

POSTAL SERVICE ACT OF 1969

H.R. 11750
RECOMMENDATIONS OF THE PRESIDENT
OF THE UNITED STATES

FOR USE OF THE
COMMITTEE ON POST OFFICE AND
CIVIL SERVICE



MAY 29, 1969

U.S. GOVERNMENT PRINTING OFFICE

29-782 O

WASHINGTON : 1969

H1270

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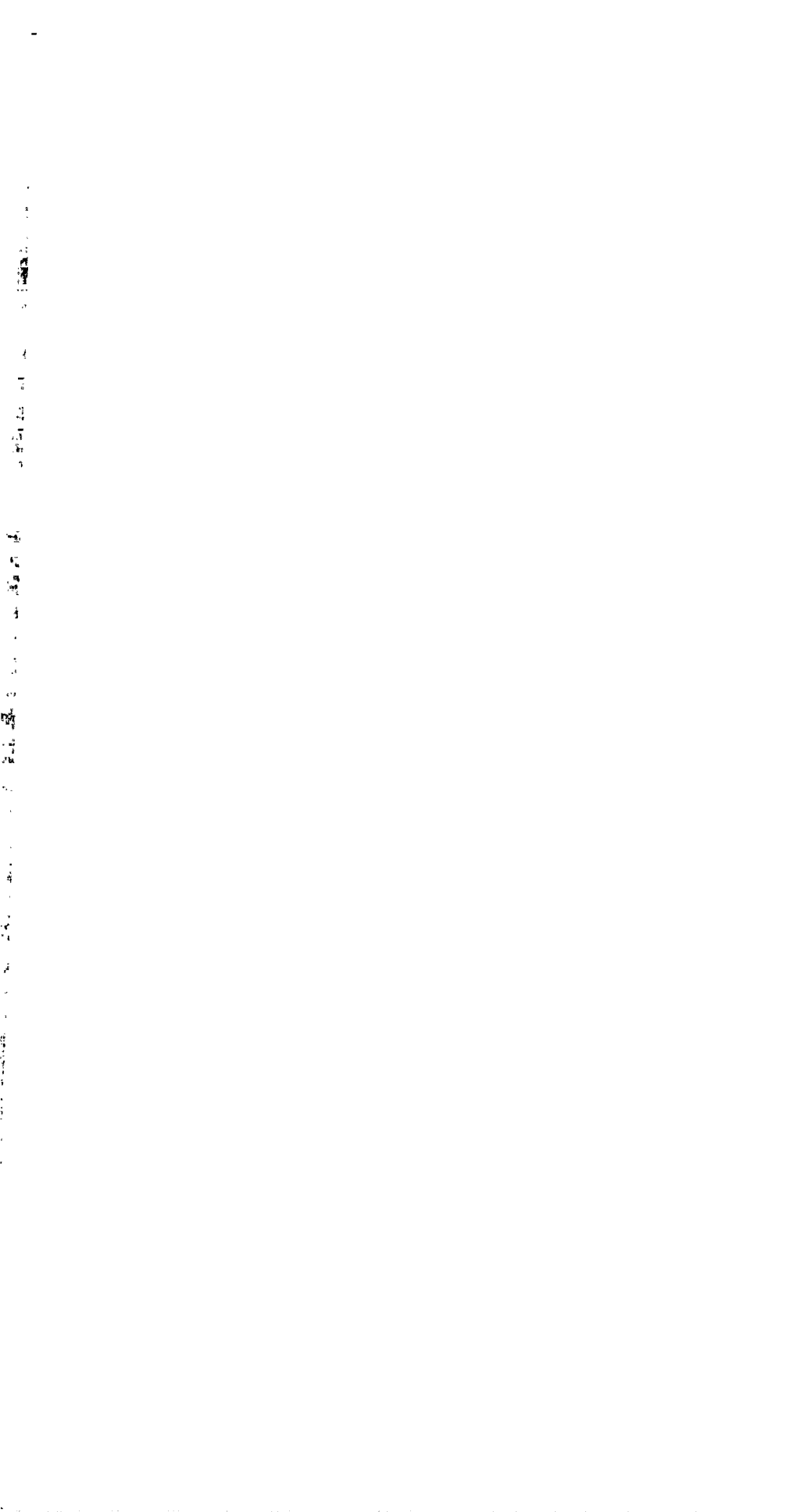
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FOREWORD

This print contains a summary, the President's message of May 27, 1969, on reform of the Nation's postal system (H. Doc. 91-121), a copy of the bill (H.R. 11750 by Mr. Udall, H.R. 11751 and H.R. 11752 by Mr. Cunningham, each with several cosponsors), an explanation, and a section-by-section analysis.

This proposal will carry out the President's recommendations on the reform of the postal system.



HIGHLIGHTS OF THE POSTAL SERVICE ACT OF 1969

CREATION OF A SEPARATE POSTAL SERVICE

The act would take the Post Office Department out of the President's Cabinet and establish a Government-owned postal system to be known as the U.S. Postal Service.

The Postal Service would be run by a nine-man board of directors selected without regard to politics. Seven members of the board would be appointed by the President with the advice and consent of the Senate for rotating 7-year terms. One of the seven would be designated chairman by the President and would serve as chairman at the pleasure of the President. The seven would select an eighth member to serve as chief executive officer of the Postal Service and the eight would then select a ninth member to serve as chief operating officer.

SELF-SUPPORTING OPERATION

The new Postal Service would become entirely self-supporting (although it may take some time perhaps 5 years to turn the existing deficit-ridden operation completely around) except for subsidies for which Congress chooses to appropriate funds on behalf of specified public-service groups.

WAGES AND WORKING CONDITIONS

All present postal workers would be transferred into a new postal career service with full retention of their civil service retirement benefits enjoyed under existing law. Any present employee would be eligible at his option to transfer to any other position in the Government which is open and for which he is qualified. The Postal Service would work with the Civil Service Commission in placing employees who wish to transfer.

Instead of Congress fixing wage rates and legislating classifications of employment postal employees in every part of the country would have the right to bargain collectively for better wages and other benefits and for improved working conditions.

Existing law banning strikes by Federal workers would continue. However the act would provide for binding arbitration in the event of a labor-management dispute which could not be settled by other means.

In general labor relations would be subject to the Labor-Management Relations Act of 1947. Labor disputes that are not settled by procedures agreed to in collective bargaining contracts would come before an impartial "postal disputes panel." This nine-man panel could apply any of a broad array of settlement techniques including factfinding, mediation, recommendations on any or all issues or referral to a separate and impartial board of arbitration that would be established on a "this dispute only" basis.

POSTAL RATES

The act would establish a separate three-man panel of expert rate commissioners, who would be selected from a civil service register. Any change proposed for postal rates or classifications would be referred to the rate commissioners after notice in the Federal Register. Any interested parties could cause the rate commissioners to conduct a public hearing on the proposed change. Thereafter, the rate commissioners would submit an initial decision to the Presidentially-appointed members of the Board of Directors; the latter would decide whether to adopt or modify the proposed change, in the light of the rate commissioners' opinion, and the change would then be referred to Congress. It would take effect unless "vetoed" by Congress within 60 days.

FINANCES

The Postal Service would have broad borrowing authority, subject to an overall limit of \$10 billion. Net borrowings for capital improvements, however, could not be increased by more than \$1.5 billion annually. Moreover, the Postal Service would be required to consult with the Secretary of the Treasury and the Treasury Department would be authorized to elect to purchase the Postal Service's obligations.

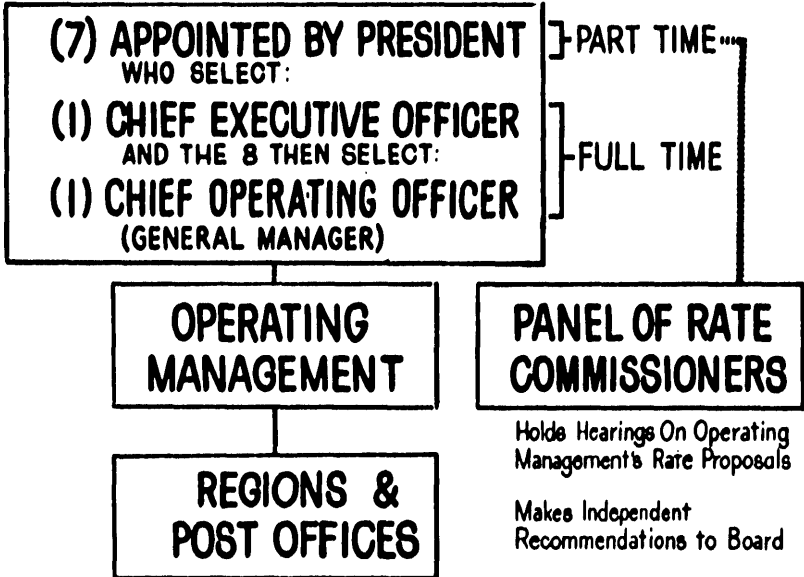
CONGRESSIONAL SUPERVISION

Congress would retain broad power of direction and veto. The new Postal Service would be required to submit regular reports to the Congress and any provision of the act establishing the new postal service could be changed or eliminated by law at any time.

**MAJOR PROVISIONS
OF THE
POSTAL SERVICE ACT
OF 1969
ORGANIZATION**

- CREATION OF A UNITED STATES POSTAL SERVICE, WHOLLY OWNED BY THE GOVERNMENT, WHICH WILL BECOME SELF-SUPPORTING AS SOON AS FEASIBLE
- FORMATION OF A NINE-MEMBER BOARD OF DIRECTORS FOR THE POSTAL SERVICE, SEVEN APPOINTED BY THE PRESIDENT WITH THE ADVICE AND CONSENT OF THE SENATE
- SELECTION OF THE POSTAL SERVICE'S CHIEF EXECUTIVE OFFICER BY THE PRESIDENTIALLY APPOINTED DIRECTORS

BOARD OF DIRECTORS (9-MAN)



PERSONNEL

- **NON-POLITICAL APPOINTMENT OF ALL OFFICERS AND EMPLOYEES**
- **NEW CAREER SERVICE ESTABLISHED WITH FULL CIVIL SERVICE RETIREMENT BENEFITS RETAINED**
- **COLLECTIVE BARGAINING TO DETERMINE WAGES, BENEFITS AND WORKING CONDITIONS FOR UNION-REPRESENTED EMPLOYEES**
- **BINDING THIRD-PARTY ARBITRATION IN LIEU OF THE RIGHT TO STRIKE**

POSTAL RATES AND CLASSES

- CHANGES IN POSTAL RATES AND CLASSES OF SERVICE TO BE ESTABLISHED BY THE BOARD AFTER HEARINGS BY A RATE PANEL INDEPENDENT OF OPERATING MANAGEMENT
- RATE CHANGES SUBJECT TO CONGRESSIONAL VETO FOR 60 DAYS
- PRESENT SCOPE OF SERVICES TO CONTINUE, UNLESS CHANGED AFTER HEARINGS BY RATE COMMISSIONERS

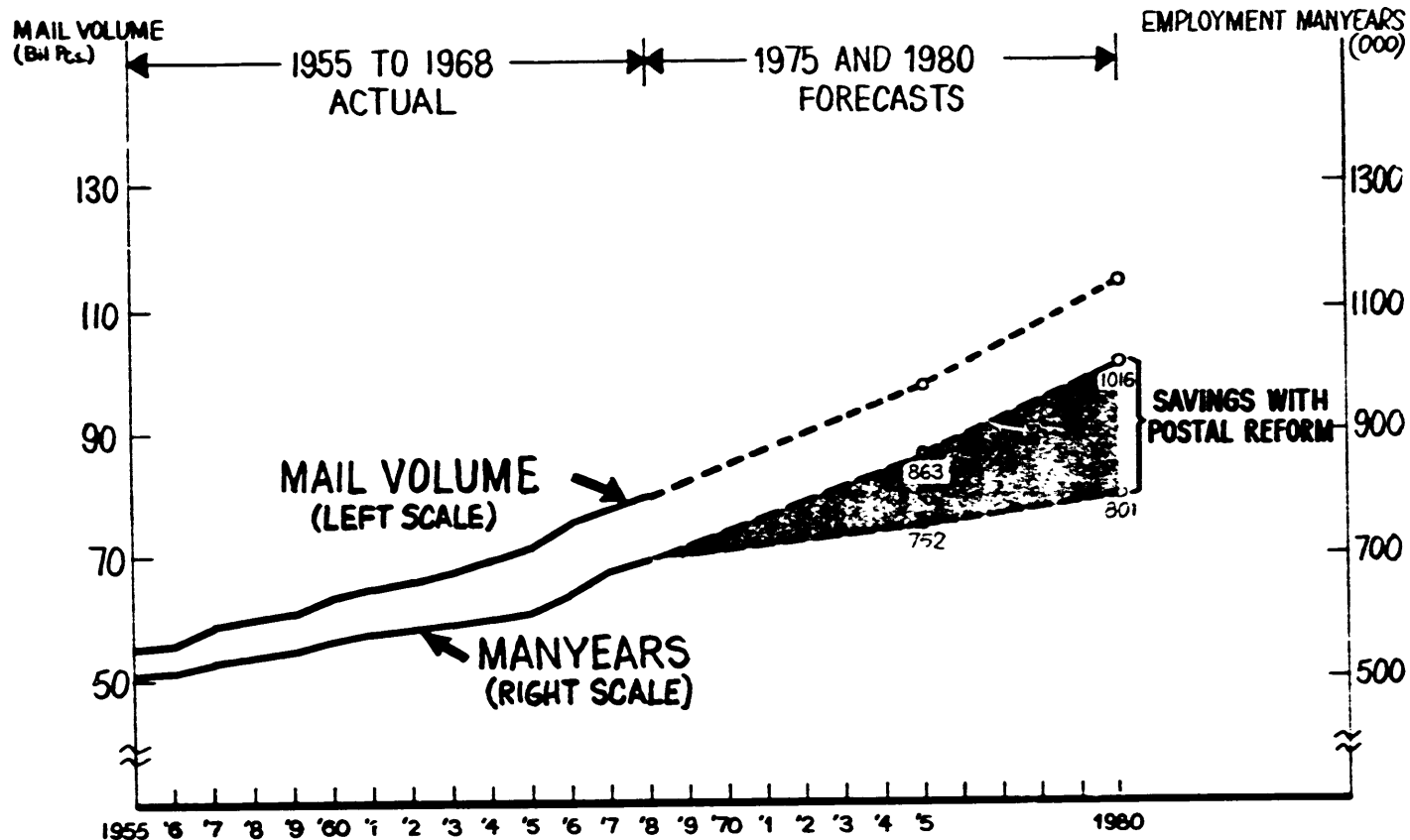
FINANCES

- BROAD BORROWING AUTHORITY
- FUNDING BY APPROPRIATION TO POSTAL SERVICE FOR WHATEVER SUBSIDIES CONGRESS WISHES CONTINUED, E.G., NON-PROFIT MAILINGS

KEY ISSUES

- WHAT IS REAL PROBLEM?
- WHERE WILL SAVINGS COME FROM?
- HOW IS PUBLIC INTEREST PROTECTED?

POSTAL EMPLOYMENT AND MAIL VOLUME PROSPECTS



REAL PROBLEM IS LACK OF MANAGEMENT SYSTEM

- NO ONE REALLY IN CHARGE
- POST OFFICES ADMINISTERED, NOT MANAGED
- SUPERVISION OFTEN INEFFECTIVE, INADEQUATE
- SUPERVISORS CAN'T BE BACKED UP WHEN UNCERTAINTIES OF POLITICS ENTER LABOR-RELATIONS
- RISK-TAKING ESSENTIAL TO MANAGING AN ENTERPRISE, FROWNED ON BY PRESENT SYSTEM

HOW IS PUBLIC INTEREST PROTECTED?

- CHARTER GUIDELINES ENFORCEABLE IN COURT
- MANAGEMENT CAN BE REPLACED AT ANY TIME
- PUBLIC HEARINGS ON RATE CHANGES
- RATE PANEL HEARS SERVICE CUTBACK COMPLAINTS - REPORTS FINDINGS TO BOARD
- SUMMARY REVIEW OF BUDGET EACH YEAR
- ANY OR ALL PROVISIONS OF CHARTER CAN BE CHANGED BY LAW AT ANY TIME
- CRIMINAL LAWS (FRAUD, OBSCENITY, THEFT OF MAIL, ETC.), CONTINUE IN FORCE AS STATUTES
- EXISTING WAGES, RATES, CLASSIFICATIONS AND RULES CONTINUE UNTIL MODIFIED BY PRESCRIBED PROCEDURES

REFORM OF THE NATION'S POSTAL SYSTEM

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

RELATIVE TO

REFORM OF THE NATION'S POSTAL SYSTEM

MAY 27, 1969. -- Referred to the Committee on Post Office and Civil Service and ordered to be printed

To the Congress of the United States:

Total reform of the nation's postal system is absolutely essential.

The American people want dependable, reasonably priced mail service, and postal employees want the kind of advantages enjoyed by workers in other major industries. Neither goal can be achieved within the postal system we have today.

The Post Office is not keeping pace with the needs of our expanding population or the rightful aspirations of our postal workers.

Encumbered by obsolete facilities, inadequate capital, and outdated operation practices, the Post Office Department is failing the mail user in terms of service, failing the taxpayer in terms of cost, and failing the postal worker in terms of truly rewarding employment. It is time for a change.

Two years ago, Lawrence F. O'Brien, then Postmaster General, recognized that the Post Office was in "a race with catastrophe," and made the bold proposal that the postal system be converted into a government-owned corporation. As a result of Mr. O'Brien's recommendations, a Presidential Commission was established to make a searching study of our postal system. After considering all the alternatives, the Commission likewise recommended a government corporation. Last January, President Johnson endorsed that recommendation in his State of the Union message.

One of my first actions as President was to direct Postmaster General Winton M. Blount to review that proposal and others. He has made his own first-hand study of the problems besetting the postal service, and after a careful analysis has reported to me that

only a complete reorganization of the postal system can avert the steady deterioration of this vital public service.

I am convinced that such a reorganization is essential. The arguments are overwhelming and the support is bipartisan. Postal Reform is not a partisan political issue, it is an urgent national requirement.

CAREER OPPORTUNITIES AND WORKING CONDITIONS

For many years the postal worker walked a dead-end street. Promotions all too often were earned by the right political connections rather than by merit. This Administration has taken steps to eliminate political patronage in the selection of postal employees; but there is more—much more—that must be done.

Postal employees must be given a work environment comparable to that found in the finest American enterprises. Today, particularly in our larger cities, postal workers labor in crowded, dismal, old-fashioned buildings that are little short of disgraceful. Health services, employee facilities, training programs and other benefits enjoyed by the worker in private industry and in other Federal agencies are, all too often, unavailable to the postal worker. In an age when machines do the heavy work for private companies, the postal worker still shoulders, literally, the burden of the nation's mail. That mail fills more than a billion sacks a year; and the men and women who move those sacks need help.

Postal employees must have a voice in determining their conditions of employment. They must be given a stake in the quality of the service the Department provides the public; they must be given a reason for pride in themselves and in the job they do. The time for action is now.

HIGHER DEFICITS AND INCREASING RATES

During all but seventeen years since 1838, when deficit financing became a way of life for the Post Office, the postal system has cost more than it has earned.

In this fiscal year, the Department will drain over a billion dollars from the national treasury to cover the deficit incurred in operating the Post Office. Over the last decade, the tax money used to shore up the postal system has amounted to more than eight billion dollars. Almost twice that amount will be diverted from the Treasury in the next ten years if the practices of the past are continued. We must not let that happen.

The money to meet these huge postal deficits comes directly out of the taxpayer's pocket—regardless of how much he uses the mails. It is bad business, bad government, and bad politics to pour this kind of tax money into an inefficient postal service. Every taxpayer in the United States—as well as every user of the mails—has an important stake in seeing that the Federal Government institutes the kind of reform that is needed to give the nation a modern and well-managed postal system. Without such a system Congress will either have to raise postage rates far above any level presently contemplated, or the taxpayers will have to shoulder the burden of paying postal deficits the like of which they have never seen before.

Neither alternative is acceptable. The nation simply cannot afford the cost of maintaining an inefficient postal system. The will of the Congress and the will of the people is clear. They want fast, dependable and low-cost mail service. They want an end to the continuing cycle of higher deficits and increasing rates.

QUALITY POSTAL SERVICE

The Post Office is a business that provides a vital service which its customers, like the customers of a private business, purchase directly. A well managed business provides dependable service; but complaints about the quality of postal service under existing procedures are widespread. While most mail ultimately arrives at its destination, there is no assurance that important mail will arrive on time; and late mail—whether a birthday card or a proxy statement—is often no better than lost mail.

Delays and breakdowns constantly threaten the mails. A complete breakdown in service did in fact occur in 1966 in one of our largest cities, causing severe economic damage and personal hardship. Similar breakdowns could occur at any time in many of our major post offices. A major modernization program is essential to insure against catastrophe in the Post Office.

A modern postal service will not mean fewer postal workers. Mail volume—tied as it is to economic activity—is growing at such a rate that there will be no cutback in postal jobs even with the most dramatic gains in postal efficiency. Without a modernized postal system, however, more than a quarter of a million new postal workers will be needed in the next decade simply to move the growing mountain of mail. The savings that can be realized by holding employment near present levels can and should mean more pay and increased benefits for the three quarters of a million men and women who will continue to work in the postal service.

OPPORTUNITY THROUGH REFORM

While the work of the Post Office is that of a business enterprise, its organization is that of a political department. Traditionally it has been run as a Cabinet agency of the United States Government—one in which politics has been as important as efficient mail delivery. Under the present system, those responsible for managing the postal service do not have the authority that the managers of any enterprise must have over prices, wages, location of facilities, transportation and procurement activities and personnel policy.

Changes in our society have resulted in changes in the function of the Post Office Department. The postal system must be given a non-political management structure consistent with the job the postal system has to perform as a supplier of vital services to the public. Times change, and now is the time for change in the postal system.

I am, therefore, sending to the Congress reform legislation entitled the Postal Service Act of 1969.

POSTAL SERVICE ACT OF 1969

The reform that I propose represents a basic and sweeping change in direction; the ills of the postal service cannot be cured by partial reform.

The Postal Service Act of 1969 provides for:

- removal of the Post Office from the Cabinet
- creation of an independent Postal Service wholly owned by the Federal Government
- new and extensive collective bargaining rights for postal employees
- bond financing for major improvements
- a fair and orderly procedure for changing postage rates, subject to Congressional review
- regular reports to Congress to facilitate Congressional oversight of the postal system
- a self-supporting postal system.

The new government-owned corporation will be known as the United States Postal Service. It will be administered by a nine-member board of directors selected without regard to political affiliation. Seven members of the board, including the chairman, will be appointed by the President with the advice and consent of the Senate. These seven members will select a full-time chief executive officer, who will join with the seven others to select a second full-time executive who will also serve on the board.

Employees will retain their Civil Service annuity rights, veterans preference, and other benefits.

The Postal Service is unique in character. Therefore, there will be, for the first time in history, true collective bargaining in the postal system. Postal employees in every part of the United States will be given a statutory right to negotiate directly with management over wages and working conditions. A fair and impartial mechanism—with provision for binding arbitration—will be established to resolve negotiating impasses and disputes arising under labor agreements.

