

SATURDAY, FEBRUARY 15, 1969

Private Postal Service Is Expanding

DALLAS (AP)—An independent, private postal system hopes some day to take over third-class deliveries in Texas.

In fact, its backers would like to see it happen on a national scale.

The Independent Postal System of America began its operations in Dallas last August. Its general manager, L. E. Parsneau, said its first piece of mail was delivered to Gov. Dewey Barrett in Oklahoma City, the company's headquarters.

Since then, the company has established franchises in Dallas and Wichita Falls, Tex., Tulsa and Ardmore, Okla.; Little Rock, Ark.; Kansas City, Kan., and Columbus, Ohio.

Mr. Parsneau said an office in Fort Worth was scheduled to open and that Houston officials had talked with the company about an office there.

"It's likely that we will, within the next three years, deliver all of the third-class mail in the nation," Mr. Parsneau, predicted.

His organization is developing a third-class mail system, but giving it first-class treatment, Mr. Parsneau said.

No Address Necessary

"We don't have to address our mail, and we don't have to sort our mail," he explained, "so we can cover about two-and-a-half times as much area as a regular mailman."

Here is how the mail delivery system works:

An advertiser, a big department store or food chain, con-

tracts to have a pamphlet or catalogue delivered to a designated residential area. The mail is delivered on the same plan as the United States postal system. Each postman has a certain geographic area and every 10 postmen have a supervisor. The supervisor drives a van and keeps his postmen, who sport blue uniforms trimmed with gold, supplied with mail.

Thomas Murray, the man behind the idea, at first envisioned the system as one big company with offices spanning the continent. Instead, the organization is being developed on a franchise basis.

The principals behind the Dallas franchise are Jacques Carter and Don Repogle. Their franchise, which cost them \$50,000, has been incorporated as Dallas Post. The two put up another \$150,000 in working capital, which the parent organization matched.

Accounts Listed

Among the Dallas accounts the Dallas Post has handled are Sanger-Harris, Firestone, Piggly-Wiggly, Bankers Life Insurance and Western Auto.

Independent Postal lists its rate for delivery of each two-ounce piece of mail as 2½ cents, compared with Federal postal rate of 3.6 cents.

"The mail need not be zip coded, nor even addressed," Mr. Carter said, "if a selected area is to be blanketed with a particular catalogue or other piece of mail."

He said the system guaran-

teed mail delivered on the day chosen by the sender and "not on a space-available basis."

Mr. Murray predicted at the Dallas opening that he would employ 1,000 workers in the metropolitan Dallas area.

"We're willing to prove that private enterprise can put the Post Office out of business if necessary," Mr. Murray said. "They've proved that they can't do the job in a businesslike way, piling deficit on deficit. Well, we can take it off their hands and still pay the taxes the free enterprise system is required to pay."

"Definitive!"*

Fielding's
guide to the
Caribbean
including the Bahamas
By Jeanne and Harry E. Harman, III
Foreword by Temple Fielding
1969-70 Edition \$7.50
*The Philadelphia Inquirer
Fielding Publications/William Morrow

Brain Puzzler's
Delight

OFFICE OF THE PRESIDENT-ELECT

Richard M. Nixon

December 22, 1968

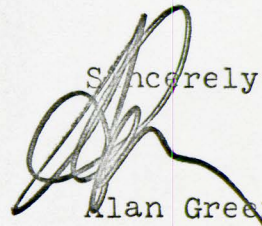
450 Park Avenue
New York, N.Y. 10022
(212) 661-6400

Mr. Lou Brott
Brott, Fine and Associates
Suite 1014
National Press Building
Washington, D. C. 20004

Dear Lou:

Thanks very much for your comments on the
Post Office. They are being forwarded to the
appropriate parties.

Sincerely yours,

A handwritten signature in dark ink, appearing to be 'AG' followed by a flourish, positioned above the typed name 'Alan Greenspan'.

