. Postal Service. It appears to me that this is the course that the officials of the Postal Service are now following as a result of congressional pressure. As I will explain later, I think this may be the most prudent course to follow for the short term.

A third alternative is to return the U.S. Postal Service to its original position as a Government agency with an annual review of its entire budget by Congress. There are a number of bills in Congress now which propose this idea. I believe these bills do deserve serious consideration by the subcommittee.

A fourth alternative is to permit greater competition in the delivery of the mail by private carriers. There are several bills pending that would permit private carriers to compete for the delivery of first-class mail.

THE IMPACT OF THESE ALTERNATIVES ON MONTANA

As you know, Mr. Chairman, Montana is a small State, population-wise, and in many ways is different than other States in our Nation. Accordingly, I do not believe that national policy should be established solely on the basis of what impact it would have on my State, as we tend to be so different. On the other hand, national policy should not be established without first examining with some care the impacts that particular policy alternatives will have on the citizens of Montana and other Americans similarly situated.

I am particularly intrigued about the proposal to permit private carriers the opportunity to deliver first-class mail. I do believe that such a proposal would prompt the Postal Service to become more competitive.

On the other hand, it strikes me as exceedingly unlikely that any private carrier would wish to compete for first-class postage deliveries in Montana. To the contrary, the opportunity for private carriers—if one truly exists—is in densely populated urban areas. If competition were permitted there, I believe it would have an adverse impact on my State, primarily because first-class postage is the only money maker that the Postal Service now has. If the Postal Service would lose some of its volume of first-class mail, it would mean that a greater subsidy would be needed for the Postal Service. Currently, the Postal Service is asking for a \$1.6 billion subsidy for 1976. As that amount increases, the tax burden on Montanans also increases.

I don't believe that my constituents would experience any immediate benefits from permitting private competition with first-class mail. Many of the proponents of that idea point to the success of the United Parcel Service and suggest that as a model for what can be done with first-class mail. I am not sure that such a model is apt for Montana, as we were the last State in the contiguous 48 States to receive the services of UPS. And, it's not entirely clear to me that the opportunity to be served by UPS is such a boon. Two weeks ago, I experimented with UPS when I shipped two packages from my Washington office to western Montana 5 days before an important hearing I was holding in my district. Unfortunately, the boxes were not delivered for 9 days. I was out \$16 for my efforts, and the hearings were conducted without the two boxes.

I have been examining policy alternatives from the standpoint of their expected impact on citizens in the western district of Montana—the postal patrons, the postal workers, and the taxpayers. Montanans in all three groups are being adversely affected by the Postal Service's current trends. Subsidies are increasing and, as a consequence, so are future demands on the taxpayers. Postal employment is not down yet in Montana, but it will be if third- and fourth-class post offices are shut down. Finally, service to patrons is dropping while charges to them are increasing. With respect to these increases, I would like to point out in passing that the costs to rural patrons who use post office boxes is even higher, as their box rental fees have nearly doubled over the past 2 years.

RECOMMENDATIONS

I have reviewed some of the materials that were developed prior to the Postal Reorganization Act of 1970. That law was passed with great fanfare. It was a bold, new experiment that would bring the Postal Service out of the 19th century. In my view, the experiment has not gone well. But I don't think we should move quickly to change the current system until we know with greater precision what the problems are. Moreover, I suggest that, this time, we do not implement a nationwide solution until there has been some experimentation with proposed changes in smaller areas of the country.

In examining problems, I would urge the subcommittee to avoid—or at least look beyond—national averages. Hopefully, you will have data available on a disaggregated basis. I suggest this because national statistics can be deceptive. According to recent national studies made for the Postal Service, mail deliveries are taking slightly less time today than they were 5 years ago. That may be true nationally, but I doubt seriously if it is accurate with respect to out-of-State mail sent to Montana. With the abandonment of the trains to handle cross-country mail deliveries, it seems that there has been a substantial increase in the amount of time it takes the mail from the east coast to get to western Montana. On any number of occasions, I have had constituents come up to me and tell me how certain regular deliveries that they used to receive on a certain day each week are now arriving 2 or 3 days later. I do not have systematic data to support my contention that mail deliveries are slowing down in Montana, but I do believe that such data could be collected and should be analyzed before any major changes are made in the U.S. Postal Service.

While on the subject of problems with the Postal Service, I would also like to observe that the mail delivered from my office to western Montana seems to be taking longer now than it was in early 1975. As all the members of the subcommittee know, we are provided two major mail pickups per day—a gold bag at 2 and a green bag at 5. Allegedly, the gold bag takes 1 day to deliver to the district. The most recent experiences I have had with the gold bag suggest that the average delivery time is nearly 3 days and in some cases, longer than that. This compares with a delivery time of 1 to 2 days only 12 months ago. I can't help but think that the decision by the Postal Service to send all first class mail by air has had some impact on the speed with which congressional mail is delivered.

The final two recommendations I would like to make to the subcommittee is that I think we should consider putting ceilings on postal rates. I think we are beginning to see diminishing returns on the actions by the Postal Service to raise mail rates. The volume of mail is going down nationally, and that only means that the subsidy required by Congress will go up. Moreover, increasing the charges for postal delivery are having a decidedly adverse affect on low-income populations.

Finally, I do think that Congress should establish standards for mail delivery. If such standards exist today, they are either inadequate or are not being met. In either case, something must be done.

SUMMARIZATION

Mr. Chairman, I have introduced a bill, H.R. 12409, which provides patrons of rural post offices veto power over closing of third- and fourth-class post offices. This is a bill I believe in very deeply. But it is not the reason I am here to talk to you today.

Primarily, I would like to discuss very generally the future of the Postal Service, particularly from the point of view of rural America.

As the chairman knows, I come from a rural district, western Montana, and I think it is fairly representative of some of the problems that rural areas in our country face in trying to find the solution to our postal problems. As I see it, there are basically four alternatives that the Congress can pursue in trying to resolve our present problems.

One is to maintain the status quo. If the past couple of years are any indication, this would result in higher postal rates and would probably cause a deterioration of service.

Another alternative would be to provide more financial aid from the Congress. I think that that would serve our short-term needs, but again it is not going to get to the root of the problem.

A third alternative would be to return the Postal Service to the status of a Government agency. I know there are several bills before your committee which would not recommend that approach. All things being considered—particularly from a rural viewpoint, which I will get into a little later—I think that that is an approach that probably deserves very serious attention. The fourth approach recently touted is more competition.

I know there are several measures which would transfer first-class mail service to private carriers. With the present trend these last several months toward more competition and some forms of deregulation—and particularly Presidential campaigns and congressional campaigns—I know this is an alluring alternative, but I think if you look at it closely, you will find from the rural perspective it is probably more of a disservice than a service to rural communities.

Very basically, I fear in looking at the last alternative—that is, more competition—we are going to find that private carriers are going to indulge in cream skimming, going to take the cream off the top, in very lucrative, high-density markets much to the disadvantage of rural areas.

The net effect will be that rural taxpayers are going to have to make up the difference in subsidies to rural postal service, and that, on balance, is more of a net liability to big rural areas than would be the result to the urban constituents.

Basically, I urge this committee to go slowly, not to be caught up in the attractive catchwords of competition, as meritorious as they often are, but look very, very deeply at the policy alternatives.

I know that national statistics indicate perhaps there is in many cases an improvement in postal service, but I caution the committee to look not only at national averages, but at more disaggregated data, as well.

For example, if you were to look closely at the quality of mail service between rural areas and urban areas, I think that the committee

would find that postal service is deteriorating significantly. At least that is my experience.

When I came to the Congress about a year and a half ago, the average length of mail to be sent from my office in Washington to Montana averaged about 2 or 3 days. It is now on the average of about 5 days. I have also found that the gold bag and the green bag service that Members of Congress have for mail deliveries to their districts has fallen off for my office.

The gold bag is supposed to insure us of 1-day delivery. When I first came to Congress last year it took about 1 to 2 days to deliver.

My experience now, about a year and a half later, is that it takes 2, 3, and sometimes 4 days to deliver.

So I personally found that with respect to rural areas, the service has fallen drastically. I suggest three criteria in looking at postal legislation:

First, how would the proposed bill affect patrons of rural districts?

Second, how would it affect rural taxpayers?

Third, how would it affect rural postal employees?

And I also strongly suggest that, as I said, go slowly, look at disaggregated data and look to see how it affects rural areas as well, because I strongly feel that some of the more attractive glittering proposals, particularly more competition, will be a disservice to rural America.

Also, I have some specific recommendations.

I suggest the committee explore placing ceilings on postal rates. I think that we should at least look at this because otherwise the present trend of higher rates with less service will continue.

I also suggest that we look at standards of delivery, maybe standardized envelopes or packages. That would probably, I think, cut down some of the problems and bottlenecks we now face.

As I noted earlier, I suggest that the committee take its time in fashioning solutions to postal problems.

I urge the committee to conduct some experiments. For example, conduct some competition experiments on dense markets only. That is what industry does with market analysis. It experiments with its changes. It doesn't go wholesale to something different. So I suggest that we approach this with same caution. I thank you, Mr. Chairman.

Mr. MINETA. Thank you very much, Max, for your very thoughtful comments and well-taken remarks relative to how to approach this. This is frankly a very heavy burden on the committee to continue in this.

As we look into it more deeply, we just surface more and more problems and more issues, and so your suggestions—and what you have brought to us today is going to be very helpful.

Thank you very much, Max.

Mr. BAUCUS. Thank you.

Mr. MINETA. At this time I call on Representative Hansen of Idaho.

STATEMENT OF HON. GEORGE HANSEN, A U.S. REPRESENTATIVE FROM THE SECOND DISTRICT OF THE STATE OF IDAHO

Mr. HANSEN. Mr. Chairman, members of the committee, I appreciate the opportunity to appear before you today to express my views

and those of my constituents concerning the present status of U.S. Postal Service operations and the effects of many proposed and already imposed curtailments of services. The unique functions of this organization which has a daily effect on the lives of almost every American citizen make the cost and quality of service a personal concern to all of us.

Studied observation will show, ironically, that while drastic curtailments of service have been forced upon us each year, fees for stamps and all services and special services have soared. Although the present Postal Service management can provide endless figures showing major revisions and changes in operation, some representing definite improvements, the fact remains that the complaints from private citizens and businesses nationwide have also escalated to proportions that can no longer be ignored or pacified with stopgap excuses. It is clear that we must take an indepth look into this situation that Congress has been authorizing and calling for drastic measures to alter the direction the Postal Service is taking us.

The Congress has created a quasi-governmental agency, mandated to operate itself like a self-sufficient business. Unfortunately, it has become an extravagant and costly operation which is neither businesslike nor self-sufficient. The taxpayers and patrons are being subjected to a scandalous ripoff with arrogant denial of services to the public and deplorable treatment of the rank and file postal employees.

It is not at all surprising to see the bumbling management of the U.S. Postal Service try to curtail rural mail services and facilities. Uncle Sam sees that rural areas have telephone and electrical facilities comparable to their urban counterparts through the Rural Electrification Administration and the Rural Telephone Bank. Traditional and even more basic, is mail service which was started long before electric and telephone service by one of our most prominent forefathers, Benjamin Franklin. No one can defend uncompromisingly that a condition should remain in the status quo in a changing world, but the basic philosophy of service should provide the framework for decisions and the priorities for changes in the Postal Service should be properly established.

You cannot tell me it is more important to have an army of highly paid supervisors from regional and other field units, bloated 250 percent in number in just 5 years, to birddog deliverymen with stopwatches to determine where a few minutes can be shaved from one route to another than it is to provide such things as adequate rural service and door-to-door delivery to a new senior citizens' housing complex built clearly within city limits.

In an instance in my district, several residents of a senior citizens' complex were finally granted door-to-door delivery due to physical inability to walk to the center of the block, but only after it was suggested they rely on neighbors to bring their mail each day. Although partial door-to-door delivery was established in that complex the deliveryman is required to walk past all the other doors and deliver the rest of the mail to cluster boxes in the center of groupings of seven or eight units—a savings of only a few minutes, if any.

You cannot tell me that \$20,000 to construct a catwalk and one-way mirror arrangement beside a mail workroom for a new postal facility in a small town with a negligible crime rate is more justified than providing adequate rural delivery service simply because postal

security has decided this should be provided in all new facilities. Add to this the demoralizing effect on the employees who know they are constantly being watched or could be at any time by a force of inspectors which has grown over twice its size in just 5 years. Is such negative motivation productive under these circumstances?

You cannot tell me that continuing to pour millions of dollars into high-speed computerized machines that produce a high rate of damaged mail and parcels, many chewed beyond recognition, can be justified when a private parcel delivery service handles their parcels with minimal damage and greater speed at less cost. I believe the recent well-publicized discovery of Congressman Wilson at the Detroit postal facility and the Maryland center speak for themselves.

I have always believed that good employees should be well-compensated for their work and have reasonable assurance of tenure and promotion and that this factor is vital to a well-motivated and productive workforce. However, one wonders at the priorities of an organization which is allowed the luxury of a no-layoff policy while they are continuing to curtail services and closing rural facilities. Is the U.S. Postal Service in business to serve the public or themselves?

How does one explain the costly acquisition of computers for more efficient mail sorting, which has not only not resulted in any reduction of regular employees but, in fact has caused an increase of some 2,300 building and maintenance personnel in just 5 years? Do we take this urban monstrosity which has yet to prove reasonable efficiency out of the hides of the rural areas in terms of services available?

What kind of management and budget know-how exist in an organization which authorizes a \$5,324,000 initial investment for Postal Employee Development Centers (PEDC's) equipped with the latest electronic self-instructional machines and claims this is a one-time investment? Are we to believe these buildings and intricate electronic machines are maintenance free and nondepreciating?

And what kind of spending priorities exist when the PEDC's advertise that the General Educational Development (GED) test can be received free at the center by an employee's spouse and children rather than at the tax-supported university a few blocks away? This actually happened and documents are attached as witness.

How does one explain the need for trucking mail for up to 100 or 200 miles to costly sectional centers in areas where local mail, which used to be delivered the next day, is now taking 3 to 4 days at substantially higher postage rates?

And the 13¢ stamp certainly was pegged right. That unlucky number has driven the public to seek new means of communications and mail delivery. Not heeding sound business principles of setting the price high enough to cover costs and low enough to get the business, USPS is driving down their parcel and first-class volume, thus cutting their vitally needed revenue sources.

United Parcel Services is only one area where spinoff has occurred. Just consider the possibilities for private delivery services in the first-class field by using congressional offices as an example. Five hundred thirty-five offices multiplied by a 13-cent stamp each comes to \$69.55. Don't you think someone doing a general mailing to Congress could save by using a delivery person or an enterprising delivery service? Certainly the surety of delivery enters in and the depersonalization of mail forwarding with the new central markup concept has infuri-

ated people with the number of returned letters that could have been avoided.

Inspectors, supervisors, auditors, and snooping devices by the score, along with misdirected programs, high costs, inefficiency, poor accommodation, diminishing service, and undependability are problems which must be met and solved by the Washington management team of the U.S. Postal Service, and there can be no delay.

I say the Postmaster General should be directed to stop using proposed cutbacks as a decoy to take the heat off the bungling and scandalous management of the Postal Service. He should be told to clean it up and run it as a business, as Congress directed, or get out and let someone else who will.

If no immediate commitments are forthcoming, Congress should do no less than restore this delinquent monstrosity to its former status or, perhaps better yet, pursue the private enterprise avenue where efficiency, economy, and service are sought after and properly rewarded. Thank you, Mr. Chairman.

Mr. MINETA. Thank you very much for a forceful statement on analysis and guidance. I would like to thank you very much for your fine presentation.

[The letters which follow were furnished for the record by Congressman Hansen:]

U.S. POST OFFICE,
Boise, Idaho, July 29, 1975.

To: All employees.

DEAR POSTAL EMPLOYEE: On August 19, 1975, the Postal Employee Development Center will have its grand opening. You and your family are invited to attend. The opening will be from 2:30 p.m. to 9:00 p.m.

The completion of the PEDC marks a significant improvement in the training and development opportunities that will be available to postal employees and their families. I mention your families because most of the self-development programs are available to family members of postal employees.

One service the PEDC may be able to offer is to prepare your children for school which begins in about a month. We have self-development courses taught on the latest teaching machines that can teach your child a new subject, sharpen some skills that he already has, or serve as a general review. All your child would need do is spend approximately one hour per day for several weeks to work through any of the programs. This would be a very constructive way to fill in some of their summer vacation hours. You or your spouse may find it worthwhile to take a course along with them.

In any event, the PEDC is here to assist you. Please come in and see what we have to offer. Although the grand opening is set for August 19, we will be operating in the new facility by August 11. The following are some courses that may be of use to your children prior to the start of school.

1. *Reading Comprehension and Vocabulary Skills*—This consists of a series of lessons that increase vocabulary, reading speed, and reading comprehension. The minimum level to participate is a grade six reading level. Additional programs are available through college level reading. We are not qualified to assist remedial readers.

2. *Math Training*—A series of lessons for pre-high school through college level mathematical problems. Covers fractions, geometry, measurement, decimals, percentages, story problems, statistics, introduction to the metric system, beginning algebra, and algebra refresher.

3. *Power Typing*—This enables non-typists to learn the basic typing skills to 40 words per minute and helps the intermediate typists increase their speed to 60 words per minute.

4. (GED) *General Educational Development*—This program enables participants to prepare for the state-administered GED test and obtain their high school equivalency diploma. This is now available at the PEDC rather than having to go to Boise State University.

5. Physics and Basic Electricity—Teaches the elementary concepts of work and machines and basic elements of electricity.

These courses are free for postal employees and their families. All you spend is your time.

I will have a special orientation and enrollment session for each of the above-named courses on August 11-12 at the following times:

1. *Reading Comprehension, Speed, and Vocabulary*—August 11 at 9:00 a.m.
2. *Math Training*—August 11 at 11:00 a.m.
3. *Power Typing*—August 11 at 2:00 p.m.

ATTACHMENTS

U.S. POSTAL SERVICE,
THE POSTMASTER GENERAL,
Washington, D.C., October 8, 1975.

Hon. GEORGE HANSEN,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN HANSEN: Thank you for your letter of August 27, concerning the training available at Postal Employee Development Centers.

Our national policy is that PEDC training is for the exclusive use of postal employees. Unfortunately, this policy was misunderstood in the Boise Post Office. This misunderstanding has been corrected.

A cost and effectiveness study on centralizing local training and training resources was made by the Postal Service in 1972. The analysis indicated that a service-wide PEDC network would yield a 150-210% rate of return on investment. As a result, the U.S. Postal Service Capital Investment Committee approved an initial one-time investment of \$5,324,000 for this program. There has been no overall increase in training staffing with implementation of the PEDC network which is approximately 85% complete. A recent study by one Region has shown an overall reduction of 25% in training costs, 50% of which represented a reduction in staff salaries.

All PEDCs have the same curriculum/programs. Currently there are 92 job-related programs and nine for self-development. The job-related programs are developed by our training staff at the specific requests of operating management and are designed to improve postal efficiency and service performance. The self-development programs are off the shelf and are included in the PEDC inventory to strengthen the employee's background as needed to participate in job-related programs. A number of the programs, both job related and self development, use audio-visual equipment consisting mainly of desk-top tape/slide viewers which can be transported to remote areas when employees are unable to travel to the PEDC.

The General Education Development Program was the most recent self-development program added to the PEDC inventory. It provides postal employees with an opportunity to develop those general education skills needed to advance in the Postal Service. Four of these programs were validated through field tests and two were then selected for distribution. They were distributed for use in those locations where a population was identified as remote from local facilities offering the Programs. The Boise PEDC, for example, supports a postal population distributed among 101 associated offices. Pocatello serves a postal population distributed among 93 associated offices. These two Idaho centers have a combined service area of 64,000 square miles. The GED Program distributed to the Idaho Centers cost about \$10 per set. It is self-instructional and no additional staffing is required for administration.

We appreciate your concern in this matter and can assure you that the PEDC network is intended to supplement local public institutions in providing cost effective and meaningful training and development for postal employees. This concept is under continuous review and we welcome suggestions for modification.

tion. Should you desire additional information, I will be pleased to send a knowledgeable member of my staff to meet with you at your convenience.

Sincerely,

BENJAMIN F. BALDAR.

Mr. MINETA. At this time I call on Representative James Abdnor of South Dakota.

**STATEMENT OF HON. JAMES ABDNOR, A U.S. REPRESENTATIVE
FROM THE SECOND DISTRICT, STATE OF SOUTH DAKOTA**

Mr. ABDNOR. Thank you, Mr. Chairman. I certainly appreciate your willingness to run right through the noon hour and give us all an opportunity to testify on this very, very important subject and problem.

I would like to say I have watched with great attentiveness and concern what seems to be a deterioration in both the image and the function of the U.S. Postal Service. Along with the increasing controversy surrounding the policy decisions on rural postal facilities, these problems of service or the lack of it have led to my people being gravely concerned about the future of the Postal Service and what kind of an adverse impact this will have on their daily lives.

It is clearly evident to most people that we have debated long enough the problems created by the financial crisis and quality of service afflicting the Postal Service.

I realize the complexities involved in this issue. But it is time for Congress to determine which direction the Postal Service should go and clarify once and for all the concept of the Postal Service and what it can and should do.

I think the vehicles for accomplishing this are found in the legislation your committee is or will be reviewing in the coming weeks. A vital issue for me and my constituents concerns the commitment by Congress relating to the functioning of rural post offices.

Public Law 91-375, enacted in 1970, provides in part, and I quote:

The Postal Service shall provide a maximum degree of effective and regular postal service to rural area communities and small towns where post offices are not sustained. No small post office shall be closed because of a deficit, it being the specific intent of the Congress that effective postal services be assured to the residents of both urban and rural communities.

I think that is an important item that we must never forget.

The Postal Service cannot be run entirely as a self-sufficient business and provide the service we expect from it today. If the Postal Service's only consideration is with profit or loss, then many of the services would be either curtailed or eliminated.

Rural postal facilities provide one vital service which is too indispensable to the areas served; yet, if we followed a criteria of profit and loss, we would effectively eliminate not only facilities but service as well for thousands of people.

It is imperative that the Congress define what the public service functions are to be by the Postal Service and then make the neces-

sary appropriations for those services. This, of course, is not to say such appropriations for public service functions of the Postal Service are to discourage or eliminate the incentive for the Postal Service to continually strive for and achieve efficiency and effectiveness of the highest order.

What we do say, however, is that it is time to quit trying to achieve something the Postal Service cannot ever achieve—operation on a profitable basis. We do not ask our other agencies of government to provide services on a profit and loss basis where it is an impossibility, and I see no reason why we should demand the impossible in this particular case.

Today the Postal Service has proposed a cutback in service in various areas, claiming this will achieve the solvency they so eagerly espouse, but which becomes an ever-diminishing dream as the deficit rises.

One of those areas of proposed cutback involves closure of rural post offices. The GAO recommended last summer that 12,000 rural post offices across the country could be closed at a savings of \$100 million without reducing or impairing the quality of service.

Several weeks ago Mr. Bailar, the U.S. Postmaster General, appearing before a Senate Postal Subcommittee, testified that 186 postal facilities had been closed during the current fiscal year and another 1,000 were under consideration. The amount of savings resulting in the closure of these 186 post offices was \$2 million. That is only \$2 million in a budget of approximately \$12.9 billion annually—a savings amounting to less than two-hundredths of 1 percent.

Now, this amount of savings in comparison to the entire Postal budget seems a very high price to pay in loss of service and responsibility to our individual citizens who are adversely affected by closures. The small savings of this proposal become even less significant when we examine the latest pay raise in the U.S. Postal Workers Union contract.

This contract involves some 600,000 employees. They were provided a \$250 increase in their basic annual salary on March 21, 1976.

Another increase in salary is slated for November 21, 1976, equaling an additional \$250. Another increase equaling \$600 in basic annual salary is scheduled on July 21, 1977, under this contract. It should also be noted that there is a cost-of-living increase included within the contract in addition to these pay raises.

Just one salary increase of \$250 per worker provides a \$150 million increase in postal costs—75 times more than closing 186 post offices will save. And think what the figure is when all of the salary increases are provided—but we are told closing post offices is the way to solve deficit problems of the Postal Service. In viewing these figures, is it little wonder that personnel costs represent 85 percent of the Postal Service budget? But they are going to get us in the black by trimming the remaining 15-percent costs.

It does not take an experienced accountant to assess the enormous impact these salary increases have on the budget. These cumulative payroll increases dwarf and make obscure the small savings found in postal closings.

Postal facilities are an integral part of any small community and represent a form of personal and civic pride. How evident this is can

be seen by the reaction from these communities when they are told they may lose their post offices. Most of these patrons view such a closure as an effort to deny the individual a mechanism whereby one can have contact with his fellow citizens as well as with his own Federal Government. And of course, these closures do nothing to help strengthen a sense of national identity for these communities. Add to this frustration of facing possible loss of a facility, the trend of decreasing service and increasing costs, and you can understand the dismay of the rural citizenry.

As you know, I have joined the distinguished chairman as co-sponsor of the bill providing for a 6-month moratorium on any postal closings. It is imperative that Congress enact such a proposal. We must allow for a suitable time period in which Congress can propose constructive and meaningful changes within the Postal Service.

Not only would this measure provide for an intensive study of the actual underlying reasons for the fiscal woes of the Postal Service, but it would help reduce the growing disenchantment and sometimes outright animosity among the public toward what should be a vital, fully functioning, and important public service. While this is only a temporary measure, it can open the way to resolving the long-range dilemma confronting the Postal Service.

I can assure you that all bodies of government in South Dakota share my concern with these postal closings. I have before me a concurrent resolution from the South Dakota State Legislature calling on the Postal Service to fully consult with any local community before any change in service or status takes place within that community.

In addition to this, I would hope further consideration would be given to legislation such as that which I recently introduced concerning rural postal closings. This bill, H.R. 12864, provides for a mandatory referendum, whereby all postal patrons of a facility in question would be surveyed as to their choice of actual service.

These choices would include maintaining their present postal facility. A majority of the postal patrons surveyed would have to approve a change in status or service before such service would be enacted. These surveys would be verified by the local postmaster, and the final results would be certified to the U.S. Postmaster General.

Presently, the Postal Service conducts surveys where a postal facility is in question, but the survey can be quite misleading. It actually only indicates to the individual as to his preference of an alternative service. These patrons have only the choices of a delivery service or a nonpersonnel community post office. Nowhere in the survey does one have the opportunity to indicate that they prefer keeping their postal facility status the same.

The Postal Service allegedly bases its conclusions as to what form of service will be rendered upon the outcome of the surveys within a community. However, I submit, Mr. Chairman, that these survey results can be misleading and interpreted incorrectly by the Postal Service.

Many of my constituents in communities in my district have become very angry upon seeing a sample of these surveys. Among those communities are Pringle, Vale, Smithwick, and Mission Ridge, to mention a few. Certainly these are small communities. Like large cities, however, the people in these communities also have basic needs, and they

should not be penalized or denied services for geographic reasons or because of a lack of size.

I have been informed of instances, and not necessarily isolated incidents, whereby individuals have disposed of their surveys in indignation because no mention was made of an option to keep their facilities the same but that only alternative services were available. The response to some of these surveys has been rather low, but a low response rate in several communities was not due to apathy, as the Postal Service might believe, but because people felt they were not given a real choice.

Another factor to be weighed quite heavily is the belief by many individuals that regardless of their response, they feel their views will have little or no bearing upon the Postal Service's final decision.

All too often hearings or surveys of this nature take place, and the individual comes away with the feeling that such hearings or surveys are merely procedural in nature or in compliance to law, rather than actually concerned for the individual's interest and well-being, and that the individual citizen will have no impact.

These factors are the impetus and justification for the introduction and, hopefully, your consideration of my bill as part of your deliberations. Not only will this legislation provide the citizens of my district and the rest of the country an actual choice of service, but it will provide the citizen the right to determine his own priorities on a local community-by-community basis. This concept is a fundamental right basic to the virtue of democracy.

Mr. Chairman, a number of the editors of my State have commented concerning the Postal Service, and I would like to present to the committee some of these editorials for your review. I also have a resolution by the South Dakota State Legislature which feels strongly about this.

Mr. MINETA. The committee will receive the newspaper articles for its review, and will place the resolution which you furnished from the State of South Dakota, in the hearing record.

I would like to thank you very, very much for your presentation today.

Mr. ABDNOR. Thank you, Mr. Chairman.

[The resolution from the South Dakota Legislature follows:]

STATE OF SOUTH DAKOTA HOUSE CONCURRENT RESOLUTION No. 515

(A concurrent resolution, expressing the concern and sense of the South Dakota Legislature for the provision of equal or better service and consultation with communities involved in United States Postal Service changes resulting from the promulgation of new criteria regarding administration and operation of small post offices.)

Be it resolved by the House of Representatives of the State of South Dakota, the Senate concurring therein:

Whereas, the United States Postal Service has announced on November 20, 1975 certain changes in policy criteria concerning the operation of small post offices throughout the country; and

Whereas, the United States Postal Service provides services which are essential to the economy of the state of South Dakota and of especially vital concern to our small towns and rural areas; and

Whereas, any reductions in the level or quality of postal service which may result from the closing of small post offices may have deleterious effects upon the economy of the state of South Dakota:

Now, therefore, be it resolved, by the House of Representatives of the Fifty-first Legislature of the state of South Dakota, the Senate concurring therein, that it is the concern and sense of the South Dakota Legislature that changes in postal service for small post offices in South Dakota shall not be effected without the active consultation with the communities affected and that proposed changes in service shall assure equal or better service for patrons served; and

Be it further resolved, that the Chief Clerk of the House of Representatives shall send copies of this resolution to the Postmaster General, Benjamin F. Bailar, the members of the South Dakota Congressional Delegation, and to the chairmen of the Senate and House Post Office and Civil Service Committees.

Adopted by the House, February 10, 1976

Concurred in by the Senate, February 13, 1976

JOSEPH BARNETT,
Speaker of the House.

PAUL INMAN.

Chief Clerk of the House.

HARVEY WELLMAN,
President of the Senate.

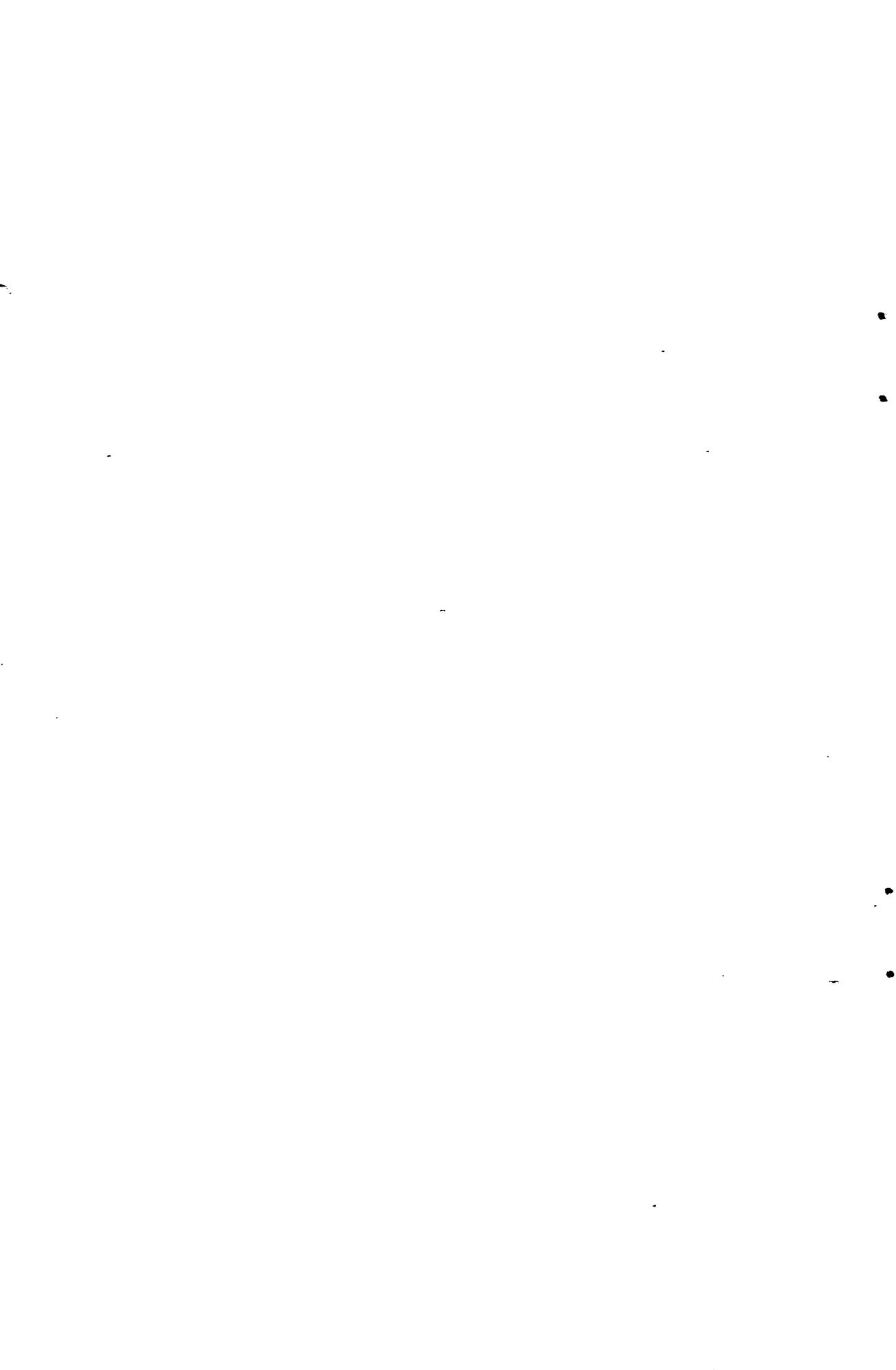
ROGER PRUNTY,
Secretary of the Senate.

In testimony whereof, I have hereunto set my hand and affixed the Great Seal of the State of South Dakota at the city of Pierre, the Capital, on the _____ day of _____, 1976.

- LORNA B. HERSETH,
Secretary of State.

Mr. MINETA. Since we have no further witnesses, the meeting will stand adjourned until tomorrow.

Whereupon, at 12:25 p.m., the subcommittee meeting was adjourned, to reconvene at 9:30 a.m., Wednesday, May 5, 1976.]



CUTBACKS IN POSTAL SERVICE

WEDNESDAY, MAY 5, 1976

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

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

Mr. HANLEY. This morning the subcommittee resumes its hearing on the cutbacks in postal service, and our first witness this morning is Representative James Weaver of Oregon.

Jim, on behalf of the subcommittee, we are delighted to have you with us this morning. I am confident that your testimony is going to prove quite helpful to the deliberations of this subcommittee.

STATEMENT OF HON. JAMES WEAVER, A U.S. REPRESENTATIVE FROM THE FOURTH DISTRICT OF THE STATE OF OREGON

Mr. WEAVER. Mr. Chairman, I thank you. I hope it will be. I carry with me the words of many of my constituents and I thank the subcommittee for the opportunity to express the feelings of my constituents about the U.S. Postal Service. The main question I hear in the hundreds and hundreds of letters that I receive about the Postal Service from people in the southwest Oregon that I represent is "What has gone wrong?" Nobody seems to know.

I ask, Mr. Chairman, every postmaster and every postal employee in my district that I meet "What is the difference today from 15 years ago when the price of first class mail was 3 cents: what's happened?"

And I have not been able to get a definitive answer, Mr. Chairman, and I sincerely and deeply hope this committee will ultimately achieve the answer to that question, and be able to act on it. Since the U.S. Postal Service was established as an independent agency to be run along the lines of a self-sufficient business, services have deteriorated, costs have escalated, and the morale of the postal employees has sunk to lower depths.