For the first time, local management will have the authority to work with employees to improve local conditions. A modernization fund adequate to the needs of the service will be available. The postal worker will finally take his rightful place beside the worker in private industry.

The Postal Service will become entirely self-supporting, except for such subsidies as Congress may wish to provide for specific public service groups. The Postal Service, like the Tennessee Valley Authority and similar public authorities, will be able to issue bonds as a means of raising funds needed for expansion and modernization of postal facilities and other purposes.

Proposals for changes in classes of mail or postage rates will be heard by expert rate commissioners, who will be completely independent of operating management. The board of the Postal Service will review determinations made by the rate commissioners on rate and classification questions, and the Presidentially appointed members of the board will be empowered to modify such determinations if they consider it in the public interest to do so.

Congress will have express authority to veto decisions on rate and classification questions.

The activities of the Postal Service will be subject to Congressional oversight, and the Act provides for regular reports to Congress. The Postal Service and the rules by which it operates can, of course, be changed by law at any time.

TOWARD POSTAL EXCELLENCE

Removing the postal system from politics and the Post Office Department from the Cabinet is a sweeping reform.

Traditions die hard and traditional institutions are difficult to abandon. But tradition is no substitute for performance, and if our postal system is to meet the expanding needs of the 1970s, we must act now.

Legislation, by itself, will not move the mail. This must be done by the three-quarters of a million dedicated men and women who today wear the uniform of the postal service. They must be given the right tools—financial, managerial and technological—to do the job. The legislation I propose today will provide those tools.

There is no Democratic or Republican way of delivering the mail. There is only the right way.

This legislation will let the postal service do its job the right way, and I strongly recommend that it be promptly considered and promptly enacted.

RICHARD NIXON.

THE WHITE HOUSE, *May 27, 1969.*

91st CONGRESS
1st Session

H. R.

IN THE HOUSE OF REPRESENTATIVES

MAY , 1969

Mr. ----- introduced the following bill; which was referred to the Committee on Post Office and Civil Service

A BILL

To revise the laws relating to post offices and post roads, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Postal Service Act of
4 1969".

5 REVISION OF TITLE 39, UNITED STATES CODE

6 SEC. 2. Title 39, United States Code, is revised and
7 reenacted and the sections thereof may be cited as "39
8 U.S.C., § —", as follows:

1 **"TITLE 39.—THE POSTAL SERVICE**

Chapter	Sec.
"1. General Provisions	101
"2. Establishment of the United States Postal Service	201
"4. Services	401
"6. Mail Matter	601
"8. Personnel	801
"10. Finance	1001
"12. Rates and Ratemaking	1201
"14. Private Carriage of Letters	1401
"16. Transportation of Mails	1601
"18. Miscellaneous	1801

2 **"Chapter 1.—GENERAL PROVISIONS**

"Sec.

"101. Definitions.

"102. Findings of the Congress and declaration of policy.

3 **"§ 101. Definitions**

4 "As used in this title—

5 "'Postal Service' means the United States Postal
6 Service established by section 202 of this title.

7 "'Board' and 'Board of Directors' mean the Board
8 of Directors of the Postal Service.

9 **"§ 102. Findings of the Congress and declaration of policy**

10 "(a) The Congress hereby finds that:

11 "(1) The Postal Establishment was created to unite
12 more closely the American people, to promote the gen-
13 eral welfare, and to advance the national economy;

14 "(2) The Postal Establishment has been extended
15 and enlarged through the years into a nationwide net-
16 work of services and facilities for the communication of
17 intelligence, the dissemination of information, the ad-

1 vancement of education and culture, and the distribution
2 of articles of commerce and industry;

3 “ (3) The development and expansion of the postal
4 service has been the impelling force in the origin and
5 growth of many and varied business, commercial, indus-
6 trial, and cultural enterprises which contribute materially
7 to the national economy and the public welfare and
8 which depend upon the continuance of an effective na-
9 tionwide postal service;

10 “ (4) The Postal Establishment has not been given
11 the means and cannot be expected to continue to pro-
12 vide—and certainly not to extend—the present quality
13 and scope of postal service in the face of the tremendous
14 increases in mail volume now being experienced;

15 “ (5) Serious handicaps are imposed on the Postal Estab-
16 lishment by policies and procedures that are outmoded, un-
17 necessary, and inconsistent with modern management and
18 business practices; and

19 “ (6) The most effective way, within the compass of
20 government, to give the postal system an organizational
21 structure suited to its mission is to establish a postal service
22 corporation, owned entirely by the Federal Government, and
23 chartered by Congress to operate the postal service of the
24 United States on a self-supporting basis.

1 “(b) It is the purpose of this title to provide the legis-
2 lative framework for:

3 “(1) dependable postal service, at fair prices, fully
4 responsive to the public’s needs,

5 “(2) a soundly financed and self-supporting postal
6 system, and

7 “(3) better working conditions and greatly im-
8 proved career opportunities for the employees of the
9 Postal Service.

10 **“Chapter 2.—ESTABLISHMENT OF THE UNITED**
11 **STATES POSTAL SERVICE**

“Sec.

“201. Definitions.

“202. The United States Postal Service.

“203. The Board of Directors.

“204. Procedures of the Board of Directors.

“205. General powers.

“206. Judicial Officer.

“207. Cooperation with other Government agencies.

“208. Suits by and against the Postal Service.

“209. Application of other laws.

“210. Annual reports.

“211. Reservation of powers.

12 **“§ 201. Definitions**

13 “As used in this title—

14 “‘Presidentially appointed directors’ means the
15 members of the Board of Directors appointed pursuant
16 to section 203 (b) of this title.

17 “‘Chief Executive Officer’ means the member of the
18 Board of Directors appointed pursuant to section 203
19 (c) of this title.

1 § 202. The United States Postal Service

2 “The ‘United States Postal Service’ is established as a
3 body corporate and an instrumentality of the United States
4 for the purpose of owning and operating the postal system
5 of the United States. The Board of Directors first appointed
6 shall be deemed the incorporators, and the incorporation shall
7 be held to have been effected from the date of the first meet-
8 ing of the Board. The Postal Service shall commence oper-
9 ations within one year after the enactment of this section
10 and upon the date fixed by a resolution of the Board of
11 Directors. The Postal Service shall maintain such offices in
12 such places as it may deem appropriate to conduct its affairs.

13 § 203. The Board of Directors

14 “(a) The Board of Directors of the Postal Service shall
15 consist of nine members as provided for in this section.

16 “(b) (1) The President, by and with the advice and
17 consent of the Senate, shall appoint seven members of the
18 Board of Directors without regard to political affiliation, one
19 of whom he shall designate as Chairman of the Board of
20 Directors. The member designated as Chairman shall serve
21 as Chairman at the pleasure of the President. The President
22 may remove directors appointed under this paragraph for
23 inefficiency, neglect of duty or malfeasance of office. The
24 Directors shall be chosen to represent the public interest

1 generally and not as representatives of specific interests con-
2 nected with the postal service.

3 “(2) The terms of the presidentially appointed directors
4 shall be seven years except that—

5 “(i) the terms of the seven members first taking
6 office shall expire as designated by the President at the
7 time of the appointment, one at the end of one year, one
8 at the end of two years, one at the end of three years,
9 one at the end of four years, one at the end of five years,
10 one at the end of six years and one at the end of seven
11 years following the appointment of the first of them;
12 and

13 “(ii) any member appointed to fill a vacancy before
14 the expiration of the term for which his predecessor was
15 appointed shall serve for the remainder of such term.

16 “(c) The presidentially appointed directors shall
17 appoint and have discretionary power to remove an eighth
18 member of the Board who shall serve as Chief Executive
19 Officer of the Postal Service. He shall have such term as may
20 be fixed by the presidentially appointed directors.

21 “(d) The presidentially appointed directors and the
22 Chief Executive Officer shall appoint and have discretionary
23 power to remove an additional member of the Board who
24 shall serve as Chief Operating Officer of the Postal Service

1 for such term as the presidentially appointed directors and
2 the Chief Executive Officer may fix.

3 “(c) Each of the presidentially appointed directors shall
4 receive compensation at the rate of \$5,000 per annum and
5 \$300 for each meeting of the Board he attends. Their com-
6 pensation shall be subject to adjustment under the provisions
7 of chapter 11, title 2. In addition they shall be reimbursed
8 for necessary travel and subsistence expense incurred in
9 attending the meetings of the Board.

10 “(f) The presidentially appointed directors shall fix
11 the rates of compensation of the other members of the Board
12 consistent with section 806 of this title.

13 “(g) Vacancies in the Board, as long as there are
14 sufficient members to form a quorum, shall not impair
15 the powers of the Board under this title.

16 “(h) The Board shall act upon majority vote of those
17 present, and any five members present shall constitute a
18 quorum for the transaction of business by the Board, except—

19 “(1) in the appointment or removal of the Chief
20 Executive Officer, and in setting the compensation of the
21 eighth and ninth members of the Board a favorable vote
22 of an absolute majority of the presidentially appointed
23 directors in the office shall be required;

24 “(2) in the appointment or removal of the Chief

1 Operating Officer a favorable vote of an absolute ma-
2 jority of the members in office from among the member
3 serving as Chief Executive Officer and the presidentially
4 appointed directors shall be required; and

5 “(3) as otherwise provided in this title.

6 “(i) No officer or employee of the United States may
7 concurrently serve as a director of the Postal Service but
8 the presidentially appointed directors may hold any other
9 non-Federal office or employment not inconsistent with their
10 duties to the Postal Service. Except as provided in chapter
11 12 of this title all other officials, agents, and employees shall
12 be designated and selected by the Board.

13 **“§ 204. Procedures of the Board of Directors**

14 “The Board of Directors may delegate any of its powers
15 to officers and employees of the Postal Service in accordance
16 with the Postal Service bylaws. The Board may establish
17 such committees of the Board, and delegate such powers to
18 any committee, as the Board deems appropriate to carry out
19 its functions and duties. Delegations to officers, employees, or
20 committees shall ^{not} be inconsistent with other provisions of this
21 title; such delegations shall not relieve the Board of full
22 responsibility for the Postal Service operations; and any such
23 delegations shall be revocable by the Board in its exclusive
24 judgment.

1 **“§ 205. General powers**

2 “The Postal Service shall have the following general
3 powers:

4 “(1) To have perpetual duration and succession in
5 its corporate name;

6 “(2) To sue and be sued in its corporate name;

7 “(3) To adopt, alter, and use a corporate seal,
8 which shall be judicially noticed;

9 “(4) To adopt, amend, and repeal such bylaws,
10 rules and regulations as it deems necessary to accomplish
11 the objective of this title;

12 “(5) To enter into and perform contracts, execute
13 instruments, and determine the character of, and neces-
14 sity for, its expenditures;

15 “(6) To determine and keep its own system of ac-
16 counts and the forms and contents of its contracts and
17 other business documents, except as otherwise provided
18 in this title;

19 “(7) To have the priority of the United States with
20 respect to the payment of debts out of bankrupt, in-
21 solvent, and decedents' estates;

22 “(8) To acquire in any lawful manner such per-
23 sonal or real property, or any interest therein, as it
24 deems necessary or convenient in the transaction of its

1 business, and to hold, maintain, sell, lease or otherwise
2 dispose of such property or any interest therein; and to
3 provide services in connection therewith and charge
4 therefor;

5 "(9) To construct, operate, lease and maintain
6 buildings, facilities, equipment and other improvements
7 on any property owned, or controlled by it, including
8 without limitations, any property or interest therein
9 transferred to it under section 1002 of this title;

10 "(10) To accept gifts or donations of services or
11 property, real or personal, as it deems necessary or con-
12 venient in the transaction of its business;

13 "(11) To settle and compromise claims by or
14 against it;

15 "(12) To exercise, in the name of the United States,
16 the right of eminent domain for the furtherance of its
17 corporate purposes; and

18 "(13) To have all other powers incidental, neces-
19 sary, or appropriate to the carrying on of its functions
20 or the exercise of its specific powers.

21 ***§ 206. Judicial Officer**

22 "A Judicial Officer, appointed by the Postal Service,
23 shall perform such quasi-judicial duties, not inconsistent with
24 chapter 12 of this title, as the Postal Service may designate.
25 He shall be the agency for the purposes of the requirements

1 of chapter 5 of title 5, to the extent that functions are dele-
2 gated to him by the Postal Service.

3 **“§ 207. Cooperation with other Government agencies**

4 “Executive agencies and independent establishments
5 within the meaning of sections 104 and 105 of title 5 and
6 the Government Printing Office are authorized to furnish
7 goods, property both real and personal, and personal and
8 nonpersonal services to the Postal Service and the Postal
9 Service is authorized to furnish such goods, property, and
10 services to them. The furnishing of goods, property, and
11 services pursuant to this section shall be under such terms
12 and conditions, including reimbursability, as the Board and
13 the head of the agency or establishment concerned shall deem
14 appropriate.

15 **“§ 208. Suits by and against the Postal Service**

16 “(a) The United States district courts shall have origi-
17 nal but not exclusive jurisdiction over all actions brought
18 by or against the Postal Service. Any action brought in a
19 State court to which the Postal Service is a party may be
20 removed to the United States District Court under the provi-
21 sions of chapter 89 of title 28.

22 “(b) The provisions of title 28 relating to service of
23 process, venue, and limitations of time for bringing action
24 in suits in which the United States, its officers or employees

1 are parties shall apply in like manner to suits in which the
2 Postal Service, its officers, or employees are parties.

3 “(c) The provisions of chapter 171 and all other provi-
4 sions of title 28 relating to tort claims shall apply to tort
5 claims arising out of activities of the Postal Service.

6 “(d) The Department of Justice shall furnish the Postal
7 Service such legal representation as it may require pursuant
8 to section 207 of this title, but with the prior consent of the
9 Attorney General the Postal Service may employ attorneys
10 by contract or otherwise to conduct litigation brought by or
11 against the Postal Service or its officers or employees in
12 matters affecting the Postal Service.

13 **“§ 209. Application of other laws**

14 “No Federal law dealing with public, United States or
15 Federal contracts, property, works, officers, employees, or
16 funds, including the provisions of chapters 5 and 7 of title 5,
17 shall apply to the exercise of the powers of the Postal Service
18 except as otherwise provided in this title and except insofar
19 as such laws remain in force as bylaws or regulations of the
20 Postal Service, but the following provisions of law shall apply
21 to the Postal Service :

22 “(1) section 3333 and chapters 71 (Employee
23 Policies) and 73 (Suitability, Security, and Conduct of
24 Employees) of title 5 except that no regulation issued

1 pursuant to such chapters shall apply to the Postal Serv-
2 ice unless expressly made so applicable;

3 “(2) all provisions of title 18 dealing with the
4 Postal Service, the mails and Government officers or
5 employees;

6 “(3) chapter 14 of title 31, the Government Cor-
7 poration Control Act, except as otherwise expressly pro-
8 vided in this title;

9 “(4) the following provisions of title 40—

10 sections 258a-258e (condemnation proceed-
11 ings);

12 sections 270a-270e (known as the Miller Act);

13 sections 276a-276a-7 (known as the Davis-
14 Bacon Act);

15 section 276c (wage payments of certain con-
16 tractors); and

17 chapter 5, the Contract Work Hours Standards
18 Act;

19 “(5) the following provisions of title 41—

20 sections 35-45, the Walsh-Healey Act;

21 chapter 6, the Service Contract Act of 1965;

22 and

23 “(6) sections 2000d, 2000d-1—2000d-4 of title 42
24 (title VI, the Civil Rights Act of 1964).

1 **“§ 210. Annual reports**

2 “The Board shall render an annual report to the Presi-
3 dent and the Congress concerning the operations of the
4 Postal Service under this title.

5 **“§ 211. Reservation of powers**

6 “Congress reserves the power to alter, amend or repeal
7 any or all of the sections of this title, but no such alteration,
8 amendment or repeal shall operate to impair the obligation
9 of any contract made by the Postal Service under any power
10 conferred by this title.

11 **“Chapter 4.—SERVICES**

“Sec.

“401. General duties.

“402. Specific powers.

“403. Service classifications and mailable matter.

“404. Postal services at Armed Forces installations.

“405. International postal arrangements.

12 **“§ 401. General duties**

13 “(a) The Postal Service shall plan, develop, promote,
14 and provide adequate and efficient postal service at fair and
15 reasonable rates and fees. Except as provided in the Canal
16 Zone Code, the Postal Service shall receive, transmit, and
17 deliver throughout the United States, its territories and pos-
18 sessions, and, pursuant to arrangements entered into under
19 sections 207 and 404 of this title, throughout the world,
20 written and printed matter, parcels, and like materials and
21 provide such other services incidental thereto as it finds
22 appropriate to its functions and in the public interest. It shall

1 serve as nearly as practicable the entire population of the
2 United States.

3 “(b) It shall be the objective of the Postal Service—

4 “(1) to maintain an efficient system of collection,
5 sorting, and delivery of the mail nationwide;

6 “(2) to provide types of mail services to meet the
7 needs of different categories of mail and mail users; and

8 “(3) to establish and maintain postal facilities of
9 such character and in such locations that postal patrons
10 throughout the Nation will, consistent with reasonable
11 economies of postal operations, have ready access to
12 essential postal services.

13 “(c) In providing services and in establishing classi-
14 fications, rates, and fees pursuant to this title, the Postal
15 Service shall not, except as specifically authorized in this
16 title, make any undue or unreasonable discrimination among
17 users of the mails, nor shall it grant any undue or unreason-
18 able preferences to any such user.

19 **“§ 402. Specific powers**

20 “In order to carry out the above duties the Postal Serv-
21 ice shall have the following specific powers:

22 “(1) to provide for the collection, handling, trans-
23 portation, delivery, forwarding, returning and holding of
24 mail, and for the disposition of undeliverable mail;

25 “(2) to prescribe in accordance with this title, the

1 amount of postage and the manner in which it is to be
2 paid;

3 “(3) to determine the need for post offices, postal
4 and training facilities and equipment, and to provide
5 such offices, facilities, and equipment as it determines are
6 needed;

7 “(4) to provide and sell postage stamps and other
8 stamped paper, cards and envelopes and to provide such
9 other evidences of payment of postage and fees as may be
10 necessary or desirable;

11 “(5) to provide philatelic services;

12 “(6) to provide, establish, change, or abolish spe-
13 cial, nonpostal, or similar services; and

14 “(7) to investigate postal offenses and civil and
15 administrative matters related to the Postal Service, and
16 to pay rewards in connection therewith.

17 **“§ 403. Service classifications and mailable matter**

18 “(a) Subject to chapter 12 of this title, the Postal
19 Service may establish classifications of service and promul-
20 gate reasonable rules and regulations concerning the prepara-
21 tion of matter for mailing and the mailing thereof. The Postal
22 Service shall not, except during emergencies, refuse to accept
23 for mailing any matter weighing less than forty pounds,
24 having a size less than eighty-four inches in girth and length
25 combined, unless it is nonmailable under the provisions of

1 chapter 6 of this title or other law; but it may levy a charge
2 therefor, established under the provisions of chapter 12 of
3 this title, which reflects the failure of the mailer to conform
4 to the regulations established under this title.

5 “(b) (1) Except as provided in paragraph (2) of this
6 subsection, the maximum weight of any parcel shall not ex-
7 ceed forty pounds, and the maximum size of any parcel
8 shall not exceed—

9 “(i) seventy-two inches in girth and length com-
10 bined on parcels mailed before July 1, 1970;

11 “(ii) seventy-eight inches in girth and length com-
12 bined on parcels mailed on or after July 1, 1970, but
13 before July 1, 1971; and

14 “(iii) eighty-four inches in girth and length com-
15 bined on parcels mailed on or after July 1, 1971.

16 “(2) The maximum size on parcels is one hundred
17 inches in girth and length combined, and the maximum
18 weight is seventy pounds for parcels—

19 “(i) mailed at, or addressed for delivery at, a sec-
20 ond-, third-, or fourth-class post office or on a rural or
21 star route;

22 “(ii) containing baby fowl, live plants, trees,
23 shrubs, or agricultural commodities but not the manu-
24 factured products of those commodities;

1 “(iii) not mailed at zone rates of postage other
2 than the zone rates which are applicable to correspond-
3 ence and similar matter;

4 “(iv) addressed to or mailed at any Armed Forces
5 post office outside the fifty States; and

6 “(v) addressed to or mailed in the Commonwealth
7 of Puerto Rico, the States of Alaska and Hawaii, or a
8 possession of the United States including the Canal Zone
9 and the Trust Territory of the Pacific Islands.

10 **“§ 404. Postal services at Armed Forces installations**

11 “(a) The Postal Service may establish branch post
12 offices at camps, posts, bases, or stations of the Armed Forces
13 and at defense or other strategic installations.

14 “(b) The Secretaries of Defense and Transportation
15 shall make arrangements with the Postal Service to perform
16 postal services through personnel designated by them at or
17 through branch post offices established under subsection (a)
18 of this section.

19 **“§ 405. International postal arrangements**

20 “(a) For the purpose of making better postal arrange-
21 ments with other countries, the Postal Service, by and with
22 the advice and consent of the President, may negotiate and
23 conclude postal treaties or conventions, and may reduce or
24 increase the rates of postage or other charges on mail matter

1 conveyed between the United States and other countries.
 2 The decisions of the Board of Directors construing or inter-
 3 preting the provisions of any treaty or convention which has
 4 been or may be negotiated and concluded shall, if approved
 5 by the President, be final and conclusive upon all officers
 6 of the United States.

7 “(b) The Postal Service may make arrangements with
 8 other governments for the exchange of sums of money by
 9 means of postal orders. The Board of Directors shall fix
 10 limitations on the amount which may be so exchanged and
 11 the rates of exchange.

12

“Chapter 6.—MAIL MATTER

“NONMAILABLE MATTER

“Sec.

“601. Nonmailable matter.

“602. Nonmailable motor vehicle master keys.

“603. Mail bearing a fictitious name or address.

“604. Delivery of mail to persons not residents of the place of address.

“605. False representations; lotteries.

“606. ‘Unlawful’ matter.

“607. Detention of mail for temporary periods.

“608. Prohibition of pandering advertisements in the mails.

“PENALTY AND FRANKED MAIL

“651. Definitions.

“652. Penalty mail.

“653. Endorsements on penalty covers.

“654. Restrictions on use of penalty mail.

“655. Accounting for penalty covers.

“656. Reimbursement for penalty mail service.

“657. Limit of weight of penalty mail; postage on overweight matter.

“658. Shipment by most economical means.

“659. Executive departments to supply information.

“660. Official correspondence of Vice President and Members of Congress.

“661. Public documents.

“662. Congressional Record under frank of Members of Congress.

“663. Seeds and reports from Department of Agriculture.

“664. Mailing privilege of former Presidents.

"PENALTY AND FRANKED MAIL. Continued

"Sec.

"665. Landing or permitting use of frank unlawful.

"666. Reimbursement for franked mailings.

"667. Correspondence of members of diplomatic corps and consuls of countries of Postal Union of Americas and Spain.

"668. Mailing privilege of members of United States Armed Forces and of friendly foreign nations.

