

REMARKS OF SENATOR BOB DOLE  
DIRECT MAIL AND MARKETING ASSOCIATION  
HYATT REGENCY, WASHINGTON, D.C.  
WEDNESDAY, MAY 3, 1978

*Samuel J. Casper*

I AM PLEASED TO BE WITH YOU THIS AFTERNOON AND ESPECIALLY HONORED TO BE INTRODUCED BY MY DISTINGUISHED PREDECESSOR IN THE U.S. SENATE, SENATOR FRANK CARLSON. FOR NEARLY TWO DECADES, FRANK CARLSON REPRESENTED OUR HOME STATE OF KANSAS WITH DISTINCTION IN THE SENATE. FEW MEN HAVE DONE MORE TO PROMOTE RELIABLE, EFFICIENT, AFFORDABLE MAIL DELIVERY FOR AMERICAN CONSUMERS AND BUSINESSMEN AS SENATOR CARLSON. I KNOW THAT DIRECT MAIL MARKETEEERS APPRECIATE HIS MANY EFFORTS AND I HOPE THAT I CAN BE AS RESPONSIVE TO YOUR CONCERNS AS HE HAS BEEN.

-2-

YOUR INDUSTRY -- LIKE BUSINESS GENERALLY -- FACES MANY PROBLEMS IN 1978 -- MOSTLY ECONOMIC. INFLATION, WHICH ABATED DRAMATICALLY IN 1976, HAS BEEN ON THE RESURGENCE. GOVERNMENT REGULATION AND BUREAUCRATIC RED TAPE IS STILL A BURDEN. AND TAXES, BOTH CORPORATE AND INDIVIDUAL, CONTINUE TO RISE DESPITE PERIODIC ADJUSTMENTS BY THE CONGRESS.

OF COURSE, I KNOW THAT THE DIRECT MAIL AND MARKETING INDUSTRY IS VERY INTERESTED IN THE VARIOUS PROPOSALS FOR MODIFYING THE OPERATIONS AND RATE STRUCTURES OF THE POSTAL SERVICE.

#### RELIABLE, AFFORDABLE MAIL DELIVERY

ALTHOUGH THE POSTAL SERVICE BECAME SEMI-INDEPENDENT IN 1971, POSTAL ISSUES HAVE NOT BEEN IGNORED BY CONGRESS IN THE INTERVENING YEARS, BECAUSE THE CONGRESS RECOGNIZES THAT IT HAS A MAJOR RESPONSIBILITY FOR ENSURING THAT MAIL SERVICE IS RELIABLE AND AFFORDABLE.

-3-

DESPITE ALL THE HORROR STORIES WE HAVE ALL HEARD ABOUT LOST MAIL AND MISSED DELIVERIES, IT IS THE SECOND FACTOR -- AFFORDABILITY -- WHICH I THINK CONCERNS THE AMERICAN PEOPLE MOST. RATE INCREASES HAVE FOLLOWED ONE ANOTHER IN RAPID SUCCESSION SINCE 1971. AND STILL HIGHER RATES FOR MOST USERS ARE ON THE HORIZON. NATURALLY, CONGRESS AND OUR CONSTITUENTS ARE CONCERNED ABOUT THESE EVER-ESCALATING COSTS. WE WANT TO KEEP RATES DOWN. BUT WE ALSO RECOGNIZE THAT THE FISCAL SOUNDNESS OF THE POSTAL SYSTEM DEPENDS AS MUCH ON MAINTAINING A HIGH VOLUME AS IT DOES ON EXTRACTING HIGHER AND HIGHER RATES FOR EACH ITEM OF MAIL DELIVERED--WHETHER IT BE BUSINESS MAIL, PERSONAL MAIL, BULK DELIVERIES, OR PARCELS.



-4-

THE DIRECT MAIL AND MARKETING ASSOCIATION IS WELL AWARE OF THIS FUNDAMENTAL TRUTH OF POSTAL ECONOMICS. YOU KNOW THAT IF BULK RATES FOR LARGE USERS OF THE SYSTEM ARE INCREASED, THE INEVITABLE RESULT WILL BE FEWER ITEMS OF MAIL IN THE DELIVERY STREAM. SOME OF YOUR MEMBERS WILL NO LONGER BE ABLE TO JUSTIFY THE EXPENSE OF USING THE MAIL. THEREFORE, THE COST OF DELIVERING EACH ITEM WILL INCREASE AND THE RATE INCREASE WILL, IN ALL LIKELIHOOD, NOT RESULT IN REDUCED CONSUMER POSTAL RATES.