I have received hundreds of letters from constituents in this regard. From these letters and from the lengthy conversations with people in southwestern Oregon, I conclude that people really do care about the quality of the U.S. Postal Service and they are very concerned about the present dilemma and the lack of responsiveness to their needs on the part of the postal management. We, in southwestern Oregon, are particularly worried about the future of our small community and rural post offices.

The U.S. Postal Service is the arm of Government that touches the lives of all Americans. As one local postmaster says, "The small post office is in many cases the only direct contact citizens have with their Government and the services received reflect on the entire Federal system." The post office provides many services besides just mailing and delivering letters. The post office in a small community not only distributes mail, social security checks, veterans' benefits, tax forms, et cetera, but oftentimes is the focal point of the community, the thing that brings these communities together.

Today, as we struggle to overcome the sense of alienation and to restore the human touch to Government, I feel the closure of post offices in small communities should be decided in a very sensitive, judicious manner. Citizens must be heard. The effect of closing or consolidation of a post office must be studied for its impact on the community and for the merit of alternative services offered.

I protest the indiscriminate closing of our rural and small town post offices. I remind the subcommittee that the Postal Reform Act states in section 101(b), title 39, United States Code:

The Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining. No small post office shall be closed solely for operating at a deficit, it being the specific intent of the Congress that effective postal services be insured to residents of both urban and rural communities.

The Postmaster General, in his March 8 speech before the Economic Club of Detroit, says that we must make a choice on how much weight Americans are willing to give mail service on the scale of national priorities. From the many messages I receive from the citizens of Oregon, I can say that the U.S. Postal Service has a very high priority among my constituents. We must not simply cut costs by cutting services and charging more for less.

Congress must decide once and for all whether the U.S. Postal Service is a self-sufficient business to be run on an efficiency basis or is a public service for all Americans worthy of Federal subsidy. I support the latter position, but I do this with a recognition of the need for accountability of the Postal Service to the people. If the administration cannot demand the responsiveness of the U.S. Postal Service to the needs of American citizens, then the Congress should assume this responsibility.

Thank you, Mr. Chairman. I appreciate this opportunity to appear before you.

Mr. HANLEY. Jim, thank you very much for your concise and objective testimony. You and I are on the same frequency when we say that it's traditionally a service-first institution.

Long ago, most members of this committee concluded that the self-sustaining mandate incorporated into the act of 1970 was unworkable. I refer to the disenchantment with the interpretation of the U.S. Postal Service with regard to the code relating to the closing of rural post offices.

Unfortunately that section of United States Code 39 was tested in court and the court upheld the U.S. Postal Service interpretation, even though that is not in concert with the thinking of the majority of the Congress. I am pleased to have you say that you support a public service appropriation and I assume that you are relating to the legislation that is presently pending in the Senate, that is H.R. 8603.

Mr. WEAVER. Yes, Mr. Chairman, I voted for the Alexander amendment. However, I did catch some dickens over it, but I am suffering with that issue—struggling, excuse me—and suffering with that issue. And I feel that unless we can resolve the dilemma in another way, as I stated in the testimony, I am going to my postal employees and say "I see little else we can do, but bring back accountability to the people and to the Congress."

Mr. HANLEY. I appreciate that, and again, that measure will be coming back in the form of a House/Senate conference. In fact, the Senate had hoped to have its markup yesterday. Unfortunately, it had to be delayed. But we give the assurance that it's not the intent of this committee to give that institution a blank check. That institution will be subject to the authorization process.

Jim, again, thanks so much for your testimony here today.

Mr. WEAVER. Thank you.

Mr. HANLEY. Our next witness is Representative George E. Danielson of California. Dan, we are delighted to have you with us this morning. I am confident that your contribution will be most helpful to this deliberation.

STATEMENT OF HON. GEORGE E. DANIELSON, A U.S. REPRESENTATIVE FROM THE 30TH DISTRICT OF THE STATE OF CALIFORNIA

Mr. DANIELSON. Thank you, Mr. Chairman and members of the subcommittee. I am most pleased, Mr. Chairman, to appear before you today in order to express my opposition to recent proposals by the Postmaster General to curtail Saturday window service and to eliminate Saturday delivery of most personal and business mail. However, my concern goes far deeper than that, though I think it's all part and parcel of the same.

I am convinced that the entire postal system, as it is structured today, is based on a false premise and is doomed to disaster. The Postal Reorganization Act was passed in August 1970, and proclaimed the policy of the Postal Service to be that the Postal Service shall be operated as a basic and fundamental service provided to the people by the Government of the United States; to provide prompt, reliable, and efficient postal services in all areas; to provide those services without apportioning costs so as to impair the overall value of the service; and to provide a maximum degree of effective and regular services to all communities, both urban and rural.

I wholeheartedly agree with all of those policies, but I submit that the present Postal Service has failed miserably in achieving any of them. I also submit that one of the prime causes of the failure, a concept with which I do not agree at all, is the myth that the Postal Service should be run like a business.

The establishment of post offices and post roads was specifically listed by the Founding Fathers as one of the powers of the Congress in the Constitution of the United States. The establishment of the Postal Service was not considered to be a "business," it was an essential Government service which was to be provided to the people along with the regulation of interstate and foreign commerce, the coining of money, the raising and support of armies and navies, and the establishment of courts.

No one asks today if the Army or the Commerce Department, or Agriculture Department, has shown a profit, and no one asks whether the courts are showing a profit. So, why are we trying to take a vital service like the post office and "reform" it to the point that it is unavailable to the people it was established to serve?

On January 1, 1976, the cost of sending a first-class letter went from 10 cents to 13 cents. I do not have to tell you that this action was not favorably viewed by our constituents, the American people. We all received a large volume of mail expressing outrage at the increase. That news alone is disturbing.

But, what is even more disturbing to me is the attitude of our Postmaster General in this matter. He has been quoted as saying "it is clear from recent experience that there is not a lot of price elasticity in our business.

As rates go up, our volume declines. If we continue what we are doing, we could destroy the Postal Service." So, what's new or surprising about that? That is no new economic discovery. It is eminently clear to me that the Postal Service is deliberately following the business practice of eliminating from the system the services and customers that are not "profitable."

Unfortunately, the "unprofitable" customers are my constituents and yours, at their private residences. According to statistics available, the average household mails 135 letters, cards, and postcards annually. These letters are not mailed bulk rate in lots of several hundred or more. They are Christmas greetings and personal messages that are important to the individuals who mailed them.

But, it appears that these letters are not important enough to the Postal Service. What is even worse, it is becoming increasingly clear that in following this practice, the Postal Service is systematically and certainly cannibalizing and destroying itself.

The raise in postage has not been the only tactic used. In February of this year, the Los Angeles District Office of the U.S. Postal Service mandated the curtailing of window service throughout the area by 80 percent, regardless of community needs or alternative means of reducing costs. Although this was partially delayed, the possibility of this action remains acute.

If the order to close 80 percent of the window service in the Los Angeles area is executed, most communities in my district will be without window service. The Postal Service may be considering the closing a fiscally sound remedy, but what are these people to do? There are many senior citizens in my district who do not have transportation readily available to them. They cannot ride over to the next city to get to a post office.

Unlike many urban areas on the east coast, there is no public transportation service that will in any way adequately serve these people. Therefore, postal service on Saturday will end for them. And, what about the people who work during the week? Many of my constituents do not work near their homes. Many drive up to 20 or 30 miles to reach their jobs. How are these people going to get to the post office near their home to pick up or to mail packages? They cannot drive all the way back to their home area on their lunch hour just to conduct some business at the local post office.

And now, in the name of fiscal necessity, the Postal Service is proposing a permanent curtailment of Saturday window service and the

ending of Saturday delivery. Why? The Postal Service says that by cutting Saturday delivery services, there will be an annual savings of \$350 million.

But, what will be the repercussions of such an action? If the rise in postal rates is any indication of how the public will react, there will be a vast reduction in the use of the Postal Service for the delivery of personal mail. And, who will benefit most from this situation? The answer is simple. The private carriers. It was reported in the Los Angeles Times, on March 31, 1976, that the major postal unions feel that there is a "conspiracy" to turn the U.S. Postal Service over to private enterprise. I don't think I am paranoid, but I tend to agree with that.

A review of the recent actions of the Postal Service establishes that that theory has a great deal of credibility and probability. But, I suspect that the blame does not rest solely with the management of the Service.

After all, it is a Government corporation and is beholden to the Chief Executive and the executive branch and reality demands that we look directly at the White House when we diagnose and fix responsibility for the shocking self-destruction which today characterizes our Postal Service.

In January of this year, the President's Council on Wage and Price Stability recommended that private companies be allowed to compete against the Postal Service in delivering first-class letters.

The Council announced that this action would lower postal costs through competition. That is ridiculous on its face and amounts to no more than a clever ploy to curry the support of an anguished public, which had just suffered an additional boost in postal rates and was in a mood to do almost anything to obtain lower rates. It is obvious to all who would think seriously about the matter, that the private carriers would promptly take on deliveries in the heavy volume, profitable, areas, and would leave the nonprofitable, low traffic, areas to be served by the Postal Service at taxpayers' expense.

Even though my district is in the heavily populated area of Los Angeles County, and would doubtless receive both Government-provided postal service and private service, under that suggested plan, I am satisfied that the people in the rural and less-populated areas would suffer. It is obvious to me that private companies will only deliver to areas in which there is high population density and where delivery costs will be low.

What about the unprofitable regions? Who will deliver to them? I'll tell you who—it will be the U.S. Postal Service. And, the balance that now exists and eases some of the expense of delivering to these remote areas will be eliminated.

The result will be higher postal rates and even less service for these people and an increase in the already alarming deficit of the Postal Service. It is equally sinister and shocking that as of Monday, March 29, 1976, the President's budget advisers had refused even to meet with the Postmaster General.

The Postmaster General has been quoted as saying that "they haven't been willing to return any of my telephone calls." Although Budget Director James T. Lynn has denied any attempt to ignore completely the requests of the Postmaster General, he has admitted that "the process has dragged on far too long, and I should have met with them (Bailar) before this."

We cannot allow the administration to hand the postal system over to private enterprise as a fat and profitable plum. That would be an abdication of the constitutional power and duty that was given to Congress.

Therefore, Mr. Chairman, it seems to me that the Postal Service should not be allowed to curtail needed services, since that would be detrimental to the American people whom they are supposed to serve, my constituents and yours, and it would in the near future destroy the postal system.

More important than this, it is about time that the myth that the Postal Service is being run at a profit, be recognized for what it is—a myth—an untruth, and contrary to the principles of our Constitution. The only way to run the Postal Service, or any other activity, as a profitable business, is to eliminate all unprofitable aspects of that service.

That would mean that we would have a postal system that would be unavailable to many of the American people, and, in fact, no postal service at all. The name of the system would then be changed to U.S. Postal Business, not U.S. Postal Service.

Thank you, and I will be willing to answer any questions you might ask.

Mr. HANLEY. I want to thank you, George, for your excellent testimony.

It is inconceivable that the administration refuses to recognize that the Postal Service, as we now know it, cannot continue without a public service appropriation. They are great critics, unfortunately they do not understand the problem. And it was only a week or so ago, subsequent to a press conference called in this room by this committee, that Mr. Lynn of OMB, on the following Monday afternoon, subsequent to a hearing by Gale McGee over there, that admitted, yes, that although OMB had been adamantly opposed to what we are attempting here in the Congress, OMB also, like the President, refused its ear to the Postmaster General.

So, it seems to me, and I again hate to be a skeptic, to be a rather deliberate course to destruct the institution and turn it over to certain people in the private sector; for obvious reasons.

Mr. DANIELSON. Mr. Chairman, I am most pleased to hear you say that. I don't think it's a matter of paranoia, or a matter of skepticism. You know, if we blind ourselves to what's going on directly in front of us, we are fools. It's clear that the actions of the administration and the Postal Staff Service Administration are destroying the system. I think we must recognize that before it's too late.

And I am delighted to know that you are holding these hearings. I wish you well. I think you are as close to the nerve center of the American people as anybody I can think of. Just yesterday, I had two people from my district drop in to visit me. We all have quite a bit of that in this Bicentennial Year.

These people were from El Monte, Calif. And I visited with them for a while, and thanked them for coming, and told them I was flattered that they would take the time to drop in and see me. They said:

It's nice to visit with you, and we are back here because of the Bicentennial, but the reason we came in to see you was not just to visit. We want you to know that we are very much concerned about our post office system out there, and

we wish you would do something to see to it that we get our mail when we are supposed to get it. We agreed with our neighbors that we would visit you for that reason.

So, they were in to complain about the post office system.

I want to reiterate one point I touched on here, and then get out of your way. Somehow or other, this myth grew up that the Post Office System must either show a profit or, at least, pay for itself. That is the purest balderdash.

There is no Government service existent which pays for itself. That is why it's a Government service. Do you expect the sewage system to pay for itself? Do we expect the streets to pay for themselves? We subsidize every highway and every street in America.

Tax money sees to it that the sewage systems work, tax money provides water. We have a Department of Commerce, we have an Army, a Navy, an Air Force, we have hospitals. All of these things are essential public services and that is precisely why the Government operates or subsidizes them.

What would be the reaction if, instead of closing down the Postal Service, except for 3 days a week, you shut off the sewers except for 3 days a week? And that may sound a little far-fetched, but it's not. And that's the context in which we have to view this problem.

I wish you Godspeed, you and your committee, on this subject, because I can tell you, if you will just give the postal system back to the American people, where Benjamin Franklin put it 200 years ago, you will have won the hearts and the minds and the gratitude of everybody in America.

Thank you very much.

Mr. HANLEY. George, thank you. But may I defer to Mr. Simon?

Mr. DANIELSON. Surely.

Mr. SIMON. I feel like applauding rather than asking any questions. I concur heartily in what you have to say. Let me just toss one question at you.

I think what you say about the private sector moving in and taking over the cream of the crop if we adopted some of the amendments that have been proposed on the floor by some of our colleagues is correct. However, there is some question about whether there isn't the possibility of the private sector absorbing a little more of this and to the public benefit.

I am having a bill drafted which would authorize the Postmaster General to take six small areas of roughly a county in size, 200,000 or less population, and in those areas on an experimental basis authorize private carriers. I am just curious as to what your reaction would be from something like that.

Mr. DANIELSON. I thank you for your question because I would like to respond most respectfully. I think it's a bad idea. And I will tell you why. It goes back to the old saying that you can't be just a little bit pregnant.

I think, Mr. Simon, that if we did something like this, it would tend to destroy the integrity of our system just everywhere. It's a cancer-like disease that would spread. I just think it's a mistake.

Here's what could happen with private carriers. No. 1, if it's strictly on a free enterprise type of basis, they will go and they should go, only to the areas which they can serve profitably. A business

cannot function carrying a lot of appendages which are nonprofitable. Good business management requires that you cut off the so-called dead-wood, the areas which do not support themselves.

Well, now, the poison is that you are going to have to leave those areas either without service or saddle them on the back of a Government-supported postal service which will in turn have been deprived of the benefit of having a monopoly within the profitable area. It requires a cost-sharing basis.

So if you didn't do it quite on the free enterprise system, what is the next step? You must declare the private carrier to be a public utility.

If it's a public utility, because you can't have competing routes within the given areas, then the Government will have to set rates, quality of service, time of service, and the like, and will have to compel service into your outlying areas which are not profitably reached. There will be an averaging of costs just like the telephone companies, electric companies, gaslines, and the like.

The profitable areas will be carrying part of the costs of serving the unprofitable areas. So in the span of 25 to 30 years we simply will have converted the postal system, which is now Government-owned, into a public utility system and the people will not be any better served. As a matter of fact, they will probably be more poorly served.

I appreciate the sincerity and the purpose of your proposal but my opinion, I respectfully submit, is that it would be an error.

Mr. SIMON. The idea is that the Postal Service would continue to operate and that private carriers would be permitted also to deliver first-class mail. My reason for doing this is that I hear more and more talk that this is the direction we have to be moving, and I think we really ought to know in a concrete way what the results are.

I tend to agree with you on what the results would be nationally, but no one knows for sure and maybe we ought to try it on an experimental basis.

Mr. DANIELSON. Well, it's a most interesting proposal and I can understand the ramifications of it. Well, I have given you my answer. I don't favor it. But I have been wrong before, and I could easily be wrong again.

Mr. SIMON. So have I.

Mr. DANIELSON. Thank you very much.

Mr. SIMON. In general I concur heartily and I think the most fundamental point is the point you make that this is not a postal business, it's a postal service and we have to recognize that and demand good service and pay for it.

Mr. DANIELSON. Mr. Simon, Mr. Chairman, let me add one thing here if I may please.

I am very distressed not only about the added costs but also in the deterioration of service. A lot of postal employees come to me every time I am home—and I am going to keep their names confidential, they are concerned about identity—but I have had letter carriers and also—there are new names for them; they used to be called postmasters—many of them have made a career of working for the post office, are proud of their career and service. Now they have something they are ashamed of. They go to community meetings and socials and they are the butt of jokes. "I had better get my Christmas mailing done by Labor Day."

They are not happy about it. They want to provide good service. I think we should help them. I practiced law for a long time and it's—many of you can recall that the Postal Service had such a tradition of efficiency that one rule of evidence was that mail which was postage paid and properly addressed was presumed to be delivered to the addressee within the normal course of the mails. This was a valid presumption, the burden of proof shifted. Anybody who would deny it would have to prove to the contrary.

Well, today I think any responsible trial judge would say you'd better prove to me it was delivered. That presumption is down the drain. Let's not let the post office go down the drain. Let's make it run like it used to run, a proud American tradition and a great service to every person in America.

Mr. HANLEY. George, your contribution has been measurable this morning. In behalf of the full committee, thank you very much.

Mr. DANIELSON. Bless you all.

Mr. HANLEY. Our next witness this morning is Representative William J. Hughes of New Jersey.

STATEMENT OF HON. WILLIAM J. HUGHES, A U.S. REPRESENTATIVE FROM THE SECOND DISTRICT OF THE STATE OF NEW JERSEY

Mr. HUGHES. Thank you, it's indeed a pleasure for me to join with you this morning. I appreciate the opportunity to testify before this distinguished subcommittee on one of my favorite subjects these days.

Mr. Chairman, I represent the Second Congressional District in New Jersey. People think of New Jersey as wall-to-wall concrete, it's a corridor State, just connects Philadelphia and New York. But there is a great deal of open space, a great deal of farming, a great many senior citizens, a great deal of tourism, and some industry within my district.

But it's basically a rural district with many, many rural post offices. I am not going to read my prepared statement because this subcommittee has it and I think that to try to save time I will just, if I may, highlight what I consider to be the important points in my statement and ask that the subcommittee accept my statement in full for the record.

Mr. HANLEY. Fine. Without objection, the entire text will be incorporated into the minutes of the hearing.

Mr. HUGHES. Mr. Chairman, there is presently a review of some six or seven post offices in my district representing more than half of the small post offices that are to be closed in New Jersey, which are within my congressional district.

One of the post offices is a little post office in Mauricestown, N.J., a very rural community.

It was established in 1820. In addition to being the post office for dispensing postal business, it is also a gathering point for citizens. One person, the postmistress, operates the post office. And we have now received notes within the past several days that that particular post office is going to be closed and that a post office some 5 miles away will pick up the load for that post office and service it by way of rural delivery.

Now, I have singled out this post office to make my point and the Longport Post Office is in the same position, insofar as the Postal

Service's inability to comprehend, first of all, that the Postal Service is just that, a service, and to show you that they haven't given the kind of thought to closure of post offices that is needed.

Now, the post office furnished me just yesterday with a cost estimate of what it will cost to service that particular postal area, consisting of roughly 143 customers in a rural setting for a year.

Mr. Chairman, the figure is \$2,573. Now, let's just take a look at that for a moment; 52 weeks a year, 6 days a week, means that they are going to service those 143 customers for about \$8-plus per day.

Now, Mr. Chairman, I served as a mailman during my years through college and law school during the holidays, to make a few dollars, just as I am sure the Chairman did.

And I know a little bit about delivery, both rural and city delivery and, Mr. Chairman, that is impossible. That is absolutely impossible. In fact, it is an affront to our intelligence to believe that they could pull that kind of figure out of the air, because there is just no way in the world that they can send a man out of Port Norris, some 5 miles away, to deliver to this rural area for a little over \$8 a day, yet, that is exactly what they submit to my office as a reason for the closure of the office, to eliminate the postmaster who takes about 1½ to 2 hours a day just to sort the mail.

Now, it doesn't take much arithmetic to come to the conclusion that they are all wet.

It is just like they are wet about a lot of things. And it just disturbs me, first of all, to talk to the mailmen, and the mailmen in my district who are just frustrated. Because they are the first line of defense, they have to hear the brunt of the criticism, of the barbs that are directed to the Postal Service, and yet they are a dedicated professional group who don't bear the responsibility for what is happening in this country to the Postal Service.

There is an area, Longport, which also is on line for closure. They moved a new young postmaster into Atlantic City Post Office, and he is going to change the world around, and he has brought the postmaster from Ocean City over to Atlantic City, and he is making changes, and I have had more complaints, civil service complaints, I have had more complaints about equal opportunity complaints, out of that area, since that postmaster arrived, than I would say that we have had probably in the last 5 years in that congressional district. The things they are doing just don't make sense. They don't talk to the community leaders.

The community leaders find out about a closure when they receive a notice that 90 days hence, they will start to pick up their mail at another post office.

Now, Longport, N.J., is another unique community, in that it is along the seashore. In the summertime, the seashore communities swell, sometimes ten and twentyfold; populations go from 10,000 to 200,000 in the summertime along the Atlantic coast, which is part of my district.

We have in the Second Congressional District the largest senior citizen population, base in the entire country, except for St. Petersburg, Fla. Senior citizens in my district would not be able to go to an adjoining community.

They didn't take into account the fact that it is a tourist economy, that it swells by population, that congestion in that area is just so

fierce in the summertime that even those who can drive—and many senior citizens can't—there's just no way they will go to the neighboring communities to pick up the mail. In that particular instance, the Postal Service is taking another look at that, because the communities said, "Before you do that, let's see if you can't find some alternative service."

That brings me to the major point. The Postal Service has not gone to the community. In the questionnaires that the postmaster has to fill out, the block is checked that indicated that there was no contact with the community leaders. There are all kinds of alternative ways you can pick up service and still accomplish the desired results of minimizing costs and yet of becoming more efficient, but the Postal Service, I know they don't think that they have to go to any of the community leaders, they have all the wisdom, apparently sitting right here in Washington and everything emanates from here down to the postal administrators in the communities, and that is where the decision-making is being made, there is no input from the community.

And one of the things that I suggest in my testimony is that we create in the legislation a postal review committee comprising community leaders and civic leaders, who will assist the Postal Service in coming up with perhaps alternative means of trying to accomplish good service and minimizing expenses. That is something they haven't been doing.

And until they do that, Mr. Chairman, I am going to continue to support and fight for the legislation presently before the committee that would place a moratorium on all postal closings, until this committee can look at whatever plans, if any, that the Postal Service has, and the direction they are trying to take this country.

I know that there is nothing before the Congress that is any more important to my constituents right now than the manner in which the Postal Service seems to be taking us, and I don't like it.

I have heard my chairman deliver an excellent statement on the floor about 4 weeks ago, before the Easter recess, on the importance of the Postal Service, and the fact that it is the backbone of this country—businesswise, personalwise, the communications, the interaction between people—that has enabled America to become the great country that it is, the financial leader of the world, because of the manner in which we made communications an important aspect of our daily lives, and are moving away from that, and it frightens me. Thank you, Mr. Chairman.

Mr. HANLEY. Well, Bill, thank you very much for your excellent testimony; and, believe me, it provides us with a great sense of encouragement to hear you and what you say. You said it all so well. We aren't at all being unreasonable.

You mentioned the moratorium. Some weeks ago we called upon Postmaster General Bailar to impose a moratorium on any further cutbacks, until such time as we enacted into law the legislation that is now pending over in the Senate that will soon be coming back in the form of a House-Senate conference.

A creature of that legislation being the study commission, an objective group of people who will, in fine tooth comb fashion, go up and down the back of that agency to determine what is wrong within it, and where reasonable, prudent, responsible efficiencies can be effected.

He disavows interest in that proposal and continues to issue these service reduction directives. As I have said to him, "How in the world do you expect the majority of the Congress to support your requests for additional funds to avert absolute bankruptcy, when on a day-to-day basis you continue to agonize Members of Congress who are reacting to the criticism of their constituents?"

It's been an awfully difficult message to impart. And so be it with the administration which has had its head right in the sand on the whole problem. And the attitude of the administration is: "Let it go down the tube, and then we will see what we should do." That is a very responsible attitude, isn't it?

Mr. HUGHES. Well, Mr. Chairman, I want to tell you that I know I speak for the Members of this House, when we applaud your efforts to try to come to grips with these problems.

And it boils down to one thing, in my judgment. Are the people of the country going to run the Postal Service or are a group of people sitting over here in a little place here in Washington going to determine just exactly what direction we take? It's as simple as that.

Because I find, as you have just indicated, that they are out of touch. They are out of tune with what people want, and they have gotten to the posture where I don't know that they really want to pay attention to what they hear from Members of Congress or the public. It is a form of arrogance that frightens me.

Mr. HANLEY. Well, for what it is worth, I believe that this set of hearings is going to serve a great purpose, because every Member who has preceded you in that chair has enunciated pretty much as you have.

And they are speaking for the people, and the vast majority of the people seem to want that institution to prevail in the traditional sense, not the unilateral position of a few people who happen to have the authority to administer that agency. Unfortunate it is, that back in 1970 the Congress saw fit to divest itself of that authority.

So, obviously, we have got to do a lot of redoing to get this thing back on the track.

We had hoped very much, and Senator McGee had hoped, to initiate markups on this legislation over there yesterday, but because of the continued recalcitrance on the part of the White House, Mr. McGee saw fit to postpone that markup session. We will be meeting with him later this afternoon to determine another strategy.

Your input and that of those who preceded you during the course of today and yesterday, is going to be very helpful to us. My deep appreciation for your taking the time to get into this problem and develop the type of background that you obviously enjoy. In behalf of the full committee our deep appreciation to you.

Mr. HUGHES. Thank you, Mr. Chairman.

[The prepared statement submitted by Congressman Hughes follows:]

PREPARED STATEMENT OF HON. WILLIAM J. HUGHES

Mr. Chairman, distinguished members of the subcommittee, my name is William J. Hughes and it is my good fortune to represent the people of the Second Congressional District of New Jersey in the U.S. House of Representatives. My district is one of the most diverse of any geographical governmental subdivisions with a number of unique characteristics. To begin with the Second District, which begins as you cross the Delaware River, stretches to just south of

Camden and up along the Atlantic seacoast to Toms River which is north of Atlantic City.

Ocean County, a portion of which I represent in the northern most section of my district, is the fastest growing area in the country, bringing with it not only many new young families, but the second largest concentration of senior citizens anywhere in the country. It is this latter growth in the senior citizen population and the special postal needs of the elderly that makes me question the degree of sensitivity with which the U.S. Postal Service is proceeding in its announced and prospective closings of its smaller, rural facilities.

New Jersey, Mr. Chairman, is mistakenly thought by many people who travel that major artery to our state to be little more than a sheet of city pavement connecting Philadelphia with New York City. Few people realize, for example, that some 63 percent of the land area of the state contains wetlands, forests, agricultural land, beach front and open space. Farming is a major industry in my district which in land area encompasses more than a quarter of the state. Small towns are linked together in rural communities from Salem county across the Delaware Memorial Bridge through to Vineland, an industrial and agricultural area, on to the beach resorts to Atlantic City and upwards to Toms River. The largest city in the district is Vineland, which has few hundred more residents than Atlantic City.

In recent months I have had occasion to meet with postal officials on numerous occasions to discuss or correspond on plans to dissolve or merge small post offices in my district. At this moment, eight of the 15 small post offices in New Jersey under consideration for possible closings or incorporation under larger city post offices are within the Second Congressional District.

Just yesterday, Postmaster General Benjamin F. Bailar advised me of actions he is authorizing which in my opinion will have a deleterious effect on service in Longport, a community south of Atlantic City and in Mauricectown, an independent post office which was founded in 1820 and serves as a community magnet and meeting place for many of the more than two thirds of the residents of the area who are 65 years of age and older. It is a sad commentary, Mr. Chairman, that in the Bicentennial Year the Postmaster General of the United States is seeking to shut down one of the oldest post offices in the State of New Jersey.

For the past several months, I have been receiving materials furnished by the Postal Service justifying the closure of the Mauricectown Post Office with the substitution of rural delivery service to its 143 postal customers. Yesterday, in support of this action, I received from the Postmaster General a statement to the effect that rural delivery could be accomplished for the sum of \$2,573, annually compared to the present operating expense of \$14,300, which includes the salary of a Postmaster. I know that area, Mr. Chairman, as does Mayor Stanley Storms who personally discussed the special needs of that community with me when we met with the Postmaster General some weeks ago. It was pointed out that Mauricectown is more than a post office but serves as well as a community focal point for the residents of this rural area. I know that the Chairman and other members of the Committee on Post Office and Civil Service have made this same point without success to the administrators of the Postal Service.

We know, as well, that it is simply not possible to contract this work out for the sum of \$2,573, a year. There is simply too much geographical area to cover for that to be a profitable venture. In fact, I intend to ask the Postal Service to make a trial run to determine how many hours it would take to accomplish daily service to the 143 customers along the route and estimate as well the automotive expenses involved. I can assure you that it will be far greater than the sum estimated in the two page justification for shutting down this 155 year old facility.

The Postal Service says it cannot justify the expenditure of funds for a postmaster in an office the size of Mauricectown. That may be a very arguable point. However, there are other alternatives which could keep this post office open at minimal expense and quite possibly at a good deal less cost than substituting service by rural carrier. But they simply have not been explored.

What of the fixed costs? The rent is a minimal of \$21 a month. This \$252 annually represents a minuscule budget item. Community support for the continuance of a Mauricectown address and meeting place is such that I am confident that local officials could find a person or persons to maintain the normal hours at the Post Office for considerably less than could be accomplished through rural route deliveries. The point is, the Postal Service will never know because it has never contacted community leaders to see if a solution peculiar to the area served

could be worked out. In fact, on page two of its brief fact sheet, the word "no" is typed into the line asking whether community leaders had been consulted.

The same is true to the way in which the proposal to close the Longport branch office was handled. Incredibly, in that situation, the postmaster in Atlantic City sent notice to Longport customers that service would be discontinued within 90 days and that future service would be through an office 2 miles north. This came literally days after the mayor of Longport met with Postmaster General Ballar and myself to discuss a survey being conducted on possible closing of the office. This was a direct result of a lack of communication between postal officials and the community leaders in the area.

The Postmaster General has since reconsidered the Longport action and now will seek to contract the work out and establish a community post office at that location which will enable the community to keep its identity and, again, act as a meeting place in a community with a very high percentage of senior citizens.

Two miles may not seem a very great distance, but in the summer months, Mr. Chairman, the population in this coastal community swells 10- to 20-fold and makes most difficult travel for the permanent citizen population. Public transportation in the area is also in need of considerable upgrading and it is not a reliable substitute at this time.

I do not mean to dwell in greater length on these two actions other than to make the point, Mr. Chairman, that the closing of small community post offices is subject to unique considerations in any given area which I do not frankly believe the Postal Service is attuned to.

Community leaders must and should receive better treatment and in fact be involved at every step of the way in assisting the Postal Service to carry out what it says is its goal to shut small post offices only when service can be maintained at a comparable level or improved. We have seen in both of these examples that there has been a total lack of communication.

We are seeing this pattern being repeated at the six other locations now under review in my Congressional District. Specifically, these are the Absecon, Brigantine, Landisville and Minotola Post Offices in Atlantic County, the South Dennis office in Cape May County and the Fortescue office in Cumberland County.

My real purpose in appearing here this morning is to laud this committee's attempt to work out some means of oversight to insure that small post offices are not capriciously and unjustifiably closed down especially in cases where service would be drastically cut for minute savings. I do not foresee the day when the Postal Service will be a moneymaking operation and I don't believe it was ever the Congress intent or the peoples desire to see it operated strictly as a business with considerations of service taking the back seat. The post offices in our rural communities play too vital a role to be judged principally on whether or not they turn a buck.

I have studied several pieces of legislation referred to this committee, including H.R. 12073 and companion measures, which would require referral to Congress of any decision to close a rural post office. I would like to suggest a means by which more community involvement could be achieved during the review procedure established by the Postal Service.

The effect of a postal closing on a small, rural community is enormous. I therefore believe that the recommendation to take action should include a review by a community based board composed of community leaders and customers in the affected area. Such a review committee would not have veto power over a decision reached by the Postal Service, but would be in a position to survey alternatives to the recommendations of the Postal Service. These recommendations could then be brought to the attention of the postal administrators and to the appropriate House and Senate Committees should H.R. 12073 be adopted.

I know, for example, Mayor Storms and the customers served in the Maurice-town area would make a dedicated attempt to find a cost efficient means for continuing the vital service to the community performed by the Mauricetown office. The same is true of Mayor Leon Leopardi and the customers served in Longport. I believe that postal administrators would benefit from such a review by those so directly affected by the action they take. I offer the suggestion that H.R. 12073 be amended to include the establishment of a Community Postal Closings Review Committee, where local leaders so request.

Finally, I have deliberately refrained from making sweeping generalizations about the quality of postal service in my Congressional District. Let me say to this committee that there is no greater generator of unfavorable correspondence from my constituency than complaints about the tardiness of the delivery of mail and the condition in which it sometimes arrives. The people in my area, as

in most areas across the country, see deteriorating service coupled with increased cost and they are not bashful in making these complaints known to me. That is why I believe it is imperative that there be more involvement at the community level with the operation of the Postal Service, especially in cases where closings are concerned.

I thank the committee for taking the time to listen to me this morning and I pledge to you my full support for any legislation which has as its thrust the improvement of community ties with the Postal Service. I support efforts to cut costs where service is not unduly impaired, and to improve the overall efficiency of the Postal Service. However, service must be the key factor. Until we achieve these end results, I intend to continue my active support for legislation that will declare a moratorium on the closing of any more rural post offices.

Mr. HANLEY. In accordance with the schedule, the next witness is David F. Emery of Maine. David, in behalf of the full committee we are delighted with your time, interest, and efforts here this morning. I am confident that your contribution will be quite helpful.

STATEMENT OF HON. DAVID F. EMERY, A U.S. REPRESENTATIVE FROM THE FIRST DISTRICT OF THE STATE OF MAINE

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

My sentiments will echo very closely those of the previous speaker who I think explained the situation in his State as it parallels that in mine. I have a prepared statement which I have distributed for members of the committee and I will now, with your permission, proceed to read it quickly.

Mr. Chairman and distinguished members of the subcommittee. Thank you for allowing me to come before you today to testify about the proposed rural post office closings as they affect the State of Maine.

Over and over we have heard the Postal Service talk about their commitment to service. Indeed, one need only listen to television commercials to be informed of this commitment. Yet the proposed closings in Maine will in no way provide increased service, but rather will cause untold hardships and inconveniences to thousands of Maine citizens. A few illustrations will help to prove this point.

Three of the proposed post office closings are in the western part of York County—specifically, in the towns of Emery Mills, Acton, and North Shapleigh. The Postal Service has solicited bids for a community post office to replace the present one in Shapleigh, but as yet has received no bids. All of these post offices cover contiguous areas. If all four offices are closed, some individuals will be forced to drive almost 40 miles round trip to reach a post office.

To further add to this problem in the Acton-Shapleigh area is the fact that the latest census figures indicate a large increase in population for the area, almost an increase of 40-plus percent from 1960 to 1975, an increase that is continuing as individuals move from the cities into this rural area. These facts were apparently ignored in the decision to close the offices.