Alan Greenspan

AG/jch

file - Post office

Dear Alan:

By some strange quirk..in The Post
today Mike Causey's story. Regards.

Lou Brott

Dec. 16, 1968

Lou Brott



The Federal Diary

Postal Officials Ready Reorganization Plans

By Mike Causey

Postal officials will unveil within the next few weeks a plan to reorganize the Post Office Department "along corporate-type lines," and to step up mechanization over the next five years to improve service and perhaps lower mail rates.

The plan has been cleared by Postmaster General W. Marvin Watson, and the Budget Bureau, and discussed informally with representatives of the Nixon Administration and Postmaster General-designate Winton M. Blount.

Under the Watson Plan, which would require Congressional approval, the Department's 70,000 employees would be denied the right to strike. But insiders say that "a process for arbitration that would be acceptable to the unions" is provided in the 115-page document, which has 12 volumes of "supporting material."

The Watson Plan differs from the earlier Kappel Commission report that recommended that the Department be set up along the lines of the Tennessee Valley Authority, and run by a board of directors.

The Department would remain in the President's Cabinet under the Watson Plan,

and Congress would continue to exercise control over it. But it calls for new financing methods which—coupled with a modernization and mechanization program—mean that within about five years it "could be taken out of the annual budget process" and run like a profit-making corporation.

While Congress would retain much of its power in mail-moving and policy matters, the Watson Plan suggests a "change in philosophy" that would gradually give the Postmaster General final authority in matters of new construction, rates and methods of transportation.

Shortly before he left the Department, Postmaster General Lawrence F. O'Brien said he had been frustrated by his "wide areas of no-control." He suggested that it be turned into a Government owned corporation. The Kappel Commission set up by President Johnson backed O'Brien's plan, and the President then ordered Watson and company to study the situation.

"This would be a corporation-type of operation," a postal official said, "but not as far removed as the Kappel people suggested."

"We are afraid that making the Department too independent of Congress and the Presi-

dent would be a mistake. The only time you would hear about what it was doing," he continued, "was when it blew up in your face. Then it would be too late to do anything."

A Budget Bureau official who worked on and approved the plan, said it provides for a "mail factory concept" in big city post offices, and for a "return on investment" which would be plowed back into modernization.

"You would start getting a return on your funds within five years," he said, "and hopefully by that time the Department would be going so well, and I mean making money, that it could consider reducing rates."

More than 85 per cent of the postal workforce is unionized and, except for one union, most oppose the Kappel Government-corporation plan.

The most outspoken critic is James H. Rademacher, boss of AFL-CIO's 200,000 member Letter Carriers union. As a backlash to the corporation idea and other complaints, the union voted this summer to drop the no-strike pledge from its constitution. AFL-CIO's Postal Clerks and the independent National Postal Union also eliminated the no-strike promise, and have generally opposed the corporation idea unless employees were guaranteed the right to strike.

Postal officials say flatly that the right to strike will not be proposed in the Watson plan.

"We made a study of the impact of a five-day postal strike," said one man who worked on the report. "We concluded, and I'm not exaggerating, that a five-day strike would collapse of the economy of this country. There is too much money tied up in the mails. Checks, bills, refunds, you name it. A strike would just wreck the whole thing."

Although none of the employee unions have seen the Watson Plan—copies have been hand-delivered between agencies concerned on an "eyes only" basis—the Department thinks they will buy it.

"It has some good things in there for them, and we think it is very fair," an official said. "Of course some of them would squawk publicly, that's what they are paid for, but I honestly think they will like it."

Officials are handling the report with kid gloves because of the political implications of such a change. They would like to give it to President Johnson and President-elect Nixon as a suggested legislative package. If both back it, they believe Congress will approve it during the 1969 session.

Postal Corporation Weighed by Blount

MONTGOMERY, Ala., Dec. 14 (AP)—Postmaster General-designate Winton M. Blount said today he was seriously studying a report which recommended turning the Post Office Department into a non-profit, Government-owned corporation.