EFFICIENCY IS KEY TO POSTAL BUDGET

POSTAL REVENUES WILL COME MORE INTO LINE WITH POSTAL OUTLAYS ONLY WHEN RECENT STEPS TO INCREASE THE EFFICIENCY OF MAIL DELIVERY TAKE HOLD. THE POSTAL SERVICE HAS INVESTED NEARLY \$1 BILLION IN A NEW NATIONAL BULK MAIL SYSTEM. THIS SYSTEM HANDLES ABOUT ONE-THIRD OF ALL MAIL. HOPEFULLY, THE COST-SAVINGS

-5-

FROM THIS AND OTHER EFFICIENCIES WILL BE REALIZED IN THE NOT-TOO-DISTANT FUTURE.

CONGRESS MAY REASSERT ITSELF IN POSTAL SYSTEM

AS I AM SURE YOU KNOW, A MAJOR PIECE OF POSTAL REFORM LEGISLATION IS NOW PENDING IN CONGRESS. H.R. 7700 PASSED THE HOUSE BY AN OVERWHELMING MARGIN VOTE AND IS NOW BEFORE THE SENATE GOVERNMENTAL AFFAIRS COMMITTEE.

THE MAJOR FEATURES OF THIS BILL ARE WELL KNOWN. IT PROVIDES FOR PRESIDENTIAL APPOINTMENT OF A POSTMASTER GENERAL AND PLACES POLICY-MAKING AUTHORITY IN THE HANDS OF THE POSTMASTER GENERAL. IT ELIMINATES THE BREAK-EVEN CONCEPT FOR POSTAL REVENUES.

-6-

IT AUTHORIZES INCREASED APPROPRIATIONS FOR THE POSTAL SERVICE. IT REITERATES CONGRESS' INTENTION THAT POSTAL RATES BE MORE CLOSELY RELATED TO COST, BUT THAT IMPORTANT NON-COST FACTORS ALSO BE CONSIDERED. AND IT RESTORES TO CONGRESS A MAJOR ROLE IN SETTING POSTAL FINANCIAL AND SERVICE POLICIES.

H.R. 7700 HAS MORE PRECISELY STATED THE PRINCIPLES WHICH SHOULD BE USED IN SETTING POSTAL RATES. RECOVERY OF COST IS OF PARAMOUNT IMPORTANCE, BUT SO ARE IMPORTANT NON-COST FACTORS SUCH AS THE EDUCATIONAL, CULTURAL, SCIENTIFIC, AND INFORMATIONAL BENEFIT OF MAIL MATTER. EQUALLY IMPORTANT IS THE EFFECT OF THE PROPOSED RATES ON THE PUBLIC AND THE QUALITY OF SERVICES AFFORDED ANY PARTICULAR CLASS OF MAIL.



-7-

OTHER PARTS OF THE LEGISLATION WOULD PROVIDE A MEASURE OF RATE RELIEF FOR SMALL MAGAZINES AND NEWSPAPERS WHICH HAVE BEEN SEVERELY HURT BY THE MASSIVE RATE INCREASES OF THE PAST SEVERAL YEARS.

PRIVACY AND THE MAILS

I KNOW THAT THE ORGANIZATIONS AND COMPANIES THAT YOU REPRESENT HAVE MANY OTHER ISSUES WHICH ARE OF MUTUAL CONCERN TO YOU AND CONGRESS. ONE OF THESE IS THE IMPACT OF PRIVACY LEGISLATION ON YOUR DAILY OPERATIONS. I AM AWARE OF THE COMMENDABLE RECORD THAT YOUR INDUSTRY HAS IN THIS AREA.

WHEN THE PRIVACY PROTECTION STUDY COMMISSION ISSUED ITS REPORT, A MAJOR SECTION DEALT WITH THE ISSUE OF UNSOLICITED MAIL AND

-8-

THE USE OF COMPUTERIZED MAILING LISTS. QUESTIONS HAD BEEN RAISED ABOUT THE SELLING OF LISTS OF NAMES AND WHETHER THIS ACTION CONSTITUTED A VIOLATION OF THE RIGHT TO PRIVACY. THE COMMISSION FOUND THAT THESE ACTIVITIES DID NOT CONSTITUTE A VIOLATION OF PRIVACY. HOWEVER, THE COMMISSION DID SUGGEST SOME VOLUNTARY EFFORTS THAT YOUR INDUSTRY COULD TAKE IN THIS AREA.