Furthermore, this is a popular vacation area populated by thousands of summer residents. The problems that these closings would create for them are also apparent. Indeed, a letter to me from the Chairman of the Shapleigh Board of Appeals states:

Another factor is the influx of summer residents to this area, many of whom have professional careers and/or business executives whose mail is not the ordinary exchange of vacation postcards. These people, I am sure, would prefer the

security and efficiency of the post office rather than the services of a part-time contract mail handler who is not properly equipped nor has the time and the space during the busy season to render the service postal patrons expect and deserve.

Much of the Postal Service's response to these closings has been an ongoing litany to the effect that the curbside service provided by RFID and Star Route carriers will make it even easier for people to obtain their mail and receive other postal services. Yet this response fails to take into account the personal needs that efficiency and automation neglect.

Pejepscot, Maine, is also losing its post office. In Pejepscot lives a group of Czech immigrants. The wife of the Pejepscot postmaster, who speaks Czech, uses her own time to help them with mail orders, interpret when necessary, and in general see that their postal needs are met. Who will do this on a rural route?

Along with these losses of service is the simple fact that older residents who now have boxes in their local post offices will be forced to risk the dangers of a rural box open to theft and vandalism.

Another letter that I received stated this succinctly:

Our nearest post office is 12 miles away, and in the winter, conditions would create many hazards for the people in this area. We feel that if we have rural mail boxes on the road, it would not be safe for the homeowners, particularly when there are government and social security checks involved.

If service is the main criterion for determining closings, then I believe that few if any of these post offices in Maine would be closed.

The Postal Service has also stated, though rarely publicly, that efficiency and cost-savings play a large part in these closings. Indeed, every postmaster who has spoken to my office has stated that the main reason given them for the closings has been that of cost savings. I would submit that even if the Postal Service were using this as their sole criterion—which would be illegal under present law—their arguments would not hold up.

If one looks at the Acton-Shapleigh area one can envision an extended rural route of probably over 100 miles—consider the expense of additional carriers, additional motor vehicles, and vast increases in the quantities of gasoline and oil. This is already a problem facing the Postal Service as evidenced by Postmaster General Benjamin Bailar's own words:

The U.S. Postal Service operates one of the world's largest vehicle fleets—220,000 vehicles; this fleet consumes about 350 million gallons of gasoline in its fleet of leased, owned, and contracted vehicles, a 1-cent increase in gasoline prices adds about \$3.5 million annually to the U.S. Postal Service costs, and since 1971 the cost of gasoline to the U.S. Postal Service has gone up 20 cents per gallon. If this is already the case, consider what future energy expenses probably will be.

Consider a post office such as that in Glen Cove, Maine, which sits inside the postmaster's residence, a residence which she remodeled to accommodate postal service. How can the Postal Service possibly say that an RFID route will cost less?

What should also be considered is the massive dislocations that these closings will cause the present employees of these offices. The Shapleigh postmaster has lived in Shapleigh for all of his life, yet the nearest job offered to him by the Postal Service would require a 60-mile round trip daily. The same is true for the Pejepscot postmaster.

I believe that Congress must exercise its oversight capabilities once again; and I say this with some sadness, for I as much as anyone had hoped that the establishment of the new U.S. Postal Service would mean more efficient service for less cost. Therefore, Congressman John Jenrette and I have sponsored legislation, H.R. 12143, that would require the Postal Service to make certain considerations and to notify Congress before they close third- and fourth-class post offices.

The present postal questionnaire used to survey communities is biased to the point of all but stating that the patron's post office will be closed regardless of the community's desires. Indeed, my conversations with postal workers and postmasters alike in Maine have led me to the conclusion that in some instances the decisions to close have even been made before the postal patrons were surveyed.

This then is the situation in Maine, and for the Postal Service to believe that such closings will solve their financial woes or that a Federal subsidy will save them from bankruptcy is, I fear, a continuation of the top-level management's lack of foresight. I believe that there are a number of measures which are approved by both the postmasters and the postal workers in Maine which must be taken to restore the Post Office to being an organization that provides both service and cost-effectiveness.

One, the Jenrette bill would provide a brake to the accelerated closing of post offices. At the same time the cutback in daily hours such as has occurred in Togus, Maine, site of the Maine VA hospital, should be stopped.

Two, I believe that a Commission appointed in some manner by both the legislative and executive branches should be established to explore and define the public service aspects of the U.S. Postal Service.

Three, I would also favor a study of the energy cost savings that could be found in cutting back on vehicular use in urban delivery areas with a possible return to carriers walking more of their routes.

Incidentally, in discussions I have had with postal workers and employees throughout the State of Maine I find that they feel the increased use of motor vehicles, vans, carts and the like, has been a nuisance and they would much prefer to use foot methods of delivery, especially in built-up areas and even on some rural routes where the hours are clustered in some areas. So they don't feel this has added to the overall efficiency in transit at all.

Four, I would favor a study of the efficiency of a system that causes a letter mailed in Rockland, Maine, destined for Rockport, Maine, 5 miles away, to take a 160-mile round trip to Portland just to be canceled.

Five, a thorough revamping of the top-level management of the Postal Service must be conducted as soon as possible, and this should begin by having the Postmaster General, the Deputy Postmaster General, and the members of the Postal Rate Commission appointed by the President with the advice and consent of the Senate. Further information we have, also shows a straining tendency toward expensive bureaucracy at top-level management.

For example, 17 top officials are making salaries higher than Members of Congress. By comparison, only 38 members of the Federal bureaucracy are making salaries over \$48,000, and of those 38, 16 are now in the U.S. Postal Service.

For over 200 years the post office system of the United States has been a service to our citizenry. But today I fear that it has become unresponsive, uncaring, and unworkable.

Despite the day-to-day dedication of the average mail carrier and the local postmaster, the present top-level management has produced a monster that is incapable of providing either service or efficiency. We have all read about the lost ashes, the missing Emmy awards, and the package-smashing machine that the Postal Service has put to use, but—but I would like to now show you some of my own mail that fell prey to a large, modern and efficient post office.

Soiled and shredded to pieces [indicating] and I guess the final example is a letter that was mailed to me from the White House to my office here on Capitol Hill, mailed on April 22, 1976, and received in my office, just a few blocks away, on April 27, 5 days later.

Mr. Chairman, thank you very much for your patience, and I would be happy to answer any questions you might have.

Mr. HANLEY. Well, David, thank you very much for your excellent testimony, and you certainly cite a number of examples related to the type of problem we are dealing with. I am specially interested in your urging that a commission be appointed.

As you know, such a commission would be a creature of the present legislation pending over in the Senate, the one, the bill that has already been adopted by the House.

We look upon that type of commission as being the responsible approach to developing answers, number one, zeroing in on the problem areas, and then, hopefully, developing the better judgment, as to how these problem areas can best be resolved.

I interpret your testimony as saying that, yes, this institution really, statistically, can't be a self-sustaining institution; is that right?

Mr. EMERY. That is correct, Mr. Chairman.

Mr. HANLEY. That you would be willing to support appropriations for the public service of the agency?

Mr. EMERY. I think that is absolutely essential. I think that recent history has proven that, in order to provide the service that postal customers in larger and small municipalities alike deserve, we can't expect that these postal offices can all be self-sustaining and profit-making.

We have to realize that fact. So we have to make a decision now whether or not we are going to expect the Postal Service to provide less service and make money or whether we will treat it as a service and subsidize it where necessary. I feel that the service must come first, and I am ready to support legislation that will provide the Federal subsidy, where necessary, to keep the offices open and the service at levels that my constituents would expect.

Mr. HANLEY. Well, fine. The universality has been the fundamental principle inherent in the agency, since the day one, and it is rather interesting to note with respect to the closing of rural post offices, it is interesting to note the inconsistency that prevails on the part of the USPS, who, on one hand, say that we cannot repeal the private express statute because private entrepreneurs would skim off the cream, and they would not serve areas that were not economically feasible.

But, in essence, they tend to do the same thing themselves, when they talk about eliminating service to our rural communities, which we all know cannot produce revenues sufficient to meet the overhead.

Mr. EMERY. One thing that has impressed me through my discussions with postal employees during the last month or so in Maine has been their genuine concern for service.

I have had many Postal Service men who have told me about helping elderly people with moving furniture and whatever, as they go along their route, and helping children that are lost and things of this nature, which I think also has to be taken into consideration. We can't be so blind and heartless to treat everything exactly as if it were IBM and General Motors and run it exactly like a business, because it is clearly not applicable here in this case.

I have been very impressed by the concern and willingness of the postal employees to offer whatever assistance they can to make the operation more efficient.

I would further pass on the recommendation to any local postmaster that he would do well to listen to the recommendations of the workers that are out in the field making contact with the public, because they very often have the better idea and better grasp of efficiency, and inefficiency than anyone at top level management, simply because they are the ones who meet the postal customers.

Mr. HANLEY. I agree that the present management is reluctant to assign to local postmasters the prerogative to make decisions and certainly there isn't anyone better equipped to make these decisions than that individual on the spot.

David, again, in behalf of the full committee, our deep appreciation for your appearance here this morning. Your testimony is a great assistance to our efforts. Thank you.

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

Mr. HANLEY. Our next witness this morning is Representative Clair Burgener of California.

Clair, on behalf of the full committee, we are delighted to have you aboard. I notice that on previous occasions, you have voiced your great concern on this subject matter, and I recall your personal experience some months ago related to the Crest Post Office.

Mr. BURGENER. Not the toothpaste.

Mr. HANLEY. Right.

STATEMENT OF HON. CLAIR W. BURGENER, A U.S. REPRESENTATIVE FROM THE 43D DISTRICT OF THE STATE OF CALIFORNIA

Mr. BURGENER. Chairman Hanley, and members of the subcommittee, I deeply appreciate your time and your interest in one of the most important problems of our country.

I would like permission of the Chair to submit my written testimony and have it included in the record, but in addition, I would appreciate my verbal testimony, which will vary, and add to the written testimony.

Mr. HANLEY. Without objection, your entire testimony will be incorporated into the minutes of the hearing.

Mr. BURGENER. Thank you, Mr. Chairman.

I represent the 43d Congressional District in southern California. It's a very large and very rural type district. It stretches from the Pacific Ocean to the Arizona border, from La Jolla to Yuma, Ariz. It goes from the Mexican border well into Riverside County to the north. It represents and covers most of north and east San Diego County, all of Imperial County, and a large segment of the southern Riverside County.

It must be 15,000 to 20,000 square miles. Very large, very sprawling, a very fine district. And the post offices, like everywhere else in America are near and dear to the hearts of the people there.

Now, I, like you, would want the post office to operate—the Postal Service to operate in a businesslike fashion, but not as a private business.

And I am one of those who has changed his mind. I came here—this is my second term in Congress—and I came here under the illusion that perhaps this could be operated in a truly free enterprise fashion as a private profit business. I was wrong. I am firmly convinced that cannot be and should not be, Mr. Chairman, and I will indeed support a public service appropriation when the appropriate time comes along.

There will be debate, of course, upon the amount of subsidy and so on, but I think the subsidy is essential, and that it's a public service and cannot be operated or compared to a private business. And, the service must be improved, as every other witness has testified.

Now, here's an interesting thing in our own county. The Postal Service is proposing the reduction of the equivalent of 400 positions in the Postal Service in the county. At the time, we are proposing public service jobs to avoid unemployment. Mr. Chairman, this makes no sense to me. How in the world can we provide better service with fewer people?

Now, of course, we want efficiency and of course if there are people doing nothing, or grossly inefficient, of course, they cannot and should not be maintained on the payroll.

But, I can't believe, and common sense tells me that if we are thinking of cutting out Saturday delivery for example, reducing window openings and that sort of thing, how in the world can we do it with fewer people and at the same time ask for reducing unemployment by public service jobs—which I have always believed are of a temporary and fleeting nature.

Let me mention a couple of specifics, Mr. Chairman, as I depart from my text. Cardiff by the Sea, a beautiful community, and with a very attractive name; there is a proposal to consolidate much of the service of Cardiff by the Sea with Encinitas to the north. I represent the citizens of both communities.

The Postal Service tells us that this consolidation will not jeopardize the service at Cardiff by the Sea, but the people there don't believe that and I don't believe it, either, for this reason: I believe that this so-called efficiency or consolidation may well result in forcing a new post office to be built, perhaps prematurely, in Encinitas, and I fear that that may be the first step toward an eventual closing of that post office.

I met this morning as did Congressman Simon, with the Catholic and Protestant press association at a breakfast here in Washington at their annual meeting, and I had a very interesting meeting with the

representatives of the Southern Cross, which is a weekly newspaper published by the Catholics in San Diego County, with a 44,000 circulation. It comes out on Thursday. That is, it used to come out on Thursdays.

The postal people now tell them they are going to put it aside and deliver the daily mailed newspapers ahead of it, and so it won't arrive on Thursday anymore, it might come on Friday, Saturday, or Monday or Tuesday. I think that is grossly unfair. Grossly unfair. And of course, I don't happen to be a member of this church, but I think they have a very valid criticism that the postal authorities have actually told them they are going to put their paper aside and deliver the daily mailed newspapers in priority.

Now, finally, Mr. Chairman, let me tell the story of some strange-sounding names to members of the committee. We covered Crest some months ago, and let me talk about Potrero and Tecate. It's a very interesting story, and will terminate my testimony here today.

Potrero is a small rural community, 40-50 miles east of San Diego, the city of San Diego, in San Diego County, 5 or 6 miles north of the Mexican border. Very rural, very scattered, about 500 people. About half of those people get their mail by star route delivery in a mailbox somewhere near their house.

The other 250 get it at a small post office on the main highway where they have post office boxes and have the window service. There was a proposal to close Potrero. Happily, the Postal Service tells me they are not going to close it. They are going to cut it back, I am unhappy. The rent is only \$80 a month for a fine little building. They have a postmaster and one assistant. We recognize that perhaps they could do with a bit less.

But, here's the interesting proposal the Postal Service wants to do. They want to have the Potrero people go to Tecate, that is 5 miles away right on the Mexican border over a very winding mountainous road. Let me tell you about Tecate, because I'm going to write to the postal authorities today about this, I haven't yet. I went there recently. There is Tecate, Mexico, and there is Tecate, Calif., and there is quite a difference. I don't believe we have any direct responsibility to Tecate, Mexico.

So, I drive into Tecate to see how far my other constituents from Potrero might have to go. It's a winding 5-mile mountainous drive, and I drive into Tecate, Calif. and the sign says "Tecate, California, population 88." And I go into the post office, which is a large modern and attractive building, and I count the post office boxes, and there are 1,000. And I must come to the conclusion that we are serving Tecate, Mexico, and we are.

I suppose there is nothing illegal or immoral about that. But I would hate to see the citizens of Potrero forced to use the Tecate post office, which appears to be there for the convenience of Mexico. So, I want the post office to tell me who the box holders are of some 1,000 post office boxes in Tecate, Calif., population 88.

Finally, Mr. Chairman, I don't go into Imperial or Palomar Mountain, or some of the other rural areas of mine, but I will say to you that I wholeheartedly support your moratorium, while we seek and attempt to try to find answers, your moratorium on the closing of rural and small post offices. I will not tell the Postal Service how to run its

business. I am not competent to do that, but I demand that they run their business, and I join with all of you in that effort, and I thank you for your time and your careful attention.

Mr. HANLEY. Clair, thank you very much for your excellent testimony; much of what you have said, you have heard earlier this morning, so I guess, generally speaking, if I sense the mood of the Congress, we are pretty much all on the same frequency here.

The possibility of closing rural post offices, is really only a symbolic move, because it isn't going to make that much difference from the standpoint of the fiscal status of the U.S. Postal Service.

If they went with the entire GAO recommendation, they are talking about \$100 million savings, possibly, and in all probability, the extent that they could go would be about 25 percent of the GAO recommendation, which would mean that the savings would be only about \$25 million. So, briefly, it's just a symbolic thing.

We have asked the Postmaster General, to impose the moratorium. Do it responsibly, this is a responsible approach, as opposed to continuing to wreck the institution, as you and your predecessors said.

Let the Postal Service put it in the deep freeze. Let us enact this bill into law, and let the study commission go to work and continuously evaluate the whole situation and then report back to the Congress and to the President. That is the logical approach to the problem. But, unfortunately, illogic continues to prevail on the part of the PMG, and for that matter, on the part of the President and, as you know, there has been little communication between both entities up until as recently as Saturday, when the PMG had a conference with the President.

Mr. BURGENER. Particularly, Mr. Chairman, in my final comment, I appreciated your point about the so-called skimming of the best business.

It would appear that if we repeal the private express statute, that that would result. Your point was that that is already occurring and if they close the small rural ones, they will skim from the larger urban centers. So that fear is real and it's here today. It isn't a fear, it's a reality, and I thank you for bringing that point up.

Mr. HANLEY. We appreciate your interest and efforts this morning. You have assisted this deliberation greatly.

Mr. BURGENER. Thank you, Mr. Chairman.

Mr. HANLEY. Thank you.

[The prepared statement submitted by Congressman Burgener follows:]

PREPARED STATEMENT OF HON. CLAIR BURGENER

Mr. Chairman. I am Clair W. Burgener and I represent the people of the 43rd Congressional District of California. The district includes all of Imperial County and parts of San Diego and Riverside Counties. A great deal of this district is rural and semi-rural in nature and the residents of these areas are deeply concerned over the level of service they may receive from their Postal Service.

In this connection, Mr. Chairman, the decisions of the Postal Service involving closing post offices, terminating contracts for branch offices and consolidating smaller post offices directly effect the level of service many of my constituents receive.

They are concerned, Mr. Chairman, that the drive for efficiency may be misdirected. They are concerned that "efficiency" may be defined as performing only those services which can be justified economically instead of being defined as performing the necessary service in the most economical manner.

Postal officials here in Washington have made me aware of the tremendous pressures they are under to reduce costs wherever possible and I certainly do not quarrel with this goal. I do believe, however, that the drive for efficiency and economy must be made with careful attention to the service provided to the Americans who live in urban, rural or suburban settings.

The names of the communities in the 43rd Congressional District of California where my constituents have postal worries may not be familiar to many of my colleagues. But, Mr. Chairman, the citizens of Crest, Potrero, Palomar Mountain, Imperial, Cardiff-by-the-Sea and other unique and valuable communities deserve to share the level of service which can be supported nationwide.

I am constantly reminded that the Postal Service is frequently the only personal contact many of our citizens have with their Federal Government. This is particularly true of our citizens who live in rural or remote locations. Many of these citizens do not see big federal buildings, they do not see large military installations, they do not see massive public works projects. Many simply see their postman delivering the mail. They ask, and I think with some justification, why this one service that does reach into each and every community in the nation should be subjecting the small communities to a separate and discriminatory standard.

Mr. Chairman, I was delighted with your call for a moratorium on the closing of small post offices. And I deeply appreciate the holding of this hearing which should demonstrate the depth of feeling among such a large number of our colleagues.

I appreciate this opportunity to present testimony.

Mr. HANLEY. Our next witness is John W. Jenrette, Jr., of South Carolina. John, we are delighted to have you aboard, and you certainly enjoy a very special expertise in this subject matter, and I am confident that what you are going to say is going to be most interesting.

STATEMENT OF HON. JOHN W. JENRETTE, JR., A U.S. REPRESENTATIVE FROM THE SIXTH DISTRICT OF THE STATE OF SOUTH CAROLINA

Mr. JENRETTE. Mr. Chairman, I appreciate the opportunity to be here today.

I am told that I represent the largest rural area east of the Mississippi River. Therefore, the precedent set by the Postal Service on the closings would be of great concern to me, not only in the few postal offices they propose to close now, but in the future.

I want to say that one of the pleasures of being a first-year Member in Congress and serving on this committee has been serving with and under you and watching you operate and work in the committee and I applaud your efforts to see that those of us from the rural areas do, so to speak, have our day in court, and I support you very much on that.

Mr. HANLEY. I appreciate that.

Mr. JENRETTE. You have heard a great deal of testimony, I am sure, and I will try to abbreviate mine and not be redundant. Certainly, the closing of rural post offices would give many historical communities the loss of their identity at this time, and it is an emotional issue.

But beyond that, there are some contributions that I think the Postal Service in their arbitrary decisions must look at.

The very essence of the word "rural" brings to mind a mental picture of the area singled out for this action—expansive stretches of sparsely populated farmlands punctuated by small towns and villages are the dominant feature of rural America. Particularly, this

Bicentennial Year will show what rural America has meant to the growth of this great country.

Many of these areas have little or no access to large-scale media coverage, so often taken for granted by the residents of our large towns and cities. I grew up, Mr. Chairman, on a farm so far in the country that we got the "Saturday Night Grand Old Opry" on Tuesday. But we still had the small rural post office to communicate with our friends.

I think that the interaction between the communities and the neighborhoods, certainly in the rural area, is minimum as it is.

Therefore, the rural post office is a contact and may be one of the only contacts some of our elderly people have, particularly with the Federal Government and many of their friends.

That is where they go to post communications in the form of mail to relatives, and many of the older senior citizens, particularly, have their only business contact in the rural post office.

The closing of the rural post offices would further enhance a sense of isolation that is characteristic in many areas of rural America.

For reasons of simple, very necessary communication, our rural friends need their post offices. In many instances, there is a sharp difference between the wage income between our rural and urban citizens. Many of the rural wage earners bring home a great deal less than wage earners in the city, and the effects of inflation have hit them even harder.

I am, therefore, happy to observe recent figures that show that between 1970 and 1973, nonmetropolitan areas gained 4.2 percent in population, while metropolitan areas increase by only 2.9 percent. The mass exodus of rural residents to the city that began after World War II seems to be slowing, and perhaps even reversing. New communities have sprung up and older ones have expanded.

Industry and business have further begun to eye small communities for relocation. You can imagine a few years down the road the Postal Service trying to start up new post offices where they closed old ones and the expensive amounts of money that it will take to do that. That is a consideration we must look at.

But where now—with the business of Americans wanting to go out in the rural areas—where would they go if the Postal Service had decided that that particular area did not even deserve to have a post office continuing in existence?

EPA, Department of Labor, industrial and development boards from all of the States have asked that industry move into the rural area to stop any concentration of pollution.

I think I am able to say that in talking with Members, not only on the committee that I am privileged to serve with, but throughout the Congress many, many regret the vote that created the Postal Service.

And I think that you will have in your leadership a great deal of assistance from the senior Members and the first-year Members as well. The Postal Service must again become a "service"; we have gotten away from that.

In conclusion—and there is no sense in me citing the figures—you know what it is going to take to subsidize the Postal Service.

I didn't want to vote for that, quite frankly, but I am prepared to now, and when you, in your leadership, and those on the Senate

side bring about a commission that can really give a thorough study, I am willing to take that political risk, to vote the necessary money, as long as I can be assured and tell my constituents that there is a commission set up to look into it, that the Congress will be responsive to the needs and will do whatever is necessary to see that the word "service" is as it was intended.

I just wonder, if Will Rogers were living today, what he could make out of what is happening on the Postal Service.

In closing, I think, Mr. Chairman, a massive closing of third- and fourth-class post offices, in order to cut back spending of the U.S. Postal Service, is just outrageous, and I just mentioned it is just not even a drop in any size bucket, the smallest bucket you can find, with what GAO has recommended.

It just does not coincide with any good business practices. And I say I am prepared to work with you, and I think it is absolutely necessary that the moratorium be continued until such time as we can look at the overall picture.

Rural post offices are needed. Where would our friends go, if there weren't rural post offices, to criticize Congress on not bringing about a balanced budget.

I am prepared to work with you, Mr. Chairman, in bringing about a proper solution to a very serious problem.

Thank you, Mr. Chairman.

Mr. HANLEY. Well, John, thank you very much for your excellent testimony. I knew that that would be the case, in recognition of the deep interest that you have taken in the subject matter through your service on the committee.

And beyond your committee service, much of what you have said here really associates with the thinking of our Founding Fathers way back then, when they looked upon the predecessor agency; that is, the U.S. Post Office Department, as essentially the glue that would hold America together.

Their thinking being that it would be a universal service, serving every American, regardless of whether he lived in Podunk, Ariz., population 28, or in an apartment complex in Manhattan. That was their thinking back then.

The fundamental thought being that we wanted to develop in this great country a standard of living unequaled by any other country in the world, that we would have an informed citizenry, that all people, regardless of their social or economic status, would enjoy a relatively free flow of printed material. That is what it is all about.

Now, we have those on the scene, and as you mentioned, it is extremely unfortunate that as of 1970, the Congress divorced itself, submitted to outside pressures and influences, to divorce itself from the administration of this institution in recognition of its importance to the national interest.

So, now we have a set of people there who are concerned only with implementation of the mandate, and that is, "Run it like a business and the public be damned."

For what it is worth, this set of hearings is serving a great purpose for us, because every member who has presented himself or herself at that table is pretty much on the same frequency, relating the attitude of the multitude of their constituents, which essentially is that this should be a "service first" institution. I have consistently

been annoyed with the association of the word "subsidy," as it relates to the Postal Service.

Whereas every other agency of Government enjoys the status of an appropriation, this one, that happens to serve virtually every one of the 217 million American citizens, is so important to the customers of America, endures that stigma of "subsidy," as though they were getting something that they really shouldn't have. For instance, the Department of Agriculture has traditionally enjoyed five times the amount of money we have ever pumped into the Postal Service or its predecessor agency.

So, hopefully, as we pursue the overture, the Congress will better understand the essentiality of our assuring that this be a service-first agency.

Mr. JENRETTE. If I might say, Mr. Chairman, I am delighted to look at the list of witnesses, many of whom are from urban and city areas, that are beginning to understand and see the need.

It would probably be easier for me to justify the closing of the small rural post offices, if I could say the Postal Service is going to close in whatever location is necessary to meet its deficit of \$3.1 million. How many people would you have up here hollering and screaming at you from Congress, if they were going to just indiscriminately close A, B, C, no matter what the size was, to meet the budget.

It can't be done, and I think if we are going to have the service, we have got to subsidize it, and I think it should not be a bad word.

Let me say in closing, the people that I represent in the rural area pay taxes. And as you said so many times, their taxes go for mass transit in New York City and other areas, and I'm not opposed to that. It goes to every type HUD project in metropolitan areas.

One of the very few things of any type return on their tax dollars in the rural area is this small post office, and that drop in the bucket, it seems to me that it would save, if we even attempted to do it, is certainly not worth just the stigma of Congress allowing this to happen with such a service-oriented throughout history idea.

You just don't think that we can allow it to be done—435 of us—we want to cut back and save money just as long as it doesn't affect the district that we represent.

But, I think that we are going to have to take a different attitude and different look, and if we want the service, we are going to have to see that it's there to do it.

But only with looking at some ways that it can be more efficient, and I stand with you on helping in that any way I can. Thank you very much.

Mr. HANLEY. Thank you.

[The prepared statement submitted by Congressman Jenrette follows:]

PREPARED STATEMENT OF HON. JOHN W. JENRETTE, JR.

Mr. Chairman, I thank you for the opportunity to appear before this distinguished subcommittee and express my thoughts on the proposal to close 12,000 small, rural, third- and fourth-class post offices. You are to be commended for the time and attention you have devoted to this important issue.

We have heard much testimony enumerating the various and considerable difficulties rural Americans would suffer should their post offices be shut down.

It is true that many small, historic communities would encounter a loss of identity. It is true that their post offices serve as a focal point for community activity and discussion. The issue is indeed an emotional one.

In view of the seriousness of the recommendation by the General Accounting Office that these rural postal facilities be closed, it should be emphasized that the consequences reach far beyond purely emotional and sentimental considerations.

The very essence of the word "rural" brings to mind a mental picture of the areas singled out for this action. Expansive stretches of sparsely populated farm-lands punctuated by small towns and villages are a dominant feature of America's rural locations. Little or no immediate access to large-scale media coverage, so often taken for granted by those residing in large towns and cities, slows the flow of national and state news to these areas. Interaction between communities and even some neighbors is at a minimum, and understandably so when one ponders the considerable distances that separate each locality. For so many of these people, their post office is the main, the only, contact with the activities of the outside world. It is here that they meet to chat with neighbors and friends about the weather, the next church social, or the predictions for next year's tobacco crop. It is here, also, that they post communications in the form of mail to relatives and business contacts, and receive the very same. The closing of our rural post offices would further enhance the sense of isolation that is characteristic of these rural areas. For reasons of simple, very necessary communication, our rural friends need their post offices.

We are all aware of the sharp differences in wage income between rural and urban citizens. Because rural wage earners bring home a great deal less than wage earners in the city, the effects of inflation have really hit them hard.

We were, therefore, happily able to observe recently figures that indicate that in the period between 1970 and 1973, nonmetropolitan areas gained 4.2% in population while metropolitan areas increase by only 2.9%. The mass exodus of rural residents to the city that began after World War II seems to be slowing, perhaps even reversing. New communities have sprung up and older ones have expanded. Industry and business have begun to eye these smaller communities for re-location.

What businessman or industry representative would even consider locating in a community that has been denied a post office? Think of the loss of time, money and energy that would prevail should these people have to conduct correspondence through a post office ten miles away. It is conceivable that the businessman would lose many of his customers to the community to which they must transact their postal business. Closing a town's post office would sharply diminish, perhaps even annihilate, its chances for desperately needed economic growth.

It can be said that it is of the general opinion that rural citizens lack sufficient political clout to oppose a proposal to which they object. I wonder if this was taken into consideration when the GAO recommended that small, rural post offices be closed. I would like to point out right now that my staff and I have been overwhelmed by comments and suggestions from my constituents when they learned that their post offices stood a good chance of being closed. They cannot comprehend that there is any possibility of their small post offices generating the kind of revenue that has come to be expected of urban offices. They conclude that they are being penalized because they have chosen to reside in a rural area, and I quite frankly agree with them.

As tax-paying citizens, these people deserve equal consideration when they voice strong opposition to losing their post offices. For too many years, the rural fellow has been overlooked. He has subsidized expensive metropolitan programs with his taxes, and received very little in return. Urban areas enjoy mass transportation, housing and welfare assistance, funded in part by the dollars of rural residents. Let these residents enjoy their post office, an actual return on their tax dollar to which they can relate. In many communities, the post office is their only link with the Federal government, and the postmaster or mistress the only Federal employee.

A deficit figure that is expected to reach \$1.5 billion dollars cannot be blamed on loss of revenue by third- and fourth-class post offices. The problem is very clearly poor management. The \$100 million dollars that GAO insists would be saved should the 12,000 post offices be closed is a proverbial drop in the bucket when compared with the cost of operating the postal service at a loss of \$1.7 billion dollars in 1976. The actual savings would represent two-thirds of 1% of the postal service budget. We must take a close and careful look at the cause for a deficit figure of an expected \$3.2 billion dollars, and I know you will agree with

me when I say that to place the burden of this huge deficit upon the shoulders of rural post offices and their patrons is ludicrous. Maybe rural residents could sympathize a little more with the reasoning behind the proposals to shut down their facilities if the Postal Service were willing to shut down a sufficient number of urban facilities to make up the remaining \$3.1 billion dollars of the anticipated debt.

In closing, I must insist that we do not permit a massive, indiscriminate closing of third- and fourth-class post offices in order to cut back spending by the United States Postal Service. Take a look at that last word "service." Every individual in the United States is entitled to the services he supports with his tax dollar and the Postal Service is no exception. Our rural post offices are needed. It is reasonable to explore possibilities for part-time and contract facilities, but our rural post offices must remain open.

Besides, if we did not have small post offices, where would rural folks meet to discuss why the Congress doesn't balance the budget?

Mr. HANLEY. Our next witness is Representative Bill Goodling. Bill, I'm confident that your offering will be substantive.

**STATEMENT OF HON. BILL GOODLING, A U.S. REPRESENTATIVE
FROM THE STATE OF PENNSYLVANIA**

Mr. GOODLING. I very much appreciate being here. My mail started coming in and my telephone started ringing last November when there were headlines in all of the papers in my district saying 67 post offices would be closed.

I immediately contacted the Postal Service authorities, and they assured me there were none scheduled for closing in my district. In January, however, surveys started going to different people within my district. I called again, and they said they had made a change and have a different approach to the situation now.

One of my major concerns, of course, is the fact that I am never sure what the criteria is, when they are going to be closed, are they going to be closed, and who are they going to survey next, because the list they sent me is not the same list as the list of post offices being surveyed within my district, which becomes a problem.

Normally, I am a defender of the U.S. Postal Service. I realize they have a lot of problems, and I have great sympathy for some of the problems. I realize the problems they face with GAO reports, unionization, negotiations, rising costs, things of this nature. However, I am greatly concerned, because lately, the Postal Service does not seem to tell it like it is, but instead, tells it like they want the people of the Nation to believe it should be. All of which brings me to the reason we are here today, to discuss the future of those small post offices.

Postal officials would have Congress believe they have surveyed the needs of these particular post offices and found that most of their customers do not object to a change in service or a closing if necessary.

This came to my attention when I was informed by the postal authorities that McKnightstown, for instance, which perhaps serves 180 families, was being surveyed. And the survey indicated that quite a few of those people, in fact, agreed that they should have some other kind of postal service.

I couldn't understand this, and I attended a meeting with most of the residents of McKnightstown—in fact, it was the one meeting I have had where it was easy to get everybody out. I said, "Here I have some responses from the postal authorities that said you people agreed

there should be a change." And I said, "How many of you people did that?" There were no hands.

I find the survey is so misleading, because the survey doesn't give the option of whether or not the community would like to keep mail service just as it is, but instead says, "Would you like a community post office?"

All of them thought that the community post office was exactly what they had, and so yes, they checked they wanted the community post office. It is a very misleading survey. I have called this to the attention of the postal authorities on numerous occasions. Those surveys are still being used, stated exactly the same thing, which is, in my opinion, totally misleading to the constituents who are being surveyed.

One of the arguments, for instance, the closing of McKnightstown, or whatever, is that it would save the postmaster's salary, at any rate.

I don't understand how this is possible, because if I understand the situation, there is no way you are going to put that person out of a job. They are going to keep the same salary—they may not be a postmaster—but from what I understand, unless you are a part-time employee, you would not be displaced, and therefore, your salary would continue. So, I don't understand that particular argument.

Since the Postal Service refused to change the wording of this survey, it appears to me that Congress needs to pass legislation to address this problem in order to see that the community that is surveyed has the facts properly placed before them.

Without such legislative instructions to insure that they understand the meaning of the survey, I think the surveys are totally invalid and a complete waste of time, and what they really do is upset and excite the people in the community and do nothing to really communicate the problem to those constituents. This problem of postal officials presenting the situation so that it appears to be whatever they want it to be does not stop with the community surveys.

In their explanation of why they are considering closing the East Prospect, Pa., post office, in my district, postal authorities stated as one of those reasons for closing, the fact that the post office doesn't meet the standards for acceptable post offices.

Now, I don't know if they have that responsibility or not, or whether the powers on high tell them this is the way it must be. But I doubt if the people would quarrel with the contention that their post office building could be nicer and newer, but at the same time, they realize that the Postal Service is having a problem balancing their budget and they are very happy to put up with the type facilities they presently have.

I wonder how the reason given for wanting to close East Prospect will square with the residents of McKnightstown, where the Postal Service wants to close a facility that was just renovated last year at a tremendous expense, and I would be particularly interested to hear the Postal Service explain their reasons for wanting to close the McKnightstown Post Office to Mr. Kenneth Wetzel of that community, who recently renovated the McKnightstown facility at the request of the Postal Service and to the specifications of the Postal Service, with the understanding—and I will admit it was verbal—that it would not close before 1980.

So, he was willing to put that kind of money into the situation. He was misled the whole way down the line, because originally, it was just supposed to be some simple renovations, which became all of a sudden more and more, until he got a considerable sum into it and now, just 1 year later, they are going to close this facility, and I don't know what he uses it for from this point on.