Blount told newsmen that he had met with Frederick R. Kappel, retired chairman of American Telephone & Telegraph Co., whose President's Commission on Postal Organization recommended earlier this year that businessmen should be placed in charge of the proposed corporation.

The meeting took place, Blount said, after he was chosen to be Postmaster General by President-elect Nixon.

He needs more time to become acquainted with the present postal organization before he will make any specific changes, Blount said.

Blount, whose construction firm here has become a \$105-million-a-year business, said he planned to use the same busi-

ness techniques and to speed the rate of mechanization to "make the Post Office an efficient unit."

"There are clearly areas for improvement in the postal service," he said. "Hopefully we will be able to bring a businesslike approach to this situation."

He said he consulted with Nixon aides about how to avoid a conflict of interest between his Government post and many business interests.

"I would expect to resign all of my business connections," he said. However, newspaper accounts that he will sell his business are "probably premature," he added.

Soviet Probe in Orbit

MOSCOW, Dec. 14 (UPI)—Cosmos 259, the latest unmanned Soviet space probe, went into orbit today, the Tass news agency announced. It said the craft was fired into an elliptical path between 707 miles and 137 miles from the earth.

I-Post
Office

July 22, 1968

Mr. W. K. Addleman
P. O. Box 66
Monmouth, Illinois 61462

Dear Mr. Addleman:

Thank you for taking the time to send
me your suggestions regarding the Post Office.
We have had this issue under ~~con~~sideration for
some time now.

I agree that there is much that can be
done to improve our Postal Service.

With best wishes,

Sincerely,

Martin C. Anderson
Special Assistant
to Mr. Nixon

W. K. Addleman

P O. Box 66

Monmouth, Illinois 61462

July 17, 1968.

Mr. Richard Nixon
New York, N. Y.

Dear Sir:

Attn: Mr. Martin Anderson.

I hope you will take advantage of postal rate raise
as an issue when you win the nomination.

The Democrats raised the rates and announced
a reduction in service.

Just another proof of their inability to run
our government.

How long would a business man or you as an
attorney last if you raised your rates and
gave less service? Not very long.

Yours truly,

W. K. Addleman

MAY 27, 1969

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
ON THE POSTAL REFORM MESSAGE
THE ROOSEVELT ROOM

AT 9:40 A.M. EDT

Ladies and Gentlemen: As you know, for the past several weeks we have been considering in the Leadership meetings and in other areas, reform of the postal system.

Those studies have now been completed and I am sending to the Congress today a message incorporating the recommendations made by the Postmaster General. This is the most significant reform bill ever sent to the Congress; ever offered by an Administration in this area.

The Postmaster General will answer your specific questions, but I would summarize these points:

First, it will dramatically improve the working conditions for the 750,000 men and women who work in the postal service.

Second, we believe it will, without question, increase the efficiency and reduce the cost, eventually, of postal service in the United States.

Third, it continues the progress toward a goal we set for ourselves earlier in this Administration of completely removing the post office department from political control.

As a matter of fact, this is the first message, I believe, sent by a President to the Congress in which the President is recommending, with the concurrence of his Cabinet officer, that the Cabinet position be abolished, because the Postmaster General, assuming we are able to get approval of this program, substantially, will no longer hold the Cabinet rank that he presently has.

I believe this message is one of the most significant proposals that will be made during the entire period of this Administration. I think it will have a very significant effect on not only this Government, but particularly the future of the Nation insofar as the postal service affects it.

It has my complete backing, and I think the Postmaster General is to be congratulated for getting the support that he has on a bipartisan basis--as he will explain to you in his speaking before you-- ~~on a~~ bipartisan basis ~~from~~ the Congress and in the country for the message up to this time.

The Postmaster General -- at least we call you that until this program is adopted.

END

(AT 9:45 A.M. EDT.)

May 27, 1969

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

Total reform of the nation's postal system is absolutely essential.