"669. Mailing privilege of members of United States Armed Forces and of friendly foreign nations in the Canal Zone.

"670. Franked mail for surviving spouses of Members of Congress.

"671. Armed Forces mailing privileges.

NONMAILABLE MATTER

1

2 **"§ 601. Nonmailable matter**

3 " (a) Matter, the deposit of which in the mails is
 4 punishable under sections 1302, 1341, 1342, 1461, 1463,
 5 1714, 1715, 1716, 1717, or 1718 of title 18, is non-
 6 mailable.

7 " (b) Nonmailable matter which reaches the office
 8 of delivery, or which may be seized or detained for vio-
 9 lation of law, shall be disposed of as the Postal Service
 10 directs.

11 " (c) Matter otherwise legally acceptable in the mails
 12 which—

13 " (1) is in the form of, and reasonably could be
 14 interpreted or construed as, a bill, invoice, or statement
 15 of account due; but

16 " (2) constitutes, in fact, a solicitation for the order
 17 by the addressee of goods or services, or both;
 18 is nonmailable matter, shall not be carried, or delivered
 19 by mail, and shall be disposed of as the Postal Service di-

1 reets, unless such matter bears on its face, in conspicuous
2 and legible type in contrast by typography, layout, or color
3 with other printing on its face, in accordance with regu-
4 lations which the Postal Service shall prescribe—

5 “ (A) the following notice: ‘This is a solicitation
6 for the order of goods and or services and not a bill,
7 invoice, or statement of account due. You are under
8 no obligation to make any payments on account of this
9 offer unless you accept this offer’; or

10 “ (B) in lieu thereof, a notice to the same effect in
11 words which the Postal Service may prescribe.

12 “ (d) Any matter is nonmailable which exceeds the pre-
13 scribed size and weight limits or is of a character perish-
14 able within the period required for transportation and
15 delivery.

16 **“§ 602. Nonmailable motor vehicle master keys**

17 “ (a) Except as provided in subsection (b) of this
18 section, any motor vehicle master key, any pattern, impres-
19 sion, or mold from which a motor vehicle master key may be
20 made, and any advertisement for the sale of any such key,
21 pattern, impression, or mold, is nonmailable matter, shall
22 not be carried or delivered by mail, and shall be disposed of
23 as the Postal Service directs.

24 “ (b) The Postal Service is authorized to make such

1 exemptions from the provisions of subsection (a) of this
2 section as it deems necessary.

3 “(c) For the purposes of this section, ‘motor vehicle
4 master keys’ means any key (other than the key fur-
5 nished by the manufacturer with the motor vehicle, or the
6 key furnished with a replacement lock, or an exact duplicate
7 of such keys) designed to operate two or more motor
8 vehicle ignition, door, or trunk locks of different combina-
9 tions.

10 **“§ 603. Mail bearing a fictitious name or address**

11 “(a) Upon evidence satisfactory to the Postal Service
12 that any person is using a fictitious, false, or assumed name,
13 title, or address in conducting, promoting, or carrying on or
14 assisting therein, by means of the postal service of the
15 United States, an activity in violation of section 1302, 1341,
16 or 1342 of title 18, the Postal Service may—

17 “(1) withhold mail so addressed from delivery; and

18 “(2) require the party claiming the mail to furnish
19 proof to it of the claimant’s identity and right to receive
20 the mail.

21 “(b) The Postal Service may issue an order directing
22 that mail, covered by subsection (a), be forwarded to a dead
23 letter office as fictitious matter, or be returned to the sender
24 when the—

1 “(1) party claiming the mails fails to furnish proof
2 of his identity and right to receive the mail; or

3 “(2) the Postal Service is satisfied that the mail is
4 addressed to a fictitious, false or assumed name, title or
5 address.

6 **“§ 604. Delivery of mail to persons not residents of the**
7 **place of address**

8 “Whenever the Postal Service is satisfied that letters
9 or parcels sent in the mail are addressed to places not the
10 residence or regular business address of the person for whom
11 they are intended, to enable the person to escape identifica-
12 tion, it may deliver the mail only upon identification of the
13 persons so addressed.

14 **“§ 605. False representations; lotteries**

15 “(a) Upon evidence satisfactory to the Postal Service
16 that any person is engaged in conducting a scheme or device
17 for obtaining money or property through the mail by means
18 of false representations, or is engaged in conducting a lottery,
19 gift enterprise, or scheme for the distribution of money or
20 of real or personal property, by lottery, chance, or drawing
21 of any kind, the Postal Service may issue an order which—

22 “(1) directs any postmaster at an office at which
23 registered or certified letters or other letters or mail
24 arrive, addressed to such a person or to his representa-

1 tive, to return such letters or mail to the sender ap-
2 propriately marked as in violation of this section, if
3 such person, or his representative, is first notified and
4 given reasonable opportunity to be present at the receiv-
5 ing post office to survey such letters or mail before the
6 postmaster returns such letters or mail to the sender;
7 and

8 “(2) forbids the payment by a postmaster to such
9 a person or his representative of any money order
10 drawn to the order of either and provide for the return
11 to the remitters of the sum named in the money order.

12 “(b) The public advertisement by a person engaged
13 in activities covered by subsection (a) of this section, that
14 remittances may be made by mail to a person named in the
15 advertisement, is prima facie evidence that the latter is the
16 agent or representative of the advertiser for the receipt of
17 remittances on behalf of the advertiser. The Postal Service
18 is not precluded from ascertaining the existence of the agency
19 in any other legal way satisfactory to it.

20 “(c) As used in this section and section 606 of this title
21 the term “representative” includes an agent or representa-
22 tive acting as an individual or as a firm, bank, corporation,
23 or association of any kind.

24 “§ 606. ‘Unlawful’ matter

25 “Upon evidence satisfactory to the Postal Service that

1 a person is obtaining or attempting to obtain remittances of
2 money or property of any kind through the mail for an
3 obscene, lewd, lascivious, indecent, filthy, or vile article,
4 matter, thing, device, or substance, or is depositing or causing
5 to be deposited in the United States mail information as to
6 where, how, or from whom the same may be obtained, the
7 Postal Service may—

8 “ (1) direct postmasters at the office at which regis-
9 tered letters or other letters or mail arrive, addressed to
10 such a person or to his representative, to return the
11 registered letters or other letters or mail to the sender
12 marked ‘Unlawful’; and

13 “ (2) forbid the payment by a postmaster to such a
14 person or his representative of any money order drawn
15 to the order of either and provide for the return to the
16 remitters of the sums named in the money orders.

17 **“§ 607. Detention of mail for temporary periods**

18 “ (a) In preparation for or during the pendency of pro-
19 ceedings under sections 605 and 606 of this title, the United
20 States district court in the district in which the defendant
21 receives his mail shall, upon application therefor by the
22 Postal Service and upon a showing of probable cause to
23 believe the statute is being violated, enter a temporary
24 restraining order and preliminary injunction pursuant to rule
25 65 of the Federal Rules of Civil Procedure directing the

1 detention of the defendant's incoming mail by the postmaster
2 pending the conclusion of the statutory proceedings and any
3 appeal therefrom. The district court may provide that the
4 detained mail be open to examination by the defendant
5 and such mail delivered as is clearly not connected with the
6 alleged unlawful activity. An action taken by a court under
7 this section does not affect or determine any fact at issue in
8 the statutory proceedings.

9 " (b) This section does not apply to mail addressed to
10 publishers of publications entered as second class matter, or
11 to mail addressed to the agents of those publishers.

12 **"§ 608. Prohibition of pandering advertisements in the**
13 **mails**

14 " (a) Whoever for himself, or by his agents or assigns,
15 mails or causes to be mailed any pandering advertisement
16 which offers for sale matter which the addressee in his sole
17 discretion believes to be erotically arousing or sexually pro-
18 vocative shall be subject to an order of the Postal Service to
19 refrain from further mailings of such materials to designated
20 addressees thereof.

21 " (b) Upon receipt of notice from an addressee that he
22 has received such mail matter, determined by the addressee
23 in his sole discretion to be of the character described in sub-
24 section (a) of this section, the Postal Service shall issue an
25 order, if requested by the addressee, to the sender thereof.

1 directing the sender and his agents or assigns to refrain from
2 further mailings to the named addressees.

3 “(c) The order of the Postal Service shall expressly
4 prohibit the sender and his agents or assigns from making
5 any further mailings to the designated addressees, effective
6 on the thirtieth calendar day after receipt of the order. The
7 order of the Postal Service shall also direct the sender and
8 his agents or assigns to delete immediately the names of the
9 designated addressees from all mailing lists owned or con-
10 trolled by the sender or his agents or assigns and, further,
11 shall prohibit the sender and his agents or assigns from the
12 sale, rental, exchange, or other transaction involving mailing
13 lists bearing the names of the designated addressees.

14 “(d) Whenever the Postal Service believes that the
15 sender or anyone acting on his behalf has violated or is
16 violating the order given under this section, it shall serve
17 upon the sender, by registered or certified mail, a complaint
18 stating the reasons for its belief and request that any response
19 thereto be filed in writing with the Postal Service within
20 fifteen days after the date of such service. If the Postal Serv-
21 ice after appropriate hearing if requested by the sender, and
22 without a hearing if such a hearing is not requested, there-
23 after determines that the order given has been or is being
24 violated, it is authorized to request the Attorney General to
25 make application, and the Attorney General is authorized to

1 make application, to a district court of the United States for
2 an order directing compliance with such notice.

3 “(e) Any district court of the United States within the
4 jurisdiction of which any mail matter shall have been sent
5 or received in violation of the order provided for by this
6 section shall have jurisdiction, upon application by the At-
7 torney General, to issue an order commanding compliance
8 with such notice. Failure to observe such order may be
9 punished by the court as contempt thereof.

10 “(f) Receipt of mail matter thirty days or more after
11 the effective date of the order provided for by this section
12 shall create a rebuttable presumption that such mail was sent
13 after such effective date.

14 “(g) Upon request of any addressee, the order of the
15 Postal Service shall include the names of any of his minor
16 children who have not attained their nineteenth birthday, and
17 who reside with the addressee.

18 “(h) The provisions of subchapter II of chapter 5 (re-
19 lating to administrative procedure) and chapter 7 (relating
20 to judicial review) of title 5, United States Code, shall not
21 apply to any provisions of this section.

22 “(i) For the purposes of this section—

23 “(1) mail matter, directed to a specific address cov-
24 ered in the order of the Postal Service, without designa-
25 tion of a specific addressee thereon, shall be considered

1 as addressed to the person named in the Postal Service's
2 order; and

3 “(2) the term ‘children’ includes natural children,
4 stepchildren, adopted children, and children who are
5 wards of or in custody of the addressee or who are living
6 with such addressee in a regular parent-child relation-
7 ship.

8 “PENALTY AND FRANKED MAIL

9 “§ 651. Definitions

10 “As used in this chapter—

11 “‘Penalty mail’ means official mail, other than
12 franked mail, which is authorized by law to be trans-
13 mitted in the mail without prepayment of postage.

14 “‘Penalty cover’ means envelopes, wrappers, la-
15 bels, or cards used to transmit penalty mail.

16 “‘Frank’ means the autographic or facsimile signa-
17 ture of persons authorized by sections 660–666 and
18 670 of this title to transmit matter through the mail
19 without prepayment of postage or other indicia con-
20 templated by sections 733 and 907 of title 44.

21 “‘Franked mail’ means mail which is transmitted
22 in the mail under a frank.

23 “‘Members of Congress’ includes Senators, Repre-
24 sentatives, Delegates, and Resident Commissioners.

1 **“§ 652. Penalty mail**

2 “(a) Subject to the limitations imposed by sections
3 654-657 of this title, there may be transmitted as penalty
4 mail—

5 “(1) official mail of—

6 “(A) officers of the United States Govern-
7 ment other than Members of Congress;

8 “(B) the Smithsonian Institution;

9 “(C) the Pan American Union;

10 “(D) the Pan American Sanitary Bureau;

11 “(E) the United States Employment Service
12 and the system of employment offices operated by
13 it in conformity with the provisions of sections 49-
14 49c, 49d, 49g-49k of title 29, and all State employ-
15 ment systems which receive funds appropriated
16 under authority of those sections; and

17 “(F) any college officer or other person con-
18 nected with the extension department of the college
19 as the Secretary of Agriculture may designate to
20 the Postal Service to the extent that the official
21 mail consists of correspondence, bulletins, and re-
22 ports for the furtherance of the purposes of sections
23 341-343, 344-348 of title 7;

24 “(2) mail relating to naturalization to be sent to
25 the Immigration and Naturalization Service by clerks

1 of courts addressed to the Department of Justice or the
2 Immigration and Naturalization Service, or any official
3 thereof;

4 “(3) mail relating to a collection of statistics, sur-
5 vey or census authorized by title 13 and addressed to
6 the Department of Commerce or a bureau or agency
7 thereof;

8 “(4) mail of State Agriculture Experiment Sta-
9 tions pursuant to sections 325 and 361f of title 7; and

10 “(5) articles for copyright deposited with post-
11 masters and addressed to the Register of Copyrights
12 pursuant to section 15 of title 17.

13 “(b) A department or officer authorized to use penalty
14 covers may enclose them with return address to any person
15 from or through whom official information is desired. The
16 penalty cover may be used only to transmit the official
17 information and endorsements relating thereto.

18 “(c) This section does not apply to officers who receive
19 a fixed allowance as compensation for their services, includ-
20 ing expenses of postage.

21 **“§ 653. Endorsements on penalty covers**

22 “(a) Except as otherwise provided in this section,
23 penalty covers shall bear, over the words ‘Official Business’
24 an endorsement showing the name of the department, bureau,
25 or office from which, or officer from whom, it is transmitted.

1 The penalty for the unlawful use of all penalty covers shall
2 be printed thereon.

3 “(b) The Postal Service shall prescribe the endorse-
4 ment to be placed on covers mailed under paragraphs
5 (1) (E), (2), and (3) of section 652 (a) of this title.

6 **“§ 654. Restrictions on use of penalty mail**

7 “(a) Except as otherwise provided in this section, an
8 officer, executive department or independent establishment
9 of the Government of the United States may not mail, as
10 penalty mail, any article or document unless—

11 “(1) a request therefore has been previously re-
12 ceived by the department or establishment; or

13 “(2) its mailing is required by law.

14 “(b) Subsection (a) does not prohibit the mailing, as
15 penalty mail, by an officer, executive department, or inde-
16 pendent agency of—

17 “(1) enclosures reasonably related to the subject
18 matter of official correspondence;

19 “(2) informational releases relating to the census of
20 the United States and authorized by title 13;

21 “(3) matter concerning the sale of Government
22 securities;

23 “(4) forms, blanks, and copies of statutes, rules,
24 regulations, instructions, administrative orders, and in-

1 terpretations necessary in the administration of the de-
2 partment or establishment;

3 “(5) agricultural bulletins;

4 “(6) lists of public documents offered for sale by
5 the Superintendent of Documents;

6 “(7) announcements of the publication of maps,
7 atlases, and statistical and other reports offered for sale
8 by the Federal Power Commission as authorized by sec-
9 tion 825k of title 16; or

10 “(8) articles or documents to educational institu-
11 tions or public libraries, or to Federal, State, or other
12 public authorities.

13 **“§ 655. Accounting for penalty covers**

14 “Executive departments and agencies, independent es-
15 tablishments of the Government, and organizations and per-
16 sons authorized by law to use penalty mail, shall account for
17 all penalty covers through the Postal Service as it prescribes.

18 **“§ 656. Reimbursement for penalty mail service**

19 “(a) Except as provided in subsections (b) and (c) of
20 this section, executive departments and agencies, independ-
21 ent establishments of the Government and Government cor-
22 porations concerned shall transfer to the Postal Service as
23 postal revenue out of any appropriations or funds available

1 to them as a necessary expense of the appropriations or funds
2 and of the activities concerned, the equivalent amount of
3 postage due, as determined by the Postal Service for matter
4 sent in the mails by or to them as penalty mail under author-
5 ity of section 652 of this title.

6 “(b) The Department of Agriculture shall transfer to
7 the Postal Service as postal revenues out of any appropriation
8 made to it for that purpose the equivalent amount of postage,
9 as determined by the Postal Service for penalty mailings
10 under paragraphs (1) (F) and (4) of subsection (a) of
11 section 652 of this title.

12 “(c) The Library of Congress shall transfer to the Postal
13 Service as postal revenues out of any appropriations made to
14 it for that purpose the equivalent amount of postage, as de-
15 termined by the Postal Service for penalty mailings under
16 paragraph (5) of subsection (a) of section 652 of this title.

17 **“§ 657. Limit of weight of penalty mail; postage on over-
18 weight matter**

19 “(a) Penalty mail is restricted to articles not in excess
20 of the weight and size prescribed for letter mail except—

21 “(1) stamped paper and supplies sold or used by
22 the Postal Service; and

23 “(2) books and documents published or circulated

1 by order of Congress when mailed by the Superintendent
2 of Public Documents.

3 “(b) A penalty mail article which is—

4 “(1) over four pounds in weight.

5 “(2) not in excess of the weight and size prescribed
6 for parcels, and

7 “(3) otherwise mailable.

8 is mailable at parcel rates even though it may include writ-
9 ten matter and may be sealed. The postage on such an article
10 is payable in the manner prescribed by the Postal Service.

11 **“§ 658. Shipment by most economical means**

12 “Shipments of official matter other than franked mail
13 shall be sent by the most economical means of transportation
14 practicable. The Postal Service may refuse to accept official
15 matter for shipment by mail when in its judgment it may be
16 shipped by other means at less expense, or the Postal Service
17 may provide for its transportation by freight or express,
18 whenever a saving to the Government will result therefrom
19 without detriment to the public service.

20 **“§ 659. Executive departments to supply information**

21 “Persons and governmental organizations authorized to
22 use penalty mail shall supply all information requested by the
23 Postal Service necessary to carry out the provisions of sec-

1 tions 651-658 of this title as soon as practicable after request
2 therefor.

3 **“§ 660. Official correspondence of Vice President and**
4 **Members of Congress**

5 “The Vice President, Members and Members-elect of
6 Congress, the Secretary of the Senate, and the Sergeant at
7 Arms of the Senate until the thirtieth day of June following
8 the expiration of their respective terms of office, may send as
9 franked mail—

10 “(1) matter, not exceeding four pounds in weight,
11 upon official or departmental business, to a Government
12 official; and

13 “(2) correspondence, not exceeding four ounces in
14 weight, upon official business to any person.

15 In the event of a vacancy in the office of the Secretary of the
16 Senate or Sergeant at Arms of the Senate, any authorized
17 person may exercise this privilege in the officer's name dur-
18 ing the period of the vacancy.

19 **“§ 661. Public documents**

20 “The Vice President, Members of Congress, the Secre-
21 tary of the Senate, Sergeant at Arms of the Senate, and the
22 Clerk of the House of Representatives, until the thirtieth
23 day of June following the expiration of their respective terms
24 of office, may send and receive as franked mail all public
25 documents printed by order of Congress.

1 **“§ 662. Congressional Record under frank of Members of**
2 **Congress**

3 “Members of Congress may send as franked mail the
4 Congressional Record, or any part thereof, or speeches or
5 reports therein contained.

6 **“§ 663. Seeds and reports from Department of Agriculture**

7 “Seeds and agricultural reports emanating from the De-
8 partment of Agriculture may be mailed—

9 “(1) as penalty mail by the Secretary of Agricul-
10 ture; and

11 “(2) until the thirtieth day of June following the
12 expiration of their terms of office as franked mail by
13 Members of Congress.

14 **“§ 664. Mailing privilege of former Presidents**

15 “A former President may send all his mail within the
16 United States and its territories and possessions as franked
17 mail.

18 **“§ 665. Lending or permitting use of frank unlawful**

19 “A person entitled to use a frank may not lend it or per-
20 mit its use by any committee, organization, or association, or
21 permit its use by any person for the benefit or use of any
22 committee, organization, or association. This section does not
23 apply to any committee composed of Members of Congress.

24 **“§ 666. Reimbursement for franked mailings**

25 “(a) The postage on mail matter sent and received

1 through the mails under the franking privilege by the Vice
2 President, Members, and Members-elect of Congress, the
3 Secretary of the Senate, Sergeant at Arms of the Senate, and
4 the Clerk of the House of Representatives, including registry
5 fees if registration is required and postage on correspondence
6 sent by the surviving spouse of a Member under section 670
7 of this title, shall be paid by a lump sum appropriation to the
8 legislative branch for that purpose, and credited to the postal
9 service as postal revenue.

10 “(b) The postage on mail matter sent through the
11 mails under the franking privilege by former Presidents shall
12 be paid by reimbursement of the postal revenues each fiscal
13 year out of the general funds of the Treasury in amount
14 equivalent to the postage which would otherwise be payable
15 on the mail matter.

16 **“§ 667. Correspondence of members of diplomatic corps
17 and consuls of countries of Postal Union of
18 Americas and Spain**

19 “Correspondence of the members of the diplomatic
20 corps of the countries of the Postal Union of the Americas
21 and Spain stationed in the United States may be reciprocally
22 transmitted in the domestic mails free of postage, and be
23 entitled to free registration without right to indemnity in
24 case of loss. The same privilege is accorded consuls and
25 vice consuls when they are discharging the function of

1 consuls of these countries stationed in the United States, or
2 official correspondence among themselves, and with the
3 Government of the United States.

4 **“§ 668. Mailing privilege of members of the United States**
5 **Armed Forces and of friendly foreign nations**

6 “(a) First-class letter mail, including postal cards and
7 post cards, and sound-recorded communications having the
8 character of personal correspondence shall be carried, at no
9 cost to the sender, in the manner provided by section 671
10 of this title, when mailed by—

11 “(1) a member of the Armed Forces of the United
12 States on active duty as defined in sections 101 (4) and
13 101 (22) of title 10, and addressed to a place within
14 the delivery limits of a United States post office, if—

15 “(A) the letter or sound-recorded communica-
16 tion is mailed by the member at an Armed Forces
17 post office established under section 404 (a) of this
18 title in an overseas area, as designated by the Presi-
19 dent, where the Armed Forces of the United States
20 are engaged in action against an enemy of the
21 United States, engaged in military operations in-
22 volving armed conflict with a hostile foreign force,
23 or serving with a friendly foreign force in an armed
24 conflict in which the United States is not belliger-
25 ent; or

1 “(B) the member is hospitalized in a facility
2 under the jurisdiction of the Armed Forces of the
3 United States as a result of disease or injury in-
4 curred as a result of service in an overseas area
5 designated by the President under clause (A) ; or

6 “(2) a member of an armed force of a friendly
7 foreign nation at an Armed Forces post office and ad-
8 dressed to a place within the delivery limits of a United
9 States post office, or a post office of the nation in whose
10 armed forces the sender is a member, if—

11 “(A) the member is accorded free mailing
12 privileges by his own government;

13 “(B) the foreign nation extends similar free
14 mailing privileges to a member of the Armed Forces
15 of the United States serving with, or in, a unit
16 under the control of a command of that foreign
17 nation;

18 “(C) the member is serving with, or in, a unit
19 under the operational control of a command of the
20 Armed Forces of the United States;

21 “(D) The letter or sound-recorded communica-
22 tion is mailed by the member—

23 “(i) at an Armed Forces post office estab-
24 lished under section 404 (a) of this title in an
25 overseas area, as designated by the President,

1 where the Armed Forces of the United States
2 are engaged in action against an enemy of the
3 United States, engaged in military operations
4 involving armed conflict with a hostile foreign
5 force, or serving with a friendly foreign force
6 in an armed conflict in which the United States
7 is not a belligerent; or

8 “(ii) while hospitalized in a facility under
9 the jurisdiction of the Armed Forces of the
10 United States as a result of disease or injury
11 incurred as a result of services in an overseas
12 area designated by the President under clause
13 (D) (i); and

14 “(E) the nation in whose armed forces the
15 sender is a member has agreed to assume all inter-
16 national postal transportation charges incurred.