In McKnightstown, the Postal Service cites economy as its reason for wanting to close, noting that the facility serves only a few hundred patrons. I think it's unfortunate that someone from the Service did not make this same discovery last year, before they asked Mr. Wetzel to go to the great expense to renovate his building.

Of course, just as the reason for wanting to close McKnightstown is not the same as the reason for closing East Prospect, the reason for wanting to close down the office in Etters is not the same as McKnightstown. Because the Etters Post Office is thriving financially with gross receipts last year of more than \$100,000, and almost 1,700 regular postal customers.

What I don't understand is how we are adding substations in cities where population is declining and at the same time closing rural post offices where the population is increasing. This isn't always true. I will admit Menges Mill, in my district, should have been closed a long time ago, because it was a post office serving two families.

The situation regarding the Etters Post Office is, however, an excellent example of the communication problem I have been discussing. Last week, the Postal Service gave me a list of those post offices in Pennsylvania in my district which they were considering closing.

But Etters was not on that list. But I find before they gave me the list, Etters had already been surveyed. So, communication with the constituents is not only one of the problems, but communication with the representatives of the constituents seems to be a problem also.

I would hope that in the process of these hearings, a member of this committee will point out to officials from the Postal Service their credibility is suffering, not only with the American people, but with the Congress itself. I believe the responsible course in any activity is to be as understanding as possible, but "the right hand doesn't know what the left hand is doing" is not a good way to handle either policy or mail.

In closing, I would like to say that I am supplying the Postal Service with as much information as possible in an effort to establish a sound future for those post offices within the 19th District.

And, in so doing, I am receiving the help of a great many constituents who do not particularly relish a battle with the Postal Service, but who will do battle if necessary in an effort to save their identity at this time, and what to them is their only symbol of the Federal Government, their post office.

Mr. Chairman, I thank you for holding these hearings so that we can bring about a just and orderly examination of just what is happening in the Postal Service.

Mr. HANLEY. Bill, thank you very much for your fine testimony this morning. Certainly, you set forth a number of examples that are extremely annoying to you and, certainly, to every member of this committee.

With regard to the survey questions, this has been called to the attention of the Postmaster General in the sense that they are truly mis-

leading, so he is aware of the unhappiness that prevails from this source. Now, whether or not they follow through, remains to be seen.

Bill, is it reasonable to believe that your constituents—and, obviously, you have talked to a good number of them on this subject matter—would prefer that the public service aspect of this operation be funded from the U.S. Treasury, as opposed to further increases in postal rates?

Now, what we are saying is this: That, for instance, with regard to a rural post office, and perhaps it is determined that postal revenues would only generate perhaps 60 percent in the way of a return toward the overhead of the operation, then it seems to us that in fairness to the USPS, that the other 40 percent should be allocated from the U.S. Treasury.

We have long advanced the theory that rural post offices serve a purpose far beyond that of a simple distribution center for mail.

Traditionally, in most instances, they are kind of like the town hall where in the morning when I get through with milking and I have had a little problem with that machine there, and I call Bill, my neighbor down the track, and tell him about that problem, and he says, "Well, yeah, I can tell you how to fix that. In fact, I have the part. Tell you what, I will meet you at the post office, OK?" That's been Americana from the very beginning.

Someone, one of the Members who testified yesterday, made another point that I had not thought of with regard to the importance of that rural post office in generating activity in that little business community, that by virtue of the fact that that individual is going to come into that post office, well, along with coming into the post office, he or she might stop at the hardware store and pick up a new pair of pliers or a hammer or might stop in the drugstore and buy something. So it is important to the business community.

I don't understand the matter of distribution of mail per se; it serves as this other great purpose for which we can't put any price tag on.

Well, most of us look upon this part of it as public service and what we are saying, when we ask for this appropriation, is that justifiably that portion of the overhead should come from the U.S. Treasury?

Mr. GOODLING. I think, basically, my constituents are saying in relationship to first-class mail, we are defeating the whole idea of trying to balance a budget by continually increasing first-class mail. I don't think, nor do I have a real understanding, about all other classes of mail and/or how much they pay.

I think there is some question in the mind of my constituents. The service aspect is very important to them because, you see, postal authorities tell them that you will get the same service on a rural route. That is, if you are there at the right time waiting for the postman, and then he has what it is that you need.

If you are working, of course, you are not going to be there, nor are you sure that he is going to be there at the same time every day.

So the service aspect, I think, is so important to these people and the fact, as I said, that the rural areas and suburban areas are beginning to grow. We are getting industries into those rural areas that are counting on the postal service they had in their previous location.

All of these things are distressing, when you realize that now we are going to take away their postal service after they did their long-range

planning before they ever established the business. They are businesses trying to survive and grow, and they need that particular service.

So the service aspect is extremely important in relationship to my constituents.

Mr. HANLEY. Would you be in agreement that this aspect of it should be funded from the U.S. Treasury?

Mr. GOODLING. Yes, I would agree. My only reservation, as I said, is whether other classes of mail than first class are carrying their weight—whether it is an equitable distribution of costs.

But definitely, very definitely, I think this is one service we can provide and many others we can cut, in order to do this.

Mr. HANLEY. Thank you very much.

Our next witness is Toby Moffett. We are delighted with your special efforts here this morning and feel confident that your testimony will prove interesting.

STATEMENT OF HON. TOBY MOFFETT, A U.S. REPRESENTATIVE IN CONGRESS FROM THE SIXTH DISTRICT OF THE STATE OF CONNECTICUT

Mr. MOFFETT. Thank you, Mr. Chairman, and I would ask that my testimony be included in the record. And I will paraphrase here if that is agreeable to the committee.

Mr. HANLEY. Without objection, the entire text will be incorporated into the minutes of this hearing.

Mr. MOFFETT. Before I begin, Mr. Chairman, I want to thank you for your continuing interest in providing postal service to the rural communities. If you were to take a look at a map of my district, and I think you probably have done that when looking at Connecticut, you'd find that a great mass of the land area really is rural.

Some people think of Connecticut as an industrial State, and in many respects it is. However, my district which begins north of Waterbury and Danbury and goes up to the Massachusetts line with New York bordering on the west and including everything west of West Hartford, has 48 towns, about 40 of which are genuinely small towns and rural communities.

In that district, Mr. Chairman, I, as well as many other Members, particularly new Members, around the country, have been holding town meetings or congressional forums, as we call them.

We have been getting very large crowds—100, 150, sometimes 200 people will come out to these meetings.

And the major issue, surprisingly to many of us, is not the Panama Canal or even the price of beef, as much as it is the Postal Service in small towns. Now, we have a special problem in that our family farms are in real jeopardy, and because of that, our rural areas and the character of our rural areas are in jeopardy.

As Representative Jenrette said, I, too, find continuous criticism of the Postal Service. To lose the rural post offices, Mr. Chairman, as I am sure you know, and you have indicated you also believe, is really to take away from the character of rural life. This seems particularly important in Connecticut, where we seem to be losing it for a lot of other reasons, as well.

Many of the points that I was going to raise have been raised by you and by Mr. Jenrette and Mr. Goodling. I would like to give a

couple of examples in failure of communication that might be useful for the record.

First, in Litchfield, Conn., which is virtually in the center of my district and is a very lovely small rural town, the Postal Service purchased land to construct a new facility there. However, it was done without prior explanation to the town leaders regarding the needs and intention of the Service.

It was almost like a speculator or land developer going in to buy very quietly, without telling the people of the town. It was not like a service that is receiving Government funds. At my request, the post office finally agreed to meet with townspeople to discuss the matter. In fact, I had a town meeting specifically on the Postal Service and on this particular move that the Postal Service was making. And the result was a decision to build on an alternative site or to renovate the existing facility. But, of course, the Postal Service had already purchased their own site which now will have to be resold.

In Southbury, Conn., at the southernmost part of my district, the Postal Service paid for expensive architectural rendering of a planned facility, again, without sharing the details of its intention with the local residents.

Ultimately, under pressure, the post office people were forced to prepare alternate designs, leaving the final choice to the local elected officials.

Again, more waste, more misunderstanding, more bitterness in the wake of these decisions.

And in both these cases, we can see the Postal Service really acting at a snail's pace to solve problems raised by the public, followed by rapid completion of controversial projects conceived without public participation.

The cost of redirection is always high, and in the cases I have cited, never really necessary. And effective communications prior to those all too typical situations would have been much more beneficial.

Now you mentioned the Postal Service as a small town institution which is something that I was also going to raise. In the town of Morris, the post office is an integral part of the social fabric of the community, a focal point of community life, a valuable institution in a world of rapid transit and telecommunications.

Energy conservation is another issue in the closing of these post offices. As you know, I serve on the Commerce Subcommittee on Energy and Power, and this is my primary area of interest in the Congress.

Elimination of those rural post offices in some of my towns will force some of the patrons to drive 10 miles to facilities that they are now able to reach on foot. You also mentioned the impact on small businesses.

Again, small businesses have enough going against them without adding this very unnecessary burden.

I understand that our colleagues, Representative John Slack in the House and Senator Randolph in the Senate, have introduced legislation requiring that planned closings be preceded by a local impact statement that would go beyond the present policy of polling the residents by post card. This idea seems to merit consideration, in my view.

What it comes down to for me, Mr. Chairman, is that I believe the goal of the self-sufficient profitmaking national Postal Service in the private sector is unrealistic. I favor returning authority to the Congress to insure that we have the ability to oversee this Postal Service. That is the message that I get from my constituents and that is the feeling that I have.

Again, I want to thank you for your time and effort on this matter. I think that the people are telling us that this is among the major issues on their minds, although it is not always given that kind of attention in the present. Thank you.

Mr. HANLEY. Toby, thank you very much for your excellent testimony, and I'd be remiss, incidentally, if I didn't comment on your outstanding activity on Commerce, and, in particular, in the area of energy.

So all of us are indebted to you for what you are doing in that committee.

Mr. MOFFETT. Thank you.

[The prepared statement which was submitted by Congressman Moffett follows:]

PREPARED STATEMENT OF HON. TOBY MOFFETT

Mr. Chairman, I appreciate this opportunity to testify before you and the members of this subcommittee on behalf of smaller communities in my own sixth district of Connecticut, as well as elsewhere in the Nation. I also want to express my appreciation, Mr. Chairman, for your continued interest in providing postal service to our rural towns and communities.

As you know, the post office has a long and proud tradition of insuring a vital service to the residents of this country. As one of the members who joined a suit to prevent illegal closings of our rural post offices, I am here today to urge you to maintain this vital and important service.

I am by no means convinced that the current system will ever succeed. Personally, I think the goal of a self-sufficient, profitmaking national postal service in the private sector is unrealistic. I favor returning budgetary authority to Congress, to insure that we have the ability to oversee the Postal Service. Our residents have paid higher and higher costs for mail, but we have seen less and less in terms of the quality of service.

In addition, we have seen a failure of communication on the part of the U.S. Postal Service. For example, in Litchfield, Conn., the Postal Service purchased land to construct a new facility. This was done without prior explanation to town leaders regarding the needs and intentions of the Service.

At my request, the Postal Service finally agreed to meet with townspeople to discuss the matter. The result was a decision to build on an alternative site, or to renovate the existing facility. Regrettably, the postal authorities had already purchased their own site, which now will have to be resold.

In Southbury, Conn., the Postal Service paid for expensive architectural renderings of a planned facility—again, without sharing details of their intentions with the local residents. Ultimately, the authorities were forced to prepare alternate designs, leaving the final choice to the local elected officials.

In both these cases, we can see the Postal Service acting at a snail's pace to solve problems raised by the public, followed by rapid completion of critical projects conceived without public participation. The cost of redirection is always high and never necessary. Effective communications prior to such action would eliminate much of the expense and embarrassment in these all-too-typical situations.

Beyond the level of inefficiency within the Service itself, let's look at the post office as a small-town institution. In many of the small communities in my District the post office still serves as a focal point of community life, a valuable institution even in a world of rapid transit and telecommunications. It is an integral part of the social fabric of these communities. To eliminate this center, then, would damage more than simply the mail delivery system in rural America.

We must address ourselves also to the question of energy conservation. Elimination of rural post offices in some of my towns will force some patrons to drive

ten miles to facilities that they are now able to reach on foot. For our senior citizens, this would bring about a special inconvenience.

The impact on our small businesses would also be detrimental. I am receiving an increasing amount of mail from these private entrepreneurs, all supporting continued service in their area. They oppose removing the magnet that has often assured the centralized life of their community, and has helped them to prosper, or at least survive, in what amounts to be a generally adverse economy.

It is evident, then, that we cannot close facilities solely on the basis of whether or not they make money. This is simply too narrow a definition of the term "profitability". We need also to recognize the "social profitability" of these small-town facilities.

As you know, certain rules already govern when the Postal Service can and cannot close a rural facility. These include public hearings, sixty days notice, suitable alternate facilities, and so forth.

I would suggest that any planned closings be preceded by a local impact statement that would go beyond the present policy of polling residents by post card. Such legislation has been introduced by our colleague from West Virginia, Rep. John Slack, and in the Senate by Senator Jennings Randolph, also of West Virginia.

I detect a need for increased flexibility in certain postal policies. The guidelines presently in effect permit postal managers to exercise discretion in closing facilities. I would urge the inclusion of community interaction with these decision makers, and to include the right of towns to appeal discretionary actions to higher postal authorities. The Postal Service should be required to place its reasons for discontinuance of service on the record, with ample time for public scrutiny and consideration.

These approaches strike me as necessary adjuncts to any proposed postal reform legislation. I would urge this Subcommittee to help us maintain and improve postal service in rural America, and help us ensure that this vital service lives up to its Congressional mandate to provide a growing country with efficient mail service.

Mr. HANLEY. You related the geographical nature of your district and, actually, it compares similarly to my own.

I have urban and I have rural communities, you know, and that leads me into another part of this issue, whereas some would have the private express statute repealed which, in effect—in essence, would have the effect of pulling the rug out from the whole universal theory of Postal Service.

As I have said so many times, yes, I will be delighted and I will pay heavily for a franchise to serve my home city in Syracuse, and I will provide that service at a figure less than the prevailing U.S. Postal Service rate.

But now, as far as northern New York is concerned, and with all of the rural communities up there, let somebody else to be the patsy. So that is what it is all about.

Toby, you have sat through the testimony of several of our colleagues this morning, and it appears that we are all pretty much tuned in on the same frequency. We recognize the importance of this service as universal service in America.

We recognize that the vast majority of our constituents want this traditional rural post office concept continued.

Our effort here is to try to transmit this message as best we can to those presently in authority. As you know, I prevailed upon the Postmaster General some weeks ago to impose a moratorium. Unfortunately, he saw fit to walk away from that. We will be meeting later today, and I just got word of it, that finally, Mr. Lynn of OMB has consented to meet with myself, Senator McGee and a few others.

So, what happened here today and yesterday is going to add heavily to my argument that it is high time that the President and OMB be-

come involved and looked upon this issue and the problems associated with it objectively.

Mr. MOFFETT. I think, Mr. Chairman, if you report not only on the basis of the testimony you have heard from members, but what I am sure you will hear in informal discussions on the floor and elsewhere, that there is a sense of outrage in the Congress that reflects very accurately the sense of outrage around the country. I think you will be reporting it very accurately, and I am sure you will.

Mr. HANLEY. Well, again, you related to prerogatives here, and I am in agreement that it was unfortunate, per the Act of 1970, that the Congress, in effect, because of the outside pressures, walked away from its responsibility and entrusted into people not responsible to the electorate, the sole prerogative for administering the agency and, obviously, correction is badly needed.

And whatever we do, from the standpoint of appropriations, is going to be conditioned on the authorization process. So that whoever it is down there is going to be forced into it, well, before the appropriate committees of Congress to explain everything that is happening.

Toby, again my deep appreciation for your appearance here this morning.

Our next Representative here this morning is Representative Martha Keys of Kansas, or should I say Martha Keys Jacobs?

Ms. KEYS. No, Mr. Chairman, you have the right name.

Mr. HANLEY. Martha, it's nice to have you with us this morning. I am confident that your input will be substantive.

STATEMENT OF HON. MARTHA KEYS, A U.S. REPRESENTATIVE FROM THE SECOND DISTRICT OF THE STATE OF KANSAS

Ms. KEYS. Thank you very much.

Mr. Chairman, as a Representative from a State whose postal service system is comprised primarily of third and fourth class post offices, I appreciate the opportunity to address this committee on the policy affecting small post offices. More than 65 percent of the State of Kansas' post offices serve small communities in rural areas.

All have an immediate concern regarding the expressed intention of the U.S. Postal Service to discontinue their service, as presently operated because of the mounting deficit within their agency's budget. The need to practice sound economics and efficient expenditures of the taxpayers' dollars certainly is a concern I share. But it is disheartening to find that again we go to the small rural communities first to practice our economies.

The Post office is often the only visible presence of the Federal Government service to constituents that is found in a small community, and, frequently, it is the vortex of community identification and communication. Indeed, the closing of a post office in a small town, no matter the replacement service substituted, often heralds economic and social decline of the community.

We are seeking to encourage rural development, economic buildup, and to provide a sound basis for young people to remain in small communities.

To choose at the same time to indiscriminately close post offices in those communities seems to me to be a counter-productive proposition.

We should instead be working to enhance opportunities and services in rural areas, so people may choose to stay, to work and raise their families there. We cannot expect them to settle for less than a hopeful future.

It is with this concern that I urge the committee to examine the policy and methods which the U.S. Postal Service is using in evaluating the services rendered to the small community.

It is clearly stated in the United States Code that economics should not be the sole factor in determining the discontinuation of a post office. And yet, the new system seems to be based solely on these factors.

In its survey of the community prior to making such a judgment, the Postal Service does not provide the option of "continuing present service." It only allows the choice of some alternate method of delivery. At the very least, it should become part of the policy of the Postal Service to hold a public hearing when a specific office is under consideration for closing.

It is a pretense to point to the cost of rural mail service and small post offices as a significant area of deficit within the Postal Service.

For example, we have been told that closing one-third of all third and fourth class post offices would save \$100 million, which is a drop in the bucket or eight-tenths of 1 percent of the total Postal Service budget. I am sure members of this committee will agree that there is no way the Postal Service can actually close this many post offices.

Formerly, the factor that usually precipitated review of a small post office was the death or retirement of the postmaster. It is difficult to see what saving is really accomplished in the closing of a small post office without this occurrence. According to departmental policy that postmaster must be offered a comparable job within a reasonable distance. Since most of the operating budget of a rural post office is the postmaster's salary, there is little afforded in savings if that post office is closed and the postmaster transferred to a new location—even if that were the only valid criteria for closing. One wonders what the cost may be to the lives and communication patterns of these taxpayers and citizens.

I believe that the Congress must step forward to uphold the right of rural areas to good postal service which is no more and no less the same right as that of urban service.

To this end, I am introducing legislation which would require the Postal Service to expand its considerations for closing a post office beyond purely financial considerations.

The Postal Service would be required to evaluate and consider: the number of individuals who live in the area served by a post office; the area's population trends; the amount of the loss of revenue to the post office if a post office is maintained; the proximity of an alternative post office; the energy requirements of individuals traveling to an alternative post office and the energy expended by the Postal Service in providing the new form of service; the total economic impact on the area and patrons served by a post office; the quality of mail service provided by the present delivery system as compared to the new proposed system; and most importantly, the views expressed by the people living within the area who are served by the post office and who are taxpayers themselves.

An integral part of this legislation is the requirement that the Postal Service conduct an open hearing in the community, so that the people whose taxes support the Postal Service can be allowed the basic fundamental right to express their own needs for postal service. This should insure the chance to look at other sociological factors such as future changes of development, impact on the survival of small businesses located there, and any detriment to the quality of the delivery of mail and other services to postal patrons.

This, too, would give the Postal Service the opportunity to present its case, if an alternative method of postal service would be truly satisfactory or advantageous. Sometimes this may be so. But the apprehension about arbitrary changes in the Postal Service that my result in the removal of a town's identity should be lifted from the minds of rural citizens and taxpayers.

It is my hope that this committee will hold hearings on this legislation at the earliest opportunity.

Again, thank you, Mr. Chairman, for holding these hearings. I appreciate this opportunity to address the committee about some of the problems we have in Kansas with our large number of rural and small post offices.

Mr. HANLEY. Martha, in behalf of the committee, we are deeply appreciative for your time, effort and interest here this morning, and certainly you make some excellent observations, and you offer some fine suggestions, legislatively and otherwise, which I assure you will be considered by this committee.

Martha, as you read the concerns of your constituents, would you say that the majority of them look upon the U.S. Postal Service as a service-first agency?

What I am saying is that would they agree that the traditional type of postal service that has prevailed in America since year 1, should continue to prevail and that should be its priority?

Ms. KEYS. Certainly, Mr. Chairman, I think the overwhelming consensus of my constituents is that many of them feel that the service has gone out of the Postal Service in the past 6 years. It is raised around my district at the town meetings that I hold in all areas and communities.

In fact, I have heard no one express the feeling that postal service should not continue as a right to citizens of this country, and as a function that is guaranteed to them by their Government.

Mr. HANLEY. With regard to the self-sustaining mandate part of the Reform Act of 1970, most members of this committee long ago concluded that that was an unrealistic mandate that cannot be achieved, if the traditional type service is going to prevail.

That being the case, would it be your conclusion that, again, most of your constituents would agree that the public service aspect of the U.S. Postal Service should be funded from the U.S. Treasury, or should it be underwritten through increased postal rates?

Ms. KEYS. I believe that my constituents—and a large number of them represent rural communities—have expressed themselves very clearly to me that they understand that a guarantee of good postal service to rural, as well as urban areas, will depend upon more authority being taken over by the Congress. We always subsidized postal service, even in these past years, am I not right?

Mr. HANLEY. You are correct.

Ms. KEYS. And I don't understand why we have tried to pretend that we haven't. I believe it is the consensus of citizens in my area of the country that they would like to see Congress reassume much more authority over decisions made within the Postal Service. We have seen a lot of management decisions that were unwise, that caused the expenditure of a tremendous amount of dollars and really did not lead to any better mail service. In fact, these decisions have led to a deteriorating and destructive mail service.

And it seems to many people, again, in Kansas, as their expressed statements to me have revealed, that we have witnessed the growth of a new layer of high-level management in the post office which has not militated to provide any better service at all. It's hurt the Postal Service itself, I think it's hurt employees, certainly in the small areas, such as mine, and it's certainly hurt the service to postal patrons.

Mr. HANLEY. Well, Martha, you say it very well, and I give the assurance that in the event additional monies are urged by this committee, that urge would be associated with a condition requiring authorization, that it is not the intent at all that blank check would be issued.

Ms. KEYS. That is right.

Mr. HANLEY. That agency would be responsive to the congressional committee to rationalize everything it is spending.

Again, our deepest appreciation for your participation here this morning. You have contributed measurably to our deliberation.

Ms. KEYS. Thank you, Mr. Chairman.

Mr. HANLEY. Our next witness is Representative Edward P. Beard of Rhode Island.

Ed, in behalf of the full committee, our deep appreciation to you for taking the time and making the effort this morning to have us benefit from your advice on this rather important subject matter.

STATEMENT OF HON. EDWARD P. BEARD, A U.S. REPRESENTATIVE FROM THE STATE OF RHODE ISLAND

Mr. BEARD. Thank you very, very much, Mr. Chairman. Much of my testimony will be, I am sure, repetitious of previous statements, but it is great to hear the concern of my colleagues in Congress on this very, very vital issue, and to an awful lot of people in the country.

First of all, I think this may come as a surprise, that 81 percent of Rhode Island is a rural area. You know, Rhode Island is considered industrial, with its textile mills, but 81 percent of the land surface in the area of Rhode Island is considered rural. To give you an example, Rhode Island is 50 miles by 30 miles, and in the areas that I am very concerned about, it is the area of Harmony, R.I.

Harmony, especially, is where there is very much countryside, the home of the late John Fogarty who served in this Congress for 27 years.

As a matter of fact, in the summertime, even right now, it looks like Shannon, Ireland. There's a tremendous resemblance to that area of the country.

There are a lot of people up there, many of them senior citizens, affected by the possible cutbacks of rural post offices. For the 14 years

we were in Vietnam, during the course of that war, many of the elderly people in that area, and the younger people, depended on—that was their life blood, that communication between a son or grandson in that war.

Some of these elderly people have no transportation, and that is their only means—walking to that post office—of finding out about their neighbors next door, somebody down the street might have been sick. Because everyone comes to the post office. It was mentioned earlier that not only do they take this opportunity to pick up their mail, but also take the opportunity to shop in the drugstore, as you mentioned, and the hardware store.

I think the most important thing is service. And I think the Government of the United States should give them the same consideration we give foreign countries in foreign appropriations.

We have an obligation to look at the rural areas, look at the type of people who live in that area, and how they are dependent on this type of service. And I think that is what it is all about: service.

Regardless of what the expenditure is, it is the only service where the average person in this country can say, "I can see what I am getting for my money." It's direct, it is direct communication for their taxpayer's dollars. In Rhode Island in the last 10 years, it seems like it has been down hill for Federal services. We lost over 6,000 jobs at the closing of Quonset Point and Davisville; 10 years ago we lost John Fogarty, who was beloved by the whole State of Rhode Island. That was a tremendous loss to the State.

Now they are trying to cut again into the State of Rhode Island, that has 14 percent unemployment, by shifting the emphasis from rural to more central locations.

What are the elderly going to do for transportation? How are you going to adjust the lives of people that are 60, 70, 80 years old, that have been accustomed for years to this type of service? They have paid taxes all their lives. I say no, as far as I am concerned and I will be watching closely what the Congress will be doing in this area.

I am happy that we have the opportunity to testify, and I think that it is great that you are having these hearings. I would hope that, at least for this one service, we could give it to the people. And I hope that the postmaster will understand, even though it may be expensive at times, that that is the only service they can put their hands on. And give them the same consideration we have given the foreign aid, et cetera. Thank you.

Mr. HANLEY. I am very appreciative of your fine statement. It is enlightening to me to realize that 81 percent of your State is composed of rural communities. That I did not know, and that being the case, you have a great deal at stake here.

Mr. BEARD. Yes.

Mr. HANLEY. And your statement reminds me of something that I have been saying on a continuing basis and, risking repetition, I have said that in so many of our rural communities, this is the only piece of action that that set of taxpayers have going for them from the U.S. Government, though that same set of taxpayers underwrites the numerous social programs enjoyed by their urban brethren—whether it be housing or mass transportation, you name it.

So it is reassuring to hear you out, and really, what you have said this morning pretty much coincides with the opinion of every Member of Congress who has preceded you at that table.

Let me pose just one question, Ed. Do you feel that your constituents would prefer that the public service aspect of the U.S. Postal Service be funded from the U.S. Treasury, as opposed to being underwritten by increased postal rates?

Mr. BEARD. I don't think they would object to that. I think that is the service that they expect. We pay enough to foreign governments in foreign aid, and I think that is the least we can do.

For example, it is very difficult to justify to the tax payers where the postal rates have gone up, and now we are talking about cutting back service. That makes no sense at all. I think maybe that is what we need and maybe the Postmaster General needs more commonsense in this area, to give to the people, rather than take away. Give something back.

That's what they are looking for. This is the lifeblood of many of these people—communication. Direct communication with their loved ones, especially elderly people.

In Harmony, R.I., it's very rural and heavily populated with elderly citizens. To deny these people, after years and years of sacrificing and suffering, paying taxes—you can't justify it. No one can justify it.

Mr. HANLEY. To what you say, again, I say amen. And I am delighted that you referred to a very dear friend, the late John Fogarty, who I recall left this earth on the opening day of the 90th session of Congress, and his contribution to this country was immeasurable.

Again, Ed, our deep appreciation for what you have said this morning.

Mr. BEARD. Thank you, Mr. Chairman.

Mr. HANLEY. Our next witness is Representative Philip M. Crane of Illinois. Phil, we are delighted to have you with us this morning, and I am most aware of your continuing interest in the problem of the U.S. Postal Service, so I am sure your testimony is going to prove most interesting.

STATEMENT OF HON. PHILIP M. CRANE, A U.S. REPRESENTATIVE FROM THE STATE OF ILLINOIS

Mr. CRANE. Thank you, Mr. Chairman, for the opportunity to testify before the Postal Service Subcommittee today.

After all the publicity the Postal Service has received lately, some of it the direct result of Postmaster General Bailar's comments about the need to cut back on service, these hearings are indeed timely.

The public has every right to know not only what is going wrong with the Postal Service, but what might best be done to correct it.

Inasmuch as these hearings are focused on the service aspects of the postal problem, I will not dwell on the fiscal woes facing the Postal Service—the growing deficits, the real and projected rate increases, and the need for even larger taxpayer subsidies. Suffice it to say that these symptoms must be dealt with, but to conclude that the cure for them lies in making the Postal Service less accessible and, therefore, less convenient to the postal user, does not necessarily follow.

If, as Mr. Bailar himself has said, demands for better service coupled with declining mail volume set off "a vicious cycle which threatens to destroy the Postal Service," then logic dictates that either service should be improved or alternatives developed to it. The rural postal user, the home delivery postal patron, and the American taxpayer should not be made the scapegoats for an operation that, through lack of incentive to improve, is inherently inefficient.

Let us look at some of the service cutbacks Mr. Bailar has either ordered or suggested and see what effect they would have. While I represent a suburban, rather than a rural, district, I am most concerned about the possible closing of 4,000 to 5,000 rural post offices.

First of all, only 3 percent of all first class letter mail goes to rural areas, so we are not talking about the real cause of the problem or a solution that will correct it.

In fact, recent estimates indicate that if free delivery services were provided to all rural areas, the total cost to the Postal Service would come to \$600 million a year, or only 37.5 percent of the estimated Postal Service deficit for fiscal 1976.

Second, if many of these post offices were closed, it would work a real hardship on people who have no other alternative for mail delivery. If they can't get to the new facility further away, that's their misfortune, particularly since the Postal Service does not respond to telephone requests for postal pickup. As for cutting back on home deliveries from six to three days a week, delivering only to curbside cluster boxes, and imposing a surcharge on home delivered mail (all of which have been suggested), such steps would not only be discriminatory, but are likely to result in a further decline in mail volume.

Instead of saving money, the "vicious cycle" Mr. Bailar keeps talking about will become even more pronounced and the hypothetical "Aunt Minnie" living on top of Pike's Peak, whom defenders of the postal monopoly claim to be so worried about, will, like all the rest of us, be even more frustrated.

As far as cutting back business deliveries is concerned, my district is not directly affected in that Chicago has had only once a day delivery anyway. So, from one standpoint, such a step evens things out a little.

However, I do find a bit of an inconsistency between the service cutback concept and the suggestions that business mail go at a lower rate than personal, home-delivered mail. If the idea is to stimulate the use of the mails, then rapid service which businessmen particularly appreciate, in view of the time sensitive nature of much of their correspondence, would be a wise investment.

In fact, electronic transfer is rapidly cutting into postal usage precisely because the Postal Service cannot deliver the mails quickly enough. Likewise, courier services, such as those provided by Purolator Corp., are thriving because of the need for quick delivery, and yet the Postal Service seems determined to slow it down.

The biggest irony in all this is that, whenever the idea of allowing private firms to compete with the Postal Service is raised, a terrible hue and cry goes up about how the remote rural areas will be discriminated against and how "Aunt Minnie" won't get her mail the way she would like.

Of course, the Postal Service takes the lead, claiming that private firms will "skim the cream" by taking the lucrative intercity business

and leaving the Postal Service with the expensive task of serving miners living in the Grand Canyon, Eskimos in Nome, and "Aunt Minnie." By implication, they would have us believe that they are concerned about both the remote areas and "Aunt Minnie," yet here we have them not only suggesting that service to both be cut, but insisting that neither should be permitted alternative delivery services.

Such a position is, I contend, unfair to all concerned. The reason postal rates have gone up and service has gone down is because the Postal Service has no incentive to reverse either trend.

By virtue of the fact that it has no competition, and therefore is assured to continued existence, it is easier for the Postal Service to cut back on service or ask for more money than to improve its own operation.

In fact, the President's Council on Wage and Price Stability made that precise point when it suggested, last January, that: "permitting competition in the Postal Service's first class (mail) service probably would result in significant benefits to the economy and the mail user."

In its findings, the Council stated that:

The Private Express Statutes appear to play a prominent role in the rapid increases in postal rates and have significant direct and indirect effects on the U.S. consumer. We believe, however, that without the stimulus of competition it is less likely that the resulting rates for postal services would achieve the most efficient allocation of resources and operational efficiencies.

As you know, Mr. Chairman, I have, for the past 6 years, sponsored a bill that would permit competition in the delivery of first-class mail by repealing the private express statutes. Due in part to this statement of finding by the President's Council on Wage and Price Stability and in part to the postal rate increase, this measure now has 29 cosponsors. Furthermore, it has been endorsed by the Chicago Tribune, the Chicago Daily News, and the Wall Street Journal.

The idea is catching on in other countries, to wit, Great Britain, where a bill similar to mine lost by only 11 votes last February, and in Canada, where interest has been expressed in the legislation.

In response to concerns that private enterprise might not be able to do the job effectively and would leave us worse off than we are now, one need only look at what happened in the field of parcel delivery to assure themselves that such fears are groundless. In the space of only 18 years, United Parcel Service has come from being simply an intra-state carrier to the Nation's largest parcel delivery system.

In order to surpass the Postal Service, United Parcel has charged less, delivered more quickly, and gotten packages to their destination in better condition. I rather doubt one would find, as Congressman Wilson did with the Postal Service a short while back, a bulk mail center run by United Parcel with thousands of lost and damaged parcels lying around.

Of course, United Parcel is but one example of a private firm that has successfully competed with the Postal Service in the delivery of second-, third-, and fourth-class mail. At least 20 other firms are also in the field, and a number of these have done considerable business over a substantial period of time. Under the circumstances facing us today, they and other interested firms certainly deserve the chance to offer the competition the Postal Service so badly needs. Further, instead of representing a continuing drain on the taxpayer, these firms pay taxes.

The other argument often raised against private competition is, of course, this business of cream-skimming. However, I might note that, once again, the record of private enterprise in the field suggests this argument lacks merit. United Parcel Service, for example, not only serves all 48 States in the continental United States, including rural areas, but charges no more to deliver from a city to a rural community than it does to another city an equal distance away.

Therefore, the rural postal user is not being discriminated against, and there is no reason to assume automatically that he or she would be if competition were extended to first-class mail.

I could go on, but since the focus is on postal services and how they might be improved, let me close with one final point.

My proposal to end the Postal Service monopoly would not mean the end of the Postal Service. Rather, it would give the Postal Service an incentive to improve at the same time it would provide the American public with alternatives in case they are needed. Mr. Chairman, knowing how busy the subcommittee is, and how many people you have to be heard, I thank you again for giving me the opportunity to testify. Your courtesy is certainly appreciated.

Mr. HANLEY. Phil, I am deeply appreciative for your observations. Though we have opposite positions with regard to the matter of the private express statute, unfortunately our time this morning does not provide the ability for dialog on it.

I am, and certainly the full committee is, most appreciative for what you have said here this morning. I think that the whole subject relates to a problem that people of good faith are putting a good deal of effort in to hopefully resolve.

It so happens, like most important issues, that we have different avenues that we suggest pursuing in an effort to resolve the problems.

I happen to think that probably fundamental to the great problem we have today was the decision back in 1970 where the Congress walked away from a responsibility and assigned to the people who were not responsible to the electorate the ability to make unilateral administrative decisions which have proven very erroneous and extremely costly.

Mr. CRANE. Mr. Chairman, could I comment on one question you have raised with our colleague, Mrs. Keys, and with Congressman Beard?