The American people want dependable, reasonably priced mail service, and postal employees want the kind of advantages enjoyed by workers in other major industries. Neither goal can be achieved within the postal system we have today.

The Post Office is not keeping pace with the needs of our expanding population or the rightful aspirations of our postal workers.

Encumbered by obsolete facilities, inadequate capital, and outdated operation practices, the Post Office Department is failing the mail user in terms of service, failing the taxpayer in terms of cost, and failing the postal worker in terms of truly rewarding employment. It is time for a change.

Two years ago, Lawrence F. O'Brien, then Postmaster General, recognized that the Post Office was in "a race with catastrophe," and made the bold proposal that the postal system be converted into a government-owned corporation. As a result of Mr. O'Brien's recommendations, a Presidential Commission was established to make a searching study of our postal system. After considering all the alternatives, the Commission likewise recommended a government corporation. Last January, President Johnson endorsed that recommendation in his State of the Union message.

One of my first actions as President was to direct Postmaster General Winton M. Blount to review that proposal and others. He has made his own first-hand study of the problems besetting the postal service, and after a careful analysis has reported to me that only a complete reorganization of the postal system can avert the steady deterioration of this vital public service.

I am convinced that such a reorganization is essential. The arguments are overwhelming and the support is bipartisan. Postal Reform is not a partisan political issue, it is an urgent national requirement.

CAREER OPPORTUNITIES AND WORKING CONDITIONS

For many years the postal worker walked a dead-end street. Promotions all too often were earned by the right political connections rather than by merit. This Administration has taken steps to eliminate political patronage in the selection of postal employees; but there is more -- much more -- that must be done.

Postal employees must be given a work environment comparable to that found in the finest American enterprises. Today, particularly in our larger cities, postal workers labor in crowded, dismal, old fashioned buildings that are little short of disgraceful. Health services, employee facilities, training programs and other benefits enjoyed by the worker in private industry and in other Federal agencies are, all too often, unavailable to the postal worker. In an age when machines do the heavy work for private companies, the postal worker still shoulders, literally, the burden of the nation's mail. That mail fills more than a billion sacks a year; and the men and women who move those sacks need help.

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Postal employees must have a voice in determining their conditions of employment. They must be given a stake in the quality of the service the Department provides the public; they must be given a reason for pride in themselves and in the job they do. The time for action is now.

HIGHER DEFICITS AND INCREASING RATES

During all but seventeen years since 1838, when deficit financing became a way of life for the Post Office, the postal system has cost more than it has earned.

In this fiscal year, the Department will drain over a billion dollars from the national treasury to cover the deficit incurred in operating the Post Office. Over the last decade, the tax money used to shore up the postal system has amounted to more than eight billion dollars. Almost twice that amount will be diverted from the Treasury in the next ten years if the practices of the past are continued. We must not let that happen.

The money to meet these huge postal deficits comes directly out of the taxpayer's pocket -- regardless of how much he uses the mails. It is bad business, bad government, and bad politics to pour this kind of tax money into an inefficient postal service. Every taxpayer in the United States -- as well as every user of the mails -- has an important stake in seeing that the Federal Government institutes the kind of reform that is needed to give the nation a modern and well managed postal system. Without such a system Congress will either have to raise postage rates far above any level presently contemplated, or the taxpayers will have to shoulder the burden of paying postal deficits the like of which they have never seen before.

Neither alternative is acceptable. The nation simply cannot afford the cost of maintaining an inefficient postal system. The will of the Congress and the will of the people is clear. They want fast, dependable and low-cost mail service. They want an end to the continuing cycle of higher deficits and increasing rates.

QUALITY POSTAL SERVICE

The Post Office is a business that provides a vital service which its customers, like the customers of a private business, purchase directly. A well managed business provides dependable service; but complaints about the quality of postal service under existing procedures are widespread. While most mail ultimately arrives at its destination, there is no assurance that important mail will arrive on time; and late mail -- whether a birthday card or a proxy statement -- is often no better than lost mail.

