

~~00002~~
102.27

U.S. DEPARTMENT OF COMMERCE
Washington, D.C. 20230

Statement of Alan S. Boyd
Under Secretary of Commerce for Transportation
Before the Senate Post Office and
Civil Service Committee on H.R. 14904
August 3, 1966

Mr. Chairman, members of the Committee:

I appreciate the opportunity to appear before this Committee today to testify in support of H.R. 14904 on behalf of the Department of Commerce. The statement I will offer will be devoted to the proposed increases in the size and weight limitations and their effect.

In the past, before 1952, the size and weight limit for all parcel post was 100 inches and 70 pounds. Effective January 1, 1952, however, Congress reduced the weight limit to 20 pounds between first-class post offices more than 150 miles apart, and to 40 pounds between first-class offices closer together. It also imposed a 72-inch size limit on all such parcels. The 100-inch, 70-pound standard remained for points to and from other classes of post offices or rural routes, for certain types of shipments such as produce or seeds, and for shipments to or from any class of post office in Alaska, Hawaii, or involving members of the Armed Forces overseas. The instant proposal looks to a general size and weight limit of 40 pounds, 100 inches between all first-class offices. The 70-pound limit which otherwise obtains will remain unchanged. This size and weight proposal contemplates additional net revenues of \$40 million. Coupled with the size and weight increases is an increase of rates on zone-rated parcels of 8 cents per parcel (8.2 percent increase in revenues) which is estimated to yield \$60 million in additional revenue.

CP# 1006

boydas 66 0803
2/28/69 *FAA-S#1*

00002

It is a fundamental premise that we are concerned with the free flow of commerce. This is a principle which underlies sound economic transportation regulation, and the Congress has a vital interest in assuring its continuation. It is a principle which looks with disfavor on artificial and arbitrary barriers and impediments. It is in opposition to discriminatory treatment in the transportation both of passengers and freight. It favors realistic flexibility of operations and capital. It favors low-cost service to the public.

The small shipment traffic of this Nation is not moving in consonance with these principles today. The general rate level for such movements has spiraled upward and service has declined, resulting in losses to the economy and to consumers. Many shippers, legislators, economists, and the Interstate Commerce Commission itself have deplored this situation but it continues, and grows worse. Yet, it would surely seem that in a Nation as great as ours, shippers of such traffic are entitled to their place in the economic sun upon payment of a realistic freight rate for reasonably sound service. This applies not only to volume shippers of small shipments, but also to small shippers of small shipments in small quantities, and for individual shippers of occasional parcels.

There is no common carrier or group of common carriers providing such service to every point in the United States without numerous substantial qualifications in the form of operating and tariff restrictions. Stated somewhat differently, in effect, the cream of the traffic is being

skimmed off while the Post Office is left to deal as best it can with what remains. Whether these restrictions are as they should be is perhaps beside the question at this point, although it is appropriate to recognize that REA is endeavoring in a number of regulatory proceedings to overcome some of these handicaps. The point which must be made is that this situation does exist and must be faced realistically if the public interest is to prevail. The Post Office is the only organizational entity capable of meeting the overwhelming public demand for such service. It should be noted and, indeed, emphasized that it was, in fact, meeting such demands free from discrimination and in a highly satisfactory manner prior to the enactment of the present limitations. In other words, all parcel post shippers were accorded equal treatment prior to 1952. With the burgeoning of urban growth and development so dominating our national life today, it is impossible to justify the rationale for discrimination against urban areas.

The Department of Commerce has not had available the resources necessary to make an independent analysis of the impact on costs and revenues of this proposal, and on these matters defers to the Post Office. You have heard testimony on the possible adverse effect on REA and the motor bus industry because of a claimed diversion of volume. In determining the weight to accord such testimony, it would be well to insure that any comparisons which are made are valid, recognizing that we are dealing with basic operational unlikes. REA provides door-to-door service; the bus industry services its terminals only. The Post Office occupies a middle-ground serving post offices with delivery

to ultimate destinations (all points in the Nation including rural areas). Moreover, both REA and the bus industry are performing "express service," a matter still under adjudication but, nevertheless, a type of service less general in scope than that required of the Post Office by statute. Also, express traffic is essentially a supplement to basic bus passenger operations. In addition, it would be appropriate to consider the effect of REA volume and aggregate rate innovations in any comparisons of average weight. Indeed, it may well be that REA's efforts both in this regard and in the area of liberalizing its operating authority will enable that carrier to balance its operations by obtaining more and heavier traffic between more points, thus lessening any impact which this bill might possibly have.

Insofar as the possible effect on employees of private carriers of parcels is concerned, we favor the concept in H.R. 14904 that any affected employees would be accorded protection in the form of Post Office employment. With respect to the specific provisions on employment, we defer to the Post Office and the Civil Service Commission.

We think it appropriate to emphasize at this point that no traffic should be made captive permanently to any carrier. Fair and reasonable competition does not warrant any such apportioning or allocating of traffic. The Post Office is already a factor in the competitive picture. Let us recognize this aspect and the general public's heavy dependence on such service. However, we do not suggest, nor does the bill seek, any governmental monopoly on small shipments as the law provides for

first-class mail. The Post Office's role will be one that lessens discrimination. This will alleviate a large segment of the burdensome and growing problem attending the movement of small shipments. It will have done so as a matter of sound economics and in a manner wholly responsive to the needs of the public.