Mr. HANLEY. Surely.

Mr. CRANE. That is, would constituents in their districts—and the same would apply to mine—favor underwriting the Postal Service deficit out of general revenue, rather than by an increase in postal rates. I suspect that almost all Americans would say take it out of general revenue, at first blush. But, if they were to stop and think about that for a moment, they would realize that they are the ones who are going to be ripped off most by taking it out of the general revenues, because their volume is vastly less than the business volume that develops on a daily basis between the addresses within our central cities.

And so, what really, in effect, would occur here is that the people are going to be taxed more heavily to underwrite the reduced costs of sending mail than they would by accepting the additional costs, whatever those might be.

Mr. Bailar suggested possibly even 37 cent first-class mail. But even if it's 37 cents, in the long run it would be vastly cheaper for

them to accept that increased postal rate than it would to take the money out of general revenues to underwrite the cost of business correspondence.

Mr. HANLEY. With due respect for what you have said, but on the other hand, would you not agree that the increased overhead of that particular entity, whether it is a utility company or an insurance company, or whatever, the increased overhead resulting from that additional postage charge would have to be passed on to the consumer, so the taxpayer would be picking it up anyway, and along with it, would not be enjoying the universal concept presently prevailing.

Mr. CRANE. Well, you make a good point, because the individual who uses the service is going to pay for it, one way or another, either through direct taxation or through increased costs that, as you say, are passed on.

I think that argues all the more persuasively in favor of the demonstrable efficacy of private carriage with the reduced cost to the consumer, better service, and simultaneously, as I noted, the additional revenues to Government through the taxes those businesses pay, rather than a drain on the taxpayers' resources.

Mr. HANLEY. Phil, I only wish that time provided the opportunity for some more extensive dialog on this subject, but the clock suggests that it is running out, and present with us this morning is our esteemed minority leader and your colleague from Illinois, Mr. Derwinski.

Mr. CRANE. I thought that was Mr. Bailar for a moment.

Mr. HANLEY. There is a resemblance.

Mr. DERWINSKI. Your statement is very, very profound, Congressman Crane.

Mr. CRANE. That is because I associate with profound colleagues from Illinois.

Mr. DERWINSKI. Just to refresh my recollection, prior to coming to Congress, you were, I believe, a university professor, weren't you?

Mr. CRANE. That is correct.

Mr. DERWINSKI. Was it in management or transportation or communications—some subject that gives you knowledge of the Postal Service? Or what was your subject?

Mr. CRANE. My subject was history. And as George Santayana once said: "Those who fail to learn the lessons of history are condemned to relive them."

Mr. DERWINSKI. You do recall, as a student of history, that it was always intended that the Postal Service be primarily provided by government, that was the first concept of the Postal Service as established by our Founding Fathers?

Mr. CRANE. Primarily. But not exclusively. And that is what I am arguing about here. We did not have a postal monopoly until the middle of the 19th century, and this provision in the Constitution does not call for a postal monopoly. It calls for the creation of post roads and delivery of mail, but it is not an exclusively preserved function of Government. I think we ought to go back to what the Founding Fathers obviously intended, and that is to create that situation for diversity and variety and better service to the consumers.

Mr. DERWINSKI. You realize, of course, as a student of current legislation, that there are restrictions in the postal reform law that has

made it difficult for postal management to make every practical decision that they might have hoped to.

Mr. CRANE. Well, I pay particular tribute in the creation of this independent postal authority to my distinguished colleague from Illinois and his colleague on the other side, that Presidential candidate, Mr. Udall.

And I was on the floor and watched that brilliant performance as they drafted this legislation. I can only assume that, if there are inherent deficiencies, that the gentlemen either understood them at the time and assumed that the Postal Service could operate with those deficiencies, or else they wouldn't have attempted to pursue that avenue.

Mr. DERWINSKI. Well, I am pleased that the gentleman has so much confidence in Mr. Udall and me, and I wish, if you had so much confidence in me, that you should have run me for President, instead of that Californian you are supporting. Now, let me ask you this since you made quite an emphasis here on the success story of United Parcel Service.

Recently, United Parcel had been plagued by employee strikes. I believe the Teamsters Union represents their members.

If, at a time when our dedicated postal employees realize that as conscientious Federal employees they do not have the right to strike, they faithfully abide by the law and the spirit of it, you find yourself in a situation where the United Parcel Service and others would be beset by strikes, and only the heroic Postal Service, working day and night, in rain and snow and sleet, would be coming to the rescue of the public—could you foresee that development, sir?

Mr. CRANE. Well, I recall—again, harking back to history—when that heroic Postal Service, contrary to law, walked out on strike, in a wildcat strike, and I remember the lack of heroics in Congress in capitulating to the wage demands as a means of resolving that problem.

So I think any employer has this potential problem on his hands. The more carriers you have, the greater the competition, however. If one is struck, there are alternatives available.

I would assume, in the case you cited, that if the Teamsters, for example, struck United Parcel Service, we right now have the alternative of the postal organization to carry parcels during that temporary restraint on delivery in the private sector.

Mr. DERWINSKI. Now, I hate to ask a question that perhaps you cannot address yourself to at this point, but if your candidate is elected President, would you be Postmaster General or the Secretary of Labor?

Mr. CRANE. Well, I thought I might recommend you for Postmaster General, if he's elected. Unless you would prefer Secretary of State.

Mr. DERWINSKI. Let me ask you one last question.

The President has made—President Ford, if I may remind you of who he is—made it plain that he would not support the repeal of the private express statutes, recognizing the very points you made in your argument, only you take the opposite side of it.

I detect no real drive in Congress for this. What leads you to think there is—was it 97 votes you had for your amendment the last time?

Mr. CRANE. I'm not sure we had 97. I think that logic and wisdom will ultimately prevail, that the alternatives that Congress has kicked around for so many years are demonstrably unworkable in terms of guaranteeing what we all want, and that is the best service, at the lowest

cost to the consumer, and to guarantee the principles of universality that the chairman referred to.

I think at the present rate, we are simply rehashing old arguments, and no one has any alternative answers, other than a continuation of the aggravation of the problems that exist today, or the reassertion of control by the Congress, and I don't think that is an answer either. I think my distinguished colleague would agree.

Mr. DERWINSKI. I commend you for your emphasis on the need to have the post office funded from revenues rather than from the general treasury. Therefore, I thank you for your appearance and your scholarly approach, and we can now go over the floor and have a philosophical conversation en route.

Mr. CRANE. I thank you, Mr. Chairman, for the privilege of testifying.

Mr. HANLEY. Thank you very much, Phil, and I just wanted to remark, on Mr. Derwinski's reference to Presidential candidates, I sympathize heavily that that awesome problem exists within the ranks of the Republican Party, and I am happy to say that, within the Democratic Party, we have no renegades.

Mr. CRANE. Mr. Chairman, could I add a footnote here? That is, consider for a moment the possibility that our good friend Mr. Udall's misfortune in his Presidential contest could be traced directly to the prominent role he played with my good friend, Mr. Derwinski, in creating the independent Postal Service Corporation.

Mr. HANLEY. Thank you.

Our next witness is Representative Alvin Baldus of Wisconsin. Al, on behalf of the committee, our deep appreciation for your appearance.

Mr. BALDUS. Thank you, Mr. Chairman.

STATEMENT OF HON. ALVIN BALDUS, A U.S. REPRESENTATIVE FROM THE STATE OF WISCONSIN

Mr. BALDUS. Mr. Chairman, I would like to begin my testimony by noting my appreciation for the strong efforts you have consistently made on behalf of my constituents who reside in rural communities with small post offices. Your efforts to date have been considerable. Unfortunately, it appears as though your task is really just beginning.

I realize that I am one of the last to testify at this time, and I will attempt to eliminate from my testimony so many of the key points which have been consistently developed by those preceding me, and upon which I commented at length the last time that your committee held hearings on the closing of small post offices. The only thing which has really changed since then is that now I have 12 post offices in my district which are in the process of being closed.

The U.S. Postal Service has proceeded with a program of closing small post offices which runs contrary to the established sense of the Congress and which has removed the operations of the Postal Service in closing small post offices from the control of those elected Federal officials most directly linked to the people.

I was one of the Congressmen who brought the suit against the Postal Service. It was my sincere hope that the judiciary would rule that the Postal Service is violating the congressional dictate that "No small post office shall be closed solely for operating a deficit." The decision was not only disappointing, it also clearly established a

precedent for closing small post offices which operates without the approval of the affected people and without being subjected to the control of the representatives of the people.

Let us examine the current situation by beginning with the congressional mandate that no small post office be closed for operating at a deficit. We now have a situation where post offices which are small and rural and operate at a deficit are being switched to alternative services. There is only an ambiguous difference between closing a post office for operating at a deficit and closing a post office which operates at a deficit in order to provide alternative service. The Congress did not rule that the latter conforms with the former. Rather, the Postal Service has done so.

In short, we have a major policy decision affecting thousands of communities which has not been shaped by the Members of Congress. We have post offices which are being closed with absolutely no input on the part of the affected citizens beyond an indication of which alternative service they would prefer.

The citizens of these communities are angry. They feel as though they are being confronted with a faceless and unapproachable enemy which takes their post office away without bothering to consult with them. One cannot construe the survey form currently being used to be an opportunity for the individuals to answer the primary question of whether or not a post office should be closed or remain open.

These people turn to me, as their Congressman, for assistance. And, in truth, I am not at all sure that the attempts which I make to save their post offices are at all given any appreciable consideration by the Postal Service.

We can, however, and we must, take action to bring the procedure for closing small post offices back into line with the sense of the Congress and the people.

For that reason, I am appearing today to request and urge the committee to take action by immediately passing out a bill establishing a moratorium on the closing of small post offices, effective for any post office which has not actually been closed. I further urge the committee to use the moratorium period to draft a bill which sets into law the procedures to be used in closing small post offices. I am a sponsor of Representative Kastenmeier's bill, and it is a good bill and deserves the attention and support of the members of this subcommittee. Nevertheless, whether the committee uses the Kastenmeier bill or simply marks up its own bill, I feel that it is absolutely essential that you begin the process of returning this matter to the control of the Congress in a way which provides for the cooperation and approval of the people in deciding if alternative service really is as good as having a post office.

The burden of proof must rest with the Postal Service. If their case is strong, let them work with the people of the community by establishing an open and announced dialog which will determine what action should and will be taken.

It is evident that in the Nation today there is a trend to move back to rural areas and away from urban centers. Any community which has had its post office closed will be at a considerable disadvantage when competing to attract the attention of businesses and people who follow that trend. Let us not move in haste to close those post offices.

Let us prepare a new procedure which recognizes that there is value in moving slowly and with the full and candid participation of the affected people.

I would like to call your attention to the testimony of my colleague from Wisconsin, Representative Steiger, who documented the aura of intimidation which postmasters are subjected to. I also have witnessed this in my district. Postmasters are under orders to refer all requests to the sectional center. They are aware of the precariousness of their own situations and they are reluctant to step into the light and address themselves to the policies of the Postal Service which they serve. If this is what the American system of government has come to, then it is time for the Congress to redirect the Postal Service down a more understanding path.

Before closing, I would like to add that the Wisconsin State Assembly has passed a resolution calling on the Congress to halt the closing of small post offices. Although the Senate was unable to act before the session ended, I feel that its passage by the assembly underscores the depth of reaction against the closing of small post offices. The depth of that reaction can also be measured by the many petitions and letters which have been sent by my constituents to me and to this committee. Unless action is taken by this committee, we will have to learn to live with our present situation. I find that situation to be lacking in consideration of the people within the affected communities, and I urge you to pass out a moratorium bill and to begin work on the more complicated question of establishing a more just procedure for closing post offices.

Mr. HANLEY. Al, in behalf of the full committee, our deep appreciation to you for your efforts and interest in this problem, and through these efforts you're assisting our deliberations greatly.

Mr. BALDUS. I believe the moratorium, Mr. Chairman, at this time would be a good thing, and I am a strong supporter of the Kastenmeier bill, or one like it, if your committee, in your judgment, would find it to be the proper remedy.

Thank you, Mr. Chairman.

Mr. HANLEY. This concludes this particular set of hearings on the matter of small rural post office closings.

[Whereupon, at 12:10 p.m., the hearings were adjourned.]

[The statements which follow were received by the subcommittee for inclusion in the hearing record:]

**STATEMENT OF HON. JAMES ABOUREZK, A SENATOR FROM THE STATE
OF SOUTH DAKOTA**

LET'S NOT "RAILROADIZE" THE POSTAL SERVICE

Mr. Chairman, I oppose the service cutbacks, actual and proposed, that the U.S. Postal Service believes will help it break even. I oppose the closing of rural post offices, alternate-day delivery, elimination of Saturday service and the "Public Be Damned" attitude of the Postal hierarchy categorically. These cutbacks are wrong in their own right. They do not fall within my understanding of regular and effective mail service and are not a fulfillment of the mandate given in the Constitution to the Congress to establish post offices and see that the mail is delivered.

On the merits, alone, the service cutbacks are a mistake. But I believe that they are also wrong because they will not attain the goal of breaking even. With a debt of \$3 billion and a continuing operating deficit, the Postal Service is not

on the verge of solvency. A far greater threat to the long-range solvency of the Postal Service than the salaries of rural postmasters and urban mail carriers is the decline in business. It will not meet this threat by offering fewer services less conveniently.

A look at what happened to passenger train service provides an interesting parallel. Carrying passengers became less profitable for railroads for many of the same reasons that delivering first class mail is not economical as it once might have been. Technical advances have made alternatives feasible and attractive. Traditional labor patterns, for better or worse, have limited flexibility and assure that a large share of the budget is made up of fixed costs. Lethargic and unresponsive management alienated both the people they serve and the people who work for them, made substantive miscalculations and allowed boondoggles to go unchecked.

There is plenty of blame to go around for both the state of the railroads and the state of the Postal Service. My purpose is not to point the finger of blame. Surely we in Congress have our share for the unwieldy patronage system and our willingness to take both sides in every route change or personnel decision in the past.

But the solution offered by the railroad management looks like just what the Postal Service is trying to duplicate: Cut corners every way possible, raise prices, give an inferior product and expect the public to put up with it, just as they did when there were no alternatives.

It is patently obvious to me that this is not the right course for the Postal Service to take, just as it resulted in a debt-ridden, passengerless, run down mess for the railroads, for which, pardon the expression, we still do not see the light at the end of the tunnel. The railroad stockholders, management, workers and especially customers bore the brunt of this fiasco; none benefitted. Now the taxpayers must come to the rescue of what we decided (and knew all along) was an energy-efficient, convenient, sensible intercity transportation network.

We have and must decide in favor of good mail service. To say that we can't afford good mail service and must accept fairly good mail service or occasionally good mail service or good mail service for a few of the people is not an economy—it is an invitation to disaster. It will assure that the spiral of labor-management confrontation, erosion of public trust, political unpopularity, higher rates, declining volume and more service cutbacks will continue.

Service cutbacks will never be the life preserver the Postal Service is looking for. They may well be a dead weight pulling the mail service deeper in debt with less chance of recovery. Rather than save money for the taxpayer and postal user, service cutbacks will guarantee higher rates and increasing subsidy for that portion of the public which does not have an alternative like electronic funds transfer, private messenger services, telecopiers, WATS lines or not writing at all.

For people in a rural state like South Dakota, service cutbacks would have a definite effect on the quality of life. This is a strong statement, but consider some examples:

Most South Dakota newspapers have the majority of their circulation by mail. You can't go down to the local drug store to buy today's paper. You get it in the mail—the next day. What if newspapers came only 3 times a week? Would that be an economy? I think most customers would drive to where they could pick up a paper regularly, cancel their subscriptions and go without, or contract for home delivery where it is not now offered, with resulting increase in price.

Whose economy is it when small towns lose an employee, vacate another building and in some cases lose their identity altogether? Whose economy is it when a rural person must drive 10 miles farther to postmark a letter, pick up a package or buy stamps? Are these budget matters of the Postal Service only, or do they have a larger social implication for the kind of attitude government has toward rural people?

There is another aspect to the service cuts which disturbs me a great deal, and I know concerns the people of South Dakota. That is the high-handed attitude the Postal Service has taken in implementing service changes. Although a court order requires consultation with customers affected by a small post office closing, the questionnaire universally used to solicit public opinion deliberately misleads the respondents into believing that they cannot opt for maintaining the status quo, that closing is a foregone conclusion.

Often the postmaster is informed of management's plans when his or her superior shows up unannounced, offers a transfer which by postal rules the postmaster cannot refuse, and then surreptitiously surveys individuals trying to get them to sign a form approving the change management has in mind, without allowing the opportunity for any rebuttal or consideration.

If a firm in the private sector used these "sales" tactics, I would report them to the Better Business Bureau. If it were a monopoly, the Federal Trade Commission should investigate. But this is not in the private sector. It is an agency set up by Congress which is running roughshod over its employees, customers and all standards of fair play.

The Postal Service resolutely maintains that they want to provide "equal or better service," that these changes are in the public interest, that they want to serve the public. If that is true, why does every action aim at deceiving, cajoling or outsmarting the public? Why don't they tell it straight?

Why don't they tell us which post offices, or at least how many, they plan to close? Why don't they tell us what instructions, criteria or memoranda they have given to their field people on which to base postal closing recommendations? Why in developing the postal closing policy did they never consult with any residents, businesses, officials or representatives of small towns and rural areas to get their reactions and suggestions for this method of "improving" rural service?

In making the Postal Service independent, I don't think that the Congress intended to make it inscrutable. As I said in letter to Postmaster General Ballar when I heard of the firing of a mailman in my home town of Rapid City because the man refused to walk on customers' lawns, "Has the Postal Service become so concerned with saving a few pennies that it has lost touch with reality?"

It is time the Postal Service regained touch with reality. The reality is that people want, expect and deserve good mail service. The reality is that service cuts will entangle the Postal Service in a sticky mess, just like it did the railroads. The reality is that no one will end up benefitting from service cuts, and everyone—the free press, the workers, the management, the taxpayers, the people who send and receive mail—will end up losing.

STATEMENT OF HON. BILL ALEXANDER, A REPRESENTATIVE FROM THE STATE OF ARKANSAS

Mr. Chairman, I appreciate the opportunity to express again my sentiments on our continuing postal problems. It is obvious that these problems simply will not go away. The Congress and the President must take the necessary action to put the Postal Service back on its feet financially. I think that is one point on which we are all in agreement.

My chief concern regarding the cutbacks in service instituted by the Postmaster General is the undue burden that his decisions have put on those Americans who live in the countryside.

Americans who choose to live in non-metropolitan and rural areas have just as much right to convenient postal facilities and services as those Americans who live in the cities.

It has been estimated that a savings of \$100 million could be achieved by closing some 12,000 rural post offices. Considering a projected deficit this year of \$1.6 billion for the Postal Service, that represents a relatively small contribution toward the total deficit.

I fully recognize that there are cases where small post offices may be closed and superior service provided through nearby facilities. However, the wholesale closure of rural post offices, the nerve center of many small communities, is a slap in the face to rural Americans.

While the brunt of postal cutbacks are being evidenced in rural areas, metropolitan areas are also being affected by cutbacks in business deliveries on weekdays. I believe that such dispositions on the part of the Postal Service are in large part responsible for the vast number of business concerns that are seeking alternative communication networks to replace an unreliable Postal Service. The resulting loss in volume of mail further compounds the Service's problems. Thus we have a never ending vicious circle, a vicious circle now leading toward the elimination of Saturday mail delivery.

Mr. Chairman, we have reached the cross roads on the Postal Service. If we want to maintain USPS as a service, then it will have to be subsidized. In subsidizing that service, however, we can demand, and I believe the American people expect the Congress to do so, accountability of the postal management to those the Service was created to serve.

The Congress can require the Postmaster General to be appointed by the President and confirmed by the Senate, the Congress can require the Postal Service to justify its budget annually, secure appropriations and approval of the major

capital expenditures, the Congress can reassume financial control without getting us back into the business of hiring and firing postmasters.

This, Mr. Chairman, is, I believe, the situation in a nutshell. The President has indicated that he will not sign legislation containing a subsidy. The Senate bill, which contains a sizeable subsidy, awaits mark-up. In the interim, amidst a continuing rise in deficit, the Postmaster General has instituted cutbacks in service.

I do not believe that this issue can await resolution of electoral contests in the fall. I would hope that our colleagues in the Senate would take notice of the strong sentiment expressed by the House in approval of my fiscal accountability amendment to the House-passed bill and report a postal reform bill with some teeth in it.

I believe the Congress made a mistake in the passage of the Postal Reorganization Act of 1970. I share that blame as I was one who voted for the bill. I made a mistake. Congress made a mistake. It is time we owned up to it.

Thank you Mr. Chairman for this opportunity to express my views on the Postal Service. I believe it is worth saying.

STATEMENT OF HON. JOHN M. ASHBROOK, A REPRESENTATIVE FROM THE STATE OF OHIO

Mr. Chairman much criticism has been leveled at the Postmaster General for cutbacks in postal service. In my opinion much of this criticism is justified.

In the 17th Congressional District of Ohio the Postal Service has been taking studies of several post offices as a first step toward possibly closing them. One area—Nashville, Ohio—has obtained wide-spread coverage for its efforts to keep its needed postal service.

The post offices in many of these more rural areas play an important role in the community. The people depend on their small post offices.

The Postal Service has increased its prices again and again. Much of the increases in costs for the postal system has come from the large cities but there seems to be a lack of cost-savings efforts in those areas. Instead, the postal officials in Washington, D.C., look at the small towns and attempt to make the cuts there.

As Members of this committee know, on November 20, 1975 the Postal Service issued guidelines for closings of smaller post offices. One only has to read the fourth guideline to see how any bureaucrat here in Washington would have license to close almost any post office. The text of it reads: "Changing conditions related to the community, or to the staffing or facilities of the post office, make it impractical to operate a post office."

To buttress the case for these new guidelines the Postmaster General in a news release cited three post offices which had been closed as examples of the type that might be eliminated. The largest one served sixteen families and the smallest served no families.

The fact that the Postal Service was keeping open a post office that serves no families and did only \$105 in business tells us unfortunately too much about how the Postal Service is being run in Washington, D.C. It says even more when knowledgeable officials maintain that no changes in the guidelines were needed to close the three post offices. Few would question that these three post offices should have been closed, but I would question using these three as the rationale for eliminating other post offices that play a vital role in their communities.

In my opinion, it was a mistake for the Congress to sever its traditional role with the postal department. This is why I opposed the 1970 Postal Reform Act. Events since that time have served to produce further support for my position.

STATEMENT OF HON. ROBERT E. BAUMAN, A REPRESENTATIVE FROM THE STATE OF MARYLAND

Mr. Chairman, I would like to thank you and the other Members of the Subcommittee for providing me with this opportunity to offer testimony on a matter which is worrying many of my constituents, one which may cause distress, discomfort and economic hardship to our citizens.

The proposal by the United States Postal Service to close postal facilities in what they call "rural districts" affects almost all of the thirteen counties in my district. This move is billed as an economy measure to bail out the postal service from the sorry financial state in which it finds itself, but it would have

disastrous effects on those citizens, especially the elderly, who have less ready access to postal facilities as the system is presently constituted.

When this tentative decision was first announced I wrote to the Postmaster General in an attempt to secure a quick and permanent solution. I have expressed my opposition to the closings, and have demanded a full disclosure of the reasons behind this action. I had further requested that he give full consideration to maintaining the present services, and that no change of any kind be implemented until there has been a thorough investigation. Several of my colleagues have initiated legal action against the Postal Service based on the firm ground that the Service has violated the Postal Reorganization Act of 1970. They were successful in obtaining a temporary restraining order against the closing, but as you know, the court refused a permanent injunction. This comes at the moment when I have introduced a bill, H. Con. Res. 583, which expresses Congress's resolve that the Postal Service not close or suspend the operations of post offices for at least six months.

I fully realize that same of the rural post offices do not operate at a profit; however, this is not their primary purpose. It is important to realize that post offices are primarily a service. This fact was uppermost in the mind of Congress when it passed the postal reorganization legislation—to provide more efficient and reliable service at a reasonable price, with the ultimate aim of solvency.

I am also disturbed by the highhanded manner in which this entire matter has been handled. In my district the Salisbury Regional Post Office sent a survey to the immediately threatened offices listing only three options. Omitted was the possibility of maintaining present services. Moreover, those surveyed were given, in some cases, only 24 hours to indicate their selection from the carefully limited choices. I can only conclude that the decision regarding the fate of the local post offices may have already been made, and the "survey" was only a sham. I quite frankly cannot see how the U.S. Postal Service can provide the necessary level of service by any of the proposed substitutes, since the primary factors of the convenience and availability will be denied to postal patrons.

The essential point in the postal situation must be "is this service necessary?" and "are there other ways we can operate within the budget?" That service is needed in rural districts is as obvious as the fact that there are many other areas where abuse has rendered the system vulnerable to reform and more justifiable cutbacks. The bulk of the abuses occur in the operation of the big city post offices where employee arrangements are exorbitant and encourage gross inefficiency. If the postal system administration is sincere in its efforts to clean up its act, I recommend that it start where the mess is most evident, rather than penalize the rural patrons for the problems of their urban counterparts.

Mr. Chairman, I have attempted to keep my remarks brief in the hope that my letter to Postmaster General Bailar of February 26th might be entered into the record as part of my testimony. In my correspondence, I have tried to make the case for a position which the overwhelming majority of the citizens living in our country's rural districts hold. That is, that any problems the current postal service is having with its own inefficiency will not be solved by closing down those parts of its system which most directly benefit and are needed by the people. I thank you, again, for the opportunity you have afforded me.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES.
Washington, D.C., February 26, 1976.

HON. BENJAMIN F. BAILAR,
Postmaster General of the United States,
Washington, D.C.

DEAR GENERAL BAILAR: Several weeks ago I was informally notified by a telephone call from your staff that certain rural Post Offices located within my Congressional District were being considered for closure.

Although I am painfully aware that the Post Office System is now independent of the Congress, I assumed that some formal written notification would be sent to me. Instead, last week representatives of the Salisbury Post Office acting at the direction of Mr. Alfred C. Huffer, Salisbury Postmaster and Sectional Manager, appeared at various Post Offices in my District. The offices are: Dorchester County—Williamsburg; Queen Anne's County—Templeville; Talbot County—Bozman, Clalborne, McDaniel, Neavitt, Newcomb, Royal Oak, Sherwood, Wittman; Wicomico County—Fruitland; Worcester County—Showell.

I was informed that in at least three Post Offices, and apparently in all of them, postal employees were given one day's notice that they were to distribute letters from Mr. Huffer to the postal patrons, and that responses had to be returned no later than February 20, 1976. Since in most cases postal patrons did not receive these letters until February 19, this was a physical impossibility.

You are quoted on the Associated Press newswire as saying that as an economy measure, many rural Post Offices are being considered for closing but only after patrons at each Post Office are given a chance to express their views. So far as this statement pertains to my District, your words are a hollow mockery of what actually happened.

It also appears from the comments made to the press by Mr. Huffer, that your policy of asking patrons for their opinions of the closing of individual Post Offices is meaningless. You apparently have predetermined your decision in each instance and are only going through a sham procedure. This is particularly so when you consider the enclosed letter, from Mr. Huffer which offers only three alternatives none of which contemplates the continuation of the status quo.

Surely you must have a procedure to be followed when an office is being considered for closure. I know you have regulations to cover everything else. I would like to inquire as to exactly what this procedure is and whether a 24 hour notice is all that local patrons are entitled to receive?

I fully aware of the deficit that the Postal System is incurring each day that it operates. I wish that optimum service could be rendered and at the same time your budget be balanced. Perhaps closing Post Offices is one means of affecting savings, but I suggest to you that if each Post Office is to be considered for closure based on whether or not it is incurring a deficit, Baltimore, New York, and Philadelphia as well as other major cities may soon be in line to lose their Post Offices. If Post Offices are to be closed as an economy measure, small rural Post Officers should not be singled out as apparently you are doing.

I submit to you that rural Post Offices are far more important in many respects to the patrons they serve than are major city Post Offices. Despite the small volume of such offices, they serve as a vital economic link for people who are isolated from facilities such as banks, utility companies and other businesses which must be contacted by mail.

I would like to request from you immediately a written justification, including dollar figures, for the closing of each of the offices mentioned in my letter. I also request that I be permitted to testify or submit evidence regarding each of these Post Offices in my District which are being considered for closure.

It is no wonder that many of us in the Congress have become highly dissatisfied with the Postal Service. This latest series of highhanded actions regarding some Post Offices in my District unfortunately seems to be typical of the unrealistic policies for which you must accept responsibility.

During discussions with various Postal Service officials, I have learned that additional closure actions can be expected in Dorchester County and Queen Anne's County Post Offices, and that Kent County Post Offices would also be the subject of such action. Indeed, I suspect that plans of the Postal Service include more actions in the counties which I have mentioned as well as the rest of the counties contained in my Congressional District, which are Calvert, Caroline, Cecil, Charles, Harford, St. Mary's and Somerset. Therefore, when responding to this inquiry I would like a full and detailed forecast of the Postal Service's intentions with regard to offices in these counties as well.

Until I have received the information I have requested together with an explanation from you, I request that you hold in abeyance any formal determination regarding the Post Offices I have named.

I look forward to an early reply.

Faithfully yours,

Enclosure.

ROBERT E. BAUMAN,
Member of Congress.

U.S. POSTAL SERVICE,
THE POSTMASTER GENERAL,
Washington, D.C., April 12, 1976.

Hon. ROBERT BAUMAN,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN BAUMAN: This is in response to your letter of February 26, with regard to plans for twelve post offices in your Congressional District. The survey letter you forwarded is mailed to customers whenever a post office

is being considered for discontinuance. The purpose is not to determine whether or not an office is to be retained. Rather, it is to ascertain public opinion as to the form of alternative service preferred by the community in the event that the office is, in fact, closed. For this reason, the option of retaining the office in an independent status is not included on the form. There is, however, a space for comments. Customers who oppose any change may and often do feel free to state this fact in the space provided.

The survey letter is mailed out when the office is first considered for possible alternative service. Approval of any change, if such is ultimately recommended, is made at Postal Service Headquarters after a thorough review of the facts. This may take considerable time and, once the decision is made, customers are advised well in advance of the effective date for the change. Under no circumstances would we give only 24 hours notice of a post office closing.

With regard to the fact that the survey letters were requested to be returned no later than February 20, I have been advised that these letters were in the hands of all the postmasters involved no later than February 18. This is somewhat short notice; however, the February 20 date did not constitute a cutoff date. The results of the surveys were not compiled until one week later, and all the letters which were returned were included in the tally.

As you are aware, our present financial position is such that we must give careful thought to any means of reducing costs while maintaining adequate service to our customers. In many instances, this can be accomplished in rural areas by converting to rural carrier delivery. The General Accounting Office recently polled customers in areas which had been converted from nondelivery offices to rural carrier service and found that the majority of these customers regarded the delivery service as more desirable than the former method.

The twelve post offices you mentioned are concentrated in a small geographic area. Consideration is being given to closing eleven of these offices and converting to rural delivery service. The cost savings would amount to approximately \$200,000 per year. There are no plans to close the Fruitland post office at this time. Your comments with regard to any or all of these post offices would, of course, be welcomed. You may be assured that, if these closings are approved, adequate alternative service will be provided and customers will receive proper advance notice of the change.

Sincerely,

BENJAMIN F. BAILAR.

STATEMENT OF HON. JAMES T. BROYHILL, A REPRESENTATIVE FROM THE STATE OF NORTH CAROLINA

Mr. Chairman, I want to thank you for the opportunity today to comment on our current postal system, and proposed changes in that system which would affect virtually every citizen in the United States.

Let me begin my remarks by paraphrasing a section of the Postal Reorganization Act, which I believe summarizes the very function of our mail delivery system. This Act states that the United States Postal Service shall be operated as a "basic" and "fundamental" service provided to U.S. Citizens by their government. The Act recognizes that the postal system is firmly rooted in our heritage, beginning with the post office system provided for in the Constitution by our Founding Fathers. It emphasizes that the prime goal of the Postal Service is to unite our country through the correspondence of its citizens. Finally, the law provides for "prompt", "reliable", and "efficient" services to all areas and all communities in our country.

Although the intent of the Postal Reorganization Act was to unite the diverse segments of our country through efficient, reliable and timely delivery of correspondence, it would seem that the present system has become a mockery of its original purpose. The effect has been to divide our nation, as communities, small and large alike, line up to fight the termination of the very services for which the system was established.

Now, I wholeheartedly believe in and am dedicated to fiscal responsibility. And, I feel that each and every federal program should be evaluated and studied carefully for its worthiness. However, I also believe that the merits of a good mail service provided to each and every one of our citizens, regardless of where those citizens reside, stands on its own.

Last year, the General Accounting Office recommended closing some 12,000 third and fourth class post offices throughout the nation. The GAO stated the

belief that by so doing, the U.S. Postal Service could save about \$100 million a year.

If correct, a hundred million dollars is no sum to be laughed at. But, when that figure is held up to the \$11.8 billion expenditures of the U.S. Postal Service in 1974, or the current Postal Service deficit of over \$1 billion, \$100 million is but a drop in the bucket. Less than eight-tenth of one percent of the total USPS budget!

Consider what the funds operating rural post offices buy. They provide mail delivery for our citizens. They provide a location at which stamps, postcards, and other postal necessities can be purchased. They provide a community center, a community identity, an ever-present representative of the Federal government in each community. They symbolize the very community itself.

In my Congressional District, over 48 percent of the post offices are classified as "small". By eliminating the small post offices, almost half the facilities in my District would be wiped out. And, it is hard to justify what North Carolina citizens would lose in light of such a relatively small savings.

Much has been said about the section of the Postal Reorganization Act which states, "The Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining. No small post office shall be closed solely for operating at a deficit, it being the specific intent of the Congress that effective postal services be insured to residents of both urban and rural communities." I believe that paragraph speaks for itself. Congress specifically provided for the continuation of good mail service for rural communities in this legislation, and it is up to Congress to ensure that these services remain.

I question whether equivalent or improved levels of service can be established by closing small post offices. True, the overhead costs would be eliminated. But, the postmaster must be relocated in most instances. The customers must still be served. The mail must still go through, regardless of whether the carrier picks it up at one station or another. And, what about the administrative costs of such an action? How many man-hours are spent calculating such changes, working out the new systems, getting citizen reaction, etc.?

In the end, the rural customers are the real losers. Those in Washington making the decision to close one of the rural post offices in North Carolina have nothing to lose. They can buy their stamps around the corner. Their mail is picked up two or three times a day. They do not have to spend mornings looking out the window, hoping to catch the mail carrier so that stamps can be purchased.

The point is, rural citizens deserve mail service equal to that of their more urban counterparts. I do not believe that rural post offices should be closed any more than I believe the local courthouse, the church, or the corner store should be removed. Instead, let us work together to study the problem and arrive at a solution benefitting all.

One alternative, which I believe should be explored more fully, is the Community Post Office idea. This, of course, is the system whereby operation of a post office is contracted to a citizen or citizens willing to take on the responsibility. Oftentimes, it is located in an establishment, such as a store, which saves the costs of overhead. One such facility is located in the famed Mast Store in Valle Crucis, North Carolina, and I believe this has shown that the CPO idea is a workable alternative. Perhaps the Postal Service should make more effort to publicize this idea to citizens of small communities.

Nothing can serve more to unite a community than an efficient post office system. Nothing can serve more to disintegrate a community than to take away one of its living symbols, the post office. I could no more easily contemplate a community without a post office, than the Capitol Building without a flag. The Post Office is the local community, and I believe it should remain so for future generations. Thank you.