Delays and breakdowns constantly threaten the mails. A complete breakdown in service did in fact occur in 1966 in one of our largest cities, causing severe economic damage and personal hardship. Similar breakdowns could occur at any time in many of our major post offices. A major modernization program is essential to insure against catastrophe in the Post Office.

A modern postal service will not mean fewer postal workers. Mail volume -- tied as it is to economic activity -- is growing at such a rate that there will be no cutback in postal jobs even with the most dramatic gains in postal efficiency. Without a modernized postal system, however, more than a quarter of a million new postal workers will be needed in the next decade simply to move the growing mountain of mail. The savings that can be realized by holding employment near present levels can and should mean more pay and increased benefits for the three quarters of a million men and women who will continue to work in the postal service.

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OPPORTUNITY THROUGH REFORM

While the work of the Post Office is that of a business enterprise, its organization is that of a political department. Traditionally it has been run as a Cabinet agency of the United States Government -- one in which politics has been as important as efficient mail delivery. Under the present system, those responsible for managing the postal service do not have the authority that the managers of any enterprise must have over prices, wages, location of facilities, transportation and procurement activities and personnel policy.

Changes in our society have resulted in changes in the function of the Post Office Department. The postal system must be given a non-political management structure consistent with the job the postal system has to perform as a supplier of vital services to the public. Times change, and now is the time for change in the postal system.

I am, therefore, sending to the Congress reform legislation entitled the Postal Service Act of 1969.

POSTAL SERVICE ACT OF 1969

The reform that I propose represents a basic and sweeping change in direction; the ills of the postal service cannot be cured by partial reform.

The Postal Service Act of 1969 provides for:

- . removal of the Post Office from the Cabinet
- . creation of an independent Postal Service wholly owned by the Federal Government
- . new and extensive collective bargaining rights for postal employees
- . bond financing for major improvements
- . a fair and orderly procedure for changing postage rates, subject to Congressional review
- . regular reports to Congress to facilitate Congressional oversight of the postal system
- . a self-supporting postal system.

The new government-owned corporation will be known as the United States Postal Service. It will be administered by a nine-member board of directors selected without regard to political affiliation. Seven members of the board, including the chairman, will be appointed by the President with the advice and consent of the Senate. These seven members will select a full-time chief executive officer, who will join with the seven others to select a second full-time executive who will also serve on the board.

Employees will retain their Civil Service annuity rights, veterans preference, and other benefits.

The Postal Service is unique in character. Therefore, there will be for the first time in history, true collective bargaining in the postal system. Postal employees in every part of the United States will be given a statutory right to negotiate directly with management over wages and working conditions.

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A fair and impartial mechanism -- with provision for binding arbitration -- will be established to resolve negotiating impasses and disputes arising under labor agreements.

For the first time, local management will have the authority to work with employees to improve local conditions. A modernization fund adequate to the needs of the service will be available. The postal worker will finally take his rightful place beside the worker in private industry.

The Postal Service will become entirely self-supporting, except for such subsidies as Congress may wish to provide for specific public service groups. The Postal Service, like the Tennessee Valley Authority and similar public authorities, will be able to issue bonds as a means of raising funds needed for expansion and modernization of postal facilities and other purposes.

Proposals for changes in classes of mail or postage rates will be heard by expert rate commissioners, who will be completely independent of operating management. The Board of the Postal Service will review determinations made by the Rate Commissioners on rate and classification questions, and the Presidentially appointed members of the board will be empowered to modify such determinations if they consider it in the public interest to do so.

Congress will have express authority to veto decisions on rate and classification questions.

The activities of the Postal Service will be subject to Congressional oversight, and the Act provides for regular reports to Congress. The Postal Service and the rules by which it operates can, of course, be changed by law at any time.

TOWARD POSTAL EXCELLENCE

Removing the postal system from politics and the Post Office Department from the Cabinet is a sweeping reform.