17 “(b) The Department of Defense shall transfer to the
18 Postal Service as postal revenue, out of any appropriations or
19 funds available to the Department of Defense, as a necessary
20 expense of the appropriations or funds and of the activities
21 concerned, the equivalent amount of postage due, as deter-
22 mined by the Board for matter sent in the mails under
23 authority of subsection (a) of this section.

24 “(c) Subsections (a) and (b) of this section shall be
25 administered under such conditions, and under such regula-

1 tions, as the Postal Service and the Secretary of Defense
2 jointly may prescribe.

3 **“§ 669. Mailing privileges of members of United States**
4 **Armed Forces and of friendly foreign nations in**
5 **the Canal Zone**

6 “(a) For the purposes of section 668, 671, and 1201
7 (c) of this title, each post office in the Canal Zone postal
8 service, to the extent that it provides mail service for mem-
9 bers of the United States Armed Forces and of friendly for-
10 eign nations, shall be considered to be an Armed Forces post
11 office established under section 404 (a) of this title.

12 “(b) The Department of Defense shall reimburse the
13 postal service of the Canal Zone, out of any appropriations
14 or funds available to the Department of Defense, as a neces-
15 sary expense of the appropriations or funds and of the
16 activities concerned, the equivalent amount of postage due,
17 and sums equal to the expenses incurred by, the postal
18 service of the Canal Zone, as determined by the Governor
19 of the Canal Zone, for matter sent in the mails, and in pro-
20 viding air transportation of mail, under such sections.

21 **“§ 670. Franked mail for surviving spouses of Members of**
22 **Congress**

23 “Upon the death of a Member of Congress during his
24 term of office, the surviving spouse of such Member may
25 send, for a period not to exceed one hundred and eighty

1 days after his death, as franked mail, correspondence re-
2 lating to the death of the Member.

3 **“§ 671. Armed Forces mailing privileges**

4 “(a) There shall be transported by air, between Armed
5 Forces post offices established under section 404 (a) of
6 this title which are located outside the forty-eight contiguous
7 States of the United States, or between any such Armed
8 Forces post office and the point of embarkation or debar-
9 kation within the fifty States of the United States, the terri-
10 tories and possessions of the United States in the Pacific
11 area, the Commonwealth of Puerto Rico, the Virgin Is-
12 lands, or the Canal Zone, on a space-available basis, on
13 scheduled United States air carriers at rates fixed and de-
14 termined by the Civil Aeronautics Board in accordance with
15 section 1376 of title 49 and as otherwise provided in this
16 title, the following categories of mail matter:

17 “(1) (A) first-class letter mail (including postal
18 cards and post cards),

19 “(B) sound-recorded communications having the
20 character of personal correspondence, and

21 “(C) parcels of any class of mail not exceeding
22 five pounds in weight and sixty inches in length and
23 girth combined,

24 which are mailed at or addressed to any such Armed Forces
25 post office;

1 “(2) second-class publications published once each
2 week or more frequently and featuring principally cur-
3 rent news of interest to members of the Armed Forces
4 and the general public which are mailed at or addressed
5 to any such Armed Forces post office (A) in an overseas
6 area designated by the President under section 668 of
7 this title or (B) in an isolated, hardship or combat sup-
8 port area overseas, or where adequate surface transpor-
9 tation is not available; and

10 “(3) parcels of any class of mail exceeding five
11 pounds but not exceeding seventy pounds in weight and
12 not exceeding one hundred inches in length and girth
13 combined, including surface-type official mail, which are
14 mailed at or addressed to any such Armed Forces post
15 office where adequate surface transportation is not avail-
16 able.

17 Whenever adequate service by scheduled United States air
18 carriers is not available to provide transportation of mail mat-
19 ter by air in accordance with the foregoing provisions of this
20 paragraph, the transportation of such mail matter may be
21 authorized by aircraft other than scheduled United States air
22 carriers. This paragraph shall not affect the operation of
23 section 668 (a) of this title.

24 “(b) Subsection (a) of this section shall be adminis-

1 tered under such conditions and regulations as the Civil Aero-
2 nautics Board and the Secretary of Defense severally may
3 prescribe to carry out their respective functions thereunder.

4 “(e) The Department of Defense shall reimburse the
5 Postal Service out of any appropriations or funds available to
6 the Department of Defense, as a necessary expense of the
7 appropriations or funds and of the activities concerned, sums
8 equal to the expenses incurred by the Postal Service, as de-
9 termined by the Postal Service, in providing air transporta-
10 tion for mail mailed at or addressed to Armed Forces post
11 offices established under section 404 of this title, but reim-
12 bursement under this subsection shall not include the expense
13 of air transportation (1) for which the Postal Service collects
14 a special charge to the extent the special charge covers the
15 additional expense of air transportation; or (2) that is pro-
16 vided by the Postal Service at the same postage rate or
17 charge for mail which is neither mailed at nor addressed to
18 an Armed Forces post office.

19 **“Chapter 8.—PERSONNEL**

“Sec.

“801. Appointments and promotions.

“802. Oath of office.

“803. Employees of the Post Office Department.

“804. Retirement rights.

“805. Policy on compensation and benefits.

“806. Terms of employment.

“807. Applicability of Labor-Management Relations Act of 1947.

“808. Resolution of labor-management disputes.

“809. Postal Disputes Panel.

1 **“§ 801. Appointments and promotions**

2 “(a) The Postal Service may appoint and promote
3 such officers, attorneys, agents, and employees and vest them
4 with such powers and duties as it deems necessary. Except
5 as otherwise provided in this title, such appointments and
6 promotions shall be without regard to the provisions of the
7 civil service laws applicable to officers and employees of
8 the United States. The Postal Service shall establish pro-
9 cedures subject to sections 806–808 of this title, to assure
10 its employees of meaningful opportunities for promotion and
11 career development and to assure its employees of an oppor-
12 tunity to be heard before adverse actions are to be taken
13 against them. Pending the establishment of such procedures,
14 the provisions of chapter 75 of title 5 shall continue to apply
15 to employees of the Postal Service.

16 “(b) The Board of Directors may make long-term
17 employment contracts when necessary, but notwithstanding
18 any such contract the Board may at its discretion and at
19 any time remove any appointee of the Board. Removal,
20 however, shall be without prejudice to the contract rights
21 of the person removed.

22 “(c) In the selection, appointment, and promotion of
23 officers and employees of the Postal Service, no political test
24 or qualification shall be permitted or given consideration,

1 and all such personnel actions shall be taken on the basis
2 of merit and fitness. Any officer or employee of the Postal
3 Service who violates this section shall be removed from
4 office or otherwise disciplined in accordance with applicable
5 procedures of the Postal Service for disciplinary action.

6 “(d) Those provisions of title 5 which were formerly
7 known as the Veterans’ Preference Act shall apply to the
8 Postal Service. The provisions of section 459 of title 50,
9 appendix (concerning reemployment rights of former mili-
10 tary personnel), shall apply to the Postal Service in the
11 same manner and to the same extent as to private employers.
12 Without compromising its basic mission, the Postal Service
13 shall pursue an employment policy designed to extend op-
14 portunity to the disadvantaged and the handicapped.

15 “(e) Notwithstanding sections 5532, 5533, 5535, and
16 5536 of title 5, and any other provision of law, an officer,
17 agent, or employee of the United States Government, is eli-
18 gible to serve and receive the compensation both as such
19 officer, agent, or employee and as officer, agent, or employee
20 of the Postal Service other than as a member of the Board.

21 **“§ 802. Oath of office**

22 “Before entering upon their duties and before receiving
23 any salary, the members of the Board and all persons

1 employed in the Postal Service shall take and subscribe the
2 following oath or affirmation:

3 “ I, -----, do solemnly
4 swear (or affirm) that I will support and defend the
5 Constitution of the United States against all enemies,
6 foreign and domestic; that I will bear true faith and
7 allegiance to the same; that I take this obligation freely,
8 without any mental reservation or purpose of evasion;
9 and that I will well and faithfully discharge the duties of
10 the office on which I am about to enter.’

11 A person authorized to administer oaths by the laws of the
12 United States, including section 2903 of title 5, or of a State
13 or territory, or an officer, civil or military, holding a com-
14 mission under the United States may administer and certify
15 the oath or affirmation.

16 **“§ 803. Employees of the Post Office Department**

17 “(a) Employees of the Post Office Department on the
18 effective date of this section shall become employees of the
19 Postal Service under the terms of this title. The provisions
20 of this section shall be inapplicable to the Postmaster Gen-
21 eral, the Deputy Postmaster General, the Assistant Post-
22 masters General and the General Counsel of the Post Office
23 Department.

24 “(b) Sick and annual leave, and compensatory time of
25 such employees whether accrued prior to or after commence-

1 ment of operations of the Postal Service shall be obligations
2 of the Postal Service pursuant to the provisions of this
3 chapter.

4 “(c) Compensation, benefits, and other terms and con-
5 ditions of employment applicable to such employees immedi-
6 ately preceding their becoming employees of the Postal
7 Service whether provided by statute, or by rules and regula-
8 tions of the Post Office Department or the executive branch
9 of the Government will continue to apply to employees of
10 the Postal Service until changed by the Postal Service. How-
11 ever, any changes in compensation, benefits and other terms
12 and conditions of employment shall be subject to the terms
13 of sections 804-808 of this title. Subject to the provisions of
14 section 806 of this title, the provisions of subchapter 1 of
15 chapter 81, subchapter 1 of chapter 85, and chapters 87 and
16 89 of title 5, shall apply to employees of the Postal Service
17 unless varied, added to, or substituted for pursuant to this
18 subsection. No such variation, addition, or substitution shall
19 result in a program which, on the whole is less favorable
20 to the employees thereunder than the provisions of such
21 chapters.

22 “(d) Any employee of the United States Post Office
23 Department on the effective date of this section shall be for a
24 period of one year eligible to transfer, at the same or a higher

1 grade, to any position within the United States Government
2 which is open and for which such employee shall be qualified.
3 The Postal Service shall cooperate with the Civil Service
4 Commission in placing such employees.

5 **“§ 804. Retirement rights**

6 “Employees of the Postal Service shall be covered by
7 the civil service retirement program, pursuant to sections
8 8301-8348 of title 5. The Postal Service shall withhold from
9 pay the amount specified in the cited sections and shall pay
10 into said fund the amount specified therein. The Postal Serv-
11 ice upon request by the Civil Service Commission, but no
12 less frequently than annually, shall pay to the Civil Service
13 Commission the costs reasonably related to administration of
14 fund activities for Postal Service employees.

15 **“§ 805. Policy on compensation and benefits**

16 “It shall be the policy of the Postal Service to maintain
17 compensation and benefits for all employees on a standard
18 of comparability to the compensation and benefits paid for
19 comparable levels of work in the non-Federal sectors of the
20 economy.

21 **“§ 806. Terms of employment**

22 “(a) Compensation, benefits, and other terms and con-
23 ditions of employment shall be determined by the Board
24 of Directors, consistent with sections 807 and 808 of this
25 title and subject to collective-bargaining agreements in effect

1 on the date of commencement of operations of the Postal
2 Service, but no officer or employee shall be paid compensa-
3 tion at a rate in excess of the rate for Level I of the
4 Executive Schedule. Upon commencement of operations
5 such collective-bargaining agreements shall be deemed to
6 be agreements of the Postal Service and shall continue in
7 effect until modified by the parties or until they expire by
8 their own terms.

9 “(b) The Postal Service shall have the right con-
10 sistent with section 807 of this title and applicable laws,
11 regulations, and collective-bargaining agreements—

12 “(1) to direct employees of the Postal Service;

13 “(2) to hire, promote, transfer, assign and retain
14 employees in positions within the Postal Service, and
15 to suspend, demote, discharge, or take other disciplinary
16 action against employees;

17 “(3) to relieve employees from duties because of
18 lack of work or for other legitimate reasons;

19 “(4) to maintain the efficiency of the operations
20 entrusted to it;

21 “(5) to determine the methods, means, and per-
22 sonnel by which such operations are to be conducted;
23 and

24 “(6) to take whatever actions may be necessary to
25 carry out its mission in situations of emergency.

1 **“§ 807. Applicability of Labor-Management Relations Act**
2 **of 1947**

3 “Labor-management relations shall, to the extent not
4 inconsistent with provisions of this title, be subject to the
5 provisions of chapter 7 (the Labor-Management Relations
6 Act of 1947, as amended), and chapter 11 (the Labor-
7 Management Reporting and Disclosure Act of 1959) of
8 title 29.

9 **“§ 808. Resolution of labor-management disputes**

10 “(a) Collective-bargaining agreements between the
11 Postal Service and bargaining agents recognized pursuant
12 to section 807 of this chapter may include any procedures
13 for resolution by the parties of alleged violations of the
14 agreement; or the parties may adopt any such procedures
15 by mutual agreement in the event of a dispute.

16 “(b) The Postal Service and bargaining agents recog-
17 nized pursuant to section 807 of this chapter may by mutual
18 agreement adopt any procedures for the resolution of disputes
19 or impasses arising in the negotiation of a collective-bargain-
20 ing agreement. It is the intent of the Congress that the
21 parties adopt such procedures and not rely on the procedures
22 prescribed in subsections (c) through (e) of this section.

23 “(c) If the Postal Service and the bargaining agent do
24 not adopt procedures for the resolution of disputes or im-
25 passes arising in the negotiation of a collective bargaining

1 agreement, or if the procedures adopted do not result in the
2 resolution of a dispute or impasse, the entire matter shall,
3 upon demand of either party, be referred to the permanent
4 Postal Disputes Panel, established under section 809 of this
5 title. The Panel shall review the entire conduct of the nego-
6 tiations and shall determine whether to take action on any
7 or all of the issues or to refrain from action pending further
8 negotiation or other effort by the parties. Such action may
9 include, but need not be limited to:

10 (i) mediation of any or all of the issues in dispute
11 by the Disputes Panel or by a mediation panel designated
12 by such rules as the Disputes Panel shall adopt;

13 (ii) factfinding on any or all of the issues in dispute
14 by the Panel or by a factfinding panel designated by
15 such rules as the Disputes Panel shall adopt; and

16 (iii) recommendations on any or all of the issues in
17 dispute by the Disputes Panel or by a panel designated
18 by such rules as the Disputes Panel shall adopt.

19 “(d) In the event the parties continue to be unable
20 to reach agreement, the Panel shall notify the parties whether
21 it will take jurisdiction over any or all of the issues in
22 dispute. Failure of the Panel to take jurisdiction over items
23 in dispute will mean that the status quo surrounding those
24 particular issues shall be maintained. Status quo shall mean
25 a continuation of the relevant practice in effect prior to

1 the commencement of negotiations. If the Panel takes juris-
2 diction over specific issues involved in the negotiations it
3 may recommend to the parties ways and means by which the
4 parties may seek agreement; and, if the parties fail to reach
5 agreement, the Panel may relinquish jurisdiction over any
6 or all such issues, or refer any and all such issues to final
7 and binding arbitration by an impartial board of arbitration.

8 “(e) If the Panel decides to submit issues to final and
9 binding arbitration, it shall:

10 (i) determine whether items shall be arbitrated
11 separately, as a total package, or by a combination of
12 issues; and

13 (ii) frame the language of the issue or issues to be
14 arbitrated.

15 “(f) If the Panel decides upon arbitration, an arbitration
16 board shall be established consisting of three members, not
17 members of the Panel, one of whom shall be selected by the
18 Postal Service, one by the bargaining agent of the employ-
19 ees, and the third by the two thus selected. If the members
20 chosen by the parties fail to name a third member within five
21 days after their first meeting, the third member shall be
22 named by the Federal Mediation and Conciliation Director.
23 The arbitration board shall give the parties a full and fair
24 hearing, including an opportunity to present evidence in sup-
25 port of their claims, and an opportunity to present their case

1 in person, by counsel or by other representative as they may
2 elect. Decisions of the arbitration board shall be conclusive
3 and binding upon the parties.

4 **“§ 809. Postal disputes panel**

5 “(a) There is established a panel to be known as the
6 ‘Postal Disputes Panel,’ to be composed of nine members,
7 of whom three shall be named by the Federal Mediation and
8 Conciliation Director, three shall be named by the American
9 Arbitration Association, and three shall be named by the
10 members so selected.

11 “(b) The members of the Panel shall serve for terms
12 of six years except that—

13 “(1) The terms of the members first taking office
14 shall expire, one each from each group named in sub-
15 section (a) hereof, as follows: three at the end of two
16 years, three at the end of four years, and three at the
17 end of six years, following the appointment of the first
18 of them. The terms of the initial Panel members here-
19 under shall be determined by the designating individual
20 or individuals at the time of selection of such panel
21 members.

22 “(2) Any such member appointed to fill a vacancy
23 before the expiration of the term for which his pred-
24 ecessor was appointed shall serve for the remainder of
25 such term:

1 “(c) The Panel shall organize and select its own
2 Chairman and make all necessary rules consistent with this
3 title for conducting its functions. Members of the Panel other
4 than the Chairman may serve full or part-time, as the rules
5 of the Panel may specify. No member of the Panel may hold
6 employment which would affect or appear to affect his im-
7 partiality in the discharge of his duties.

8 “(d) The members of the Panel shall be paid salaries at
9 the rate provided for level V of the Executive Schedule,
10 except that the Chairman of the Panel shall be paid an addi-
11 tional \$500 annually. Members who serve on a part-time
12 basis shall receive compensation as herein defined, calculated
13 on a daily basis in accordance with section 5504 (b) of
14 title 5.

15 “(e) In exercising its functions under section 808 of
16 this chapter, the Panel shall designate from among its mem-
17 bers a three-member panel to act with respect to each dispute
18 referred to the Panel, chosen in such manner as to preclude
19 advance knowledge of its membership by either the Postal
20 Service or the bargaining agent. Each such three-member
21 panel shall act in the name of the Postal Disputes Panel.

22 “(f) The Postal Disputes Panel may—

23 “(1) subject to the civil service laws, appoint such
24 experts and assistants to act in a confidential capacity

1 and such other officers and employees as are essential to
2 the effective transaction of its work:

3 “(2) in accordance with chapter 51 of title 5, fix
4 the salaries of such experts, assistants, officers, and em-
5 ployees; and

6 “(3) make such expenditures (including expendi-
7 tures for rent and personal services, for law books,
8 periodicals, and books of reference, and for printing and
9 binding; and including expenditures for salaries and
10 compensation, necessary traveling expenses and ex-
11 penses actually incurred for subsistence, and other neces-
12 sary expenses of the Postal Disputes Panel, and other
13 panels and boards of arbitration established in accord-
14 ance with section 809 of this chapter) as may be neces-
15 sary for the execution of the functions vested in the
16 Postal Disputes Panel.

17 “(g) The Postal Disputes Panel, or any member
18 thereof, shall have the power to require the attendance of
19 witnesses and the production of such books, papers, con-
20 tracts, agreements, and documents as may be deemed by
21 the Panel or such member material to the discharge of its
22 duties, and may for that purpose request the clerk of the
23 district court of the United States for the district wherein
24 proceedings before the Panel are being conducted to issue

1 the necessary subpoenas, and upon such request the said
 2 clerk or his duly authorized deputy shall be, and he is,
 3 authorized, and it shall be his duty, to issue such subpoenas.
 4 In the event of the failure of any person to comply with
 5 any such subpoena, or in the event of the contumacy of any
 6 witness appearing before the Panel or any of its members,
 7 the Panel may invoke the aid of the United States courts
 8 to compel witnesses to attend and testify and produce such
 9 books, papers, contracts, agreements, and documents.

10 “(h) All expenditures of the Postal Disputes Panel
 11 and all salaries of the Panel members shall be paid by the
 12 Postal Service.

13 **“Chapter 10.—FINANCE**

“Sec.

“1001. Definitions.

“1002. Capital of the Postal Service.

“1003. The Postal Service Fund.

“1004. Transitional appropriations.

“1005. Obligations.

“1006. The Treasury and the Postal Service's obligations.

“1007. Public debt character of Postal Service's obligations.

“1008. Audit.

14 **“§ 1001. Definitions**

15 “As used in this chapter—

16 “‘Fund’ means the Postal Service Fund established
 17 by section 1003 of this chapter.

18 “‘Obligations’ when referring to debt instruments
 19 issued by the Postal Service means notes, bonds, deben-
 20 tures, mortgages and any other evidence of indebtedness.

1 **“§ 1002. Capital of the Postal Service**

2 “(a) The initial capital of the Postal Service shall con-
3 sist of equity of the United States in the present Post Office
4 Department as reflected in the President’s budget. The value
5 of assets and the amount of liabilities transferred to the Postal
6 Service upon the commencement of operations of the Postal
7 Service shall be determined by the Board subject to the ap-
8 proval of the Comptroller General, in accordance with the
9 following guidelines:

10 “(1) Assets shall be valued on the basis of original
11 cost, less depreciation, to the extent that this can be de-
12 termined. The value recorded on the Post Office Depart-
13 ment’s books of account shall be prima facie evidence of
14 asset value.

15 “(2) All liabilities attributable to operations of the
16 Post Office Department shall remain liabilities of the
17 United States, except that upon commencement of opera-
18 tions of the Postal Service, the unexpended balances of
19 appropriations made to, held or used by, or available to
20 the Post Office Department and all liabilities chargeable
21 thereto shall become assets and liabilities, respectively,
22 of the Postal Service.

23 “(b) The capital of the Postal Service at any time
24 shall consist of its assets, including the balance in the Fund,
25 less its liabilities.

1 “(c) The Postal Service, and the Administrator of
2 General Services where properties under the jurisdiction
3 of the Administration are involved, with the approval of
4 the Director of the Bureau of the Budget shall determine
5 which Federal properties shall be transferred to the Postal
6 Service and which shall remain in the United States upon
7 the commencement of operations of the Postal Service. The
8 transfer shall be accomplished at the time of or as near
9 as possible to the commencement of operation of the Postal
10 Service and the valuation of the assets and capital of the
11 Postal Service shall be adjusted accordingly. The following
12 properties shall be included in the transfer:

13 “(1) the mail equipment shops located in Wash-
14 ington, District of Columbia;

15 “(2) all machinery, equipment, and appurtenances
16 of the Post Office Department;

17 “(3) all real property whose ownership was
18 acquired by the Postmaster General pursuant to former
19 section 2103 of this title, as in effect immediately prior
20 to the effective date of this section, or which, imme-
21 diately prior to such effective date, is under the ad-
22 ministration of the Post Office Department for the
23 purpose of constructing a postal building from funds
24 appropriated or transferred to the Department, to-
25 gether with all funds appropriated or allocated therefor;

1 “(4) all real property of which 55 per centum
2 or more is occupied by and under control of the Post
3 Office Department immediately prior to the effective
4 date of this section;

5 “(5) all contracts, records, and documents relating
6 to the operation of the departmental service and the
7 postal field service of the Post Office Department; and

8 “(6) all other property and assets of the Post Office
9 Department.