**STATEMENT OF HON. WILLIAM S. COHEN, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF MAINE**

Mr. Chairman and Members of the Subcommittee, I am grateful for this opportunity to testify on the Postal Service plan for widespread closings of rural post offices. As a representative of a rural State, I am particularly concerned about the effect of this proposal on my constituents. In Maine alone, more than 30 post offices have been discontinued since July 1, 1970. Since November, when Postmaster General Ballar announced new criteria for post office closings, there has

been a dramatic increase in the number of post offices discontinued in Maine and throughout the nation.

In the Postal Reorganization Act of 1970, Congress carefully stipulated that rural post offices were not to be closed "solely for operating at a deficit." The new policy on closures violates the spirit, if not the letter, of this provision. When reorganizing the Post Office, Congress recognized that some rural post offices could not be operated at a profit but clearly intended for regular and effective postal service to be continued for rural citizens as well as for residents of urban areas. To ease the financial burden of operating these unprofitable post offices, Congress has provided annual "public service" appropriations to the Agency since 1970.

Many officials of the Postal Service have implied that operating small post offices has contributed substantially to the Agency's burgeoning deficits. This simply is not true. The cost of operating the 12,000 post offices slated for closure by the GAO report represents less than one percent of the Postal Service's operating expenses for a year. As one of my colleagues aptly noted, the \$2 million the Service has saved from closing 188 post offices since November would pay the labor costs for the whole system for exactly nine minutes. Surely, closing rural post offices is a false economy. There are undoubtedly some post offices which should and can be closed without any impairment of service or customer dissatisfaction. But to suggest that discontinuing small post offices is a panacea for the financial woes of the Service is to deceive the American people.

Aside from the dubious economic rationale for closing rural post offices I believe that it is time for the Postal Service to weigh the social effects of these closures. If one looks beyond the cold figures to the effect of the closings and consolidations upon the citizens of our small communities, the Service's new policy appears even less advisable.

As you are well aware, the Postal Service has given us assurances that the closings will not be ordered unless "service equal to or superior than existing service" can be provided. But I ask, how is the taxpayer better served if the nearest post office is several miles from his home? At a time when public confidence is extremely low, how does one justify the closing of the only Federal office in the community? The rural post office frequently functions as an all-purpose Federal office, providing forms and basic information on Social Security, taxes, the Civil Service and other government services.

Most importantly, the Postal Service management has failed to consider the vital social role which small post offices play in many rural towns. Because people pick up their mail in person, the post office is often a popular meeting place for neighbors to exchange news. In many cases, the post office takes the place of a town hall and is the pride of the community. The post office is not simply a mail distribution center, but rather is the source of the identity of many small towns. "It's what puts us on the map," one constituent told me.

Americans living in rural communities pay just as much postage as urban residents and bear an equal tax burden in subsidizing the public service aspects of the agency. How can the Postal Service justify reducing its service because of where these citizens live?

In sum, I hope that the Postal Service will reconsider its policy for closing post offices. If it fails to do so, I would hope that the Members of this Subcommittee would act quickly to report legislation which requires the Service to follow the principles embodied in the Postal Reorganization Act.

STATEMENT OF HON. BUTLER DERRICK, A REPRESENTATIVE FROM THE STATE OF SOUTH CAROLINA

Mr. Chairman and members of the subcommittee, I want to thank you for allowing me this opportunity.

I am very concerned over the recent action taken by the U.S. Postal Service which would result in the closing or restructuring of rural post office facilities. According to a recent G.A.O. study, 4 million families are served by rural post offices and 12 million are served by rural box delivery by rural carriers who are postal employees or contract carriers.

I am very much aware of the financially-troubled situation in which the Postal Service finds itself today. The goal of self-sufficiency, which was set for the Postal Service under the Postal Reorganization Act, has clearly not been met. Of all the goals established for the Postal Service, this has been the least suc-

successful. Why must rural residents and businesses suffer as a result of mismanagement and fiscal irresponsibility?

Rural residents have not received improved quality mail service as a result of the Postal Reorganization Act. They have endured rate increases. They are paying more today to mail packages and letters and in return are receiving more damaged packages; letters take several days to be sent across town; or else they are lost in the process. Now, rural residents are faced with the prospect of losing their post office . . . their identity as a community . . . because they live not in a city, but because they live in a rural area.

The residents of the ten communities in my district that were surveyed by the Postal Service several months ago as a possible prelude to the closing of their post offices found that they had only one day in which to return the surveys to the Postal Service. They were received by the patrons on the 17th day of the month and were due in Augusta, Georgia on the 18th. Is this how the Postal Service elicits citizens participation? Further, the patrons were presented several alternatives to select from to choose the option that, in their opinion, would best serve the postal needs of the community. Nowhere on the survey was the alternative, "Keep the Post Office" listed.

Rural residents would suffer tremendously if their post offices were closed. Transportation is a definite problem that would face these people. For the elderly, the poor, the infirm, the distance of even four miles to the nearest postal facility becomes an impossibility.

Many of our rural areas are growing. The trend to move to urban areas is slowly being reversed. For the local small community that is trying to improve itself, to grow with dignity, the loss of their post office would have a devastating effect.

For many people, the local post office provides the only personal contact they have with the Federal Government. The rural postmaster has done much to overcome the bad public relations image of the Postal Service. More often than not, these rural postmasters are life-long residents of the community; they are well liked and respected. And they provide a valuable service to these people. The postmaster is the referral agency who provides assistance when a social security check is late in arriving; when a veteran's pension check is lost; and it is often the postmaster who helps the patron in better understanding a Federal form which arrives in the mail. One of the postmasters in my district provides an added service for his patrons. He uses his own money to cash checks for postal patrons and issues money orders in turn, so the residents who are elderly and poor, can pay their bills. Otherwise, they would have to travel over 13 miles to the nearest town with a bank.

I have received many letters from constituents whose postal facility is under consideration for action by the Postal Service. They have cited these hardships and the reduction of services that would confront them if their post office is closed. One constituent also raised the issue of energy conservation by writing: "Energy conservation, a stated congressional goal, will be affected in a two-fold manner . . . our citizens will be required to make longer drives to reach postal facilities, and RFD service will entail greater energy use." Another wrote and said: "I also feel the Postal Service is selling the rural American people a bill of goods, and I am very concerned that they are going to use and limit services as a means to receive supplemental appropriations from Congress".

In short, the American people living in rural areas feel that they have been left out of the decision-making process; that they have been let down by another Federal agency; and that they will have to suffer as result of mismanagement not of their doing.

The time has come to determine if the Postal Service is meeting the needs of all the American people. If it is not, then I think the Congress must act to see that it does. It was the intention of the Government, dating back to the days when Benjamin Franklin directed the Post Office Department, to provide a service to the citizens of this Nation. This service has become tarnished. It does not, in my opinion, fully meet the needs of the American people. If the Postal Service is permitted to close rural post offices, then surely we cannot state that the postal needs of the rural population are being met. I believe it is the right of every American to receive quality Postal Service, regardless of geographic location.

I also believe that the Postal Service should become self-sufficient. It should pay for itself. Obviously, it has not done so since the Postal Reorganization Act went into effect. This does not mean we should throw up our hands in despair. I believe that the Postal Service should be accountable to the American people through the Congress. It is time that the Congress exercise its oversight function

by having the Postal Service make a public accounting before the appropriate committees of the Congress regarding all of its revenues, expenditures and operations. Through this accountability, the Congress can help prevent waste, inefficiencies and cost overruns that have plagued this service since its inception. It is time for a better Postal Service for all the American people . . . one which will be more responsive to the general public's needs and one which is answerable to the mandate of Congress.

I am a co-sponsor of House concurrent Resolution 572, sponsored by Mrs. Virginia Smith of Nebraska. This measure would provide a sense of the Congress that the Postal Service not close or suspend operation of any post office for a six-month period. This would allow the Congress to review this situation and take action that would be corrective and long-range, while at the same time, would not penalize rural Americans. It would also allow for greater citizen participation in the decision-making process.

Mr. Chairman, I maintain it is the responsibility of the Congress to insure that rural Americans are not forced to suffer undue hardships at the hands of the Federal Government. I therefore urge that this subcommittee recommend action that will be in the best interest of rural residents; action which would prohibit the loss of a vital and valuable service to small communities . . . their post office. Let us bring the postal service into the realm of responsibility by making it more responsive to the needs of all Americans . . . rural as well as urban citizens.

Thank you Mr. Chairman.

STATEMENT BY E (KIKA) DE LA GARZA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. Chairman, the plan of the U.S. Postal Service to shut down thousands of small post offices throughout the country is well known to members of your Committee. A postal official recently was quoted in the press as saying the plan should not be regarded "as an assault on rural America."

This gentleman may not look at the shutdowns in that light but the people affected certainly do. Theirs is the more realistic view. It is a view I share.

Like my colleagues, I have received a large number of protests from individuals whose daily lives would be adversely affected by the closing of their local post offices. They are concerned. They are angry. They are deeply skeptical of the claim that this move grows out of a desire to improve the efficiency of their mail service.

A letter I received from a husband and wife in my district states this skepticism forthrightly and plainly. They wrote, "We don't believe efficiency will be gained. We don't believe rural residents will be served better. And we don't believe the Postal Service will save any money."

Mr. Chairman, I associate myself fully with their expression of disbelief.

My protests to the Postal Service bring the response that "New policy relating to post office closings comprises no radical change from past policy."

This statement is hard to swallow.

I submit that a "radical change" is indeed involved in the proposal to eliminate a great majority of the 18,000 third-class and fourth-class post offices.

Previously the agency had abolished only offices in this category that had a postmaster vacancy or served fewer than 25 families. The new rules allow shutdowns wherever—and I quote—"equal or better"—unquote—alternate service is available. Often, this so-called new and better service takes the form of a rural route. That appears to patrons of local post offices to be in fact a radical change. It appears so to me.

Another constituent of mine writes, "The more improvements are made, the less service we get." That is the experience of all of us.

The Postal Service makes much of its contention that there will be no change in the status of any post office until a survey has been made of the affected community and an opportunity given for the patrons involved to review alternatives.

I have seen an official list of the alternatives, as I am sure members of your Committee have.

These alternatives set forth four plans, under each of which the local post office as now constituted would be put out of existence. A form is provided for the patrons to choose among the four plans. But nowhere is there a little box alongside the statement "None of the above." They are simply given a choice of evils.

The wrong that would be done by closing down thousands of small post officers, centers of community life in many localities, is exacerbated by the arrogance of the postal bureaucrats in dealing with the issues involved. Their attitude is one of "take it or leave it."

Mr. Chairman, I believe that Congress should neither take it nor leave it. I believe we should resist the trend of steadily increasing costs and steadily deteriorating mail service. I believe Congress should act effectively to regain control of an institution of such basic importance to the American people.

**STATEMENT OF HON. CHRISTOPHER J. DODD, A REPRESENTATIVE FROM THE
STATE OF CONNECTICUT**

Mr. Chairman, I would like to thank you, and the distinguished members of the Subcommittee on Postal Service, for allowing me to testify today in support of the Small Post Office Preservation Act (H.R. 13576) which has been introduced by Congressman Kastenmeier, and which I have co-sponsored.

I also want to take this opportunity to bring to the attention of the Subcommittee members some the concerns and experiences I have had with regard to actions taken by the Postal Service to close certain small, rural post offices in my district—the Second Congressional District of Connecticut.

It goes without saying that the Postal Service is grossly mismanaged. Since it was created by Congress in 1970, from the old Department of the Post Office, we have witnessed spiralling postal rates, and large federal subsidies—about \$1.5 billion annually for the past 3 years, and an equal amount projected for fiscal 1977—necessary to keep them in the black. Yet despite these financial supports, paid for by mailers and taxpayers, we have seen a steady decline in the quality of service. There can be no excuse made for this; the Postal Service is intended to be just that—a "service"—and the people of this Nation have every right to expect that their interests and needs in this area be given top priority.

In the time since I have been in Congress it has become increasingly clear to me that one of the underlying problems in the failure of the Postal Service to provide decent customer service appears to be that there are few definitive national standards which must be met in connection with some of the major programs they undertake. In the case of the current action by the Postal Service to close certain small post offices, and consolidate rural operations, Congress required in the Postal Reorganization Act of 1970, that "No small post office shall be closed solely for operating at a deficit unless the quality of mail service is maintained, it being the specific intent of Congress that effective postal services be insured to residents of both urban and rural communities." The Postal Service seems reluctant, however, to establish national guidelines and criteria for assuring that this Congressional mandate will be met; rather, it has been my experience that the Postal Service makes decisions as to what post offices will be closed, and what alternative service will be provided, on nearly an arbitrary basis, using criteria and standards which vary to an alarming degree from one case to the next. Surely, these kinds of administrative procedures cannot be expected to ensure that the public interest is being served.

If the Postal Service is reluctant to set up the kind of national standards which are necessary, then Congress must enact specific legislation spelling out reasonable guidelines which the Postal Service must follow in determining what post offices should be closed and can be closed without jeopardizing the quality of service to the community.

We must establish criteria to be used in determining what type of alternative service will best provide for the public interest, and we should require that the customers affected by any proposed closing or consolidation be fully informed of what is planned, and be allowed input in any decisions which are to be made.

Certainly, there are some post offices in this Nation which may be closed, and alternative service provided, without affecting the quality of service. According to a report on this issue by the General Accounting Office, printed June 4, 1975, improved service may even be realized through an alternative means.

Certainly, in communities where equal or improved service can be provided by closing the post office and establishing a privately-operated contract facility, or extending rural delivery, it is in the public interest to do so, especially in view of the savings involved—a privately owned "community post office" can offer the same customer services as a regular post office, but at about one-third

the cost; a rural route can offer mail pick-up and delivery, stamp sales and parcel post service, but at six percent of the cost of a regular post office serving the same number of customers.

But I am convinced that the Postal Service, in their zeal to eliminate losing operations, is not adequately evaluating the needs of the community before making the decision. They are not thorough enough in seeing that the alternative service planned will provide equal or improved service, nor do they demonstrate real concern for the preservation of community identity in many of our small townships where closings have been proposed.

I believe that the Small Post Office Preservation Act, which has been referred to this Subcommittee for consideration, will provide the reasonable guidelines necessary to ensure that any postal closing does not end up being contrary to the interests of the local community.

The bill approaches the problem in a unique way: Rather than calling for a moratorium on closings, establishing a new series of studies, or requiring Congressional approval before the decision is made to close any post office—there have been bills introduced which call for each of these measures—the Small Post Office Preservation Act gives the Postal Service three options when evaluating possible changes in the kind of service provided to small post office patrons. The emphasis is on retaining community identity and the quality of service, and providing for public participation in the decisional process.

Under the provisions of this bill, the Postal Service would be able to effect a closing only if: (1) it could convince a majority of the patrons that alternative service was acceptable; or (2) it would replace the post office with a contract facility—a community post office (CPO)—which retained the same name and zip code as the original post office, and maintained the same customer services; or (3) it met all of the following four criteria: (a) an equivalent or improved level of service would be provided; (b) less than 35 families are currently being served by the post office being evaluated; (c) another postal facility is easily accessible to persons regularly served by the present post office; and (d) a substantial decrease in revenues and patronage has been realized over the past three year period in connection with the post office being evaluated.

In my own district, Mr. Chairman, the Postal Service is presently in various stages of evaluating five facilities for possible closing—post offices in Haddam, South Lyme, South Willington, Mansfield Depot, and North Woodstock. My staff and I have been working with the people of these towns in an effort to determine whether or not the alternative service proposed will provide an equivalent level of service.

In the case of the town of Haddam, I have been convinced that the proposed alternative service will not provide an equivalent level of service to that which the customers are now receiving.

Rather than providing a contract facility to replace the Haddam post office, the Postal Service intends simply to extend rural delivery to the customers affected by the closing, and for additional postal services they would have to travel to a post office in Higganum—a township which is part of Haddam—which is several miles away. The largest users in this town—the nine major local businesses—are all located much closer to the existing Haddam post office, and the changes which are planned would mean that they would receive mail later in the day, and realize substantial increases in costs—well over \$6,300 per year—to travel the extra distance to the post office in Higganum.

Furthermore, the Postal Service intends to change the name of the Higganum post office to the Haddam post office, and the people of Higganum are justifiably concerned that their community will be robbed of its identity as a result.

Under the provisions of the Small Post Office Preservation Act, these problems could have been prevented. At the very least, under the provisions of this bill, the Postal Service would have had to replace the Haddam post office with a contract facility in the same area, which would offer the same services.

In addition, the bill would require that the name and zip code of the Higganum post office be maintained, thereby continuing the community identity so important there.

Certainly, these problems are not dissimilar to those in communities nationwide where post office closings are taking place, and it is apparent that Congressional action is necessary to prevent the continuation of inequitable decisions on the part of the Postal Service. I believe that the Small Post Office Preservation Act will accomplish this purpose in a manner which is both reasonable and practical for the Postal Service and the people of town where post offices may be closed.

I strongly urge that the provisions of this legislation be included in the next bill reported by this Subcommittee.

I want to thank you again, Mr. Chairman, and the other distinguished members of this Subcommittee, for allowing me to testify on this important subject.

STATEMENT OF HON. JACK EDWARDS, A REPRESENTATIVE FROM THE STATE OF ALABAMA

Mr. Chairman, I appreciate very much this opportunity to testify in support of legislation that I have co-sponsored with several of my colleagues which expresses the sense of Congress that the United States Postal Service should cease closing post offices for a six-month period.

In an apparent effort to make the Postal Service self-sufficient from a economic standpoint, the Service has embarked upon an unprecedeted program aimed at cutting costs and raising revenues. One of the considerations is the closing of small post offices that officials think do not support themselves through revenues. In fact, some of these rural post offices have already been closed. I have received numerous letters and petitions from citizens from small communities throughout Southwest Alabama and elsewhere voicing strong opposition to such closures.

The Postal Service must come to realize that the ability of a particular post office to make a profit should not be the sole criterion for determining whether it should be closed. The Service should be mindful that it is first offering a service to the people and this service should carry the same consideration as monetary factors.

The Congress needs some time to carefully study and fully assess the first four and one-half years of the Postal Service's existence under the Postal Reorganization Act. House Concurrent Resolution 572 and similar measures would give us this time to rationally resolve this matter before further damage is done.

Again, Mr. Chairman, I appreciate your holding these hearings on this matter that is so important to so many of my constituents in the First District of Alabama. We are grateful for your attention and consideration.

STATEMENT OF HON. PAUL FINDLEY, A REPRESENTATIVE FROM THE STATE OF ILLINOIS

In 1832 or 1833, the women of New Salem Village in Illinois sent a petition to the Postmaster General. Their Postmaster, they wrote, had neglected them, failed to distribute the mail and was generally disagreeable. The Post Office Department responded to the petition, removed the Postmaster and appointed a new one—Abraham Lincoln.

For three years, Abraham Lincoln served as Postmaster of New Salem. He learned to know his patrons well and was quick in his sympathy when they had problems. His mail deliveries became eagerly anticipated events. Lincoln became more than a mail deliverer. He was a conduit for news, both national and local. Most importantly, he became a friend of the people he served.

Lincoln's service as a Postmaster was not an exception for that day. Nor should that kind of service and dedication be exceptional today. Yet the past few years have seen a steady erosion in the quality of postal services. All Americans are dismayed by higher postal costs for diminished service. Particularly distressing is the proposed closing of 12,000 post offices—most in rural area—throughout the country, and the elimination of Saturday service.

According to the Postal Service, these closings will save \$100 million this fiscal year and still provide equal or better service than currently exists for affected postal patrons. Yet the Service responds vaguely when asked to support its contention that postal service will be improved for patrons of the closed post offices.

It seems to me grossly unfair to make some people suffer a reduction in service simply because they choose to live in sparsely populated areas. Their needs are just as great and important as those living in large cities. The Post Office is a friend to rural communities. It is also a vital symbol of identity.

Mr. Chairman, the importance of local post offices in rural communities cannot be overstated. Rural Americans must not be penalized for the inefficiency of a Washington bureaucracy.

STATEMENT OF HON. DANIEL J. FLOOD, A REPRESENTATIVE FROM THE STATE OF PENNSYLVANIA

Chairman Hanley and members of the subcommittee, I appreciate this opportunity to submit a statement before your distinguished subcommittee on the subject of closing third and fourth class post offices by the United States Postal Service.

Mr. Chairman, I stand firmly opposed to such an ill-contrived plan which is inharmonious with public sentiment.

I represent the 11th Congressional District of Pennsylvania, the Counties of Luzerne, Carbon, Columbia, Montour and Sullivan. This five-county area in northeastern Pennsylvania is predominantly rural, and the communities depend upon small, vitally important, local post offices, not only as a Government service, but also as a symbol of community identity. The citizens of these small communities in my district, as well as those in every congressional district, deserve the best possible service that can be afforded by the United State Government. Rural post offices are essential to the citizenry in the execution of their most basic fundamental needs, and benefit the area in the same manner as do post offices in the large urban areas.

Mr. Chairman, in the nearly three decades that I have served in Congress, I have undertaken the responsibility to insure the best Government services to all segments of the populace. As chairman of the Appropriations Subcommittee for Labor-Health, Education, and Welfare, I have initiated and supported legislation to enable the Federal Government to realize this function of government, namely, "The People's Forum." With this in mind, I simply cannot justify to the citizens and taxpayers of rural America that the recent actions of the United States Postal Service are in the best interests of all concerned.

In my March 11, 1976, letter to Postmaster General Ballar, I stressed the importance of each and every section of the Postal Reorganization Act. I purported that, "It was by no mistake that Congress included section 101(b) of title 39 when we adopted the Postal Reorganization Act of 1970." We specifically wanted to protect from extinction the smaller post offices, and thereby maintain the highest level of service to every citizen of this great Nation. The intent of Congress then and now, and make no mistake about this, was that under no circumstances would small post offices, so vital to the rural areas of our country, be closed simply because of operating at a deficit. We have a duty and responsibility, as elected representatives of the people, to insure the preservation of, one of the most important services a government can offer to its people. We are sitting on a volcano, and the time for serious action is now!

The U.S. Postal Service contends that service from a nearby larger post office can be as efficient to a small community as the small local post office. I disagree. The Postmaster General and the General Accounting Office are overlooking the fact that these small post offices serve as the "hub" for small communities. They are as essential to the effective interaction of business, and to the community as social institution, as they are to the needs of postal business. This is Flood—and I know—and I'm sure the members of this committee will agree. The citizens of these small communities should not be penalized to offset the very minimal gain in revenue for the Postal Service. Right now, Mr. Chairman, I have received many letters and petitions—and by the way, from every person affected—advising me that no less than six small post offices in my congressional district have been notified that they are being considered for possible closing. This is preposterous!

As you well know, Mr. Chairman, the Congress appropriates nearly \$1 billion annually to compensate for the deficit incurred by the Postal Service. H.R. 8603, which I have supported, would authorize additional appropriations to provide for the continuation of the present service to rural areas throughout the Nation. This is not too much to ask.

I vigorously urge you, Mr. Chairman and members of the committee, to come to the aid of rural America, who elected us to serve them in this august body. The burden rests with the Congress, to stop the closing of small post offices and to continue the only acceptable means of service for these small communities. There is no other way.

Thank you.

**CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., April 9, 1976.**

Hon. JAMES M. HANLEY,

Chairman, Postal Service Subcommittee, Post Office and Civil Service Committee, Cannon House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: I commend the Subcommittee on Postal Service for holding additional hearings to give us the opportunity to voice the feelings of our constituents on the Postal Service's decision to close small post offices.

In my District in Minneapolis, the Postal Service plans to close a vital Carrier Station and move it out of the neighborhood it serves to an industrial area a mile away. The same thing happened in my neighborhood in Washington a couple of years ago.

This Post Office is located on a leased site at 1415 4th Street in a southeastern Minneapolis community known as Dinkytown. I know the community well. I was born there and grew up there.

It is not being closed because it is losing money. Congestion, difficulty in dispatching and collecting mail, and the lack of a garage facility for parking postal vehicles overnight are the reasons cited. The plans are to close this and a small Southeast Minneapolis finance station located at 820 Washington Avenue and build a new Post Office at 27th and University Avenue.

From the Postal Service point of view, its reasons may be valid. But the impact on the people this Post Office serves has been completely overlooked.

Let me try to explain what the Dinkytown Post Office means to the people in Southeast Minneapolis.

Without realizing it, the U.S. Postal Service is needlessly disrupting a vital and unique inner city neighborhood in Minneapolis. The 4th Street postal station is located in a small commercial center at the edge of the University of Minnesota's Minneapolis campus. The Post Office provides walk-in services for a large part of the University's 45,000 student body and 7,000 staff members and 110 businesses. It is particularly important to the University's large foreign student population, who use the Post Office to send and pick up packages.

Dinkytown is a pedestrian-oriented community. It does not have adequate public transportation. The community relies on contiguous businesses for its services.

A new post office at 27th and University Avenue would require travel of a mile or more over railroad tracks and through an industrial area. Moreover, a major residential area, the Como neighborhood in Southeast Minneapolis will be isolated from a post office as a result of the planned relocation. So it is clear that the new facility will not provide equal or better postal service to Southeast Minneapolis.

The people of Southeast Minneapolis are working hard to strengthen the family-residential character of their community. For them, the postal station is an important part of community life. It represents an easily accessible public service which the people of the community need and want. Close to 50 percent of its revenue comes from walk-in customers.

Dinkytown admittedly is congested, and I know that it does not have the conveniences the Postal Service would like to have. If the facility was losing money, the Postal Service might have a better argument for closing the postal station. But that is not the case.

According to figures from the General Accounting Office, the carrier station in Dinkytown showed a profit in 1975. Revenues totaled \$890,510.48. Expenditures for rent and parking rental were \$18,600 and for personnel, \$632,500.

All of us in Southeast Minneapolis are deeply disturbed over the loss of our post office. After three meetings with Postal Service officials, SEMPACC, our neighborhood organization, has approved a resolution which endorses the plan to close both the 4th Street and Oak Street facilities only if a finance station is located in Dinkytown.

However, the Postal Service says a proposal to establish a finance station in the area would be "contingent on finding a suitable facility at reasonable rates".

We have no positive assurance that a finance station will be set up in Dinkytown when the new facility opens in 18 months. The Postal Service may never find a suitable facility at reasonable rates. And Dinkytown will be left with no postal service.

I think it is ridiculous to close down a profitable post office that means so much to the community it serves.

I am asking the Postal Service to give the people of Southeast Minneapolis an unqualified guarantee that walk-in postal service will be continued in Dinkytown.

Please include this in the hearing record.

Sincerely,

DONALD M. FRASER.

STATEMENT OF HON. HENRY B. GONZALEZ, A REPRESENTATIVE FROM THE STATE OF TEXAS

Mr. Chairman, I want to thank you for giving me the opportunity to submit my statement for the record in conjunction with your hearings on the Postal Service and I want to commend you for the excellent job you are doing as Chairman of the Subcommittee on Postal Service in trying to deal with the many problems that have arisen since the Postal Reorganization Act in 1970.

When this Reorganization Act was considered in the House I supported it, but based on my personal experience and the many complaints I have received from my constituents, I believe the idea of creating an independent Postal Service and placing it on a corporate basis was a grave mistake. I don't know what the ultimate answer to the problems of our Postal Service is, but we need to get back to the original mandate of this essential government service which dates back to 1776, and that is to provide public service first and foremost. It appears that the Postal Service now interprets its mandate not as one of public service but as one of breaking even financially.

When we had a Federal agency known as the Post Office Department I received very few complaints with regard to mail delivery, but of all the citizens complaints I now receive it seems as though the Postal Service leads them all. I would like to share with you a few of these from my constituents in San Antonio.

One woman wrote to tell me that she mailed a small package to her sister in Oregon on December 12. She sent it first class and paid 75 cents postage. The package arrived 18 days later on December 30. Her sister wrote wondering where the package had been all that time and my constituent wrote to say she too has been wondering the same thing.

Another common complaint I have had from constituents concerns the procedure whereby the Postal Service often transports material long distances before returning it to a nearby post office for delivery. One example shows that items being mailed in Big Spring, Texas to another resident in that same town are first sent to Midland, Texas for processing before being returned to Big Spring for delivery. And a newspaper article sent to me by a constituent describes a system that has mail traveling approximately 460 miles before being delivered to a town 30 miles from the town in which it was mailed. I have checked into this procedure and I must admit that I have yet to have a satisfactory answer from the Postal Service as to the purpose or the effectiveness of this process.

Businesses have become very skeptical about using the mails and a letter from a businessman in my district is a good example. He states that in San Antonio it frequently takes a week or longer for mail to get delivered in San Antonio that is mailed from San Antonio, and he has now become apprehensive about mailing important documents that need to be delivered within a week to addresses within the City. Unfortunately this is the vicious cycle the Postal Service is finding itself in. As service declines, the use of the service also declines which leads to a drop in revenues and ultimately ends with an increase in postal rates for those who are still using the service.

Another sad aspect of our Postal Service crisis is that the morale of the postal workers is continually decreasing. These workers who for many years performed their jobs with the old U.S. Post Office with pride now find themselves at the end of a constant stream of complaints over which they generally have no control. They are frustrated, demoralized and this once proud group of public employees finds itself in an untenable position. All of this seems to stem from the fact that the Postal Service is more concerned about cutting service to move closer to self-sufficiency than what I feel should be their main concern and that is to provide a service to the public.

Mr. Chairman, the people across this great land are waiting to see what Congress is going to do to improve the mail system. They are counting on us to restore their confidence in the Postal Service by getting the system back into the

business of delivering mail efficiently and promptly, and not only bringing this service back to the level of 1970 but better.

As I said at the beginning of my statement, I don't know what the solution is but I do know that it will not be a simple one and I am willing to work with the subcommittee in any way possible to achieve the goal of again having a Postal Service that is responsive to the needs of our citizens.

STATEMENT OF HON. FRANK HORTON, A REPRESENTATIVE FROM THE STATE OF NEW YORK

Mr. Chairman and members of the Subcommittee, I want to thank you for this opportunity to bring to you my concerns over the recently announced cutbacks in mail delivery by the U.S. Postal Service.

On March 10, 1976, my office received a call from the Postal Service informing me that beginning March 29, 1976, delivery service in the business district of the City of Rochester, New York, would be cut from two deliveries a day to one. I am sure you can understand my concern when this was reported to me, particularly in light of the fact that this was not a nation-wide policy, but was confined to the Eastern Region.

As far as I am concerned, it is clearly no honor to be selected for cuts in Postal Service. If the Postmaster-General wants to cutback service in various cities throughout the country, then perhaps these cities should also receive a decrease in postal rates to go along with the decrease in service.

In the specific case of Rochester, this action will have a particularly serious effect on downtown Rochester as the Postal Service has selected a site for the main postal facility outside the City. The plan for reduced service, coupled with the relocation of the Post Office could have an irreversible effect on the progress of downtown Rochester. Businesses that are looking for new locations will have an incentive to move out of the City to sites where rent may be less and where postal service is the same for those businesses that remain in the downtown area.

The effect of this plan on the small businessman is also of great concern to me since many of these businesses depend on two deliveries in order to maintain a steady flow of work which must be processed by their employees. I am sure you will agree that the economic situation of our country and particularly that of New York State has placed a severe burden on many small businesses and this plan would just add another unnecessary problem to this burden.

I understand that the Postal Service has financial problems and that they feel current levels of service cannot be maintained without increased taxpayer subsidies. I strongly feel, however, that a time when the New York State economy is still struggling with high unemployment to join the rest of the nation in economic recovery is no time for any agency of the U.S. Government to be cutting services to businesses in our State, nor for that matter in the hard pressed Northeast Region.

Again, thank you Mr. Chairman for this opportunity to present my views on this vital issue.

STATEMENT OF HON. HAROLD T. (BIZZ) JOHNSON, A REPRESENTATIVE FROM THE STATE OF CALIFORNIA

Mr. Chairman, I appreciate having the opportunity to share with you my strong opposition to efforts by the U.S. Postal Service to close several small rural post offices around the country. Many of the people I represent would be seriously affected by this plan if it is carried out and I come before you to express their concerns, I take this opportunity to salute the Postal Service Subcommittee for holding these hearings.

It is my privilege to represent in the Congress the Northernmost District of the State of California. My Congressional District contains thirteen counties and a part of a fourteenth county. It covers a land area of 34,399 square miles. Within my District, there are approximately 250 post offices and the largest city has a population of less than 20,000, according to the 1970 census. Also within my Congressional District are part or all of 11 national forests. I mention this information only to illustrate that I have had an opportunity to work with people in the rural areas who depend quite heavily on the rural post offices and feel that I can provide a special insight to the Committee on the dire consequences of eliminating third and fourth class postal services.

Since the earliest settlement of Northern California, small post offices have been established in frontier towns. Particularly following the 1849 gold rush, many small mining communities were established throughout our part of the Golden State. As these communities grew in size, postal service was extended to them.

Small rural post offices often serve a community in ways other than strictly mail delivery. They are often the communication center for a town. In some of the smaller villages of my District, the general store is also the location of the post office. This is the one center in town where people can come and carry on the town's business.

It is my belief that should the Postal Service establish a rural route delivery system in lieu of the current small post offices now established, such a plan would have a disastrous effect on all concerned. Many of these postal patrons live miles off the main road and their mail would most certainly have to sit in a rural box, unprotected, until they could reach the box to pick up their mail. In our part of the country, it is not unusual to have a snow storm lasting several days, meaning that mail could not be picked up for possibly a week or longer. One of the many benefits of having small, rural post offices is the assurance that the mail will be protected from the elements at a central location. Furthermore, it helps to assure that such important mail as Social Security checks and other valuable parcels will not be placed in a "high risk" theft situation.

Another consequence of eliminating small post offices would be the added discomfort and inconvenience for many postal customers who would then have to travel significant distances to a post office in order to obtain such postal services as money orders, package wrapping, and sending and receiving registered mail.

Small post offices also provide employment opportunities for many people in my District. In small communities, jobs are scarce, and this is particularly true in my District where the unemployment rate is above 10% in every county and above 25% in two counties. Thus, the closing of a post office not only causes inconvenience, but also directly affects the economy of the community.

I believe that it is very important to maintain the identity of our small post offices. A local address provides a great psychological boost to small communities and gives them an identity all their own, rather than lumping them in with a more metropolitan area. The sons and daughters of people living in towns such as these are now scattered across the country, and even to the far reaches of the globe. The simple mention of the town name brings back many pleasant memories and visual images. Stamp collectors often ask that their letters be cancelled in small rural post offices because of their names.

Mr. Chairman, these are just some of the problems which would surface when rural post offices are closed. I support efficiency in government. I think the key word in this situation, however, is service. The Congress of the United States has created the United States Postal Service, an organization designed primarily to deliver mail and provide postal service to the people of this nation. To cut off rural and small post offices would seriously hamper the ability of the postal service to provide service to our rural areas. All too often the big cities receive our attention and the small towns and villages, the backbone of our nation, are neglected by the Federal government. By closing small and rural post offices, we would effectively seal off the last personal touch of the Federal government with individuals at the community level in these areas.

I strongly urge this Subcommittee to encourage continued operation of third and fourth class post offices. I, and many of my constituents strongly believe that an important service is provided through the post offices in these communities.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., April 28, 1976.

Hon. JAMES M. HANLEY.

Chairman, Postal Service Subcommittee, House Post Office and Civil Service Committee, Cannon House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: I wish to make the following comments relating to the operation of post offices in the rural areas of our Nation.

The Fourth District of Colorado which I represent is an area which can be described as largely rural. Small farm and ranch communities are scattered throughout this area and the post offices in those communities represent often the only Federal presence in the community. Their postal service has become in-

creasingly important as the business of agriculture has become more sophisticated technically and no less reliant on adequate mail service than urban businesses.

A substantial portion of my District is mountainous and, although distances between towns may appear to be negligible on a map, they are in fact separated by mountain passes and canyon roads in many instances where adverse weather would turn the "inconvenience" of traveling to another town to conduct postal business into an impossibility for periods of time.