Traditions die hard and traditional institutions are difficult to abandon. But tradition is no substitute for performance, and if our postal system is to meet the expanding needs of the 1970s, we must act now.

Legislation, by itself, will not move the mail. This must be done by the three-quarters of a million dedicated men and women who today wear the uniform of the postal service. They must be given the right tools -- financial, managerial and technological -- to do the job. The legislation I propose today will provide those tools.

There is no Democratic or Republican way of delivering the mail. There is only the right way.

This legislation will let the postal service do its job the right way, and I strongly recommend that it be promptly considered and promptly enacted.

RICHARD NIXON

THE WHITE HOUSE,

May 27, 1969.

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FOR RELEASE AT 12:00 NOON EDT
TUESDAY, MAY 27, 1969

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

PRESS CONFERENCE
OF

POSTMASTER GENERAL WINTON M. BLOUNT
CONCERNING THE POSTAL REFORM MESSAGE

AT 9:45 A.M. EDT

POSTMASTER GENERAL BLOUNT: Ladies and Gentlemen: I believe you have been given a copy of the President's message. If I might take a few minutes to summarize, this message asks the Congress to enact a bill that will provide for a United States Postal Service which is to be wholly owned by the United States Government.

The manner in which this United States Postal Service will work is that it will be governed by a nine-man board of directors. Seven of these nine men will be appointed by the President with the advice and consent of the Senate. The other two will be selected by these seven Presidentially-appointed directors and they will be the chief executive officer and chief operating officer of the United States Postal Service and will be charged with the responsibilities of the day-to-day operation of the Department.

There will be a separate panel of rate commissioners set up, independent of operating management, who will be appointed by and report to only the seven outside directors in which the operating management will make proposals for rate changes to these rate commissioners and the commissioners, after holding public hearings, will make their recommendations to the outside members of the board.

After the board considers these recommendations, these changes will go into effect subject to a Congressional veto within 60 days.

As to the matter of setting wages, we provide in this bill for collective bargaining as between the representatives of the employees and the management of the Post Office Department, true collective bargaining in its best sense.

We also retain, however, the prohibition against the right to strike, but in lieu of the right to strike, we provide a procedure whereby ultimately issues that come to an impasse as between the parties can be resolved by third-party binding arbitration, binding on both sides. We do that by providing for a permanent disputes panel which will consider the matters that come to an impasse as between the representatives of the employees and management. They can use several avenues to resolve these points. They can use fact-finding. They can use mediation and conciliation. They can refer it back to the parties for further bargaining or, if none of these avenues solve the problem, they can also refer it then to binding arbitration where one man will be picked by the management of the United States Postal Service, one by the representatives of the union involved and the third by these two men.

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We provide for this United States Postal Service to have broad borrowing authority and to finance the capital facilities and mechanization that is needed to bring the Postal Service into the kind of service we want it to have.

I would be delighted to answer any questions that you might have regarding this proposal.

Q General, what kind of reaction have you had from Congress and the Postal Unions in sounding them out on this?

POSTMASTER GENERAL BLOUNT: We have talked to a number of Members of Congress and we have had very good reception, as a matter of fact, from our discussions. We have talked to, I believe, all of the representatives of the unions and while they have not endorsed it, we had a very fruitful discussion with them. I am very hopeful that downstream we will get their support after they have a chance to see the bill and see what it provides, that we will have a great deal of support from them.

Q Didn't they in fact oppose it; not endorse it?

POSTMASTER GENERAL BLOUNT: Well, you may be referring to statements that have been made prior to our coming up with this bill. They did not oppose it in the meetings that we have had with them.

Q General Blount, have you projected what effect this proposal would have on the cost of mailing a letter?

POSTMASTER GENERAL BLOUNT: Well, we have not projected the ultimate effect. We think that unquestionably, the operation of the Postal Service will be much more economical and that in the future we will be able to control our costs in a much better manner than is being done today.