10 “(d) After the commencement of operations of the
11 Postal Service the President is authorized to transfer to
12 the Postal Service and the Board is authorized to transfer
13 to other departments or agencies of the United States, with
14 or without reimbursement, any property owned by the
15 United States and the Postal Service, respectively, when the
16 public interest would be served by such transfer.

17 **“§ 1003. The Postal Service Fund**

18 “(a) There is established in the Treasury of the United
19 States a revolving fund to be called the Postal Service Fund
20 which shall be available to the Postal Service without fiscal
21 year limitation to carry out the purposes, functions and
22 powers authorized by this title.

23 “(b) There shall be deposited in the Fund, subject to
24 withdrawal by check by the Postal Service—

25 “(1) revenues from postal and nonpostal services;

1 “(2) amounts received from obligations issued by
2 the Postal Service;

3 “(3) amounts appropriated for the use of the Postal
4 Service;

5 “(4) interest which may be earned on investments
6 of the Fund;

7 “(5) any other receipts of the Postal Service; and

8 “(6) the balance in the Post Office Department
9 Fund as of the commencement of operations of the Postal
10 Service.

11 “(c) If the Postal Service determines that the moneys
12 of the Fund are in excess of current needs, it may request the
13 investment of such amounts as it deems advisable by the Sec-
14 retary of the Treasury in obligations of, or obligations guar-
15 anteed by, the United States, and, with the approval of the
16 Secretary, in such other obligations or securities as it deems
17 appropriate.

18 “(d) With the approval of the Secretary of the Treas-
19 ury, the Postal Service may deposit moneys of the Fund in
20 any Federal Reserve Bank, any depository for public funds
21 or in such other places and in such manner as the Postal
22 Service and the Secretary may mutually agree.

23 “(e) The Fund shall be available for the payment of all
24 expenses incurred by the Postal Service in carrying out its
25 functions under this title without regard to section 849 of

1 title 31. Neither the Fund nor any of the funds credited to it
2 shall be subject to apportionment under the provisions of sec-
3 tion 665 of title 31.

4 **“§ 1004. Transitional appropriations**

5 “Such sums as are necessary to insure a sound financial
6 transition for the Postal Service and a rate policy consistent
7 with section 1201 of this title are hereby authorized to be
8 appropriated to the Fund pursuant to section 849 of title 31
9 without regard to fiscal year limitation.

10 **“§ 1005. Obligations**

11 “(a) The Postal Service is authorized to borrow money
12 and to issue and sell such obligations as it determines neces-
13 sary to carry out the purposes of this title. The aggregate
14 amount of any such obligations outstanding at any one time
15 shall not exceed \$10,000,000,000. In any one fiscal year the
16 net increase in the amount of obligations outstanding issued
17 for the purpose of capital improvements shall not exceed
18 \$1,500,000,000.

19 “(b) The Postal Service may pledge its assets and
20 pledge and use its revenues and receipts for the payment
21 of the principal of or interest on said obligations, for the
22 purchase or redemption thereof, and for other purposes inci-
23 dental thereto, including creation of reserve, sinking, and
24 other funds which may be similarly pledged and used, to such
25 extent and in such manner as it may deem necessary or

1 desirable. The Postal Service is authorized to enter into bind-
2 ing covenants with the holders of said obligations, and with
3 the trustee, if any, under any agreement entered into in
4 connection with the issuance thereof with respect to the
5 establishment of reserve, sinking, and other funds, applica-
6 tion and use of revenues and receipts of the Postal Service,
7 stipulations concerning the subsequent issuance of obliga-
8 tions or the execution of leases or lease-purchases relating
9 to properties of the Postal Service and such other matters,
10 as the Postal Service may deem necessary or desirable to
11 enhance the marketability of said obligations. The issuance
12 of obligations by the Postal Service shall be subject to the
13 requirements of sections 847-849 of title 31 and of no other
14 law.

15 “(c) Obligations issued by the Postal Service under this
16 section:

17 “(1) shall be in such forms and denominations;

18 “(2) shall be sold at such times and in such
19 amounts;

20 “(3) shall mature at such time or times;

21 “(4) shall be sold at such prices;

22 “(5) shall bear such rates of interest;

23 “(6) may be redeemable before maturity at the
24 option of the Postal Service in such manner and at
25 such times and redemption premiums;

1 from all taxation now or hereafter imposed by any State
2 or local taxing authority except estate, inheritance, and
3 gift taxes.

4 **“§ 1006. The Treasury and the Postal Service's obligations**

5 “(a) At least fifteen days before selling any issue of
6 obligations under section 1005 of this chapter the Postal
7 Service shall advise the Secretary of the Treasury as to the
8 amount, proposed date of sale, maturities, terms and condi-
9 tions and expected maximum rates of interest of the pro-
10 posed issue in appropriate detail and shall consult with him
11 or his designee thereon. The Secretary may elect to pur-
12 chase such obligations under such terms, including rates of
13 interest, as he and the Board may agree, but at a rate of yield
14 no less than the prevailing yield on outstanding marketable
15 Treasury securities of comparable maturity, as determined by
16 the Secretary. If the Secretary does not purchase such obli-
17 gations, the Postal Service may proceed to issue and sell them
18 to a party or parties other than the Secretary upon notice to
19 the Secretary and upon consultation as to the date of issu-
20 ance, maximum rates of interest, and other terms and
21 conditions.

22 “(b) Subject to the conditions of subsection (a) of this
23 section the Postal Service may require the Secretary of the
24 Treasury to purchase obligations of the Postal Service in such
25 amounts as will not cause the holding by the Secretary of the

1 Treasury to exceed \$2,000,000,000. This subsection shall
2 not be construed as limiting the authority of the Secretary to
3 purchase obligations of the Postal Service in excess of such
4 amount.

5 **“§ 1007. Public debt character of Postal Service’s obliga-**
6 **tions**

7 “For the purpose of any purchase of the Postal Service’s
8 obligations, the Secretary of the Treasury is authorized to
9 use as a public-debt transaction the proceeds from the sale of
10 any securities issued under the Second Liberty Bond Act, as
11 now or hereafter in force, and the purposes for which secu-
12 rities may be issued under the Second Liberty Bond Act, as
13 now or hereafter in force, are extended to include any pur-
14 chases of the Postal Service’s obligations under this chapter.
15 The Secretary of the Treasury may, at any time, sell any of
16 the obligations of the Postal Service acquired by him under
17 this chapter. All redemptions, purchases, and sales by the
18 Secretary of the obligations of the Postal Service shall be
19 treated as public-debt transactions of the United States.

20 **“§ 1008. Audit**

21 “(a) Notwithstanding the provisions of sections 850
22 and 851 of title 31, the Comptroller General of the United
23 States shall audit the transactions of the Postal Service at
24 such times as he shall determine, but not less frequently

1 than once each Government fiscal year, with personnel of
2 his selection. In such connection he and his representatives
3 shall have free and open access to all papers, books, records,
4 files, accounts, plants, warehouses, offices, and all other
5 things, property, and places belonging to or under the
6 control of or used or employed by the Postal Service, and
7 shall be afforded full facilities for counting all cash and
8 verifying transactions with balances in depositories. He shall
9 make report of each such audit in quadruplicate, one copy
10 for the President of the United States, one for the Chairman
11 of the Board, one for public inspection at the principal
12 office of the Postal Service, and the other to be retained by
13 him for the uses of the Congress.

14 “(b) A report shall not be made under subsection (a)
15 of this section until the Postal Service shall have had rea-
16 sonable opportunity to examine the exceptions and criticisms
17 of the Comptroller General. The expenses of the audit shall
18 be paid as provided in section 866 of title 31. Nothing in
19 this chapter shall be construed to relieve the treasurer or
20 other accountable officers or employees of the Postal Service
21 from compliance with the provisions of existing law requiring
22 the rendition of accounts for adjustment and settlement

1 pursuant to section 71 of title 31, and accounts for all re-
2 ceipts and disbursements by or for the Postal Service shall
3 be rendered accordingly.

4 “(c) Subject only to the provisions of this title, the
5 Postal Service is authorized to make such expenditures and
6 to enter into such contracts, agreements, and arrangements,
7 upon such terms and conditions and in such manner as it
8 may deem necessary, including the final settlement of all
9 claims and litigation by or against the Postal Service; and,
10 notwithstanding the provisions of any other law governing
11 the expenditure of public funds, the General Accounting
12 Office, in the settlement of the accounts of the treasurer or
13 other accountable officer of the Postal Service, shall not
14 disallow credit for, nor withhold funds because of, any
15 expenditure which the Board shall determine to have been
16 necessary to carry out the provisions of said title.

17 “(d) Nothing in this section or in chapter 14 of title
18 31 shall be construed as denying to the Postal Service the
19 power to obtain audits of its accounts and reports concern-
20 ing its financial condition and operations by certified public
21 accounting firms. Such audits and reports shall be in addi-
22 tion to those required by this section.

1 **"Chapter 12.—RATES AND RATEMAKING**

 "SUBCHAPTER I. GENERAL PROVISIONS

"Sec.

"1201. Rate policy.

"1202. Free and reduced rate mail.

"1203. Parcel post rates.

 "SUBCHAPTER II.—RATEMAKING

"1251. Rate commissioners and staff.

"1252. Proposed changes in rates and classification.

"1253. Proceedings and recommended decisions by commissioners.

"1254. Final decisions.

"1255. Service changes.

"1256. Rate and service complaints.

"1257. Judicial review.

2 **Subchapter I.—General Provisions**

3 **"§ 1201. Rate policy**

4 " (a) The Postal Service shall develop and promote ade-
5 quate and efficient postal services at reasonable and equitable
6 rates and fees. Such rates and fees shall be sufficient to enable
7 the Postal Service under honest, efficient, and economical
8 management to maintain and continue the development of
9 postal services of the kind and quality adapted to the needs of
10 the United States.

11 " (b) It is the intent of Congress that five years follow-
12 ing the commencement of Postal Service operations rates
13 and fees charged by the Postal Service provide, as a whole,
14 revenue adequate, when added to the appropriations pursuant
15 to section 1202 of this chapter, to meet its current and pro-
16 jected costs. For this purpose costs shall include (without
17 limitation) operating expenses, depreciation on capital facili-
18 ties and equipment, debt service (including interest, amorti-

1 zation of debt discount and expense, and provision for sink-
2 ing funds or other retirements of obligations to the extent that
3 such provision exceeds applicable depreciation charges),
4 and a reasonable provision for contingencies.

5 “(c) Except as provided in section 1202 and as other-
6 wise provided in this section, the Postal Service shall estab-
7 lish appropriate classes of postal service and establish rates
8 and fees for each such class of postal service so that at least
9 those costs demonstrably related to the class of service in
10 question will be borne by each such class and not by other
11 classes of users of postal services or by the mails generally.

12 “(d) Notwithstanding the other provisions of this sec-
13 tion, in making changes in the structure of its rates, the
14 Postal Service shall take into account the financial impact
15 upon affected users of the various classes of the mail and,
16 at its discretion, may achieve the policy goals of this section
17 over a duration of time appropriate in view of such financial
18 impact. The Board shall have the sole discretion to make
19 such determinations. The President may request appropri-
20 ations authorized by section 1004 of this title as a result of
21 such determinations. Nothing in this subsection, however,
22 shall relieve the Postal Service of its general policy obliga-
23 tion under subsection (b) of this section to make its reve-
24 nues, as a whole, including appropriations contemplated by
25 section 1202 of this title, equal its costs.

1 **“§ 1202. Free and reduced rate mail**

2 “(a) The Congress by legislation shall determine which
3 classes of postal users, if any, shall be entitled to send mail
4 free of postage or at rates some specified percentage lower
5 than those established by the Postal Service in accordance
6 with the principles of section 1201 (c) of this title. The
7 rates of all users so entitled shall be established by the Postal
8 Service so that the amount of postal revenues received from
9 the appropriations provided for in subsection (b) of this
10 section shall approximately equal the difference between the
11 actual postal revenues from users allowed to mail free of
12 charge or at reduced rates and the postal revenues that
13 would have been received from such users if they had not
14 been entitled to so mail. The amount of this difference is
15 referred to hereafter in this section as ‘the revenue foregone’.

16 “(b) The President may annually request the Congress
17 to appropriate to the Postal Service Fund an amount neces-
18 sary to recover the revenue foregone anticipated for the
19 succeeding fiscal year.

20 “(c) If the Congress shall fail to appropriate the amount
21 so requested or any part thereof, the Postal Service shall
22 proportionately adjust the rates of the classes of users en-
23 titled to mail free or at reduced rates so that the anticipated
24 revenue foregone will be reduced to an amount equal to that
25 appropriated by the Congress.

1 “(d) Within two years after the effective date of this
2 section and at least every two years thereafter, the Board
3 shall render to the Congress a report showing the volumes,
4 rates, revenues, and costs, the last calculated in such ways
5 or alternative ways as the Board may deem appropriate, of
6 each category of free or reduced rate mail, and the percentage
7 relationship which the rate for such category bears to the
8 rates for users of the same category not entitled to so mail.
9 The Board may report on other matters related to each such
10 category of mail, including recommendations as to whether
11 the Congress should continue to afford it preferred treatment
12 or to what extent it should be modified. In preparing the
13 report the Board may cause the rate commissioners to con-
14 duct proceedings in the nature of rulemaking on matters
15 relevant to the report and to render opinions to the Board
16 as the Board deems appropriate.

17 “(e) Until changed by law, but subject to subsections
18 (a) and (c) of this section, the following services shall be
19 free or at the reduced rates in effect as of the effective date of
20 this section:

21 “(1) penalty mailings of the Pan American Union
22 and the Pan American Sanitary Bureau as provided by
23 section 652 (a) (1) of this title and free mailing priv-
24 ileges for consular officials and members of the diplo-
25 matic corps of the countries of the Postal Union of the

1 Americas and Spain as provided by section 667 of this
2 title;

3 “(2) reduced rates on books, films, and similar
4 materials as described in former section 4554 of this
5 title;

6 “(3) mailings at reduced rates for publication mat-
7 ^{as}ter described in former section 4558 of this title;

8 “(4) free postage on reading matter and other ar-
9 ticles for the blind and other handicapped persons as
10 described in former sections 4653-4655 of this title;

11 “(5) free mailing privileges granted to individuals
12 by law, except where the Postal Service is entitled to
13 reimbursement under chapter 6 of this title;

14 “(6) reduced third-class postage rates to certain
15 organizations as described in former section 4452 of this
16 title; and

17 “(7) free postage as provided by section 1472 of
18 title 50, section 302 of the Federal Voting Assistance
19 Act of 1955.

20 **“§ 1203. Parcel post rates**

21 “The Postal Service, in setting rates for services involv-
22 ing parcels, shall recover the carrying charges on all capital
23 employed in providing such service and shall recover an
24 imputed charge for the Federal, State, and local taxes which

1 it would have to pay if it were privately owned, and provid-
2 ing such service.

3 **“Subchapter II—Ratemaking**

4 **“§ 1251. Rate Commissioners and Staff**

5 “(a) There is hereby established within the Postal Serv-
6 ice a panel of three rate commissioners appointed by the
7 presidentially appointed members of the Board from a reg-
8 ister established by the Civil Service Commission pursuant
9 to chapter 33 of title 5 especially for the purpose. One of the
10 commissioners shall be designated by such members of the
11 Board as Chief Rate Commissioner. The commissioners shall
12 be paid salaries at the rate provided for level V of the Execu-
13 tive Schedule, except that the Chief Commissioner shall be
14 paid an additional \$500 higher than level V. The commis-
15 sioners shall be responsible solely to the presidentially
16 appointed members of the Board. In exercising their powers
17 under this chapter, the presidentially appointed members
18 shall act by an absolute majority of such members currently
19 serving on the Board.

20 “(b) The commissioners shall serve for terms of six
21 years except that:

22 “(1) the terms of the commissioners first taking
23 office shall expire as designated by the presidentially
24 appointed members of the Board at the time of appoint-

1 ment of the first commissioner, one at the end of two
2 years, one at the end of four years, and one at the end
3 of six years following their appointment; and

4 “(2) any such commissioner appointed to fill a
5 vacancy occurring before the expiration of the term
6 for which his predecessor was appointed shall serve for
7 the remainder of such term.

8 For purposes of suspension and removal the commissioners
9 shall be deemed to be in the competitive service, and they
10 may be suspended or removed only in accord with the pro-
11 cedures established in section 7521 of title 5.

12 “(c) Upon request of the Chief Commissioner, the
13 Board shall provide the commissioners with such profes-
14 sional and clerical staff selected by the Chief Commissioner
15 and such facilities as may be appropriate and reasonable
16 to carry out their functions under this chapter. The staff
17 shall be responsible solely to the commissioners.

18 “(d) (1) The commissioners shall promulgate rules
19 and regulations and establish procedures to carry out their
20 responsibilities under this chapter. Such rules, regulations,
21 and procedures shall be subject to chapters 5 and 7 of title 5.

22 “(2) It is the intent of Congress that the commissioners
23 conduct their proceedings with the utmost expedition con-
24 sistent with procedural fairness to the parties. To this end

1 the commissioners are specifically authorized (but without
2 limitation) to adopt rules which provide for:

3 " (i) the advance submission of written direct
4 testimony;

5 " (ii) the conduct of prehearing conferences to de-
6 fine issues, and for other purposes to insure orderly and
7 expeditious proceedings;

8 " (iii) discovery both from the Postal Service and
9 the parties to the proceeding;

10 " (iv) limitation of testimony; and

11 " (v) the conduct of entire proceedings off the
12 record with the consent of the parties.

13 " (e) The Chief Commissioner shall have the admin-
14 istrative responsibility for assigning the business of the com-
15 missioners to the various commissioners and to members
16 of the staff. The commissioners may conduct proceedings or
17 otherwise exercise their functions singly or en banc as the
18 Chief Commissioner, after consultation with the other com-
19 missioners, shall determine. All final acts of the panel shall
20 be by a majority vote thereof.

21 " (f) The provisions of title 5 concerning hearing
22 examiners shall apply to the commissioners and to the duties
23 of the Postal Service and the Civil Service Commission with

1 respect to the commissioners except as inconsistent with
2 this chapter.

3 **“§ 1252. Proposed changes in rates and classifications**

4 “(a) Except as provided in subsection (c) of this
5 section, the Postal Service shall give general notice of pro-
6 posed change in rates, charges, fees, the classification of
7 mail matter or mail users, and the postal rate structure or
8 design by publishing its proposals therefor in the Federal
9 Register not less than thirty days prior to the date on which
10 it is proposed to adopt such changes. It shall also file the
11 proposed changes with the commissioners in such form and
12 manner as the commissioners may prescribe. The notice
13 published in the Federal Register shall state briefly—

14 “(1) the proposed change;

15 “(2) the reasons therefor;

16 “(3) the earliest date on which the Postal Service
17 proposes to adopt the change;

18 “(4) that interested parties may file objections
19 thereto or a request for a hearing thereon with the
20 commissioners within thirty days after the date of
21 publication of the notice in the Federal Register or
22 such longer period as the notice may prescribe; and

23 “(5) the place and manner which the commissioners
24 have fixed for filings with it.

25 “(b) If no party at interest files a timely objection to

1 a proposed change or a request for a hearing thereon, the
2 commissioners shall forward the proposed change to the
3 Board without opinion, unless the presidentially appointed
4 members of the Board request to the contrary.

5 “(c) The provisions of this chapter do not apply to
6 changes in the fees or rates of exchange for international
7 money orders and similar instruments or to changes in inter-
8 national postal rates adopted pursuant to section 405 of this
9 title.

10 **§ 1253. Proceedings and recommended decisions by com-**
11 **missioners**

12 “(a) Pursuant to sections 556 and 557 of title 5, the
13 commissioners shall conduct public hearings in all cases in-
14 stituted under section 1252 (a) of this title in which a party
15 at interest files timely notice with the commissioners that
16 he desires to be heard.

17 “(b) The commissioners shall compile a record con-
18 sisting of:

19 “(1) the proposed change and supporting material
20 submitted by the Postal Service;

21 “(2) the oral testimony, if any, on behalf of the
22 Postal Service, and by or on behalf of any party at
23 interest;

24 “(3) the written submissions, if any, on behalf of

1 the Postal Service and by or on behalf of any party at
2 interest; and

3 “(4) such other material as the commissioners deem
4 appropriate.

5 “(c) After consideration of the record, the commis-
6 sioners shall render an initial decision to the presidentially
7 appointed members of the Board stating whether in the
8 opinion of the panel the proposed change conforms to the
9 rate policies and other provisions of this title and giving their
10 reasons therefor.

11 “(d) In the event the commissioners do not complete
12 their proceedings within ninety days after the notice of pro-
13 posed changes is filed with it, or in the event that judicial
14 proceedings are instituted under section 1257 of this title, the
15 Postal Service upon thirty days’ notice in the Federal Reg-
16 ister may put a proposed change into effect temporarily. The
17 interim changes shall be effective for a period of no longer
18 than thirty days after the commissioners have rendered their
19 initial decision to the presidentially appointed members of
20 the Board and the period the change may be before Congress
21 pursuant to section 1254 of this title.

22 **“§ 1254. Final decisions**

23 “(a) The presidentially appointed members of the
24 Board acting on behalf of the Postal Service shall make and
25 publish in the Federal Register a final decision on the pro-

1 posed change in light of the recommended decision of the
2 commissioners and the record of the proceedings. They may
3 reject the proposed change or they may adopt it—

4 “ (1) as published in the Federal Register pursuant
5 to section 1252 of this title; or

6 “ (2) as proposed in the recommended decision of
7 the commissioners; or

8 “ (3) with such modifications as they find are sup-
9 ported by the record of the proceedings.

10 “ (b) The Board, except as to changes enumerated in
11 subsection (c) of this section, shall transmit to the Congress
12 the final decision in any proceeding instituted pursuant to
13 section 1252 (a) of this title. The Board shall transmit the
14 decision to both Houses of the Congress on the same day and
15 to each House while it is in session and shall transmit with
16 the final decision the recommended decision of the commis-
17 sioners together with the record of the proceedings.

18 “ (c) The change contained in a final decision trans-
19 mitted to the Congress pursuant to subsection (b) of this sec-
20 tion shall become final at the end of the first period of sixty
21 calendar days of continuous session of the Congress after the
22 date on which the decision is transmitted unless, between the
23 date of transmittal and the end of the sixty-day period, the
24 two Houses adopt a concurrent resolution disapproving the

1 change. The continuity of a session is broken only by an
2 adjournment of the Congress sine die, and the days on which
3 either House is not in session because of an adjournment of
4 more than three days to a day certain are excluded in the
5 computation of the sixty-day period.

6 “(d) The final decision may include a provision that
7 the change shall become effective at a time later than the
8 date on which the decision becomes final pursuant to the fore-
9 going provisions of this section.

