



Congressman

**John M. McHugh**

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**POSTAGE INCREASE REINFORCES NEED TO REFORM POSTAL SERVICE**  
*McHugh: Congress & the Postal Industry Must 'Get Real' About Postal Reform*

WASHINGTON — Rep. John M. McHugh (R-NY), Chairman of the Government Reform Committee's Postal Service Subcommittee, said the Postal Service's proposed postal rate increase "underscores the urgent need for Congress to take action on legislation to modernize and reform our nation's outdated postal laws."

"Americans should expect even more postage increases as well as cuts in service unless Congress takes action to reform and modernize our nation's outdated postal system," Rep. McHugh said. "The growth of e-commerce and e-mail is already having a huge impact on first-class mail volume and huge rate increases and drastic cuts in service are inevitable under the current framework."

The Board of Governors of the Postal Service this week proposed an increase in postal rates effective in January 2001. The first-class increase would be a penny per letter, but the increases it is seeking for many commercial and nonprofit mailers well exceed the cumulative rate of inflation since the last increase. According to Neal Denton of the Alliance for Nonprofit Mailers, the national association of nonprofit organizations such as Consumers Union and AARP, "Community-based charities nationwide that rely on the mail to raise funds and disseminate information are facing crippling double-digit postal rate hikes. The proposed postal rate increases will be especially harmful to the nation's charities, hospitals, churches, art groups, and educators."

Rep. McHugh said, "Many categories of mail, particularly rates for our nation's periodical and nonprofit companies, are facing double-digit increases -- 15 percent or more in some cases. While this is dreadful news for many small newspapers and charities, the American public is facing more of the same in the future unless Congress acts."

As a way to ensure universal mail service at affordable rates, Rep. McHugh is pushing the adoption of his bill, H.R. 22, designed to update the postal laws to help the Postal Service adapt to the changing communications marketplace. A key component of the bill would hold postal rates at or below the level of inflation through a "price cap" system to ensure fairness and predictability in postage rates. Price caps are used to regulate a wide range of industries at the state and federal levels, including telecommunication and electric utility companies. Eight foreign nations presently use price cap plans to regulate postage rates.

"H.R. 22's price caps, strong oversight, and overall incentives for greater efficiency and competitiveness, would almost certainly result in lower rates and a better Postal Service for our citizens," Rep. McHugh said.

The Postal Service Subcommittee approved H.R. 22 by voice vote on April 29, 1999. The bill is currently pending before the Government Reform Committee. Detailed information and a summary of the bill can be obtained from the Subcommittee's website: (<http://www.house.gov/reform/postal/hearings/hr22.htm>).

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*H.R. 22 is supported by, among others, the Postal Service, Federal Express Corporation, American Express, Time Warner, America Online, National Rural Letter Carriers Association, Pitney Bowes, Inc., and numerous organizations who comprise the majority of customers of our nation's postal system, including the National Newspaper Association, National Federation of Nonprofits, the Alliance of Nonprofit Mailers, the Direct Marketing Association, the Parcel Shippers Association, the Association for Postal Commerce, and the Magazine Publishers of America.*