Q Would bonds issued by the Postal Service be guaranteed by the Treasury?

POSTMASTER GENERAL BLOUNT: We provide for \$2 billion to be guaranteed by the Treasury. Any bonds issued over and above that amount would not carry the full faith and credit of the United States Government.

Q Mr. Postmaster General, about the directors to be named, are there terms involved and would they have to be confirmed by the Senate or by the Congress in some way?

POSTMASTER GENERAL BLOUNT: Yes. There are seven outside directors and they will serve seven staggered seven-year terms. They will have to be confirmed by the Senate. They will be nominated by the President.

Q What is the difference between your proposal and the ones that Postmaster General O'Brien and the Johnson Administration offered? Is there any difference?

POSTMASTER GENERAL BLOUNT: I suppose you are not only referring to Postmaster General O'Brien, but the Kappel Commission which studied the Post Office Department following Mr. O'Brien's suggestion. The concept is essentially the same. There are some substantial details in which our proposal is somewhat different in that we provide, for instance, the manner in which

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you resolve disputes as between management and labor a bit differently and there are other things that are a bit different, but the concept is essentially the same as proposed by Mr. O'Brien.

Q Would this in any way do away with the large volume of junk mail that arrives at everyone's home and that costs so much money?

POSTMASTER GENERAL BLOUNT: To straighten that question out -- you made a statement as well as asking a question ---

Q I certainly did. You are right.

POSTMASTER GENERAL BLOUNT: Number One, the term "junk mail" I really think applies to any mail that you receive that you don't want and it doesn't make any difference what class it is. If you are referring to junk mail in a definition by a certain class mail, we think that our proposal will do things to straighten out the differential in rates in that we provide that this United States Postal Service will be on a self-sustaining basis within five years.

We have a transition period and after this transition period we require that the Postal Service be on a self-sustaining basis as a whole and as between the classes of mail that no mail will be carried at less than the direct cost that it takes to carry it.

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Q General, why have you decided to retain Congressional control over the public service subsidies? Didn't the Kappel Commission require that the public service be entirely self-supporting?

POSTMASTER GENERAL BLOUNT: The Kappel Commission required, as I recall, three percent of the revenues of the postal service be devoted to public service. We have felt that this was really the prerogative of Congress, and whatever they chose to have this United States Postal Service perform in the way of public service, that it would, of course, as an arm of Government, perform it, but be reimbursed by the Treasury for this action.

Q Have you made a nose count to know whether you have a majority vote on the two committees?

POSTMASTER GENERAL BLOUNT: No, we have not made a nose count, but we have had a lot of discussions.

Q What is your realistic expectation as to when Congress would act on this and when it would go into effect?

POSTMASTER GENERAL BLOUNT: As the President said, this is a very far-reaching proposal. It is dramatic and one that the Congress properly should take a very hard look at, and I am certain that they will. They will have extensive hearings. I am not one to predict the course of Congress, but I think it will take some time, but I think the rightness of this proposal is the one that is going to make it pass ultimately.

Q How do you feel yourself about implementing your own demise as a Cabinet officer?

POSTMASTER GENERAL BLOUNT: When the President asked me to take this job, he asked me to do what I could in bringing the postal service into the last third of the 20th Century and I think this is necessary in order to do that. I think it is best for the country and best for the postal service and best for the people.

Q Sir, do you anticipate a continued deficit over the next five years?

POSTMASTER GENERAL BLOUNT: We provide that the panel of rate commissioners be cognizant of the fact that there is a transition period of up to five years, after which time the postal service will be required to be on a self-sustaining basis, but you realize we are talking about changing the direction of a vast department that has been run this way for decades. It is going to take time to change it. It is not going to be done over-night, so rather than have people think that rates will be jacked up, we recognize the fact that it is going to take a transitional period to put it on a self-sustaining basis.

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Q Do you have any idea of what sort of rate increases will be forthcoming over the next several years?