10 “(e) Rate changes required by section 1202 (c) of this
11 title and rate changes for such special services as the Postal
12 Service may provide, including special delivery, collect on
13 delivery, insurance, registered and certified mail, return re-
14 cepts, stamped envelopes and box rents, and similar special
15 or nonpostal services shall become final as provided in the
16 final decision of the Postal Service in accordance with sub-
17 sections (a) and (d) of this section.

18 **“§ 1255. Service changes**

19 “(a) Except as provided in subsection (d) of this sec-
20 tion the Board shall give public notice of a proposed change
21 in the type, quality, terms, or conditions of any services
22 provided by the Postal Service which substantially affects a
23 postal service provided to users on a nationwide or nearly
24 nationwide basis and which does not involve a proposed
25 change subject to sections 1252-1254 of this title. Public

1 notice shall be given by publishing a notice of the proposed
2 change in the Federal Register. The notice shall state
3 brielly—

4 “(1) the proposed change;

5 “(2) the reasons therefor;

6 “(3) the earliest date on which the Postal Service
7 proposes to adopt the change;

8 “(4) that interested parties may participate in the
9 proceeding through ~~submission~~ of written material to the
10 commissioners with opportunity for oral presentation as
11 the commissioners may determine; and

12 “(5) the time, place, and manner which the com-
13 missioners have fixed for submissions to it.

14 “(b) Except ~~as~~ otherwise provided in this section, pro-
15 posals for ~~service changes~~ shall be considered as proposed
16 rules and the ~~commissioners~~ shall be considered ‘the agency’
17 for purposes of sections 551-559 of title 5. The commission-
18 ers shall compile a record consisting of:

19 “(1) the proposed change and supporting material
20 submitted by the Postal Service;

21 “(2) the oral testimony, if any, on behalf of the
22 Postal Service, and by or on behalf of any party at
23 interest;

24 “(3) the written submissions, if any, on behalf of

1 the Postal Service and by or on behalf of any party at
2 interest; and

3 “(4) such other material as the commissioners deem
4 appropriate.

5 “(c) After consideration of the record, the commis-
6 sioners shall render an initial decision as to whether the pro-
7 posed change, either in its original form or in a modified
8 form, is consistent with the policies of this title. The initial
9 decision shall become the final decision of the Postal Service
10 unless within such time as the Board establishes by general
11 rule, the presidentially appointed members of the Board
12 modify the tentative decision in the light of record or revoke
13 the proposal.

14 “(d) Whenever the Postal Service, proposes a change
15 in the type, quality, terms or conditions of service which sub-
16 stantially and adversely affects the users of such service but
17 on less than a nationwide or nearly nationwide basis, the
18 Postal Service shall—

19 “(i) comply with the provisions of subsections (a)
20 through (c) of this section; or

21 “(ii) comply with rules, regulations or procedures
22 established pursuant to subsections (a) through (c) of
23 this section which shall include the publication of a
24 notice designed to inform the affected users of the pro-

1 posed changes and the opportunity for such users to pre-
2 sent their objections.

3 “(e) Whenever the Postal Service finds that an emer-
4 gency exists which does not permit sufficient time for the
5 procedures prescribed in subsections (a) through (d) of
6 this section, the Postal Service contemporaneously with, or
7 subsequent to, publication in the Federal Register of the
8 notice of a proposed change, may adopt and publish in the
9 Federal Register a temporary change which shall become
10 effective upon publication in the Federal Register or such
11 later date as may be prescribed therein. A change adopted
12 in accordance with this subsection shall remain in effect until
13 proceedings pursuant to subsection (a) through (d) of this
14 section have been completed, or for such shorter period as
15 the Postal Service may fix.

16 **“§ 1256. Rate and service complaints**

17 “Interested parties who believe the Postal Service is
18 charging rates which do not conform to the policies set out
19 in this title or who believe that they are not receiving postal
20 service in accordance with the policies of this title may lodge
21 a complaint with the commissioners in such form and in such
22 manner as the commissioners may prescribe. The commis-
23 sioners may in their discretion hold hearings on such com-
24 plaint. If, after such hearings, the commissioners determine

1 the complaint to be justified, they shall, if a matter covered
2 by section 1252 of this chapter is involved, recommend to
3 the Board that the Postal Service propose an appropriate
4 change. The Postal Service shall propose such a change and
5 such change shall proceed as if proposed initially by the
6 Board. If a matter not covered by section 1252 of this chap-
7 ter is involved, and the commissioners after hearing find the
8 complaint to be justified, they shall render a public report
9 thereon to the presidentially appointed members of the
10 Board who shall take such action as they deem appropriate.

11 **“§ 1257. Judicial review**

12 “ (a) Any final decision of the Postal Service pursuant
13 to sections 1254 or 1255 of this title and any final decision
14 of the commissioners pursuant to section 1256 of this title
15 shall be subject to judicial review. Review shall be in the
16 manner prescribed in chapter 7 of title 5 and chapter 158
17 and section 2112 of title 28 except as otherwise provided
18 in this section. Such review shall be confined to holding un-
19 lawful and setting aside a final decision which the petitioner
20 has shown to be:

21 “ (i) contrary to constitutional right, power, privi-
22 lege or immunity;

23 “ (ii) in excess of statutory jurisdiction, authority or
24 limitations; or

25 “ (iii) without observance of procedure required by

1 law or by the rules promulgated by the commissioners
2 pursuant to this chapter.

3 The court shall not consider any objection which was not
4 urged in the proceedings of the Postal Service unless there
5 were reasonable grounds for failure to do so.

6 “(b) Review may be had only by a party to the pro-
7 ceedings who has:

8 “(i) participated in the proceedings in accordance
9 with section 1253 of this title;

10 “(ii) participated in the proceedings in accordance
11 with section 1255 (a) (4) of this title; or

12 “(iii) filed a complaint pursuant to section 1256 of
13 this title.

14 “(c) Petitions for review shall be filed within fifteen
15 days after the publication of notice of the final decision. After
16 the expiration of said fifteen days, a petition may be filed
17 only by leave of court upon a showing of reasonable cause
18 for failure to file such petition. The action shall be against
19 the Postal Service and not against the United States.

20 “(d) Upon the filing of a petition for review of a final
21 decision under section 1254 (a) of this title the Board shall
22 not transmit to the Congress its final decision pursuant to
23 section 1254 (b) until judicial proceedings under this section
24 are completed. All judicial proceedings shall be made pre-
25 ferred causes and shall be expedited in every way.

1 “(e) Temporary changes under section 1253 (d) and
 2 emergency changes under section 1255 (c) of this title may
 3 not be affected in any way by a court. The thirty-day period
 4 after the commissioners' initial decision referred to in section
 5 1253, shall be extended to include the entire period of
 6 judicial proceedings under this section. Final decisions under
 7 section 1255 of this title may not be stayed by any court
 8 pending review.

9 “(f) Except as provided under section 1251 (d) (1)
 10 of this title, no court shall have jurisdiction to review a final
 11 decision made by the Postal Service pursuant to this chapter
 12 in any manner other than as provided in this section.

13 **“Chapter 14.—PRIVATE CARRIAGE OF LETTERS**

“Sec.

“1401. Letters carried out of the mail.

“1402. Foreign letters out of the mails.

“1403. Searches authorized.

“1404. Seizing and detaining letters.

“1405. Searching vessels for letters.

“1406. Disposition of seized mail.

14 **“§ 1401. Letters carried out of the mail**

15 “(a) A letter may be carried out of the mails when—

16 “(1) it is enclosed in an envelope;

17 “(2) the amount of postage which would have been
 18 charged on the letter if it had been sent by mail is paid
 19 by stamps, or postage meter stamps, on the envelope;

20 “(3) the envelope is properly addressed;

1 “(4) the envelope is so sealed that the letter can-
2 not be taken from it without defacing the envelope;

3 “(5) any stamps on the envelope are canceled in
4 ink by the sender; and

5 “(6) the date of the letter, of its transmission or
6 receipt by the carrier is endorsed on the envelope in ink.

7 “(b) The Postal Service may suspend the operation of
8 any part of this section upon any mail route where the public
9 interest requires the suspension.

10 **“§ 1402. Foreign letters out of the mails**

11 “(a) Except as provided in section 1401 of this title
12 the master of a vessel departing from the United States for
13 foreign ports may not receive on board or transport any
14 letter which originated in the United States that—

15 “(1) has not been regularly received from a United
16 States post office; or

17 “(2) does not relate to the cargo of the vessel.

18 “(b) The officer of the port empowered to grant
19 clearances, shall require from the master of such a vessel,
20 as a condition of clearance, an oath that he does not have
21 under his care or control, and will not receive or transport,
22 any letter contrary to the provisions of this section.

23 “(c) Except as provided in section 1699 of title 18,

1 the master of a vessel arriving at a port of the United States
2 carrying letters not regularly in the mails shall deposit
3 them in the post office at the port of arrival.

4 **“§ 1403. Searches authorized**

5 “The Chief Executive Officer by letter of authority
6 over his signature may authorize any postal inspector or
7 other officer of the Postal Service to make searches for
8 mailable matter transported in violation of law. When the
9 authorized officer has reason to believe that mailable matter
10 transported contrary to law may be found therein, he may
11 open and search any—

12 “(1) vehicle passing, or having lately passed, from
13 a place at which there is a post office of the United
14 States;

15 “(2) article being, or having lately been, in the
16 vehicle;

17 “(3) store or office, other than a dwelling house,
18 used or occupied by a common carrier or transportation
19 company, in which an article may be contained.

20 **“§ 1404. Seizing and detaining letters**

21 “A postal inspector, customs officer, or United States
22 marshal or his deputy, may seize at any time, letters and
23 bags, packets or parcels containing letters which are being
24 carried contrary to law on board any vessel or on any post

1 road. The officer who makes the seizure shall convey the
2 articles seized to the nearest post office; or by direction of
3 the Postal Service or the Secretary of the Treasury, he may
4 detain them until two months after the final determination
5 of all suits and proceedings which may be brought within
6 six months after the seizure against any person for sending
7 or carrying the letters.

8 **“§ 1405. Searching vessels for letters**

9 “A postal inspector when instructed by the Postal
10 Service to make examinations and seizures and any customs
11 officer without special instructions shall search vessels for
12 letters which may be on board, or which may have been
13 conveyed contrary to law.

14 **“§ 1406. Disposition of seized mail**

15 “Every package or parcel seized by a postal inspector,
16 customs officer, or United States marshal or his deputies,
17 in which a letter is unlawfully concealed, shall be forfeited
18 to the United States. The same proceedings may be used to
19 enforce forfeitures as are authorized in respect of goods,
20 wares, and merchandise forfeited for violation of the revenue
21 laws. Laws for the benefit and protection of customs officers
22 making seizures for violating revenue laws apply to officers
23 making seizures for violating the postal laws.

1 **"Chapter 16.—TRANSPORTATION OF MAIL**

"SUBCHAPTER I.—GENERAL

"Sec.

"1601. Provision for carrying mail.

"1602. Transportation of mail of adjoining countries through the United States.

"1603. Establishment of post roads.

"1604. Discontinuance of service on post roads.

"1605. Authority to contract for mail transportation.

"1606. Combinations to prevent bids for carrying the mail.

"1607. Lien on compensation of contractor.

"1608. Free transportation of postal officials.

"1609. Liability of contractor for breach.

"SUBCHAPTER II.—TRANSPORTATION OF MAIL BY RAILROADS, MOTOR CARRIERS, AND FREIGHT FORWARDERS

"1625. Definitions.

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"1627. Authorization of service by carrier.

"1628. Facilities provided by carrier.

"1629. Changes in service.

"1630. Evidence of service.

"1631. Fines and deductions.

"1632. Interstate Commerce Commission to fix rates.

"1633. Procedures.

"1634. Special rates.

"1635. Intermodal transportation.

"1636. Statistical studies.

"1637. Special contracts.

"1638. Carrier operations, receipts, and expenditures.

"SUBCHAPTER III.—TRANSPORTATION OF MAIL BY AIR

"1651. Rules and regulations.

"1652. Fines on air carriers transporting the mails.

"1653. Contracts for the transportation of mail by air.

"SUBCHAPTER IV.—TRANSPORTATION OF MAIL BY VESSEL

"1676. Sea post service.

"1677. Termination of contracts for foreign transportation.

"1678. Transportation of mail by vessel as freight or express.

"1679. Fines on ocean carriers.

2 "Subchapter I.—General

3 "§ 1601. Provisions for carrying mail

4 "The Postal Service shall provide for the transporta-
5 tion of mail by land, air, or water as often as it deems
6 proper under the circumstances.

1 **“§ 1602. Transportation of mail of adjoining countries**
2 **through the United States**

3 “The Board of Directors, by and with the advice and
4 consent of the President, may make arrangements to allow
5 the mail of countries adjoining the United States to be
6 transported over the territory of the United States from
7 one point in that country to any other point therein, at the
8 expense of the country to which the mail belongs, upon
9 obtaining a like privilege for the transportation of United
10 States mail through the country to which the privilege is
11 granted. The President or the Congress may annul the
12 privilege at any time. The privilege shall terminate one
13 month succeeding the day on which notice of the act of
14 the President or of the Congress is given to the chief exec-
15 utive or head of the Post Office Department of the country
16 whose privilege is to be annulled.

17 **“§ 1603. Establishment of post roads**

18 “The following are post roads—

19 “(1) the waters of the United States, during the
20 time the mail is carried thereon;

21 “(2) railroads or parts of railroads and air routes
22 in operation;

23 “(3) canals, during the time the mail is carried
24 thereon;

1 “(4) public roads, highways, and toll roads during
2 the time the mail is carried thereon; and

3 “(5) letter-carrier routes established for the col-
4 lection and delivery of mail.

5 **“§ 1604. Discontinuance of service on post roads**

6 “The Postal Service may discontinue service of a post
7 road or part thereof when, in its opinion—

8 “(1) the postal service cannot safely be continued;

9 “(2) the revenues cannot be collected;

10 “(3) the laws cannot be maintained; or

11 “(4) the public interest so requires.

12 **“§ 1605. Authority to contract for mail transportation**

13 “The Postal Service may contract in such manner and
14 under such terms and conditions as it deems appropriate for
15 domestic and international transportation of mail. The Postal
16 Service is authorized to obtain mail transportation service
17 from common carriers by rail and motor vehicles and air car-
18 riers by contract or otherwise as provided in subchapters II
19 and III, respectively, of this chapter. Subject to the provi-
20 sions of this chapter, other persons are authorized to provide
21 such mail transportation service as the Postal Service may
22 require. The Postal Service may obtain services, other than
23 mail transportation services, from any person in accordance
24 with chapter 2 of this title.

1 **“§ 1606. Combinations to prevent bids for carrying the**
2 **mail**

3 “The Postal Service may not make a contract for trans-
4 portation of mail with a person who—

5 “(1) enters, or proposes to enter, into a combina-
6 tion to prevent the making of a bid for transportation of
7 mail; or

8 “(2) makes an agreement, or gives or performs, or
9 promises to give or perform, any consideration whatever
10 to induce another person to bid for the contract.

11 The Postal Service may annul the contract of any contractor
12 so offending. For the first offense the person shall be dis-
13 qualified for five years to contract for transporting mail, and
14 for the second offense shall be disqualified forever.

15 **“§ 1607. Lien on compensation of contractor**

16 “(a) A person who—

17 “(1) performs service for a contractor or subcon-
18 tractor in the transportation of mail;

19 “(2) files his contract for service with the Postal
20 Service; and

21 “(3) files satisfactory evidence of performance with
22 the Postal Service shall have a lien on money due the
23 contractor or subcontractor for the service.

24 “(b) The Postal Service may pay the person establish-

1 ing a lien under subsection (a) of this section the sum due
2 him, when the contractor or subcontractor fails to pay the
3 person the amount of his lien within two months after the
4 expiration of the month in which the service was performed.
5 It shall charge the amount so paid to the contract. The pay-
6 ments may not exceed the annual rate of pay of the contrac-
7 tor or subcontractor.

8 **“§ 1608. Free transportation of postal officials**

9 “Every person engaged in the transportation of mail
10 by vessel and, unless otherwise provided in the contract,
11 every other contractor engaged in the transportation of mail
12 shall carry on any vessel or vehicle he operates upon exhibit-
13 ing their credentials and without extra charge therefor—

14 “(1) persons in charge of the mails when on duty
15 and traveling to and from duty, and

16 “(2) accredited agents and officers, including postal
17 inspectors, of the Postal Service while traveling on
18 official business.

19 **“§ 1609. Liability of contractor for breach**

20 “(a) The Postal Service may make deductions from the
21 compensation of contractors for failure to perform service
22 according to contracts for the transportation of the mail, and
23 it may impose fines upon them for other delinquencies. It
24 may deduct the price of the trip in all cases where the trip
25 is not performed and not exceeding three times the price

1 if the failure is occasioned by the fault of the contractor or
2 carrier. The Postal Service may change or remit deductions
3 or fines.

4 “(b) Contractors are also answerable in damages to
5 the Postal Service for the proper care and transportation of
6 the mail. They are accountable to the Postal Service for
7 loss of or damage to the mail or any part of it due to the
8 failure of any of the contractor's officers, agents, or em-
9 ployees to exercise due care in the custody, handling, or
10 transportation thereof.

11 **“Subchapter II.—Transportation of Mail by Railroads,**
12 **Motor Carriers, and Freight Forwarders**

13 **“§ 1625. Definitions**

14 “As used in this subchapter—

15 “‘carrier’ means a railroad, a freight forwarder, a
16 motor carrier, or an express company;

17 “‘railroad’ means a railway common carrier in-
18 cluding an electric urban and interurban railway com-
19 mon carrier;

20 “‘freight forwarder’ means any regulated freight
21 forwarder which holds itself out to the general public
22 as a common carrier to transport or provide transporta-
23 tion of property as authorized by a permit issued by
24 the Commission;

1 “‘motor carrier’ means any common carrier of
2 property or passengers or both by motor vehicle, with-
3 in the meaning of section 303 (a) (14) of title 49, which
4 holds a certificate of public convenience and necessity
5 issued by the Commission;

6 “‘express company’ means any express company
7 engaged in transportation as a common carrier for hire
8 under section 1 (3) of the Interstate Commerce Act,
9 section 1 (3) of title 49; and

10 “‘Commission’ means the Interstate Commerce
11 Commission.

12 **“§ 1626. Applicability**

13 “This subchapter applies to mail transportation per-
14 formed by any carrier or combination thereof regardless of
15 the mode of transportation actually used to provide the
16 service.

17 **“§ 1627. Authorization of service by carrier**

18 “(a) The Postal Service may establish carrier mail
19 routes and authorize mail transportation service thereon. It
20 may transport equipment and supplies of the Postal Service
21 as mail thereon.

22 “(b) A carrier shall transport mail including equipment
23 and supplies of the Postal Service offered for transportation
24 by the Postal Service in the manner, under the conditions,
25 and with the service prescribed by the Postal Service. It is

1 entitled to receive fair and reasonable compensation for the
2 transportation and service connected therewith.

3 “(c) The Postal Service shall determine the trains or
4 motor vehicles upon which mail shall be transported.

5 “(d) A carrier shall transport with due speed, on any
6 train or motor vehicle it operates, such mail, including equip-
7 ment and supplies of the Postal Service as the Postal Service
8 directs.

9 “(e) A carrier engaged in the transportation of mail
10 shall transport on any train or motor vehicle it operates, upon
11 the exhibition of their credentials and without extra charge
12 therefor—

13 “(1) persons in charge of the mail when on duty
14 and traveling to and from duty; and

15 “(2) accredited agents and officers, including postal
16 inspectors of the Postal Service, while traveling on
17 official business.

18 “(f) The Postal Service may at any time issue a state-
19 ment, or statements, of service, which shall be published
20 in the Federal Register, describing the services required of
21 carriers for mail transportation. Each statement of service
22 shall set forth the requirements of the Postal Service for
23 mail transportation, the units of service with respect to
24 which compensation (as determined by the Postal Service
25 to be fair and reasonable for the services required) will be

1 paid, and such other information which may be material to
2 such mail transportation and the establishment of rates of
3 compensation therefor.

4 **“§ 1628. Facilities provided by carrier**

5 “(a) A carrier engaged in the transportation of mail
6 shall provide the following equipment and facilities--

7 “(1) cars or motor vehicles or parts thereof used
8 in the transportation and distribution of mail;

9 “(2) facilities for protecting and handling mail in
10 its custody;

11 “(3) station space and rooms for handling, storing,
12 and transfer of mail in transit, including the separation
13 thereof by packages for connecting lines, and for dis-
14 tribution of registered, or similar types of certified mail
15 in transit; and

16 “(4) when required by the Postal Service, offices
17 for the employees of the Postal Service engaged in sta-
18 tion work, in which mail from station boxes may be
19 distributed if additional space is not required therefor.

20 “(b) Carrier post office cars or vehicles of parts thereof,
21 used for mail transportation and distribution must be of such
22 construction, style, length, and character, and must be
23 equipped in such manner as the Postal Service requires.
24 They must be constructed, equipped, maintained, heated,
25 lighted, and cleaned by and at the expense of the carrier.

1 The Postal Service may not pay for full and apartment car-
2 rier post office service unless the car or vehicle furnished
3 therefor is sound in material and construction, equipped with
4 sanitary drinking water containers and toilet facilities, and
5 regularly and thoroughly cleaned. It may not accept or pay
6 for service by a full carrier post office car or vehicle unless it
7 is constructed of steel, steel underframe, or equally indestruct-
8 ible material.

9 “(c) A carrier shall place cars or vehicles used for full
10 or apartment carrier post office service in position at such
11 time before departure as the Postal Service directs.

12 **“§ 1629. Changes in service**

13 “The Postal Service may authorize, according to the
14 need therefor, new or additional mail transportation service
15 by carriers at the rate or compensation fixed pursuant to this
16 subchapter. It may reduce or discontinue service with pro rata
17 reductions in compensation. The Postal Service may not pay
18 for additional service which it has not specifically authorized.

19 **“§ 1630. Evidence of service**

20 “A carrier shall submit evidence of its performance of
21 mail transportation service, signed by an authorized official,
22 in such form and at such times as the Postal Service requires.
23 Mail transportation service is considered that of the carrier
24 performing it regardless of the ownership of the property
25 used by the carrier.

1 **“§ 1631. Fines and deductions**

2 “(a) The Postal Service may fine any carrier in an
3 amount not to exceed \$500 for each day the carrier refuses
4 to perform mail transportation services required by the Postal
5 Service at rates or compensation established under this chap-
6 ter.

7 “(b) The Postal Service shall fine a carrier an amount
8 it deems reasonable for—

9 “(1) failure or refusal to transport mail, equipment,
10 and supplies on any train or motor vehicle it operates
11 when required by the Postal Service;

12 “(2) failure or refusal to furnish cars or motor
13 vehicles or apartments in cars or motor vehicles for
14 distribution purposes when required by the Postal Serv-
15 ice;

16 “(3) failure or refusal to construct, equip, main-
17 tain, heat, light, and clean cars or motor vehicles or
18 apartments in cars or motor vehicles for distribution
19 purposes;

20 “(4) failure or refusal to furnish appliances for
21 use in case of accident, as required by the Postal Service
22 in cars or motor vehicles or apartments in cars or motor
23 vehicles used for distribution purposes; or

24 “(5) other delinquencies in mail transportation and
25 the service connected therewith.