THE RESPONSE BY THE MEMBERS OF THE DIRECT MAIL AND MARKETING ASSOCIATION HAS BEEN AN EXCELLENT EXAMPLE OF HOW BUSINESS CAN HANDLE A PROBLEM BETTER BY ITSELF THAN WITH GOVERNMENT MANDATES. YOUR MEMBERS ARE VOLUNTARILY OFFERING PERSONS ON MAILING LISTS THE OPPORTUNITY TO HAVE THEIR NAMES REMOVED FROM THE LISTS. THOSE PERSONS WHO WANT TO RECEIVE THE MATERIALS THAT YOUR FIRMS OFFER CAN CONTINUE TO DO SO. THOSE WHO WISH TO DECLINE ARE AFFORDED THAT OPPORTUNITY. I COMMEND THE DIRECT MAIL MARKETERS FOR RECOGNIZING THIS OBLIGATION TO THE PUBLIC.



-9-

### OTHER LEGISLATION

I KNOW YOU HAVE ALREADY HEARD A LOT ABOUT POSTAL MATTERS AFFECTING YOUR INDUSTRY. BUT AS BUSINESSMEN, I'M SURE YOU'RE VITALLY INTERESTED IN OTHER LEGISLATION AFFECTING BUSINESS IN GENERAL.

### BUSINESS INCENTIVES

ONE OF THE BIGGEST PROBLEMS FACING AMERICAN BUSINESSES IS CAPITAL FORMATION. UNLESS THERE IS ADEQUATE FUNDS TO EXPAND THE PRIVATE SECTOR AND TO PROVIDE JOBS AND MEET THE SOCIAL AND ECONOMIC NEEDS FOR THE COMING YEARS - AMERICA IS FACING SERIOUS PROBLEMS. I BELIEVE THAT BUSINESS NEEDS A REDUCTION IN CORPORATE TAX RATES AND AN EXTENSION OF THE INVESTMENT TAX CREDIT.

-10-

ALSO, I BELIEVE THAT CONGRESS SHOULD IMPROVE AND EXPAND THE JOBS TAX CREDIT PROGRAM - A CONCEPT I HAVE ADVOCATED SINCE MY DAYS IN THE HOUSE. THE JOBS TAX CREDIT PROPERLY IMPLEMENTED CAN REDUCE UNEMPLOYMENT AND TRAIN INDIVIDUALS FOR LESS COSTS TO THE GOVERNMENT.

INCREASING INVESTMENT CAN HELP ACHIEVE OUR MAJOR ECONOMIC GOALS. AS I TALK WITH BUSINESSMEN AROUND THE COUNTRY I FIND THAT MANY OF THEM ARE CONFUSED AND UNSETTLED OVER OUR CHANGING GOVERNMENT POLICY. FOR EXAMPLE, IN THE TAX AREA, CONGRESS HAS ENACTED THREE MAJOR TAX BILLS IN THE LAST THREE YEARS AND THIS YEARS' BILL WILL BE THE FOURTH. I THINK IT IS TIME TO STOP THE ROLLER COASTER POLICIES OF THE PAST AND SETTLE ON A FIRM AND SOUND ECONOMIC AND TAX POLICY. ONLY THEN, WILL WE SEE A SIGNIFICANT RETURN OF BUSINESS CONFIDENCE.

-11-

TAX LEGISLATION

MUCH OF THE TIME LEFT TO CONGRESS WILL BE SPENT ON TAX LEGISLATION. THE PRESIDENT HAS PROPOSED A MIXED-BAG OF TAX CUTS AND TAX REFORMS. THERE SEEMS TO BE LITTLE ENTHUSIASM ON CAPITOL HILL FOR MOST OF THE PRESIDENT'S TAX PACKAGE. IN FACT, THE WAYS AND MEANS COMMITTEE IN ITS EARLY CONSIDERATION OF THE TAX BILL HAS REJECTED MOST OF THE SO-CALLED TAX REFORM.

47  
41  
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-12-

TAX CUT

ESSENTIALLY, THE CARTER PLAN CALLS FOR A NET TAX CUT OF \$17 BILLION FOR INDIVIDUALS, \$5.1 BILLION FOR BUSINESS, AND A \$2.3 BILLION ELIMINATION OF CERTAIN EXCISE TAXES. THERE IS INCREASING CONCERN IN THE CONGRESS OVER THE SIZE OF THE TAX CUT. THE PRESIDENT WOULD LIKE TO KEEP HIS TAX CUT AT THE FULL \$25 BILLION HE HAS PROPOSED. HOWEVER, OTHERS WOULD LIKE TO SCALE DOWN THE CUTS TO REDUCE THE FEDERAL DEFICIT AND REDUCE INFLATIONARY PRESSURES. THE FIRST CONCURRENT BUDGET RESOLUTION ADOPTED BY THE SENATE FOR FISCAL YEAR 1979 REFLECTED THIS VIEW. IT PROVIDED FOR A TAX CUT OF \$5 BILLION LESS THAN THAT REQUESTED BY THE PRESIDENT. THE PUBLIC SEEMS TO SHARE THIS SENTIMENT. A RECENT GALLUP POLL SHOWED BY A 9 TO 1 MARGIN THAT AMERICANS WOULD PREFER A SMALLER TAX CUT IF IT WOULD REDUCE INFLATION.

