



Congressman

John M. McHugh

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McHUGH BILL WILL MODERNIZE POSTAL SERVICE, STEADY RATE CHANGES

WASHINGTON — A comprehensive legislative proposal to fundamentally modernize and reform the United States Postal Service has been reintroduced in the House of Representatives by the bill's author, Rep. John M. McHugh (R-NY), Chairman of the Government Reform Committee's Subcommittee on the Postal Service.

"This measure would give the Postal Service greater freedom to compete while establishing new rules to ensure fair competition and protect the public interest," Rep. McHugh said.

"The reintroduction of this bill is the continuation of a four-year effort to modernize and reform the Postal Service. Having passed this same bill out of the Subcommittee last fall, I am encouraged with the momentum we have built, and it is my intention to quickly move the bill through the subcommittee early this year." He said he expects to "fine-tune" the bill through the amendment process in the subcommittee after hearings in the coming weeks.

On September 24, 1998, the House Subcommittee on the Postal Service voted on a bipartisan basis to approve the same legislation, H.R. 22, and report it to the Committee on Government Reform and Oversight for consideration. The full committee was unable to take further action on H.R. 22 before the 105th Congress adjourned.

"Congress needs to modernize outdated postal laws to give the Postal Service both the tools and the incentive to adapt itself to the demands of the 21st century," Rep. McHugh said. "My bill will help the Postal Service adjust to the future, while stabilizing rate changes and promoting fair competition.

"To understand why we must modernize our nation's postal laws, one must consider the vast technology-driven changes in our economy since our current postal laws were written in 1970. Simply put, the current structure of the Postal Service is not suited for the dynamic communications marketplace of today. The explosive growth of electronic technologies such as fax, e-mail, cable and satellite television, and the Internet have replaced much of the traditional document transmission the Postal Service once handled. Letter mail, the core of the postal business, is today in decline. Bills, statements, and payments represent \$17 billion of the Postal Service's \$60 billion annual revenues; however, much of this mail will soon be lost from the mail stream due to electronic billing and remittance processing. In addition, the Postal Service has more and more competition from private delivery companies."

Rep. McHugh points to trendlines that show declining market share in the Postal Service's main categories of mail. Based on the almost certain long-term decline in the carriage of letters, Rep. McHugh says postal reform is inevitable. According to Rep. McHugh, the United States will soon be forced to deal with the same questions many other developed countries have faced: whether to phase down the Postal Service or refocus its core business on competitive products. Rep. McHugh suggests changes should be made sooner rather than later. He said, "I personally believe that rational change should take place now, before the Postal Service is in a crisis."

Rep. McHugh said that Congress would be "acting irresponsibly" if it used "the fair weather of today as an excuse for ignoring signs of a gathering storm." If enacted today, H.R. 22 would not be fully implemented until in 2007. According to Rep. McHugh, such timeframes must be considered if his brand of reasoned and gradual changes to the postal system will be possible.

The text of the bill and answers to frequently asked questions are posted on the Subcommittee's website (<http://www.house.gov/reform/postal/hearings/hr22.htm>).

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