There is no way that the citizens of these rural communities could expect to receive equal or better postal service should any of these third or fourth class post offices be allowed to close.

There is a small community in my District called Joes, Colorado, that has been faced with a continuing uncertainty regarding the status of its post office. The population of the town of Joes has decreased over the years but the economic life of the area surrounding that community has kept pace with the advance of agriculture and, as indicated above, has every bit as much need for postal service individually as anyone else in the Nation.

The people of Joes, Colorado, recognize the economic facts of life that have grown out of the reduction in population in their community but they ask should this mean that they no longer qualify for postal service equal to what they have had in the past? Can they receive adequate mail service only when they can pay for it?

These are valid questions, Mr. Chairman, and I am encouraged that you and your committee will be taking a direct look at this matter with these questions in mind.

All of us recognize the postal problem as exceedingly complex. Before the complexities can be solved, however, some basic decisions must be made concerning what this Nation wants and expects from its Postal Service and whether we are willing to pay for it.

Sincerely,

JAMES P. JOHNSON,
Member of Congress.

STATEMENT OF HON. ED JONES, A REPRESENTATIVE FROM THE STATE OF TENNESSEE

Mr. Chairman, I appreciate this opportunity to insert these remarks for the record during these hearings that your Subcommittee is holding regarding proposed cutbacks in postal services.

I represent a predominantly rural district in West Tennessee. Many communities in this area are served by third and fourth class post offices. In fact, in many of these areas, the people have come to regard their local postal officials as their link with the federal government. They go to those Postmasters to find out about applying for passports, to apply for civil service employment, and generally use the postal facility as a central meeting place in their community.

These are not official functions of the Post Office, but they serve the purpose of providing those rural people with a link with their government and it also gives them and their community some pride of identity.

I don't deny that there may be some third and fourth class post offices that probably need closing. But it also appears to me that the United States Postal Service should start its cutbacks by cleaning up its own house down in L'Enfant Plaza. It seems like I hear stories and rumors every day about some of the high ranking executives that occupy offices down there and who draw a high salary while their actual function is marginal at best.

It should be recognized that our postal service is just that, a service. People are outraged in my district, not with what the Postal Service appropriations are, but what terrible service they are receiving while postage rates continue to go up.

Our founding fathers, I am certain, set up the original postal service with the intention in mind to see to it that every American had access to it. The dollars and cents of the operation of each post office must be considered but other factors should be considered too, such as the proximity of alternative post offices, the substantiality of the loss of revenue if the Postal Service keeps a smaller post office open, and the economic impact on the area served by a Post Office targeted for closing.

What I am saying, Mr. Chairman, is that the Postal Service is more than just dollars and cents, it is people and people communicating. Our nation is going to have to pay for part of this service and I don't think that higher rates and worse service are the answer.

STATEMENT OF HON. WILLIAM M. KETCHUM, A REPRESENTATIVE FROM THE STATE OF CALIFORNIA

Mr. Chairman and Members of the Subcommittee, since the General Accounting Office issued its report last June recommending the closing of 12,000 small rural post offices, the issue has aroused heated debate in Congress and a great deal of concern and dismay among rural residents to be affected by the change.

The GAO foresees a savings of \$100 million annually if the Postal Service follows this course of action. There is no doubt that the Postal Service is in financial trouble—very serious trouble. However, while I commend the GAO for its conscientious effort to look for ways to cut costs, I must protest any wholesale closing of small post offices as false economy.

The Postal Service has set, as a condition in deciding which post offices will be closed, that an equivalent or improved level of postal service be provided to the affected customers more efficiently. It is my contention that it would be impossible to provide the same level of service to which rural residents have become accustomed if their post offices were closed.

The post office plays a particularly significant role in the life of rural America. It is much more than a place to buy stamps and pick up mail. It serves as a meeting place for the community residents, providing a forum for the exchange of news and information and a chance to socialize. The Postmaster or Postmistress, who generally knows all his or her customers by name, can be depended upon to perform some extra little service, whether it be assistance in filling forms or a sympathetic ear to individual problems.

Many rural residents have expressed their concern that if their post office is closed, their town will lose its identity. Others fear for their community's economic life. The post office brings people to town and local businesses would surely suffer a loss of trade if there is no longer a post office to insure daily visits from scattered residents.

Senior citizens would be particularly hard hit by the closing of these small post offices. They would, of course, miss the social aspects of the post office. In addition, they would be deprived of the security of knowing their Social Security checks and other pension benefits were safe in a locked box.

There is another important role played by the post office in rural areas. Often, it is the only federal installation thereabouts, providing information on a host of government functions, including taxes, Social Security and Civil Service. It is hard to imagine an RFD carrier or a contract agent stopping at every box along the route to give the personal and varied advice and assistance that our rural residents have come to depend on.

I think all of these factors must be given the most serious consideration before deciding to close small post offices. Our colleague, the Honorable Virginia Smith, has introduced a concurrent resolution, which I have cosponsored, to express the sense of Congress that a six month moratorium be declared on such closings. I share her sentiments that "a moratorium will provide the cooler climate necessary to achieve equitable postal service for all at a realistic cost." I am hopeful that Members of this Subcommittee will agree to the resolution's necessity.

I appreciate having this opportunity to present my views to you.

STATEMENT OF HON. JERRY L. LITTON, A REPRESENTATIVE FROM THE STATE OF MISSOURI

Mr. Chairman and Members of the Subcommittee, I would like to thank you for this opportunity to share my views regarding the closing of small post offices in rural America. As the closings could potentially affect 653 post offices in Missouri, of which 102 are located in the 6th Congressional District I represent, I am deeply troubled by the impact these closings have and will have on the needs of rural citizens, communities and businesses.

From its inception under the Continental Congress in 1775, the Congressional intent for the Post Office Department has been the establishment of a communication network binding the varied sectors of the nation to its people—both urban and rural. Over two hundred years later, the policies of the United States pose. Specifically, I refer to the wholesale closing of a possible 12,000 small post offices serving rural America.

Postal Service authorities would have the American public believe that its planned closing of 12,000 post offices is in the taxpayers' best interest. Further-

more, Postal authorities would convince the public that it can close nearly forty percent of this country's post offices without any reduction in service.

I don't buy these arguments, and neither do the more than 50 Members of Congress who have filed suit to prevent further closings of rural post offices. In addition, we are but a handful of representatives echoing the thousands of voices of our constituents who don't buy these arguments.

My objection to these closings is primarily based upon three premises: First, a careful study and observation of Postal Service operations, with particular focus on the multiple factors contributing to current USPS financial problems, proves these closings to be a "smoke-screen" for the real reasons behind postal problems. Second, the Postal Service has sacrificed small post offices in a calculated effort to indirectly influence Congress to approve the USPS subsidy. Third, these closings are in violation of the Postal Reorganization Act of 1970, which prohibited the closing of small post offices "solely for operating at a deficit."

The last premise shall be settled in the courts of justice. It is towards the first two premises that I would here like to direct the attention of this committee.

In recent months, Postal Service officials have threatened, and in some instances implemented, curtailment of postal services enjoyed by the citizens of this nation. Among these are eliminating Saturday mail delivery, cutting back mail delivery to three days per week, instituting the use of cluster boxes, reducing daily business mail delivery, and closing or consolidating small post offices.

One by one, these service curtailment proposals have been hurled at the citizens. Each proposal has been matched with an outcry of disapproval from the people. Undoubtedly, none of these curtailments has aroused the public disdain like the closing of small, rural post offices.

Postal Service officials have attempted to justify these closings as a means of reducing postal costs. With a negative equity estimated to reach \$1.3 billion by the end of this year and once again having to borrow to meet its payroll, it is little wonder USPS management is concerned with cost reduction.

However, the savings, which might result from the closing of 12,000 post offices and the potential destruction of the nation's communication network, are comparable to using one's thumb to hold back the torrent of problems comprising the Postal Service's financial woes.

The facts reveal that closing 12,000 small post offices would only reduce the total operating budget of the Postal Service by less than one percent. Furthermore, there can be no justification based on these findings to warrant closing these offices currently serving two million rural families.

As the costs for operating these small post offices is but the tip of the iceberg, what then are the prime contributors to the postal deficit? Postmaster General Benjamin F. Ballar has cited inflation coupled with recession, energy shortages, and the slow regulatory process of the Postal Rate Commission as the major contributors to the Service's financial woes.

But other sources clearly point to mismanagement in the Postal Service hierarchy as the primary contributor. In an article which appeared in the April 11, 1978 edition of the "Washington Post," reporter Ronald Kessler observed:

"Ballar is continuing a tradition, established by his predecessors, of pointing fingers at any target outside the Postal Service to explain what is wrong at the agency."

I am confident that upon completion of your investigation, the Honorable Members of this committee will have determined "what is wrong at the agency." My purpose is to further demonstrate how the USPS management has sought to divert Congress attention from the agency's internal problems through the dramatic closings of rural post offices.

In the Postmaster General's speech delivered to the Economic Club of Detroit in March of this year, he stated:

"There should be no misunderstanding: Unless additional support is forthcoming through appropriations, our vigorous efforts to reduce postal costs will have to continue in every permissible way despite opposition and regardless of the risks posed to present levels of postal service."

Furthermore, Ballar commented:

. . . "The sense of Congress and the Administration clearly appears to be one of opposition to any increase in appropriations."

"In the interim, we feel that the only course open to us as responsible managers is to continue to cut our costs wherever we can and however painful it may be."

Having determined his course, it is evident that the Postmaster General set

out to cut costs with little or no regard to the overall impact of reduced service to patrons and, in particular, rural patrons.

As many Members can attest, our constituents are outraged by these closings as exemplified by their many letters and petitions to this effect. The people, expressing their views through their elected representatives, have acted as catalyst spurring Congress to approve appropriation requested by the Postal Service in the belief that this will halt the closings. For clarification, let me assert that I am not opposed to granting the postal subsidy. However, I am adamantly opposed to the manner in which the Postal Service management has attained public backing for the federal subsidy.

After examining the indirect positive effect the Postal Service's policies have had on the public, one can conclude that the post office closings were not only a "smoke-screen" for the real problems of mismanagement; but, the closings have also served as a "sacrificial lamb" to gain leverage for the procurement of appropriations from Congress.

I believe the USPS management's irresponsible and calculated manipulation of this nation's rural population is contemptible and should not be tolerated any longer by the taxpayers of this nation. I fervently oppose these discriminatory practices by the postal management and call upon the members of the committee to do all within your power to halt the closings of our rural post offices.

I would like to thank the distinguished members of the committee for permitting me to share my thoughts and the thoughts of my constituents with you today.

STATEMENT OF HON. JOHN Y. MCCOLLISTER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEBRASKA

I am pleased that the Subcommittee on Postal Service is conducting two days of hearings on the closings of small rural post offices, and the additional cut-back in services planned by the U.S. Postal Service. This issue has generated a great deal of controversy and heated discussion within Congress. I'm glad the Subcommittee is giving us the opportunity to air our views and those of our constituents on this matter.

The U.S. Postal Service is facing serious economic problems. When the Congress approved the Postal Reorganization Act of 1970 transforming the old Post Office Department into a semi-independent postal corporation, we had hoped the difficulties of the Post Office would be resolved. However, the problems of cost and mechanization have preoccupied the new management. The chief goal of the 1970 Act—to attain financial self-sufficiency—has not worked out. Instead, the postal rates have soared with the cost of first-class mail increasing from 8 cents to 13 cents over the last five years. At the end of fiscal year 1976, the U.S. Postal Service will have a cumulative deficit of \$3 billion.

To handle the mounting deficit, the Postal Service has requested increased subsidies from Congress and planned severe cut-backs in service. Mr. Bailar, Postmaster General, states, "we must, I believe, consider trimming back those services that no longer make economic sense or label them for what they are and arrange a system of subsidies that covers their cost." According to our U.S. Postal Service, one of the present services that no longer makes economic sense is the small rural post office.

The problem of adequate rural mail service will not go away. The General Accounting Office has estimated that, at present, it costs taxpayers \$100 million to maintain mail service to the far-flung rural areas in this country. The Congress has decided that it is in the national interest to foster balanced development through passage of the Rural Development Act. The main premise of that statute is that we must maintain and upgrade basic facilities and services in our smaller communities to make them attractive places for people to live. It would seem to be directly in opposition to this Congressional declaration of policy to deprive our smaller communities of their local post offices.

Too many grand promises by the Congress are left unsupported by later Congresses, contributing to the public's low opinion of politicians in general and the Congress in particular. I'd like to see the Congress make good its promises to Rural America. I think balanced development makes a lot of sense. Sure, it has its short-term costs. But these costs must be balanced against the long-term advantages of strengthening the community infrastructure in rural villages and cities, allowing them to retain their present populations and serve as the basis

for absorbing the millions of additional Americans who will be taking their places among us in the coming years.

A strong Postal Service is important for rural America today. It will be even more important in the tomorrows to come. Let us follow through on this policy and do what we can to make these communities attractive places to live and raise families. If we don't we are right back to where we were when we passed the Rural Development Act as a means of forestalling further urban crowding and deterioration of the quality of city life as well.

The Subcommittee must also decide whether the U.S. Postal Service should be allowed to ignore the intent of the 1970 Postal Reorganization Act in order to save money. The Reorganization Act clearly prevents the closing of a rural post office solely on the basis of the economics of the post office's operations. The District Court of Washington has already granted a temporary injunction to halt further closings of rural post offices. Although the Postal Service says it will not close a post office until a prior study is made of the community, Judge Smith specifically noted in his decision that the Postal Service is not making a fair survey to see if the community supports the changes planned in the mail service to them. It is clear from the response of my fellow Nebraskans that they agree wholeheartedly with Judge Smith's decision.

The people of rural Nebraska believe they are entitled to adequate mail delivery and should not be penalized because they happen to live outside a city. We must remember that the post office is often the focal point of activities in rural America. By eliminating this service, we would seriously jeopardize the well being and economic growth of our rural communities. I think it is vitally important for the Subcommittee during these hearings to weigh the many benefits of retaining our rural post offices.

STATEMENT OF HON. LLOYD MEEDS, A REPRESENTATIVE FROM THE STATE OF WASHINGTON

I appreciate this opportunity to speak out against the Postal Service's cost-cutting program which threatens the self-identity of rural America through the elimination of small post offices. In response to this program, I have joined with my colleagues in sponsoring legislation, H.R. 12223, which requires the Postal Service to receive congressional approval before closing small post offices.

The heart of this matter is not one of finances but a philosophical concept of purpose. I believe that we need to return to a service-first philosophy in the Postal Service. We have been told by the officials that service is their first priority, however, when it comes to action we find the emphasis on cutting services. Today it's the elimination of rural post offices. What will it be tomorrow; Saturday deliveries, special delivery, magazine and newspaper deliveries, door to door deliveries? I fear that many important services will become history if we don't put up the red flag now.

To date, services cut have not made a dent in the Postal Service budget nor have remaining services improved. Instead we find the Postal Service in the worst shape it has been for years. It is more expensive, less efficient, and the source of irritation for millions of Americans.

The past couple of months, my office, as I'm sure every congressional office, has received a steady stream of letters and petitions from local residents who are alarmed at the Postal Service's latest budget balancing trick of closing small post offices. Having been raised in a small town myself, I know from personal experience the many functions served by these local post offices beyond that of delivering mail. These small offices are the cornerstone of many communities.

In the small communities the post office is a source of pride and a social gathering point. It is the community center where residents can get information and personal assistance with their taxes, civil service, social security and other governmental problems. These are services often not provided by our larger urban post offices.

Mail is such an integral part of our society that the loss of a post office could affect a town's economic prosperity and self-identity. New businesses and industries settle in towns which can provide basic community services. Particularly, the commercial sector of our communities relies heavily upon efficient mail service. It is also my understanding that some state highway departments can legitimately consider removing a community without a post office from the road map.

It is not my intention to sound nonappreciative of the financial difficulties faced by the Service. I recognize that it is having serious financial trouble. However, cutbacks should not be made in areas that would cause serious hardships to millions of Americans. Instead we should look for ways to eliminate the waste within the operations of the Service such as eliminating the expensive yet proven ineffective equipment, that has been installed.

It is obvious that the venture into quasi-private status has not worked. It is time to consider other possibilities. The services which are performed by the Postal Service are important to us all. If they are to be maintained, and I think most of us feel they should be, then we must realistically look into increased government support.

George Washington said that the Postal Service in our country is the chain that binds the entire nation together. Let us not sever that bond but strengthen it. A strong, effective Postal Service is vital to the conduct of business, government and close personal ties between families and friends.

I am hopeful that the committee will give full and serious consideration to the numerous proposals before it as measures to strengthen the weak links in the chain by supporting existing postal services.

STATEMENT OF HON. JOHN MELCHER, A REPRESENTATIVE FROM THE STATE OF MONTANA

Mr. Chairman and members of the Subcommittee, the Postal Service didn't get our message last fall on preserving our rural post offices and services. After your hearings last September, postal officials responded with a new zeal in moving small office closures and severe cuts in weekend service and clerk hour for mail handling.

So here we are again, still mindful of the Postal Service's financial woes but troubled by the misguided program of postal authorities to lessen service to rural areas to squeeze out some savings. The Postal Service recently was proud that it saved \$2 million by closing 186 post offices since last July, until someone pointed out that it paid for only nine minutes of the system's manpower costs. At the expense of smaller communities, cuts are being foisted on rural managers while the larger areas of waste and ineffective management—that is, costly and questionable mail handling schemes in large urban centers, high management salaries, over-structured bureaucracy and indefensible public relations advertising—slip on by. Rural Montanans balk at seeing slick advertisements suggesting that it's a Grand Olde Postal Service at the same time a survey is underway to close their post office. It's ironic that the pinch is on the one level which is the most capable and successful at giving personal service to the public. This is supposed to be the Postal Service's constitutional reason for existence, but it has become a mere platitude to blueprinters of postal operations.

The Constitution's architects, in directing the Congress to provide for a postal service, recognized that the free flow of information to all citizens was an essential part of our democratic government and a right to be enjoyed by all. It certainly is true that it costs more per postal patron to operate the mail service in a rural area, but the historical intent is for the federal government to give similar quality service to all patrons, regardless of where they live. We shouldn't have to be talking about doing hard whittling on the little postal service we have left in our rural communities.

At this time, Montana postal officials have a list of some 40 small offices they will be looking at for closure in the coming months. In addition, a number of offices have experienced budget cuts which have caused drastic reduction in the hours part-time clerks work each week. This is a severe blow to clerks in small towns who have been dependent upon this income, not to mention the increased strain on the office's ability to provide quality service to patrons. These kinds of actions represent a setback to the postal service mission and a discredit to a federal government which often is mistrusted by the faraway rural citizenry.

Congress said in the Postal Reorganization Act that the financial aspects of a small office's operation were not to be the determining factor in whether an office should continue or be closed. We must reassert that caveat to postal officials who apparently chose not to heed our words last fall.

Your Subcommittee and the House already have taken the right first step toward alleviating the financial woes which seem to be prompting the Postal

Service into the inappropriate hatchet act on rural services. That was the passage of the postal subsidy bill reemphasizing public service. I look for the Senate's cooperating response before long. I think we need to go beyond that to insure that rural services are not bled arbitrarily by postal managers. The suggestion that the Postal Service be required to conduct a public hearing before changing the status of a small post office is a good one. I also like the idea of making criteria for considering closures much more specific, so that we can be certain that any such action taken would be in the public interest and desired by the patrons served.

I encourage the Subcommittee to look over the assortment of good recommendations which have been made regarding rural services and to develop a new legislation to insure that the mandate of good service for all is kept.

Thank you.

STATEMENT OF HON. GILLESPIE V. MONTGOMERY, A REPRESENTATIVE FROM THE STATE OF MISSISSIPPI

Today, only years after the Post Office went out of existence and the U.S. Postal Service was established, the system is as much in jeopardy as it ever was. True, the problems are in some cases different, but they are every bit as bad, and in many cases worse. No one would disagree with the statement that these difficulties require drastic changes and new approaches to the delivery of the mail. I, for one, support extensive evaluation and subsequent reform but this action must be done carefully and with firm objectives in mind.

Some of the recently proposed solutions to the service's woes do not attack the problems in a realistic manner and are not responsive to the needs of the people. In fact, in some instances, they are ill advised and not carefully thought out. One of these is the closing of rural post offices whose customers would supposedly be served as well by another post office or alternative service.

In this case, as in all, there are two sides to the story. City dwellers rarely realize the accessible mail service they have and the very real fact that rural residents must often drive or walk miles to obtain postal service. This, paired with the fact that there is an obvious lack of public transportation in all areas except the cities, helps us to understand the importance of a small postal station to the inhabitants of rural communities.

In contrast, persons living in the city can avail themselves of any number of well-staffed, convenient post offices, in addition to being served at their houses or apartments. Sometimes this service of having mail delivered to the front door is taken for granted and the convenience of it is overlooked.

At this time, there are several pending actions which would affect the Postal Service. One of these is a moratorium on the closing of post offices. I fully support this action, at least until there have been adequate hearings and careful examination of the Postal Service. A six-month moratorium should give Congress ample time to evaluate the situation and determine the proper course of action.

I do hope that as the Committee begins hearings on this most important topic, it will keep in mind the purpose these small post offices serve and support a policy of keeping these small offices alive.

**CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., April 8, 1976.**

Hon. JAMES M. HANLEY,
*Subcommittee on Postal Service, Committee on Post Office and Civil Service,
Cannon House Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN : I appreciate the opportunity you have given the members of the House to testify or to submit written statements in regard to the hearings you are conducting concerning the closing of small postal facilities by the Postal Service.

I would like, at this time, to submit to the Subcommittee some of the thoughts I have concerning this matter.

People throughout the country have always expected a convenient mail delivery system. It is, however, imperative that the changes the Postal Service is attempting to initiate be viewed in proper perspective.

First, the time span from the inception of the Postal Re-Organization to 1984 has to be viewed as a transitional period, a change over period for the Postal Service. It is the time Congress had designated in which the Postal Service must

present a balanced operation, not only in terms of operating revenues and expenditures, but also in terms of mail delivery and service. I firmly believe that this transitional period should not be filled with trial and error programs. In talking with postmasters, postal workers and general constituents in my district, there are strong concerns over the closing of rural post offices and the cutting of clerk hours in a mandated program. My concern over this matter is that I would hope these mandates are being done in a logical and systematic approach to achieve efficiency and self-independence for profitable operation. I would hope also that when the Postal Service implements these programs that a close evaluation of each postal facility is taken into account as to the impact the program will have on that facility in relationship in the overall goal the Postal Service is striving to achieve. Many postmasters in my district have aired their opinions with me regarding the mandating of programs in which little time is given to them to react in an efficient manner, thus, in some cases, causing a loss of revenues and a decaying morale. Their concerns also brought to light the fact that many times the flow of communications has been from the top down with little or no opportunity for flow the other way. I would hope that those individuals who must deal with the problems of every day operation of the postal facilities have an ample opportunity to share their ideas and solution to various problems, thus, hopefully, contributing as well to the goal of self-sufficiency.

Second, the Postal Service is to deliver all of the mail within a reasonable period of time. When it does not deliver the mail the Congress must take appropriate action. The closing of small rural offices should in no way suggest that the Postal Service can stop delivering the mail. We are all concerned with the problem of appropriate mail delivery services. Naturally, the problem centers around the implementation of what is defined as "service". I urge the Subcommittee to consider what adequate service is as opposed to convenient service.

Third, I am also concerned about the cutting of clerk hours and closing of small rural post offices, since often it means the transferring of personnel from the rural office to larger postal facilities, where they are unfamiliar with the routing and operational system. In this matter, I feel the Postal Service should thoroughly evaluate whether or not there is any loss of efficiency or for that matter, any increase in efficiency to either the rural or larger postal facilities.

Finally, the Postal Service has a great direct dependence upon those it employs. The morale within the Postal Service will be reflected in the delivery of mail to the American people. The degree of satisfaction received by the American people from their mail delivery system is dependent upon the cooperation and communication within the whole of the Postal Service between the various levels of management and labor. I hope that the Subcommittee will be able to address this concern in regard to this specific problem and that the Members of the Subcommittee will push for full committee hearings as this issue relates to every aspect of Postal Service operations. Each of us knows the importance of communication and cooperation not only among ourselves but with the American people we represent. I look forward to the Committee's efforts to encourage and provide for adequate intra-postal service dialogue.

I would again like to thank the Subcommittee for allowing me to present my views.

Sincerely,

GARY A. MYERS,
Member of Congress.

STATEMENT OF HON. JOHN MYERS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Without hesitation I have joined with a number of my colleagues in the House in asking the Postal Service to postpone all planned closings of Post Offices, especially in smaller communities.

I have received a number of reports from Post Offices in the Seventh District that they are earmarked for closing in the near future. Many of them serve rural customers who would have to travel many miles away for postal service should these offices cease operations.

In a time when the Postal Service is desperately trying to improve the services it provides to the people of this country, it makes no sense whatsoever to inconvenience the customers in these smaller communities. While there have been assurances from the Postmaster General that the closings have not and will not be ordered unless service equal or superior to that previously available can be provided, it is apparent that this often is not the case.

The Congress needs an opportunity to thoroughly study the rationale behind the closings policy and arrive at a set of guidelines designed to protect the interests of the people in smaller communities. For this reason, we are asking the Postal Service to postpone all planned closings of Post Offices for a period of six months.

I believe that everyone would like to once again see the postal Service operating at maximum efficiency and providing good service at a reasonable cost. But this highly desirable state of operation should not and cannot come about at the expense of the customers in rural areas around the country.

STATEMENT OF HON. DAVID R. OBEY, A REPRESENTATIVE FROM THE STATE OF WISCONSIN

Mr. Chairman, I welcome this opportunity to discuss a matter which is of great concern to me and to many residents of the 7th Congressional District. The prospect of small post office closings is not just an economic issue; it is at heart a social issue which directly affects the lives of many individuals and communities. Aside from providing postal services, post offices serve as a focal point of social and business life in many small communities, and lend an irreplaceable sense of identity to towns and villages throughout Wisconsin and across the nation.

Congress recognized that fact in 1970 when it passed the Postal Reorganization Act which transformed the old Post Office Department into a quasi-independent corporation. That Act stipulated that the Postal Service could not close a small post office, "solely for operating at a deficit." Last November, however, the Postal Service issued "solely for operating at a deficit." Last November, however, the Postal Service issued a new set of criteria for judging whether to close small post offices, and with those criteria in hand, proceeded to announce closings.

Members of Congress have responded to this development in a number of ways. Several Members are party to a law suit which contends that the new criteria for closing small post offices violates the Postal Reorganization Act by eliminating post offices, "solely for financial reasons." I have joined 68 of my colleagues in co-sponsoring a resolution which would place a six-month moratorium on further post office closings, and other legislation has been introduced which attempts to deal with this problem.

I am encouraged that the Chairman considers this problem important enough to merit the attention provided by these hearings. The information and viewpoints expressed here will assist Congress and the American people in making some important and difficult decisions about the future of the U.S. Postal Service. And in light of Postmaster General Bailar's recent testimony that the Postal Service faces a deficit of nearly \$3 billion, one of the most crucial decisions may well be whether we are willing to accept continued increases in postal rates accompanied by decreases in service, or whether we are willing to spend more tax dollars on the Postal Service.

That decisionmaking process will no doubt be a long and arduous one, but in the meantime the Postal Service is proceeding with small post office closings, and it has come to my attention that one aspect of that process is extremely unfair to the affected postal customers. The Postal Service's own regulations require a survey of customer reaction before a small post office can be closed, and the standard survey letter describes four plans for alternative postal service and asks residents to choose the plan which would best serve their community's needs.

However, the alternatives do not include keeping the existing post office open, and so by choosing one of the four plans described in the letter, a postal customer is automatically endorsing the closing of his local post office when in fact he may prefer that it be kept open. Post offices are such an integral part of the social and business life of small communities that I believe the Postal Service has an obligation to fairly assess the opinions of citizens who would be affected by a post office closing, and the built-in bias of the current survey does not allow that.

Robert Kyle of the Marshfield News-Herald in Marshfield, Wisconsin, recently wrote an article which explains this problem very well, and I would like to have it included in the hearing record.

As the man said, "that's pretty painful" and I sincerely hope that this Committee will bear that in mind as it attempts to deal with the problem of small post office closings.

[From the Marshfield News-Herald, Marshfield, Wis., April 16, 1976]

TOWNS GET SINGLE PICK IN MAIL POLLS

(By Robert Kyle)

The U.S. Postal Service, already under attack from Congressman David Obey for using biased survey techniques, is conducting studies of its Hewitt and Fenwood post offices that offer customers only one choice.

Postal patrons in both towns have received letters describing the Wausau office's plan to substitute rural carrier delivery for the local post offices. The attached "survey" is a simple statement, "The postal needs of our community will, in my opinion, be best served by Plan No. 2" with space for the customer's comments.

But the survey does not mention any other plans. For other towns, though, the Postal Service lists four options and asks the customers to select one.

Jim Oster, the customer service representative in Milwaukee, said the surveys should have listed all of the available options. "We're not trying to fool anybody," he said. "I'm sorry something like this happened."

Harvey Mathwick, the customer service agent in Wausau, said he sent out the single-option survey to Hewitt and Fenwood because he assumed that rural delivery would be acceptable to postal customers. He now plans to seek bids in Hewitt for a community post office—operated by a local business rather than the postal service—to supplement rural carrier service.

"In the future," he added, "we're going to offer three options: A community post office, rural delivery or a combination of both."

The survey that drew criticism from Obey, D-Wausau, offers an additional option—a lockbox delivery office staffed by a rural carrier for at least 15 minutes each day. But none of the surveys lists maintaining the existing post office.

"By choosing one of the four plans, a postal customer is automatically endorsing the closing of his local post office when, in fact, he may prefer that that office be kept open," Obey said. "The Postal Service is not giving its customers an adequate opportunity to express their true opinions on the matter."

The surveys, he added, "are heavily weighted in favor of closing small post offices."

Postal officials say it's up to the customer to use the "comments" section of the form to indicate if they would prefer to maintain their existing office, but the cover letters for Hewitt and Fenwood ask only for comments on the rural delivery proposal.

Customers who simply sign the form and return it are voting in favor of rural delivery, and those who do not return the survey are presumed to be indifferent, Mathwick said.

If more than half of the customers who return the forms are in favor of the proposed change, he added, the local office can be closed after 90 days.

Oster, the Postal Services' customer service administrator in Milwaukee, said Obey's criticism of the survey techniques is "a matter of semantics."

"We're saying: If an alternative is provided, which do you prefer?" he said. "We don't have a program for a wholesale eradication of small post offices, and we'll never close or convert a post office if we can't provide equal or better service."

Mathwick said he is conducting the surveys only for third- and fourth-class post offices that do not offer home delivery. Many customers prefer rural delivery, he said, because they would no longer have to pick up their mail and could still purchase stamps and money orders from their carrier.

Customers in towns like Elderon and Galloway, where the Postal Service proposes to award contracts to local businesses, would not notice any change in postal service, he added, but the Postal Service would have money because it would no longer be required to contribute to the pension fund for a local postmaster.

It now costs between \$6,000 and \$10,000 per year to operate each of the 27 third- and fourth-class post offices in Central Wisconsin, Mathwick said, and conversion to rural delivery could reduce the cost to \$500 to \$1,000.

"If Congress would subsidize the Postal Service, we wouldn't have to go this route," he said. "Actually, rural delivery is equal to or better than the small post office. The only hang-up is the loss of identity and zip code. That's pretty painful."

**STATEMENT OF HON. J. J. "JAKE" PICKLE, A REPRESENTATIVE FROM THE
STATE OF TEXAS**

Mr. Chairman, I thank you for giving me the opportunity to once again stress my strong opposition, and the strong opposition of my constituents in the 10th District of Texas, to the U.S. Postal Service's plans to close down many of our small rural Post Offices. I have spoken out on this in earlier hearings, but I welcome the chance to elaborate on my position at this time.

Mr. Chairman, I believe that if the Postal Service carries out its plans to close down many of our small Post Offices across the nation, much will be lost. And the losers will not be officials within the Postal Service—the losers will be hundreds of thousands of our constituents, the good people who live in our rural areas.

The Postal Service maintains that little will be lost, that if these offices are closed down and other types of service are provided (such as rural route service or contract station service) that we'll hardly be able to tell the difference.

I beg to differ with the Postal Service.

Anyone who has lived in a small town knows that the Post Office is the heart of the community. From it and back to it run the veins of communication in the community. It serves as a way for residents of the community to communicate with others outside their sphere, and it serves as the means whereby the residents of the community communicate with each other. The 60's and 70's have brought astounding, never before dreamed-of advances in the field of communications, and if nothing else, our age has taught us how vital communication is to our world. Can we be so caught up in our wave of technology in the field of communications that we forget where it all began—the rural Post Offices?

In this Bicentennial Year when we look back to treasure our beginnings and to discover that the old ways were good, I think it would be a sad mistake to have a massive closing of rural offices.

Rural Post Offices still perform the functions they performed when they were conceived, and still perform them as well, if not better, than they ever did. And their patrons still need them as much as they ever did.

The 70's have brought a new awareness of the problems of our senior citizens and a renewed concern for their well-being. Our small rural communities are populated by large numbers of senior citizens, and it is they who will suffer greatly if these Post Offices are closed. Closing of their towns' Post Offices will mean that fewer services will be available to them, their quality of service will not be as good, and it will present numerous other problems for them to cope with, such as transportation to facilities, etc., that they are now spared. Communication is as important, if not more so, for our senior citizens as for anyone else in our society.

Another argument against the closing of these Post Offices is that the communities involved are on the grow. In past years the movement of our population has been from the country to the city, and this has caused the population in our rural areas to decrease. However, the trend now is for people to move from the big, crowded urban areas back to the small towns, to the "country." And our rural areas are swelling with new growth that does not appear to be abating. I do not think this trend will be reversed.

No smart businessman would close down his business just when business is picking up. I think we can all see a parallel here; or at least we should.

These are the feelings that have been passed on to me by hundreds of my constituents over the past months. They are concerned that they contribute as much to our way of life, to our economy, to our society, as people in our cities; yet they are penalized and not treated as equals in many ways. This latest action by the Postal Service is a case in point—and perhaps the most important. They feel that there are other ways for the Postal Service to cut through its financial difficulty, and I agree. Considering the damage that would be done, not much money would in the final analysis be saved.

Let's not let financial setbacks in the Postal Service cause our rural residents to be cast uncaringly adrift. Let's not see the ones who need the most get the least.

STATEMENT OF HON. W. R. POAGE, A REPRESENTATIVE FROM THE STATE OF TEXAS

Mr. Chairman, my name is W. R. (Bob) Poage, and I represent the 11th Congressional District of Texas. It has been brought to my attention that the Postal Service intends to establish new criteria for continuing service in some post offices. I am opposed to any such criteria which would result in the closing of any small post offices in the 11th Congressional District.

To understand my concern, one must understand the population distribution of the District I represent. There is one city with a population of over 100,000; a number of cities of 5,000 or more, numerous small towns, and many, many rural communities.

The citizens of these small communities are taxpayers, just as the citizens of Dallas, Houston, Chicago, or Los Angeles are taxpayers. As such, they have just as much right to expect convenient, reliable, prompt and efficient mail service as do their counterparts in the larger cities.

The Postal Service, like the military and Social Security, is a government service designed and implemented for the benefit of the people, rural people included. As a matter of fact, Public Law 91-375 states, as follows:

"The Postal Reorganization Act, Chapter 1, Sec. 101. (b) The Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining. No small post office shall be closed solely for operating at a deficit, it being the specific intent of the Congress that effective postal services be insured to residents of both urban and rural communities."