-13-

### CAPITAL GAINS

THE WAYS AND MEANS COMMITTEE HAS DELAYED ITS CONSIDERATION OF THE TAX BILL BECAUSE OF A PROPOSAL TO CUT THE MAXIMUM TAX ON CAPITAL GAINS TO THE RATE THAT EXISTED PRIOR TO THE 1969 TAX REFORM ACT. THIS PROPOSAL WOULD REDUCE THE CAPITAL GAINS TAX FROM NEARLY 50% TO THE PRE-1969 RATE OF 25%.

THE IMPETUS OF THIS PROPOSAL CAME FROM A STUDY WHICH SHOWED THAT A REDUCTION IN THE CAPITAL GAINS TAX WOULD CREATE MORE JOBS AND MORE ECONOMIC GROWTH. THE STUDY ALSO SHOWED THAT AFTER THE RATES WERE INCREASED IN 1969, TAX REVENUES DECLINED AS DID INVESTMENT IN EQUITY CAPITAL. I FAIL TO SEE WHY THE TREASURY DEPARTMENT CONSTANTLY TAKES SUCH AN ANTI-BUSINESS POSTURE AND OPPOSES THIS TYPE OF CONSTRUCTIVE IDEA.

-14-

### INFLATION

AS I MENTIONED EARLIER, INFLATION IS BECOMING - IF IT IS NOT ALREADY - THE NUMBER ONE ISSUE IN AMERICA. THE POLICIES OF THE CARTER ADMINISTRATION GENERATED AN INCREASE IN THE PRICE LEVES OF 6.8% LAST YEAR AS COMPARED TO 4.8% FOR THE LAST YEAR OF THE FORD ADMINISTRATION. THIS YEAR, THE ANNUAL RATE OF INFLATION IS CLOSER TO 10%. THE PLEDGE MADE LAST APRIL BY THE ADMINISTRATION TO ACHIEVE A 4% INFLATION RATE BY 1979 IS NOW A MIRAGE.



-15-

I AM NOT ENCOURAGED BY THE RHETORIC OR THE APPOINTMENT OF SPECIAL ADVISORS ON INFLATIONARY MATTERS. INSTEAD, WE NEED TO MAKE THE ROUGH DECISIONS TO CONTROL INFLATION AND BRING FISCAL SANITY BACK TO GOVERNMENT.

CONGRESS CAN TAKE POSITIVE ACTION

ONE OF THE POSITIVE STEPS WE CAN TAKE TO REDUCE INFLATION IS TO REDUCE GOVERNMENT REGULATION. FEDERAL REGULATION IN 1976 COST AMERICAN BUSINESS AND CONSUMERS \$65 BILLION -- OR \$1,300 FOR EVERY MAN, WOMAN, AND CHILD IN THE UNITED STATES.

NOT ONLY CAN CONGRESS TAKE POSITIVE ACTION IN THE AREAS OF INFLATION AND TAXATION, BUT ACTIONS TAKEN BY THE CONGRESS IN THE PAST MONTHS ON ISSUES OF ENERGY, FOREIGN POLICY, AGRICULTURE, UNEMPLOYMENT, AND EDUCATIONAL OPPORTUNITIES IS EVIDENCE OF THE ROLE OF CONGRESS IN SETTING AND MAINTAINING NATIONAL POLICY.

-16-

CONGRESS HAS ALREADY TAKEN POSITIVE ACTION IN THE AREA OF  
POSTAL SERVICES WITH THE CONSIDERATION OF H.R. 7700. THIS  
RESTORATION TO CONGRESS IN THE SETTING OF POSTAL FINANCIAL  
AND SERVICE POLICIES WILL NO DOUBT BENEFIT MARKETEEER AND  
CONSUMER ALIKE BY PROVIDING RELIABLE AND AFFORDABLE MAIL  
SERVICE NOW AND FOR THE FUTURE.

THANK YOU.

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