POSTMASTER GENERAL BLOUNT: Again, as I said, we firmly believe that rate increases would be much less under this proposal.

Q Even if we were going to continue with \$1 billion deficit?

POSTMASTER GENERAL BLOUNT: Yes, I think that deficit would grow unless rates were increased.

Q Do you have any estimate as to what kind of capital improvements, buildings and machinery, are needed to bring the post office into the last third of the 20th Century?

POSTMASTER GENERAL BLOUNT: The Kappel Commission estimated that some \$5 billion would be required of capital expenditures.

Q Do you agree with that estimate?

POSTMASTER GENERAL BLOUNT: We don't have any hard figures for it, but I think that is somewhere in the ball park.

Q Are you going to proceed with standardizing architecture in new post offices and standardizing machinery?

POSTMASTER GENERAL BLOUNT: We are going to go ahead with modernizing the post office within the limits that we can do it. That is continuing right now, today.

THE PRESS: Thank you.

END

(AT 9:55 A.M. EDT.)

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

The Post Office Department faces a record deficit in Fiscal Year 1970, one which will reach nearly \$1.2 billion. This unhappy fact compels me to recommend to the Congress that it increase postal rates for first, second, and third class mail.

The increases that I am proposing will reduce the postal deficit in Fiscal Year 1970 by over \$600 million. If rates were not raised, that sum would have to be added to the already considerable burdens of our taxpayers. But if these recommendations are adopted, the costs of postal service will be borne more adequately by those who use the service most.

That is the way it should be if the Post Office is to become an example of sound business practices. That is also what the law requires. The Postal Policy Act stipulates that postal rates should produce revenue which is approximately equal to the cost of operating the postal establishment -- after the costs of such special public services as the Congress may designate are deducted. It is in accordance with both general principle and specific law, then, that I make the following recommendations:

1. First class mail -- I propose that the rates for letters and postcards be increased one cent, to seven and six cents respectively, on July 1, 1969. Air mail postage rates would remain unchanged.
2. Second class mail -- The rates for newspapers and magazines which circulate outside the county in which they are published would go up by 12 percent on July 1, 1970. This increase would constitute an addition to the 8 percent increase for second class mail which is already scheduled to take effect on January 1 of next year.
3. Third class mail -- Bulk rates are already scheduled for increase on July 1, 1969. I suggest that there be a further increase on January 1, 1970, so that the overall level at that time would be some 16 percent above present levels. Further, I recommend that the minimum single piece third class rate be increased by one cent on July 1, 1969.

I regret the need to raise postal rates. I can suggest, however, that these increases can help our country achieve two important goals. First, the proposal can help in our efforts to control inflation by bringing federal revenues and expenditures into better balance. Secondly, rate increases will make it easier for the Postmaster General and his associates to provide better postal service. After carefully reviewing the fiscal 1970 Post Office budget submitted by the previous administration, we have been able to achieve reductions of net outlays equal to \$140 million. A comprehensive review of all postal operations is now underway; modern management techniques are being introduced and efficiency is being increased.

Further improvements will take time -- and during that time it is essential that financial pressures should not impair or reduce available services.

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I would add one further comment: this Administration is determined that the cycle of greater and greater postal deficits and more and more rate increases will be broken. The only way to break that cycle is through effective, long-range reforms in the way the postal system operates. Some of these reforms can be implemented by the Postmaster General; others will require Congressional action. We will be submitting specific proposals for such reform to the Congress within the next forty-five days.

Postal reform will not be achieved easily; there are always many obstacles to even the most necessary change. But we remain confident that we can, with your cooperation, move boldly toward our three goals: better postal service, improved working conditions for all employees, and a reduction of the recent pressure for frequent increases in postal rates.

Proposed legislation to effect the revenue increases which I have recommended here will be sent to the Congress shortly.

RICHARD NIXON

THE WHITE HOUSE,

April 24, 1969.

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