Because of the long distances between some cities and some of these small communities, rural people need their small post offices much more than most city people need theirs. They come to their small post offices to get money orders, pick up mail, get packages, and weigh packages and get C.O.D. matters handled for them. To these rural people their little post office gives them a place to gather and more importantly, a sense of community identity.

STATEMENT OF HON. LARRY PRESSLER, A REPRESENTATIVE FROM THE STATE OF SOUTH DAKOTA

As you Members of the Subcommittee know if you have a proportion of rural communities in your constituency, one of our constituents' prime concerns is the possibility that their local post office will be closed.

Ever since the publicity attendant to the release of the GAO study last August and the announcement in November by the Postal Service of its relaxed criteria for closure, I have received, on the average, 10 letters weekly from constituents worried that their post office is next. Some have been misled by media reports of the GAO study, and upon investigation, I've found for now, at least, their particular post offices are secure. However, the communities under Postal survey, as you well know, are a different matter. These people are presented with a questionnaire on alternate Postal service, often without an adequate explanation of what the "other" service actually entails. And, of course, despite the Postal Service's contention to the contrary, they are not given a true choice—they're not allowed to keep their post office. Nor do I believe are they told the actual dollar figure that would be "saved" if their post office were closed. In some instances, with the retirement or transfer of a senior Postmaster or Postmistress this is a considerable sum to those not dealing with billion dollar budgets. It would make sense to my constituents who realize the value of the dollar (however eroded it may be) if they were given the facts, but often the Postal Service does not treat them as intelligent, thinking, rational adults.

No small, rural community, which has suffered a population migration since the Second World War, wants to lose its post office—for many, this is the last real symbol of the town's identity.

Certainly, in many instances a community post office would save money for the Postal Service. But I do question if, on conversion, a community would receive "equal or better service," as the Postal Service contends.

In letters to me, constituents question whether the mail will be secure in a community post office. Will safeguards that were required in a post office to keep the mail inviolate be insisted on in a community post office? Without the security of a career position and being subject to annual contract letting, will the holder of a community post office contract feel the same sense of responsibility and service to his or her customers as a career Postmaster or Postmistress did?

Postal officials have told me "price" is not the sole consideration in letting a contract for a community post office. My constituents wonder, though. Too, what type of clearance—character, etc.—will be conducted on bidders for a community post office contract?

In sum, I thank the Subcommittee for giving me the opportunity to transmit the views of my constituents and urge you do whatever you can to see that our often neglected rural and small communities be given a "fair shake" by the Postal Service.

STATEMENT OF HON. KENNETH J. ROBINSON, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF VIRGINIA

Mr. Chairman, I am a sponsor of H. Con. Res. 583, which, in turn, is one of a number of resolutions in similar vein calling for a six-month moratorium on closings of small post offices.

I welcome this opportunity to urge this distinguished subcommittee to act favorably, and soon, on one of these resolutions.

Virtually every member of this House representing a district wholly or partially rural has received, in recent months, many expressions of concern from citizens over the prospect of losing their small local post offices.

A federal court has warned the Postal Service against hasty closings without due notice and conformance with the other procedures prescribed by law for the evaluation of service effects as well as monetary savings. It is the responsibility of the Congress, however, to analyze fully the appalling fiscal plight of the Postal Service—the great experiment in near-autonomy for which such high hopes were held and which has become, instead, a tremendously expensive disappointment.

How to sort out and correct the numerous structural and operational defects in the system is a complex problem which is having the active attention of the responsible committees of the Congress. In the meantime, in a cost-cutting exercise of high visibility but relatively low fiscal significance in proportion to the overall problem, the Postal Service has been making many announcements of its intention to close specific small post offices.

In some circumstances, it must be acknowledged, the cost of operating a particular office may not be justified by services provided to a very small number of patrons. Mass closing of post offices in rural areas, however, would have, in sum, a very substantial negative impact on the convenience of thousands of rural families in the matter of the daily receipt and dispatch of mail and the purchase and cashing of postal money orders.

Beyond this, there is the matter of the rural post office as a community institution and a symbol of identity.

To sacrifice small post offices wholesale is not a decision we, as members of Congress can leave, in good conscience, to the discretion of the Postal Service. This being so, the moratorium provided for by the pending resolutions is essential to permit adequate consideration of the implications of the shut-down program which has been instituted by the Postal Service, and which has caused uncertainty and indignation in many hundreds of communities over the nation.

In the formulation of postal legislation, much has been said and written, through the years, about the "public service" features of the Postal Service. Despite maximum efficiency and cost-consciousness, characteristics which have not been manifested under the present system to any reassuring degree to date, it has been recognized that postal revenues would have to be supplemented by subsidies from general tax funds in order to provide a full-service system.

I submit, Mr. Chairman, that maintenance of a quality mail service in small communities and rural areas is an element of the postal system which should qualify, on any common-sense basis of evaluation, for support from the general revenues well ahead of some of the features of the system accorded "public service" status in the matter of rate concessions. Closing a great many post offices in the countryside admittedly would save some money, although the saving would be offset, in part, in most instances, by additional costs in extending rural carrier service. The net savings, however, would represent relatively small relief for the financial problems of the Postal Service as a whole, particularly in view of the very costly new wage agreement which was negotiated with postal employee unions, the overwhelming majority of whose members work in metropolitan areas.

In the Congressional district I represent, Mr. Chairman, the Postal Service has nominated for closing a number of offices in which there is clear evidence of growth in the communities. Perhaps the Postal Service will not decide to close all of these offices, but its announcements most certainly are causing dismay and disbelief in numerous localities.

The Postal Service needs to be reined in for a reasonable time in order that here, in the Congress, where the ultimate responsibility for Postal Service policy rests, there might be careful study of the immediate and long-range effects of a massive revision of the manner of handling the mails in the small communities and rural areas of the United States. The six-month moratorium we are seeking here today is reasonable. It will reassure the people that Congress is willing

to take the time to recognize a concern which is real and substantial in the small communities as to the fate of what, in many places, is the only informational contact point with the Federal Government.

STATEMENT OF HON. TOM RAILSBACK, A REPRESENTATIVE FROM THE STATE OF ILLINOIS

Mr. Chairman, on behalf of my constituents and myself, I would like to express an increasing dissatisfaction with the Postal Service. While we all regret the budget confines within which the Service must operate, there can be no excuse for the type of mismanagement which has developed recently. To illustrate my point, I can provide two examples from my own district.

I was initially contacted with regard to the possible closing of the Denver, Illinois post office on February 18 of this year. Mr. William Johnstone's office—the Postal Service Congressional liaison—called to say that the post office was under consideration along with the Burnside office. The same day, I contacted the office of the Postmaster General, Mr. Ballar, opposing these closings and asking that favorable consideration be given to these towns. On March 18, a letter was sent from the Assistant Postmaster General, Mr. Halliday, informing me that no survey was being conducted on Denver or Burnside. Now I understand that the Denver post office is to close June 18. Obviously, this would violate the U.S. Postal Service's requirement of a 90 day waiting period between the decision to close and the actual closing. I brought this to the attention of the Service and was informed that they had made a mistake. That's a pretty big mistake in the eyes of myself and the 100 Denver residents who contacted me.

A second error was equally painful for myself and the postal patrons involved. On November 7th of last year, after receiving written notification from the Postal Service, I sent out a press release announcing that Bryant, Illinois was to receive a new postal facility. Two bids were received, and they were to be opened by the Postal Service on February 24, 1976. In the meanwhile, someone in Bryant had purchased the land where the present post office is located, and informed the postmistress that the land was to be vacated within the month. The Mayor of Bryant contacted me concerning the status of the new facility. I contacted Mr. Johnstone's office, and was advised that there had been a hold put on the construction for the building. Now it is doubtful that Bryant will get a new post office. Furthermore, there is now a survey underway to change the status of their present system to a rural delivery system from either St. David or Lewistown. I am extremely disappointed by this needless example of irresponsibility.

In both of these cases, I object to the reduction in service being proposed. To the people in these towns, the Postal Service is probably one of the only visible Federal operations they encounter, next to their income tax. Yet, they see even this mail service being threatened. It is difficult now to justify equal payment of 13¢ per letter, when the services to urban residents are usually more complete. Now, how can I explain even further reductions to those living in smaller towns and rural areas?

Yet, even if I were to accept the inevitability of certain cuts, I can not defend their haphazard implementation.

We are faced with a serious situation, but one which can be remedied. I am willing to do what I can, and I encourage the Postal Service to take positive action towards providing quality mail service for all citizens.

STATEMENT OF HON. JAMES D. SANTINI, A REPRESENTATIVE FROM THE STATE OF NEVADA

Dear Mr. Chairman, I am delighted that you and your Committee scheduled hearings to receive testimony from individual Members concerning Postal problems which exist in their Districts.

My office, I am certain is not unique. It is difficult to know where to commence, as I have received such a large number of complaints from my constituency critical of every conceivable area of the Postal Service operation.

Late last year the Postal Service opened a bulk mail center in Reno, Nevada. The need to train employees and to get these employees acquainted with the new electronic equipment is not disputed. However, when it became necessary to

secure additional employees from the Carson City Post Office, some 30 miles distant to Reno to supplement the work force to the detriment of our State's Capitol city, I wondered if this was proper Postal management. I also wondered if a private business properly managed would train on the spot as was partially done in the Reno Bulk Center. Wouldn't a properly organized business have trained Reno Postal employees in some other nearby Bulk Center prior to the opening of the new Center in Reno?

As a result, the Carson City Postal Service deteriorated for lack of sufficient employees. In addition, a citizen of Carson City mailing a letter across the city, found the letter traveling some 30 miles to Reno overnight and returning to Carson City for mailman delivery the next day. When a member of my staff made inquiry as to the wisdom of this operation, he was advised since the mail was sorted overnight and arrived back in the Capitol City the next day, it was delivered timely.

Now Mr. Chairman, it costs money to sort and carry the mails some 60 miles and let no one believe that overnight service always exists. My constituents report that letters mailed for intown delivery on occasions do not reach their destination for several days. I am told we now have regional officers directing local Postmasters. Would it not be reasonable to expect that the intelligence of a local Postmaster would be such that through his devotion to his community and his effort to please his own Postal Patrons, that he could manage his own local Post Office, perhaps better than management directives from several layers of Postal Service employees, who actually have jurisdiction over the local Postmaster?

I am including at this juncture an editorial from the Carson City Appeal of April 11, which I believe pretty much tells the story:

"POSTAL SERVICE: CRISIS IN CARSON

"As recently as two years ago, the Nevada Appeal could go to the Post Office at 7:45 a.m., and pick up most of its daily ration of First Class mail. Also in the box would be quite a few of the exchange newspapers, all of them a day old or two days old at the most. Overnight service from Elko, Ely and Las Vegas was commonplace and was even depended upon.

"Since that time we have watched local service deteriorate to the point of being ludicrous. Wednesday we rattled our mail box at 11:30 a.m. and found no First Class mail at all. All we got was a handful of old newspapers and some Second Class 'throwaway' items. And that, we understand, is pretty much the story of everyone's life in dealing with the Carson City Post Office of late.

"Our Post Office went into a slump over the Christmas holidays and it never seemed to be able to pull out after that. A federal spokesman bragged that the Carson office got out all the Yuletide mail by the 24th. The editor received at home a handful of Christmas cards on the first delivery following the New Year's holiday—and they were all postmarked the middle of December.

"Those long, tedious customer lines that are traditional just before Christmas, never went away! They're still there at any given time here at mid-Spring.

"An irate customer came by the Appeal to complain bitterly that Wednesday morning there was only one window open and it took 45 minutes to find out that a registered letter she was notified of at the home the previous day was still out on the truck.

"One can complain about the deficit spending, the never-ending postal rate increases, and the ever-spiralling expenses but the U.S. Postal Service is the one federal body that can be clearly judged of its abilities by its performance. And that performance can be summed up in one word—bad.

"Here at the Appeal, it's taking the post office as long as a month to get Second Class and Third Class mail to us from back east. During the Christmastime fiasco, we had items arrive that were up to six weeks old.

"Jack Anderson columns are mailed from back east on a daily basis. For some reason, they arrive in our box in batches. They are sent VIA air mail but it takes them four and five days to get here. We haven't had an Anderson column in time to use on its correct release date in over a month. They now arrive consistently one or two days past the intended publication date.

"Newspapers are arriving four and five days old. And for some reason we still haven't been able to figure out, our Sunday Las Vegas Review-Journals sometimes arrive in pairs—two different Sunday dates showing up in our box at the same time.

"The one thing that rankles us more than any other is the virtual loss of the Carson City postmark. Even the bureaucrats are hard-pressed to explain the

rationale behind the shipping of Carson City letters to Reno for processing and delivery back to Carson City. It's silly.

"Also rapidly becoming legendary is the growing penchant for destructiveness. We have seen presumably indestructible phonograph records arrive snapped in two inside their shipping cartons and we've seen letters and packages arrive with footprints, tire tracks and mudstains on them.

"We at the Appeal have received several complaints about grumpy window tellers and delivery people. We will decline from making a generic condemnation that all postal workers are sourpusses. Every profession, including ours, has a certain small percentage of jerks mixed in with the more predominant good-guys.

"But apparently post office morale is sagging and this is displayed in everything from the tone of the greeting at the window to the lack of mail in our post office box at a reasonable hour in the morning.

"Postmaster Bill Dunfield is one of favorite people. We love him for his community involvement and we hesitate to come down on his already harried brow for a problem that is not totally within his power to correct. But the situation continues to worsen and the total collapse of the postal system, locally if not nationally, is a genuine possibility that concerns us.

"In the past, we have always been post office boosters. And like the rest of us, the postal system has been ravaged by the two-headed monster of inflation and tight money. The editor has said in the past that speedy and accurate First Class mail is a bargain at 50 cents an ounce. The post office may call on him sooner than he ever expected to make good on that declaration.

"The nationwide clamor is virtually unanimous. Everyone wants good mail service to return. Equally clear is the fact that taxpayers don't want to sink billions of subsidy bucks into the U.S. Postal Service to make it work.

"No one could possibly object to paying a fair price for services rendered. The secret would be for everyone—from congressmen to bulk-mailers—to pay their fair share. But no one is going to pay the gargantuan rates predicted by doom-sayers if the post office's performance doesn't improve immensely—first."

Carson City residents reacted to this editorial and I also include a copy of the news story on this reaction, which I believe to be important to your Committee. This news story appeared on April 18, 1976.

"UNEXPECTED REACTION TO APPEAL PO EDITORIAL

"(By John S. Miller)

"The Nevada Appeal expected some reaction on its Thursday editorial criticizing the state of affairs with the U.S. Postal Service in Carson City. What wasn't expected was the type of reaction received from some people in the Carson office—praise.

"One post office member called to say he was forwarding clippings of the editorial to postal executives in Washington and Reno because 'the editorial said the things we weren't able to.'

"Another caller blamed Carson City's postal crisis on the Reno office which now supervises Postal Service affairs in Carson City—usually to their own benefit.

"A visitor to the Appeal office who declared himself a spokesman for the Clerk & Carrier Crafts union in Carson City, blamed a manpower shortage for the steadily worsening mail situation.

"There were three people who retired who weren't replaced,' he noted, 'and nine people were transferred to the Reno office in the last year. There are 12 people left to man the Carson office.'

"He added that everyone was doing their best and working up to 10 hours a day. 'All of them (the Carson staff) give 150 percent but sooner or later you tire out and give up. We don't have the time to catch up or get ahead on the work load. Earlier this week we had four of our 12 people out sick and there is just no way to make up for it.'

"He added it was impossible for Carson City's situation to improve under existing conditions. 'They just won't replace people. If somebody dropped dead on the floor tomorrow, we'd just be out of luck. We'd have to get along with one less.'

"He also criticized the Reno office directive that transferred nine Carsonites to the Reno office. 'These people have lived here all their lives and

they have no intention of moving out of Carson City. But the Postal Service can require them to transfer up to 100 miles away. People who live here and are required to work in Reno now commute—contributing to the energy crisis.'

"He delivered a copy of a union flyer that admonishes: 'Don't punch your postal employee if your letters are late . . . punch the bureaucrats in Washington.' In it the union blames management for growing larger and more inefficient even as they cut the numbers of postal employees serving the public.

"They blame management for delaying and complicating mail-handling procedures and for steadily cutting services.

"The union charges that 'both postal management and the Administration are ignoring the mandate of law that the Postal Service shall provide prompt, reliable and efficient service to patrons in all areas and all communities—and that no small office shall be closed solely for operating at a deficit.'

"They also charge management with 'reducing service to a shambles' by buying billion-dollar experiments in untested mechanization.

"Fact is, of course," says the flyer, "that the U.S. Postal service can never operate at a profit and can't break even—any more than the Pentagon can operate at a profit or the State Department can break even. It's government service for all the people—and the oldest of government services, predating even the federal government itself. It's time to expose the great fantasy that the Postal Service can somehow achieve self-sufficiency in an era of double-digit inflation, falling mail volume, soaring rates and management panic."

"They conclude by noting 'an increase to 10 per cent of the postal operating budget over the next three years will do the job that needs to be done to keep the Postal Service serving all the people with efficiency and dispatch.'

"A spokesman for the Stewart Post Office called to make the observation that postal customers can avoid a 30 to 45-minute wait in line by driving out to his facility. It's open weekdays from 8:30 to 11:30 a.m., and 12:30 to 5 p.m."

Dr. Carl Dubuy has directed a letter to me along with a letter which he submitted to be printed in the Truckee Sun-Bonanza, a newspaper which circulates in the residential area where Dr. Dubuy resides at Lake Tahoe. The letter has some sound and critical comments. It follows:

APRIL 14, 1976.

The EDITOR
Sierra Sun-Bonanza,
Truckee, Calif.

DEAR SIR : The Editorial "Time to Return to Postal Basics", reprinted from the San Jose Mercury News in your edition of Friday, April 9, 1976, finds me in general agreement with the description of the sad state of the Postal Service. Particularly do I agree that it is ridiculous to imagine that such a service should ever be expected to make a profit. There is plenty of illustration of that fallacy on the part of many municipalities which expect their public transportation systems to make profits.

Not only did the present Postal Service start out with that "strike" against it but they were permitted to enjoy a hierarchy of management which proceeded to spend money on themselves like the proverbial drunken sailor with undeservedly high salaries and palatial offices with lush furnishings which cost a fortune. This was the subject of so much adverse comment that their simultaneous indulgence in uncontrolled contracts which wasted money and smelled like corruption went relatively unnoticed.

Until a frugal management can be obtained for the Postal Service there is no hope of economy in operation. Such nonsense as TV advertising costing millions of dollars to sell us on the use of a service that we are forced to use anyway should be summarily stopped. The proliferation of stamp issues which is driving collectors out of their minds and ruining many stamp dealers is another example of the Service having lost sight of their primary job.

The suggestion that what Congress has messed up, it has the power to make right makes me shudder. There have been so many instances which have proved this a fallacy in the past 200 years that we ought to scotch that idea once and for all. Further tinkering by Congress will only complicate the business and return it to the political football status which made the Post Office Department such an inefficient hideaway for incompetents that Congress was forced to make the present setup.

No, rather than reorganize and get the service in a bigger mess than ever, Congress should insist on hiring a management devoted to the basic reason for the Postal Service and sworn to try and actually serve the public, throwing out the TV advertising and all the other non-essentials such as luxurious offices and

expensive contracts for friends of management. After all, economy and frugality must start at the top. There must be some way to control such spending and Congress must find it without establishing another bureaucracy, any increase in which hastens the day when the taxpayers are going to declare open season on bureaucrats.

Shifting the job of straightening out the Postal Service back to the Executive Branch reminds one of the fact that a great many studies and commissions have made cogent recommendations for the abolition of literally hundreds of bureaucratic strongholds of useless inefficient parts of the Executive Branch but Congress and the Executive have ignored them all very consistently and the buildup continues. So Congress should not pass the buck to the Executive in this instance. Lacking this, they should give the job of postal service to the UPS.

CARL T. DUBUY, M.D.

In addition, my constituents' comments include closure of rural Post Offices. Nevada has only a few heavily populated cities and, as a result rural Post Offices are an important adjunct of the Postal Service and the community. If an office is closed in some rural areas, it could mean that Postal Patrons must travel many hundreds of miles to acquire services now available, unless the Postmaster General attempts to solidly keep his former policy statement of seeing that mail service is equal or better if such an office is slated for closure. I hope this policy will be maintained. Rural constituents say the GAO report for recommendations for closure of some 12,000 Post Offices in the rural areas at a saving of \$100 million to the Postal Service, is a policy which should not be shouldered solely by those who live in rural communities. They suggest perhaps the metropolitan Post Offices should also effect economies and savings. There are rural citizens who deserve and expect mail service on an equal basis to city residents. They are not second class citizens and tell me so in so many words.

Other complaints include the expenditure of Postal receipts for advertising the Postal Services. All the advertising in the world will not sell an inferior product.

I understand the former Postal Service order for forbidding mail delivery to a newly constructed home in an existing housing area, has now been changed to the disposition of the local Postmaster. This is an improvement but in my opinion, the mail should be delivered without a request to any authority be it the local Postmaster or the Postal Service. It should be automatic in such cases.

Policies of causing mail boxes to be erected individually or in clusters to serve three homes in new housing subdivisions may be desirable; but perhaps should be reviewed.

Many cities and towns throughout our nation have in recent years demanded utility firms to construct power and telephone lines underground in new subdivisions. The telephone and power line poles were unsightly and an obstruction to the safety and public welfare. Now we have a policy of demanding mail boxes for these new areas. Undoubtedly, the Postal Service believes this will cause a savings in Postal funds. Perhaps it will to a small degree, but is it desirable, wise, or necessary?

The State of Nevada is a Freeport State. As a result, a number of large corporations have moved into the State where they utilize their facilities as focal points for product distribution. Just a week ago, I met with one of the corporate officials, whose organization mails a number of magazine publications from the Reno area. He told me, he had experienced such long delays in mail delivery that it was his best judgment, the business would have to move elsewhere. His receipts from his monthly publications were down at such a fast rate, he could see no other alternative.

Now, Mr. Chairman, if one has a business in a city where an up-to-date Bulk Mail Center exists, I would expect that postal customer could and should expect better mail service than previously existed. Was not this the reason for the decision to erect Bulk Mail Centers in the first place to expedite the mails?

I have noted where the Postmaster General has recommended to his Advisory Committee that envelopes be standardized. I have a constituent in my state, who formerly was a long time employee of the St. Louis Post Office. He has for 12 years recommended standardized envelopes and the standardization of a code, which he has perfected for the distribution of mails. Repeated attempts to capture the attention of Postal Service officials, to evaluate his ideas, has brought responses . . . "evaluations have been made and that the plan is not feasible." No trial effort has ever been made to my knowledge, to see if this gentleman's ideas have merit. Responses have also stated . . . "it would be too expensive to

make a change now in view of the adoption of the zip code." These may be valid observations; but it was interesting to note that the request for standard envelopes at a lower postal rate has been considered feasible by the Postmaster General and that my constituent has maintained for many years standardized codes placed in standardized box locations on envelopes could by electronic means speed up the distribution of the mails.

Mr. Chairman, these are but a few of the complaints which I have received from my constituents. I sincerely trust this Committee can make recommendations for legislative remedies to improve the mail service to all of our citizens throughout this great nation.

STATEMENT OF HON. GARNER E. SHRIVER, A REPRESENTATIVE FROM THE STATE OF KANSAS

Mr. Chairman and members of the subcommittee, thank you for giving me this opportunity to share with you some of my sentiments, and those of my constituents, with regard to reductions in postal service.

It would be an inadequate summation to say that postal service problems are a big issue in the 4th congressional district of Kansas. In fact, postal service problems rival any other single issue as the biggest problem during my 16 years in Congress.

During the 94th Congress, I have had hundreds of letters from residents of the 4th District—complaining about delayed mail deliveries and lost packages, complaining about the cost of postage, urging my opposition to the closing of rural post offices, urging Congress to resume control of postal operations. In a recent questionnaire circulated in my District, fewer than 30 percent were opposed to turning the control of postal operations back to Congress, and, so far, nearly 100 constituents have taken the time to add signed postscripts detailing their dissatisfaction with the Postal Service.

I know you have heard these complaints before, and I know I repeat many of those who have already testified before you when I say that something must be done. If the Postal Service is going to continue to exist in this country, then it must continue to be a service.

If we must close rural post offices, we must replace them with community contract postal services or full service rural routes. If we are going to reduce mailing privileges of bulk mailing organizations, then let's make sure that service is provided elsewhere.

Someday, if present trends continue, we may need no postal service. All of our written communications may be transferred electronically, and our parcels delivered by private services. But that day is not yet here, and until it is, I believe our overriding concern in matters pertaining to postal operations is that service is what the Postal Service should be all about.

STATEMENT OF HON. JOHN SLACK, A REPRESENTATIVE FROM THE STATE OF WEST VIRGINIA

Mr. Chairman, I appreciate the opportunity to appear before you and the members of the subcommittee today regarding the plans of the Postal Service to close various small post offices throughout the nation. I am pleased to see the subcommittee is maintaining a continuing interest in this matter.

In 1970, the Congress was told that under the Postal Reorganization Act the people would receive improved service at reasonable rates, and the postal revenues would cover the costs of services, thereby allowing the Postal Service self-sufficiency. Based on these assurances, I agreed to support this legislation. Now it appears that there is little chance for Postal Service self-sufficiency, and the overall quality of service is not as good as it was prior to the Postal Reorganization Act.

On November of 1975, the Postal Service announced that it would begin considering certain small post offices for closing. The Postmaster General emphasized that small post offices will be closed only where the alternative form of service is equivalent to or an improvement over that formerly provided. Shortly after that announcement, I began receiving numerous letters from my constituents expressing overwhelming opposition to the closing of these small post offices.

The concept of postal service represents more than the daily delivering of mail. In the small rural communities, many people pay monthly bills by money orders which they purchase from the local post office; some require assistance in filling out the money orders. In addition, such services as buying stamps and mailing packages have always been provided at the local post office. To close

such facilities would, for many people, mean traveling as far as 15 miles to obtain services which have always been available at the local level. This type of service would represent something other than full service, and constitute hardship in many cases, especially for the elderly. One elderly woman in a small rural community wrote a letter saying that if the local post office would close, she would have to walk over a mile to have a package weighed and mailed.

Being familiar with the many rural communities in my district, I have to feel that the closing of a number of small post offices, and subsequent placement under the administrative control of a postmaster in a large city would eventually result in the Postal Service losing touch with the requirements of these communities. Further, such action may not be consistent with the intent of the Congress as provided in Section 101(b), Title 39, of the United States Code which provides in part that: "no small post office shall be closed solely for operating at a deficit, it being the specific intent of the Congress that effective postal service be insured to residents of both urban and rural communities."

On February 20 of this year, I wrote to the Postmaster General informing him of the feelings of my constituents on the closing of post offices. I requested that prior to the time any significant change is to be made in the status of a post office in my district, I receive a full explanation of the facts concerning such change, and the courtesy of a discussion with a Postal Service representative. On April 2, after two follow-up letters, I received a letter from the Assistant Postmaster General stating that whenever a decision is reached effecting a post office closing in my state, I will be notified. My letter requested consideration before closing, not notification of a decision after it has been made.

Mr. Chairman, I realize that the inflation, revenue losses due to mail volume drops, and certain other cost factors have taken a toll on the financial situation of the Postal Service. I also realize that the attempts of the Postal Service management to reduce the deficit are well-intentioned, as this deficit must be reduced. However, I am not sure I agree with the closing of post offices to achieve a better financial picture, nor am I sure such action would produce a net savings over a period of time.

As indicated, the intent of the Congress has consistently provided for "effective postal service." It may be that a study on the public-service aspects of postal operations would yield other possibilities in the area of economic savings by turning up past deficiencies which have contributed to the current situation. I would urge that whatever remedy is settled on, any considerations should reflect a more favorable balance toward service to the people; this will insure consistency with the historical intent of the Congress.

Mr. Chairman, members of the subcommittee, I thank you for this opportunity.

STATEMENT OF HON. OLIN E. TEAGUE, A REPRESENTATIVE FROM THE STATE OF TEXAS

Mr. Chairman, I want you and the other Members of your subcommittee to know how very appreciative I am for the opportunity of appearing before you to express my views on the question of the closing of a number of small rural post offices in my Congressional District.

This is not the first time Mr. Chairman that I have had to fight for the survival of a rural Post Office in my District. In the 30 years I have been a Member of Congress, this issue has reared its ugly head on a number of occasions. However this time it has happened in spite of the fact that the Postal Service assured me by letter that there would be no "wholesale closing" of small rural offices. I do not know how they term the closing of some 599 offices; but I call it "wholesale closing". What is worse, it appears as though they have moved with a callous disregard for the hardships that such closing will have on the people who will suffer the most; rural minorities, the sick, the needy, the crippled and the aged. To say that these closures are done for economic reasons is ridiculous; for if that is the basis the larger offices throughout the country are losing more money for the Service than these small rural offices.

Our rural people need these Post Offices. Without them, they will be forced to stand out in the weather awaiting a carrier from a nearby town. These small offices are the gathering places for the rural community, and the hub of community activity; the fount of information and the basis of communication. The lives of many of the people in these rural communities is tied with the Post Office. In many instances in my District, relatives of the founder of the town or community still reside in family residences, as well as kin of the first Postmaster. Certainly sociological reasons must overpower economic reasons.

We have Mr. Chairman, a most ludicrous situation within our Federal government wherein on one hand we are endeavoring to maintain our rural population and cease the wholesale migration to the big city; and on the other hand through our Federal Agency actions such as HEW with their plans for area hospitals and the Postal Service's plans to close the rural Post Office, practically forcing the death of the rural community.

You were a Member of this Committee Mr. Chairman when Public Law 91-375 was enacted. In that Act it was stated: "The Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining. No small post office shall be closed solely for operating at a deficit, it being the specific intent of the Congress that effective postal services be insured to residents of both urban and rural communities."

This statement was further strengthened Mr. Chairman by a former Postmaster General when Mr. Klassen stated "The outright discontinuance of a post office will be considered when (a) a community has been abandoned or (b) a vacancy exists in the position of Postmaster, service to be provided will be as good as or better than the service received, and one or more of the following conditions exists:

(1) No suitable person can be found in the community to permanently take charge of the Post Office;

(2) No suitable quarters can be found in the community for housing the Post Office;

(3) Fewer than 25 families are being served by the Post Office; and

(4) Another Post Office or classified station or branch is located within a reasonable distance of the Post Office to be discontinued which is easily accessible to the customers affected and will provide service equal to or better than the services being provided."

Mr. Chairman, I urge the Members of this Committee to carefully review the plans of the Postal Service in this matter and that the Committee ascertain to their own satisfaction that the Postal Service is operating within the intent of the Congress when it enacted Public Law 91-375.

STATEMENT OF HON. CHARLES THONE, A REPRESENTATIVE FROM THE STATE OF NEBRASKA

Mr. Chairman, and members of the subcommittee, it is time to face up to the fact that a dream bubble has burst. That dream was the idea that a public corporation, almost completely independent of Congress, could provide more efficient service at less relative cost than the old U.S. Post Office Department.

In my opinion, the time has come to return the U.S. Postal Service to the supervision of Congress and this Committee. We must not return to the patronage practices of the former Post Office Department. We must, however, have a Postal Service which is responsible to Congress.

Far from being more efficient than the old Post Office Department, the Washington management of the Postal Service has been extravagant, foolish and negligent of its customers in a manner that no career postal leader would have ever contemplated for a moment.

Since I first came to the House of Representatives in 1971, I have sought the return of the Postal Service to the oversight of Congress. I am hopeful that this year a majority will agree with me that this is the proper course.

I have touched briefly on a solution to a Postal Service whose mismanagement is running out of control. Now, I'd like to touch briefly on the immediate problem of the Postal Service's proposal to close thousands of Post Offices in small towns.

I was one of the members of the House who joined in the suit that enjoined the Postal Service from proceeding with these closings. I have introduced a bill whose passage would provide a more permanent solution. My bill, H.R. 12994, identical to H.R. 12143, introduced by Representative Jenrette, would require the Postal Service to consider the total effect of closing a Post Office.

Our proposed legislation would require that the Postal Service, in considering a Post Office closing, compute not only its internal economies but also the economic effect on the patrons who would be inconvenienced by the shutting of a Post Office. Furthermore, the bill would require that before closing a Post Office, the Postal Service would be required to estimate the total economic impact on the area that would be caused by the proposed cessation of service.

In 1972, Congress enacted the Rural Development Act. Congress agreed that it was unwise to encourage more and more migration out of small towns into the largest megapoli in the nation. We agreed it was wise to encourage the re-development and rebirth of small towns. We have appropriated millions of dollars to support this belief.

The very heart of any small town is its Post Office. It is the business and social center of small town America. What a bitter irony that while one arm of the federal government tries to revive and rejuvenate the smaller municipalities in the nation, another arm acts toward their destruction.

Mr. Chairman, I urge action to stop that destruction. We can stop that destruction for now by requiring the Postal Service to consider the total economic effect of a proposed Post Office closing. For the long term, we can stop that destruction by Congressional action to do away with a Postal Service management obsessed with Madison Avenue gimmickry to reach the most profitable markets and by installing a management dedicated to giving the best possible service to each individual postal customer.

**STATEMENT OF HON. WILLIAM F. WALSH, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF NEW YORK**

Mr. Chairman, I would be first to agree that steps need to be taken to cut costs to put the Postal Service back on its feet, but I do not feel the arbitrary closing of our small post offices is the place to start. Our small post offices are very much a part of the American way of life, and to eliminate these entities without a full appraisal of their contribution to the communities they serve would be both irresponsible and unfeeling; it would only serve to reinforce the image of the Federal Government as a bureaucratic wasteland where individual human value is sacrificed at the altar of questionable administrative efficiency.

Those of us who have lived in a small town know there is precious little to occupy the residents of these communities except work and interaction with the neighbors. The local Post Office more often than not provides the medium which facilitates that social interaction.

Unlike the typical postal facility we know here in Washington, the small post office provides personal, friendly service and convenience to the people it serves. I had to chuckle at a recent quote attributed to an anonymous postal official which read, in part, "It's just that you can't have a post office at every crossroads in this country on the chance that somebody might come along and want to buy a stamp." That official is obviously a "big city" product who has never visited a post office which also functions as a grocery store, gas station, and hardware store or a post office which is run from the home of the Postmaster or Postmistress. Those of us from small towns know our small post offices do function for more than an occasional stamp.

In addition to serving as community centers, elderly residents of these areas appreciate having a post office that keeps such things as Social Security checks safe in locked boxes and is within walking distance of their homes. This is especially important during the winter months when travel on rural roads is hazardous. The proposal to replace small postal facilities with rural delivery would provide delivery and pick-up service for letters, but the residents would still be obliged to go to the post office to mail packages, buy stamps, send letters by registered or certified mail or purchase money orders—services which would not be available under present alternate service proposals.

I wrote to Postmaster General Ballar in November of last year because I, like you, Mr. Chairman, had received a great many communications from my constituents protesting any wholesale closing of small postal facilities. The Postmaster General's response stated, "In no case will we close an office unless we are able to provide service equal to or superior to that formerly available." I would be most pleased for the Postal Service to explain to us in the Congress in detail how they propose to mitigate the inconvenience and loss of social facility caused our small communities by the elimination of their post offices. When Postmaster General Ballar is able to furnish a plan which will truly provide "superior" alternate service, I think my constituents and I both will be willing to concede our stands in the interest of better management. Until that time, however, I would suggest that the Postal Service stay their action on this front and concentrate on areas where cost cutting and efficiency will provide better rather than lesser service.

I appreciate the opportunity to submit this statement, Mr. Chairman, and ask if you will kindly have it made a part of the hearing record.