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Robert E. McLean  
2001 Jefferson Davis Highway, Ste. 1004  
Arlington, VA 22202-3617  
p 703-418-0390  
f 703-416-0014  
bmclean@mailers.org  
www.mailers.org



# MAILERS COUNCIL

## TESTIMONY BEFORE THE FEDERAL TRADE COMMISSION IN RESPONSE TO FEDERAL REGISTER NOTICE OF MAY 1, 2007

JULY 30, 2007

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**COMMENTS FROM THE  
MAILERS COUNCIL  
BEFORE THE  
FEDERAL TRADE COMMISSION**

**BACKGROUND**

The Mailers Council is the largest group of mailers and mailing associations in the nation. We represent for-profit and nonprofit mailers (large and small) that use the United States Postal Service to deliver correspondence, publications, parcels, greeting cards, advertising and payments. Collectively the Council accounts for as much as 70 percent of the nation's mail volume.

The Mailers Council believes that the Postal Service can be operated more efficiently, supports efforts aimed at containing postal costs, and has the ultimate objective of lower postal rates without compromising service.

Our members need a healthy Postal Service. This institution is a vital business partner for all of our members—an irreplaceable one for many. The Postal Service makes it possible for businesses to market their products and services and to get them delivered. America's printed word depends on a uniform nationwide delivery system. In many areas of the country the Postal Service is our only delivery option and the only reasonable means of marketing or delivering a product or marketing a service. For many companies and government agencies, despite the growing availability of electronic communication, delivery of documents by the Postal Service remains a legal requirement. Without a national postal system, American commerce and government will be harmed irreparably, and many Americans will be left underserved or without the services that only a federal postal system mandated to offer universal service can deliver.

A healthy postal system also depends on the success of both competitive and market dominant products. The revenue derived from both helps pay for the institutional costs required to maintain a national delivery system. Most of these costs remain unchanged whether a carrier carries one piece of mail or many letters and parcels to a business or residence—and consumers and Congress insist upon the maintenance of six-day-a-week delivery. Without the revenue received from competitive products the price of postage for market dominant products would be much higher.

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## COMMENTS IN RESPONSE TO QUESTION #4

Our comments are in response to question four in the FTC's Federal Register notice:

*With respect to competitive products, please identify specific legal requirements with which the USPS must comply, but with which private competitors are not required.*

As we outline below, there are numerous advantages that postal competitors have because of the requirements to which they are not subject, but that the Postal Service alone must observe.

### 1. UNIVERSAL SERVICE MANDATE

The Postal Service is required by law to serve the entire nation, whether they live in an urban or rural location, at the bottom of the Grand Canyon or the outer reaches of the Alaskan wilderness. In fact, the Postal Service frequently delivers parcels for its competitors to remote areas—unprofitable deliveries made possible because of the Postal Service.

Most Americans receive mail delivery six days a week. They, and the members of Congress who represent them, would be unalterably opposed to the discontinuation of service in any community. Postal competitors deliver only where they wish to, and where they can do so profitably. Competitors who deliver parcels often charge for picking up packages, in those few areas where such service is available. However, postal employees routinely pick up letters and parcels nationwide, six days a week. Universal service is a multi-billion-dollar obligation that postal competitors never face.

### 2. OPERATIONAL MANDATES

In addition to universal service, the Postal Service is expected by the public and by the United States Congress to maintain numerous retail operations—regardless of how much or how little revenue the location may generate or how many customers may use the facility. As a result, the Postal Service operates thousands of retail outlets that see few customers each day and that routinely lose millions of dollars annually. Proposals to close such facilities are often met with great resistance from customers, local governments, and may even be the subject of congressional oversight hearings. Postal competitors, however, may operate whenever and wherever they want with little concern and without the same public or congressional pressure.

### 3. POSTAL MANAGEMENT AND EMPLOYEE WAGES AND BENEFITS

Unlike private sector companies that determine both their executives' and employees' salaries and benefits, the Postal Service is restricted in both areas. Executive salaries are capped by law. Despite the fact that the postmaster general (PMG) manages an

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organization with thousands more employees, retail locations, vehicles and distribution facilities, the PMG cannot receive bonuses, stock options, or other benefits available to private sector competitors nor can this individual receive a salary commensurate with those paid to chief executives of large, private sector companies. The same is true for senior managers, who are also prohibited by federal law from receiving a long list of benefits that are considered routine in the private sector and who typically receive salaries far lower than those paid in the private sector. This situation makes it impossible to recruit some of the best managers in the nation unless such individuals believe in the value of public service.

As for its employees, private sector competitors can negotiate salaries, and on occasion face the threat of a nationwide strike. In the Postal Service, wages may be negotiated, but more often are set by a third-party arbitrator. More importantly, the Postal Service is mandated by law to offer its employees a wide range of benefits, including a retirement system and health benefits that are substantially more generous than their private sector counterparts receive.

#### **4. LAND USE AND RELATED TAX BREAKS**

In recent years many state and local governments have adopted the practice of giving large private sector employers tax breaks, free land, and other benefits that collectively amount to millions of dollars in grants to influence these companies' decisions on the location of facilities—many of which are smaller than the typical postal facility and contribute less to the local economy.

#### **5. LOBBYING**

The Postal Service is prohibited by law from lobbying Members of Congress. Postal Service competitors, however, contribute hundreds of thousands of dollars to political candidates, especially at the federal level, to influence legislation that dictates how the Postal Service must operate.

#### **6. NATIONAL ADDRESSING SYSTEM**

The Postal Service has developed a sophisticated national address system, built and maintained using the income derived from mailers such as our members. Postal competitors use the same system for free.

We appreciate this opportunity to comment on these issues and would welcome the opportunity to discuss them personally if that would be helpful to the FTC.

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