1 “(c) The Postal Service may make deductions from the
2 compensation of a carrier for failure to perform mail trans-
3 portation service as authorized and, if the failure to perform
4 is due to the fault of the carrier, it may deduct a sum not
5 exceeding three times the compensation applying to such
6 service.

7 “§ 1632. Interstate Commerce Commission to fix rates

8 “(a) The Commission shall determine and fix from
9 time to time the fair and reasonable rates or compensation
10 for the transportation of mail by carrier and the service
11 connected therewith and prescribe the method of computing
12 such rates or compensation. The Commission shall publish
13 its orders stating its determination under this section which
14 shall remain in force until changed by it after notice and
15 hearing.

16 “(b) For the purpose of determining and fixing rates
17 or compensation under this section, the Commission may
18 make just and reasonable classifications of carriers and
19 where just and equitable, fix general rates applicable to
20 carriers in the same classification.

21 “(c) In determining and fixing fair and reasonable
22 rates under this section, the Commission shall consider the
23 relation between the Government and carriers as public
24 service corporations, and the nature of public service as

1 distinguished, if there is a distinction, from the ordinary
2 transportation business of the carriers.

3 **“§ 1633. Procedures**

4 “(a) At any time after six months from the entry of
5 an order stating the Commission’s determination under sec-
6 tion 1632 of this chapter, the Postal Service, or an interested
7 carrier may apply for a reexamination and substantially
8 similar proceedings as have theretofore been had shall be
9 followed with respect to the rates for services covered by
10 the application. At the conclusion of the hearing the Com-
11 mission shall enter an order stating its determination.

12 “(b) Except as authorized by sections 1634 and 1635
13 of this chapter, the Postal Service shall pay a carrier the
14 rates or compensation so determined and fixed for applica-
15 tion at such stated times as named in the order.

16 “(c) The Postal Service may file with the Commission
17 a comprehensive plan, stating—

18 “(1) its requirements for the transportation of mail
19 by carrier;

20 “(2) the number, equipment, size, and construc-
21 tion of the cars or motor vehicles necessary for the
22 transaction of the business;

23 “(3) the character and speed of the trains or
24 motor vehicles which are to carry the various kinds of
25 mail;

1 “(4) the service, both terminal and en route, which
2 carriers are to render;

3 “(5) what it believes to be the fair and reasonable
4 rates or compensation for the services required; and

5 “(6) all other information which may be material
6 to the inquiry, but such other information may be filed
7 at any time in the discretion of the Commission.

8 “(d) When a comprehensive plan is filed, the Com-
9 mission shall give notice of not less than thirty days to each
10 carrier required by the Postal Service to transport mail
11 pursuant to such plan. A carrier may file its answer at the
12 time fixed by the Commission, but not later than thirty days
13 after the expiration date fixed by the Commission in the
14 notice, and the Commission shall proceed with the hearing.

15 **“§ 1634. Special rates**

16 “Upon petition by the Postal Service, the Commission
17 shall determine and fix carrier carload or less-than-carrier-
18 carload rates for the transportation of mail not entitled to
19 high priority in transportation. A carrier shall perform the
20 service at the rates so determined when requested to do so
21 and under the conditions prescribed by the Postal Service.

22 **“§ 1635. Intermodal transportation**

23 “The Postal Service may permit a carrier to perform
24 mail transportation by any form of transportation it deems

1 appropriate at rates or compensation not exceeding those
2 allowable for similar service by its designated mode.

3 **“§ 1636. Statistical studies**

4 “The Postal Service may arrange for weighing and
5 measuring mail transported on carrier mail routes and make
6 other computations for statistical and administrative purposes
7 to carry out the purposes of this chapter.

8 **“§ 1637. Special contracts**

9 “The Postal Service may enter into special contracts with
10 carriers. It may contract to pay lower rates or compensation,
11 or where in its judgment conditions warrant, higher rates or
12 compensation than those determined or fixed by the Com-
13 mission. The fact that the Interstate Commerce Commission
14 has not prescribed rates for the carrier involved, pursuant to
15 section 1632 of this chapter, shall not preclude execution of
16 a contract under this section.

17 **“§ 1638. Carrier operations, receipts, and expenditures**

18 “The Postal Service shall request all carriers trans-
19 porting the mails to furnish, under seal, such data relating to
20 the operations, receipts and expenditures of such carriers as
21 may, in its judgment, be deemed necessary to enable it to
22 ascertain the cost of mail transportation and the proper com-
23 pensation to be paid for the same. It shall, in its annual re-
24 port to Congress, make such recommendations, founded on

1 the information obtained under this section, as shall, in its
2 opinion, be just and equitable.

3 **“Subchapter III.—Transportation of Mail by Air**

4 **“§ 1651. Rules and regulations**

5 “The Postal Service may make such rules, regulations
6 and orders not inconsistent with sections 1301–1542 of title
7 49, or any order, rule, or regulations made by the Civil Aero-
8 nautics Board thereunder, as may be necessary for the safe
9 and expeditious carriage of mail by aircraft.

10 **“§ 1652. Fines on air carriers transporting the mails**

11 “The Postal Service may impose fines on contractors or
12 carriers transporting mail by air on routes extending beyond
13 the borders of the United States for—

14 “(1) unreasonable or unnecessary delay to mail; and

15 “(2) other delinquencies in the transportation of mail.

16 **“§ 1653. Contracts for the transportation of mail by air**

17 “(a) The Postal Service may contract with any certifi-
18 cated air carrier in such manner and under such terms and
19 conditions as it deems appropriate for the transportation of
20 mail by aircraft between any of the points between which
21 such air carrier is authorized by the Civil Aeronautics Board
22 to engage in transportation of mail. It may provide in any
23 such contract for the payment of rates or compensation which
24 are higher or lower than those prescribed pursuant to section

1 1376 of title 49 for the transportation of mail between the
2 points to be served under the contract.

3 “(b) When the Postal Service deems that the trans-
4 portation of mail by aircraft is required between points be-
5 tween which the Civil Aeronautics Board has not authorized
6 an air carrier to engage in the transportation of mail the
7 Postal Authority may contract in such manner and under
8 such terms and conditions as it may deem fit, for such trans-
9 portation. The transportation of mail under contracts entered
10 into under this section is not, except for sections 1371 (k)
11 and 1386 (b) of title 49, ‘air transportation’ as that term is
12 defined in sections 1301–1542 of title 49. The Postal Service
13 shall cancel such a contract, in whole or in respect to certain
14 points as the certificate shall require, upon the issuance by
15 the Civil Aeronautics Board of an authorization under sec-
16 tions 1371–1386 of title 49 to any air carrier to engage in
17 the transportation of mail by aircraft between any of the
18 points named in the contract, and the inauguration of sched-
19 uled service by such carrier.

20 “(c) If the Postal Service determines that service by the
21 certificated carrier or carriers between any pair or pairs
22 of points is not adequate for its purposes, it may contract,
23 in such manner and under such terms and conditions as it
24 may deem fit, with any air carrier or carriers for such air

1 transportation service as cannot be adequately provided
2 by the certificated carrier or carriers. Such contracts shall be
3 filed with the Civil Aeronautics Board no less than ninety
4 days prior to their effective date: *Provided*, That the Civil
5 Aeronautics Board may allow a lesser period if it for good
6 cause finds that ninety days' advance notice is impracticable,
7 unnecessary, or contrary to the public interest. After such
8 notice and hearing it may deem appropriate the Civil Aero-
9 nautics Board may disapprove any such contract prior to its
10 effective date if it finds that such contract conflicts with the
11 development of air transportation under sections 1301-1542
12 of title 49, incorporating this finding in an order contain-
13 ing a brief statement of its reasons therefor. Sections 1371-
14 1376, 1380, 1381, and 1385 of title 49 do not apply to the
15 transportation of mail under this section. The Postal Service
16 may cancel contract if the Civil Aeronautics Board authorizes
17 an additional carrier or carriers to provide service between
18 any pair or pairs of points covered by the contract, and such
19 carrier or carriers inaugurate schedules.

20 **“Subchapter IV.—Transportation of Mail by Vessel**

21 **“§ 1676. Sea post service**

22 “The Postal Service may maintain sea post service on
23 ocean vessels conveying mail to and from the United States.

1 **“§ 1677. Termination of contracts for foreign transpor-**
 2 **tation**

3 “Contracts for the transportation of mail by vessel
 4 between the United States and a foreign port shall be made
 5 subject to cancellation by the Postal Service or the Congress.

6 **“§ 1678. Transportation of mail by vessel as freight or**
 7 **express**

8 “The Postal Service may require that mail be trans-
 9 ported by freight or express when—

10 “(1) there is no competition on a water route and
 11 the rate of compensation asked is excessive; or

12 “(2) no proposal is received.

13 A common carrier by water that refuses to transport the mail
 14 when required to do so under this section shall be fined not
 15 more than \$500 for each day of refusal.

16 **“§ 1679. Fines on ocean carriers**

17 “The Postal Service may impose or limit fines on car-
 18 riers transporting mail by vessel on routes extending beyond
 19 the borders of the United States for—

20 “(1) unreasonable or unnecessary delay to the
 21 mail; and

22 “(2) other delinquencies in the transportation of
 23 mail.

1 **“Chapter 18.—MISCELLANEOUS**

“Sec.

“1801. No postal material or supplies manufactured by convict labor.

“1802. Uniforms and badges.

“1803. Special delivery messengers as employees or carriers.

“1804. Collection of debts.

“1805. Transportation of international mail by air carriers of the United States.

“1806. Penalties and forfeitures imposed for violations.

“1807. Delivery of stolen money to owner.

“1808. Substitute checks.

“1809. Filing of information relating to publications of the second class.

“1810. Printing of illustrations of United States postage stamps.

2 **“§ 1801. No postal material or supplies manufactured by**
3 **convict labor**

4 “Except as provided in chapter 307 of title 18, the Postal
5 Service may not make a contract for the purchase of equip-
6 ment or supplies to be manufactured by convict labor.

7 **“§ 1802. Uniforms and badges**

8 “The Postal Service may prescribe a uniform dress to be
9 worn by letter carriers and other designated employees.

10 **“§ 1803. Special delivery messengers as employees or car-**
11 **riers**

12 “(a) A person temporarily employed to deliver special
13 delivery mail is deemed an employee of the postal service,
14 and is subject to the provisions of chapter 83 of title 18 to the
15 same extent as other employees of the Postal Service.

16 “(b) Any person, when engaged in carrying special
17 delivery mail under contract with the Postal Service, or

1 employed by the Postal Service, is deemed a carrier or per-
2 son entrusted with the mail and having custody thereof, with-
3 in the meaning of sections 1701, 1708, and 2114 of title 18.

4 **“§ 1804. Collection of debts**

5 “(a) The Postal Service shall—

6 “(1) collect debts due the Postal Service; and

7 “(2) collect and remit fines, penalties, and for-
8 feitures arising out of matters affecting the Postal
9 Service.

10 The Postal Service may refer any debt, which is uncol-
11 lectible through administrative action, to the General Ac-
12 counting Office for collection. This subsection does not affect
13 the authority of the Attorney General in cases in which
14 judicial proceedings are instituted.

15 “(b) In all cases of disability or alleged liability to
16 the Postal Service, by way of damages or otherwise, for
17 any sum of money due the United States through accounta-
18 bility for public moneys, or otherwise, under any provision
19 of law, the Postal Service shall determine whether its in-
20 terests require the exercise of its powers over the same.
21 Upon such determination the Postal Service, on such terms
22 as it deems just and expedient, may—

23 “(1) remove the disability; or

24 “(2) compromise, release, or discharge the claim
25 for such sum of money and damages.

1 **“§ 1805. Transportation of international mail by air car-**
2 **riers of the United States**

3 “(a) The Postal Service may offset against any bal-
4 ances due another country resulting from the transaction
5 of international money order business, or otherwise, amounts
6 due from that country to the United States, or to the United
7 States for the account of air carriers of the United States
8 transporting mail of that country, when—

9 “(1) the Postal Service puts into effect rates of
10 compensation to be charged another country for trans-
11 portation; and

12 “(2) the United States is required to collect from
13 another country the amounts owed for transportation
14 for the account of the air carriers.

15 “(b) When the Postal Service has proceeded under the
16 authority of subsection (a), it shall—

17 “(1) give appropriate credit to the country in-
18 volved;

19 “(2) pay to the air carrier the portion of the amount
20 so credited which is owed to the air carrier for its services
21 in transporting the mail of the other country; and

22 “(3) deposit in the Fund that portion of the amount
23 so credited which is due the United States on its own
24 account.

1 “(c) The Postal Service, from time to time, may ad-
2 vance to an air carrier, out of funds available for payment
3 of balances due other countries, the amounts determined by
4 it to be due from another country to an air carrier for the
5 transportation of its mails when—

6 “(1) collections are to be made by the United
7 States for the account of air carriers; and

8 “(2) the Postal Service determines that the balance
9 of funds available is such that the advances may be made
10 therefrom.

11 Collection from another country of the amount so advanced
12 shall be made by offset, or otherwise, and the fund from
13 which the advance is made shall be reimbursed by the collec-
14 tions made by the United States.

15 “(d) If the United States is unable to collect from the
16 debtor country an amount paid or advanced to an air carrier
17 within twelve months after payment or advance has been
18 made, the United States may deduct the uncollected amount
19 from any sums owed by it to the air carrier.

20 “(e) The Postal Service shall adopt such accounting
21 procedures as may be necessary to conform to and effect the
22 purposes of this section.

23 **“§ 1806. Penalties and forfeitures imposed for violations**

24 “Unless a different disposal is expressly prescribed, one-
25 half of all penalties and forfeitures imposed for violations of

1 law affecting the Postal Service, its revenues or property,
2 shall be paid to the person informing and prosecuting for the
3 same. The other one-half shall be paid into the postal
4 revenues.

5 **“§ 1807. Delivery of stolen money to owner**

6 “When the Postal Service is satisfied that money or prop-
7 erty in the possession of the Postal Service represents money
8 or property stolen from the mails, or the proceeds thereof, it
9 may deliver it to the person it finds to be the rightful owner.

10 **“§ 1808. Substitute checks**

11 “(a) The Postal Service may authorize the issuance of
12 a substitute check for a lost, stolen or destroyed check of the
13 Postal Service. Substitute checks shall—

14 “(1) be marked ‘duplicate’; and

15 “(2) show the number, date, and payee of the
16 original.

17 “(b) The Postal Service may authorize the issuance
18 of the substitute check (1) upon the execution of a bond
19 agreeable to the Postal Service by the owner, or (2) with-
20 out bond, upon affidavit of the payee or owner of the
21 original check when the Postal Service is satisfied that the
22 loss, theft, or destruction occurred without the fault of the
23 owner or holder or while the check was in the custody or
24 control of the Postal Service or in the mails.

1 “(c) Subsections (a), (b), (c), and (d) of section
2 528 of title 31 do not apply to checks of the Postal Service.

3 **“§ 1809. Filing of information relating to publications of**
4 **the second class**

5 “(a) Each owner of a publication having second-class
6 mail privileges shall furnish to the Postal Service at least
7 once a year, and shall publish in such publication once a
8 year, information in such form and detail and at such time
9 as the Postal Service may require respecting—

10 “(1) the identity of the editor, managing editor,
11 publishers, and owners;

12 “(2) the identity of the corporation and stock-
13 holders thereof, if the publication is owned by a cor-
14 poration;

15 “(3) the identity of known bondholders, mort-
16 gagees, and other security holders;

17 “(4) the extent and nature of the circulation of
18 the publication, including, but not limited to, the number
19 of copies distributed, the methods of distribution, and
20 the extent to which such circulation is paid in whole
21 or in part; and

22 “(5) such other information as the Postal Service
23 may deem necessary to determine whether the publica-
24 tion meets the standards for second-class mail privileges.

25 The Postal Service shall not require the names of persons

1 owning less than 1 percentum of the total amount of stocks,
2 bonds, mortgages, or other securities.

3 “(b) Each publication having second-class mail priv-
4 ileges shall furnish to the Postal Service information in such
5 form and detail, and at such times, as it requires to determine
6 whether the publication continues to qualify thereunder. In
7 addition, the Postal Service may require each publication
8 which has second-class mail privileges to furnish informa-
9 tion, in such form and detail and at such times as it may
10 require, to determine whether the publication continues
11 to qualify thereunder.

12 “(c) The Postal Service shall make appropriate rules
13 and regulations to carry out the purposes of this section,
14 including provision for suspension or revocation of second-
15 class mail privileges for failure to furnish the required
16 information.

17 **“§1810. Printing of illustrations of United States postage**
18 **stamps**

19 “(a) When requested by the Postal Service, the Public
20 Printer shall print as a public document for sale by the
21 Superintendent of Documents, illustrations of postage stamps
22 of the United States, together with such descriptive, his-
23 torical, and philatelic information with regard to the stamps
24 as the Postal Service deems suitable.

25 “(b) Notwithstanding the provisions of section 505

1 of title 44, stereotype or electrotype plates, or duplicates
2 thereof, used in the publications authorized to be printed
3 by this section may not be sold or otherwise disposed of.”.

4 LEGISLATIVE CONSTRUCTION

5 SEC. 3. An inference of a legislative construction is not
6 to be drawn by reason of the chapter in title 39, United
7 States Code, as set out in section 2 of this Act in which a
8 section is placed nor by reason of the caption or catch line.

9 CROSS REFERENCE

10 SEC. 4. Whenever reference is made in another law to
11 a law or part of law which was contained in title 39, United
12 States Code, as it existed prior to the effective date of this
13 section, it shall be considered to mean the appropriate section
14 of title 39, United States Code, as revised by section 2 of
15 this Act unless no such section is included therein, and
16 whenever reference is made in any other law to the Post-
17 master General or Post Office Department, the reference
18 shall be considered to mean the United States Postal Serv-
19 ice established by this Act.

20 EFFECT OF REPEAL OF LAWS

21 SEC. 5. Provisions of title 39, United States Code, in
22 effect immediately prior to the effective date of this section,
23 but not reenacted by this Act, shall remain in force as bylaws
24 or regulations of the United States Postal Service, to the
25 extent it is authorized to adopt such provision as bylaws or

1 regulations, until they are revoked, amended or revised by
2 the United States Postal Service.

3 **OUTSTANDING ORDERS, RULES, AND REGULATIONS**

4 **SEC. 6.** Orders, rules, and regulations in effect under
5 provisions of law repealed, superseded or amended by this
6 Act shall, to the extent they would have been authorized
7 under this Act, remain in force and effect as the regulations
8 and orders under the provisions of this Act and shall be ad-
9 ministered and enforced under this Act as nearly as may be
10 until specifically repealed, amended or revised by the United
11 States Postal Service.

12 **PRIVATE EXPRESS**

13 **SEC. 7.** The Congress finds that the restrictions on the
14 private carriage of letters and packets contained in chapter
15 14 of title 39, United States Code and sections 1694-1696
16 of title 18, United States Code, are generally in the public
17 interest, but that these sections need further study and evalu-
18 ation in the light of changes in modern communications.
19 The Board of Directors of the United States Postal Service
20 shall submit to the President and the Congress within two
21 years of the enactment of this Act a report and recommen-
22 dation for the modernization of these provisions of law. In
23 preparing this report the Board is authorized to cause the
24 rate commissioners to conduct a rule-making proceeding on

1 the topic and to render an opinion to the Board on what-
2 ever topics the Board deems appropriate.

3 AMENDMENTS TO TITLE 18, UNITED STATES CODE

4 SEC. 8. Title 18, United States Code, is amended—

5 (1) by changing section 12 thereof to read as
6 follows:

7 **“§ 12. Postal Service defined.**

8 “The term ‘Postal Service,’ as used in this title, means
9 the ‘United States Postal Service’ established by section 202
10 of title 39 and every employee thereof, whether or not he has
11 taken the oath of office.”;

12 (2) by striking out “Post Office Department” in
13 section 441 and inserting in lieu thereof “United States
14 Postal Service”;

15 (3) by amending the first two paragraphs of section
16 500 thereof to read as follows:

17 “Whoever, with intent to defraud, falsely makes, forges,
18 counterfeits, engraves, or prints any order in imitation of or
19 purporting to be a money order issued by the Post Office
20 Department, or by the United States Postal Service, or by
21 any postmaster or agent thereof; or

22 “Whoever forges or counterfeits the signature of any
23 postmaster, assistant postmaster, chief clerk, or clerk, upon
24 or to any money order, or postal note, or blank therefor
25 provided or issued by or under the direction of the Post

1 Office Department of the United States, or of the United
2 States Postal Service, or of any foreign country, and payable
3 in the United States, or any material signature or indorse-
4 ment thereon, or any material signature to any receipt or
5 certificate of identification thereof; or”;

6 (4) by amending the last three paragraphs of sec-
7 tion 501 thereof to read as follows:

8 “Whoever makes or prints, or authorizes to be made or
9 printed, any postage stamp, stamped envelope, or postal card,
10 of the kind authorized and provided by the Post Office
11 Department, or by the United States Postal Service with-
12 out the special authority and direction of said department or
13 office; or

14 “Whoever after such postage stamp, stamped envelope,
15 or postal card has been printed, with intent to defraud, de-
16 livers the same to any person not authorized by an instru-
17 ment in writing, duly executed under the hand of the Post-
18 master General or the Board of Directors of the United States
19 Postal Service and the seal of the Post Office Department
20 or the United States Postal Service, to receive it—

21 “Shall be fined not more than \$500 or imprisoned not
22 more than 5 years, or both.”;

23 (5) by striking out “Post Office Department” in
24 section 612, and inserting in lieu thereof “United States
25 Postal Service”;

1 (6) by striking out "Post Office Department" in sec-
2 tion 876, wherever appearing therein and inserting in
3 lieu thereof "United States Postal Service";

4 (7) by striking out "Post Office Department of the
5 United States" wherever appearing in section 877, and
6 inserting in lieu thereof "United States Postal Service";

7 (8) by striking out "any postal inspector, any post-
8 master, officer, or employee in the field service of the
9 Post Office Department," in section 1114, and inserting
10 in lieu thereof "any postal inspector, any postmaster,
11 officer, or employee in the field service of the United
12 States Postal Service,";

13 (9) by striking out "Post Office Department" in
14 section 1341, and inserting in lieu thereof "United
15 States Postal Service";

16 (10) by striking out "Post Office Department of
17 the United States" in section 1342, and inserting in lieu
18 thereof "United States Postal Service";

19 (11) by striking out "Postmaster General" in sec-
20 tion 1463 and inserting in lieu thereof "Board of Di-
21 rectors of the United States Postal Service";

22 (12) by striking out "section 500 of title 39" in
23 section 1696 and inserting in lieu thereof "section 1401
24 of title 39";

25 (13) by striking out "Postmaster General" wher-

1 ever appearing in section 1699 and inserting in lieu
2 thereof "Board of Directors of the United States Postal
3 Service";

4 (14) by amending subsection (a) of section 1703
5 thereof to read as follows:

6 " (a) Whoever, being a postmaster or Postal Service
7 employee, unlawfully detains, delays, or opens any letter,
8 postal card, package, bag or mail entrusted to him or which
9 shall come into his possession, and which was intended to be
10 conveyed by mail, or carried or delivered by any carrier or
11 other employee of the Postal Service, or forwarded through
12 or delivered from any post office or station thereof established
13 by authority of the Postmaster General or the Board of Di-
14 rectors of the United States Postal Service; or secretes, or
15 destroys any such letter, postal card, package, bag, or mail,
16 shall be fined not more than \$500 or imprisoned not more
17 than five years, or both.;"

18 " (15) by amending section 1704 thereof to read
19 as follows:

20 **"§ 1704. Keys or locks stolen or reproduced.**

21 "Whoever steals, purloins, embezzles, or obtains by false
22 pretense any key suited to any lock adopted by the Post
23 Office Department or the United States Postal Service and
24 in use on any of the mails or bags thereof, or any key to any

1 lock box, lock drawer, or other authorized receptacle for the
2 deposit or delivery of mail matter; or

3 "Whoever knowingly and unlawfully makes, forges, or
4 counterfeits any such key, or possesses any such mail lock
5 or key with the intent unlawfully or improperly to use, sell,
6 or otherwise dispose of the same, or to cause the same to be
7 unlawfully or improperly used, sold, or otherwise disposed
8 of; or

9 "Whoever, being engaged as a contractor or otherwise
10 in the manufacture of any such mail lock or key, delivers any
11 finished or unfinished lock or the interior part thereof or key,
12 used or designed for use by the Post Office Department or
13 the United States Postal Service to any person not duly au-
14 thorized under the hand of the Postmaster General or the
15 Board of Directors of the United States Postal Service and
16 the seal of the Post Office Department or the United States
17 Postal Service, to receive the same, unless the person receiv-
18 ing it is the contractor for furnishing the same or engaged in
19 the manufacture thereof in the manner authorized by the
20 contract, or the agent of such manufacturer—

21 "Shall be fined not more than \$500 or imprisoned not
22 more than ten years or both.":

23 (16) by amending section 1709 thereof to read as
24 follows:

1 **“§ 1709. Theft of mail matter by postmaster or employee.**

2 “Whoever, being a postmaster or Postal Service em-
3 ployee, embezzles any letter, postal card, package, bag, or
4 mail or any article or thing contained therein entrusted to
5 him or which comes into his possession intended to be con-
6 veyed by mail, or carried or delivered by any carrier, mes-
7 senger, agent, or other person employed in any department
8 of the Postal Service, or forwarded through or delivered from
9 any post office or station thereof established by authority of
10 the Postmaster General or the Board of Directors of the
11 United States Postal Service; or steals, abstracts, or removes
12 from any such letter, package, bag, or mail, any article or
13 thing contained therein, shall be fined not more than \$2,000
14 or imprisoned not more than five years, or both.”;

15 (17) by striking out “Post Office Department” in
16 section 1711, and inserting in lieu thereof “United States
17 Postal Service”;

18 (18) by striking out “Postmaster General” wher-
19 ever appearing in section 1711, and inserting in lieu
20 thereof “Board of Directors of the United States Postal
21 Service”;

22 (19) by striking out “Post Office Department” in
23 section 1712 and inserting in lieu thereof “United States
24 Postal Service”;

1 (20) by striking out "Postmaster General" wher-
2 ever appearing in section 1715 and inserting in lieu
3 thereof "Board of Directors of the United States Postal
4 Service";

5 (21) (A) by amending the second, third, and fourth
6 paragraphs of section 1716 thereof to read as follows:

7 "The Board of Directors of the United States Postal
8 Service may permit the transmission in the mails, under such
9 rules and regulations as it shall prescribe as to preparation
10 and packing, of any such articles which are not outwardly or
11 of their own force, dangerous or injurious to life, health, or
12 property.

13 "The Board of Directors of the United States Postal
14 Service is authorized and directed to permit the transmis-
15 sion in the mails, under regulations to be prescribed by it, of
16 live scorpions which are to be used for purposes of medical
17 research or for the manufacture of antivenom. Such regula-
18 tions shall include such provisions with respect to the pack-
19 aging of such live scorpions for transmission in the mails
20 as the Board of Directors of the United States Postal Service
21 deems necessary or desirable for the protection of United
22 States Postal Service personnel and of the public generally
23 and for ease of handling by such personnel and by any indi-
24 vidual connected with such research or manufacture. Nothing

1 contained in this paragraph shall be construed to authorize
2 the transmission in the mails of live scorpions by means of
3 aircraft engaged in the carriage of passengers for compensa-
4 tion or hire.

5 "The transmission in the mails of poisonous drugs and
6 medicines may be limited by the Board of Directors of the
7 United States Postal Service to shipment of such articles
8 from the manufacturer thereof or dealer therein to licensed
9 physicians, surgeons, dentists, pharmacists, druggists, cosme-
10 tologists, barbers, and veterinarian under such rules and
11 regulations as it shall prescribe.":

12 (B) by striking out "Postmaster General" wherever
13 else appearing in section 1716 thereof and inserting in
14 lieu thereof "Board of Directors of the United States
15 Postal Service";

16 (22) by striking out "Postmaster General" in sec-
17 tion 1718 and inserting in lieu thereof "Board of
18 Directors of the United States Postal Service";

19 (23) by striking out "Post Office Department"
20 wherever appearing in section 1721 and inserting in
21 lieu thereof "United States Postal Service";

22 (24) by striking out "Post Office Department" in
23 section 1722 and inserting in lieu thereof "United States
24 Postal Service";

1 (25) by striking out "Postmaster General" in sec-
2 tion 1723 and inserting in lieu thereof "Board of Di-
3 rectors of the United States Postal Service";

4 (26) by amending section 1724 thereof to read as
5 follows:

6 **"§ 1724. Postage on mail delivered by foreign vessels.**

7 "Except as otherwise provided by treaty or convention
8 the Board of Directors of the United States Postal Service
9 may require the transportation by any steamships of mail
10 between the United States and any foreign port at the
11 compensation fixed under authority of law. Upon refusal
12 by the master or the commander of such steamship or vessel
13 to accept the mail, when tendered by the Board of Directors
14 of the United States Postal Service or its representative,
15 the collector or other officer of the port empowered to
16 grant clearance, on notice of the refusal aforesaid, shall
17 withhold clearance until the collector or other officer of the
18 port is informed by the Board of Directors of the United
19 States Postal Service or its representative that the master
20 or commander of the steamship or vessel has accepted
21 the mail or that conveyance by his steamship or vessel is
22 no longer required by the Board of Directors of the United
23 States Postal Service.";

24 (27) by striking out "Postmaster General" in sec-

1 tion 1725 and inserting in lieu thereof "Board of Direc-
2 tors of the United States Postal Service";

3 (28) by striking out "Postmaster General" in
4 section 1729 and inserting in lieu thereof "Board of
5 Directors of the United States Postal Service;

6 (29) by striking out "Postmaster General" in sec-
7 tion 1730 and inserting in lieu thereof "Board of Direc-
8 tors of the United States Postal Service";

9 (30) (A) by amending section 1733 to read as
10 follows:

11 **"§ 1733. Mailing second-class mail without prepayment of**
12 **postage.**

13 "Whoever, except as permitted by law, knowingly mails
14 any second-class mail without the payment of postage, or
15 being a postmaster or postal official knowingly permits any
16 second-class mail to be mailed without prepayment of post-
17 age, shall be fined not more than \$1,000, or imprisoned
18 not more than one year, or both.";

19 (B) by amending the table of contents of chapter
20 83 by striking out—

"1733. Affidavits relating to second-class mail."

21 and inserting in lieu thereof—

"1733. Mailing second-class mail without prepayment of postage.";

22 and

1 (31) by striking out in section 3061, "Postmaster
2 General" and inserting in lieu thereof "Board of Direc-
3 tors of the United States Postal Service".

4 MISCELLANEOUS AMENDMENTS

5 SEC. 9. (a) Section 1 of the Act of June 25, 1948
6 (62 Stat. 672) as amended (3 U.S.C. 19) is further
7 amended by striking out "Postmaster General" where it
8 appears in subsection (d) (1).

9 (b) Section 101 of title 5, United States Code, as
10 amended, is further amended by striking out "The Post
11 Office Department".

12 (c) (1) Section 602 (e) of the Act of August 7, 1956
13 (70 Stat. 1113), as amended (12 U.S.C. 1701d-3 (c)) is
14 amended by striking out "section 306 of the Penalty Mail
15 Act of 1948 (39 U.S.C. 321n)" and inserting in lieu
16 thereof "section 654 of title 39, United States Code".

17 (2) Section 301 (a) of the Housing Act of 1948 (63
18 Stat. 431), as amended (12 U.S.C. 1701e (a)) is amended
19 by striking out "39 United States Code 321n" and inserting
20 in lieu thereof "39 United States Code 654".

21 (d) Section 8 (b) of the Small Business Act, as
22 amended by section 107 of the Act of October 11, 1967 (81
23 Stat. 269; 15 U.S.C. 637 (b) (15)) is further amended by
24 striking out "section 4154 of title 39, United States Code"

1 which appears in paragraph 15 and inserting in lieu thereof
2 “section 654 of title 39, United States Code”.

3 (e) Section 2 (f) of the Act of May 28, 1963 (77
4 Stat. 50; 16 U.S.C. 460 1-1 (f)), is amended by striking
5 out “section 4154, title 39, United States Code”, and insert-
6 ing in lieu thereof “section 654, title 39, United States
7 Code”.

8 (f) Section 8 of title 17, United States Code, is
9 amended—

10 (1) by striking out “Postmaster General” and
11 inserting in lieu thereof “United States Postal Service”;
12 and

13 (2) by striking out “section 2506 of title 39” and
14 inserting in lieu thereof “section 1810 of title 39”.

15 (g) Section 1 (d) of the Act of June 8, 1938 (52
16 Stat. 631), as amended (56 Stat. 250; 22 U.S.C. 611 (d)),
17 is further amended by striking out “file with the Postmaster
18 General a sworn statement in compliance with section 2 of
19 the Act of August 24, 1912 (37 Stat. 553), as amended”,
20 and inserting in lieu thereof, “file with the United States
21 Postal Service information in compliance with section 1809
22 of title 39, United States Code”.

23 (h) Section 2 of the National Labor Relations Act, as
24 amended by section 2 of the Labor-Management Relations

1 Act, 1947 (61 Stat. 137; 29 U.S.C. 152), is further amended
2 by inserting after "wholly owned government corporation"
3 in item (2) "other than the United States Postal Service,".

4 (i) (1) The sixth subdivision of section 7 of the Act of
5 July 31, 1894, and the second proviso of section 10 of the
6 Act of August 24, 1912 (37 Stat. 559; 31 U.S.C. 72 Fifth),
7 are repealed.

8 (2) Section 1 of the Act of March 6, 1946 (60 Stat.
9 31), as amended (31 U.S.C. 129), is further amended by
10 inserting after "Postmaster General," the following: "the
11 United States Postal Service,".

12 (3) Section 1302 of the Act of July 27, 1956, as
13 amended (31 U.S.C. 724a), is further amended by adding
14 the following sentence thereto: "Notwithstanding the other
15 provisions of this section judgments against the United
16 States arising out of activities of the United States Postal
17 Service shall be paid by the United States Postal Service
18 out of any funds available to it."

19 (4) Section 101 of the Government Corporation Control
20 Act, 59 Stat. 597, as amended (31 U.S.C. 846) is further
21 amended by inserting "United States Postal Service" after
22 "Tennessee Valley Authority;".

23 (5) Section 104 of the Government Corporation Con-
24 trol Act (59 Stat. 598), as amended (31 U.S.C. 849) is
25 further amended by inserting "or the provisions of section

1 1003 of title 39” after “section 26 of the Tennessee Valley
2 Authority Act, as amended.”.

3 (6) Section 1 of the Act of September 30, 1890 (26
4 Stat. 511; 31 U.S.C. 1028) is hereby repealed.

5 (j) (1) Section 5 of the Act of March 4, 1913 (37
6 Stat. 879; 40 U.S.C. 264) is hereby repealed.

7 (2) Section 411 (f) of the Public Buildings Act of
8 1949, as amended (68 Stat. 520; 40 U.S.C. 356 (f)) is
9 further amended by striking out in the third proviso “section
10 205 of the Post Office Department Property Act of 1954” and
11 inserting in lieu thereof “section 1003 of title 39, United
12 States Code”.

13 (3) Item (15) of section 602 (d) of the Act of June 30,
14 1949 (63 Stat. 401), as amended (40 U.S.C. 474 (15)) is
15 further amended to read as follows:

16 “(15) The United States Postal Service;”.

17 (4) Section 16 of the Act of September 9, 1959 (73
18 Stat. 483; 40 U.S.C. 615) is amended to read as follows:

19 “SEC. 16. Nothing in this Act shall be construed to
20 limit or repeal—

21 “(1) existing authorizations for the leasing of build-
22 ings by and for the General Services Administration, or

23 “(2) the authority conferred by law on the United
24 States Postal Service.”.

1 (5) The third proviso of section 3 of the Act of
2 August 10, 1939 (50 Stat. 479), as amended (40 U.S.C.
3 723) is further amended by striking out "insofar as such loss,
4 destruction, or damage may be adjusted by the Postmaster
5 General under the provisions of the Act of March 17, 1882,
6 as amended (U.S.C. 1934 edition, title 39, sec. 49)", and
7 inserting in lieu thereof the following: "insofar as such loss,
8 destruction or damage relates to property of the United
9 States Postal Service chargeable to its officers or employees."

10 (6) Section 3a of the Government Losses in Shipment
11 Act as added by section 2 of the Act of August 10, 1939
12 (53 Stat. 1358; 40 U.S.C. 724), is amended (A) by strik-
13 ing out the colon immediately preceding the proviso and
14 inserting a period in lieu thereof; and (B) by striking out
15 the proviso.

16 (k) Section 602 (i) of the Act of August 20, 1964 (78
17 Stat. 529; U.S.C. 2942 (i)), is amended by striking out
18 "section 4154 of title 39, United States Code" and inserting
19 in lieu thereof "section 654 of title 39, United States Code".

20 (l) Section 405 (i) of the Act of August 23, 1958 (72
21 Stat. 762; 49 U.S.C. 1375 (i)), is hereby repealed.

22 **SEPARABILITY OF PROVISIONS**

23 **SEC. 10.** If a part of title 39, United States Code, as
24 revised by section 2 of this Act is held invalid, the remainder
25 of the title shall not be affected thereby; and if any other

1 part of this Act is held to be invalid the remainder of the
2 Act shall not be affected thereby.

3 **TRANSITIONAL EXPENSES**

4 **SEC. 11.** Expenses of the United States Postal Service
5 from the date of enactment of this Act until the date of
6 commencement of operations pursuant to section 202 of
7 title 39, United States Code, shall be deemed to be neces-
8 sary expenses of the administration of the Post Office
9 Department.

10 **EFFECTIVE DATES**

11 **SEC. 12.** This section and sections 201-203 of title 39,
12 United States Code, as enacted by section 2 of this Act
13 shall become effective on the date of enactment of this Act.
14 The other provisions of this Act shall become effective on
15 the date the Board of Directors of the United States Postal
16 Service files for publication in the Federal Register a notice
17 of commencement of operations of the United States Postal
18 Service pursuant to section 202 of title 39, United States
19 Code.

OUTLINE OF THE POSTAL SERVICE ACT OF 1969

The first section provides a short title for the Act: the "Postal Service Act of 1969."

Section 2 is the bulk of the bill. It completely revises title 39 of the United States Code. Provisions in the present title 39 which are not included in the sections set out in the bill are repealed or superseded. A summary analysis of the revised title 39 is attached.

Section 3 is a usual provision in legislative modifications precluding an inference of legislative construction of sections by their captions or by the chapters in which they are placed.

Section 4 provides that cross references appearing in other titles in the United States Code to existing sections of title 39 shall be deemed to refer to the corresponding sections, if any, in the revised title 39 and that references made in law to the "Postmaster General" and "Post Office Department" shall be deemed to be references to the "U.S. Postal Service" established in the revised title 39.

Section 5 provides that the repealed provisions of title 39 automatically became regulations of the Postal Service to the extent these provisions are within the power of the Postal Service to make, until changed by the Postal Service.

Section 6 similarly continues in effect the outstanding orders, rules and regulations issued by the Postmaster General and the Post Office Department until they are repealed or revised by the Postal Service.

Section 7 directs the Postal Service to prepare proposals for modification of the so-called private express statutes which confer a limited monopoly of the business of carrying letters for hire on the Post Office Department, and, under the bill, on the Postal Service. The Postal Service is directed to submit its recommendations to the Congress within 2 years after enactment of the act.

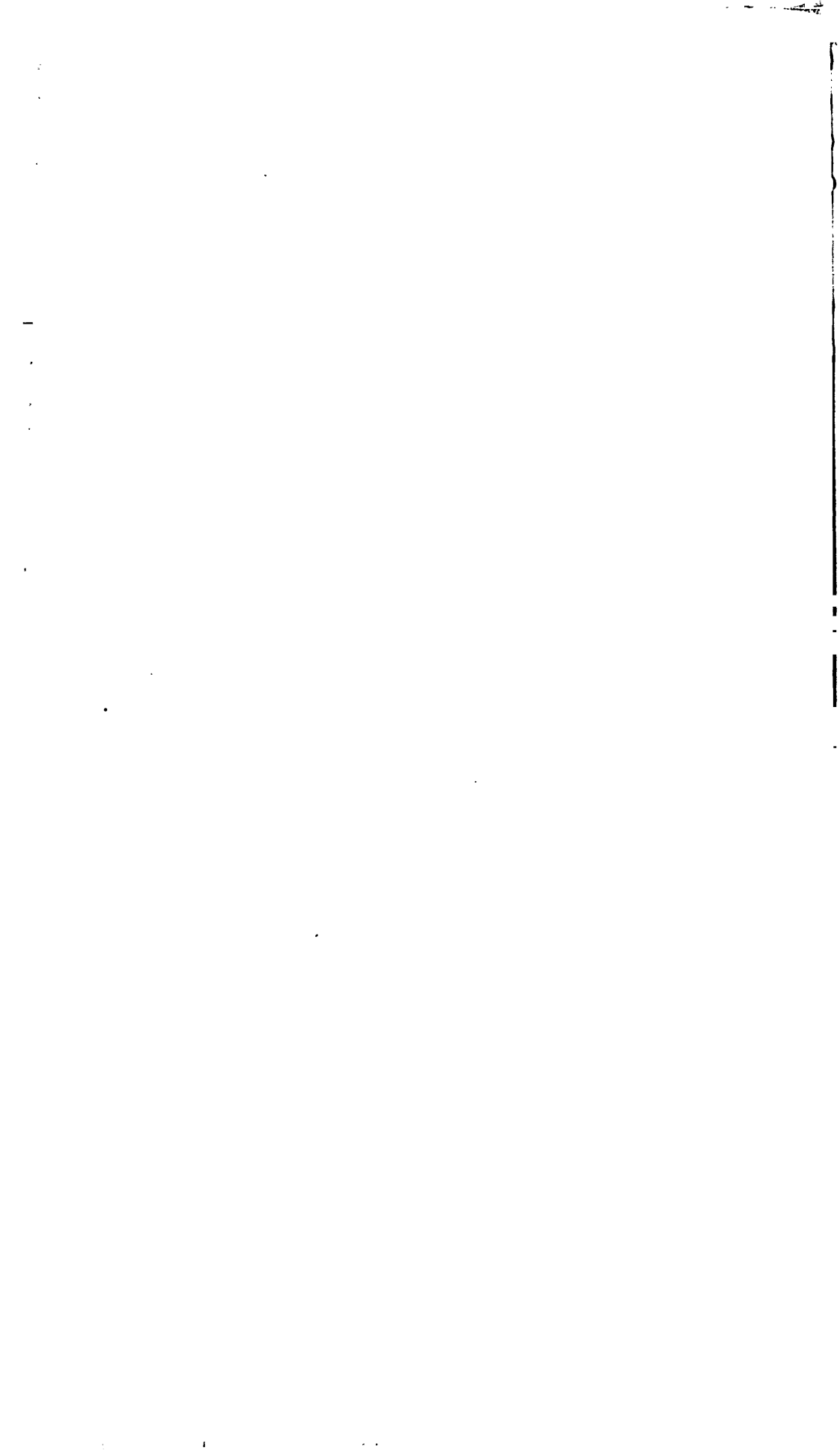
Section 8 makes changes in title 18 of the United States Code to conform the provisions of the criminal laws to the changes made in the revision of title 39.

Section 9 makes conforming changes in laws not modified in titles 18 or 39.

Section 10 is the usual separability provision in legislation.

Section 11 provides for the payment of expenses of the Postal Service until commencement of Postal Service operations out of appropriations available to the Post Office Department.

Section 12 provides effective dates for the legislation.



CHAPTER-BY-CHAPTER SUMMARY ANALYSIS OF REVISED TITLE 39, UNITED STATES CODE

CHAPTER 1.—GENERAL PROVISIONS

This chapter includes congressional findings that change is needed in the postal establishment that a Government-owned corporation is the most effective organization for the postal system that the system should be self-supporting and that working conditions and career opportunities should be improved.

CHAPTER 2.—ESTABLISHMENT OF THE POSTAL SERVICE

This chapter provides the basic organization for a new corporate structure of the postal establishment under the name "U.S. Postal Service." A period up to 1 year after enactment is provided for preparation for commencement of operations. The Postal Service is to be controlled by a nine-man board of directors: seven appointed by the President (with Senate confirmation) with rotating 7-year terms; the eighth appointed as Chief Executive Officer by the seven Presidentially appointed directors; and the ninth—the Chief Operating Officer—appointed by the eight. The Presidentially-appointed directors are to serve part time; the eighth and ninth directors serve full time and their compensation and tenure are fixed by the seven. No officer or employee of the Postal Service may be paid in excess of the compensation for level I of the Executive Schedule.

The chapter contains customary provisions for quorums and board procedures, including power to delegate any function of the board.

The Postal Service is empowered to sue and to be sued in its corporate name, to adopt bylaws and regulations, to enter into and perform contracts, to keep its own system of accounts, to acquire and dispose of property, to settle claims, and so forth. (These corporate powers are like those of the Tennessee Valley Authority.)

This chapter also makes inapplicable to the Postal Service Federal laws dealing with public contracts, property, works, employees, or funds except as otherwise provided. There are, however, carried forward the provisions of the criminal code applicable to postal matters; existing laws relating to condemnation procedures; current provisions of title 5, United States Code, regarding postal employees' rights to organize, antidiscrimination in employment, loyalty oaths, ban on strikes by Federal employees, and "Hatch Act" ban on political activities; title VI of the Civil Rights Act; and existing contractor labor standards statutes (e.g., Davis-Bacon Act, Walsh-Healey Act, Service Contract Act).

This chapter requires an annual report from the Postal Service to the Congress and explicitly reserves to the Congress the power to alter, amend, or repeal any or all sections of the new title 39.

CHAPTER 4—SERVICES

This chapter prescribes the general duties of the Postal Service—to develop and provide adequate and efficient postal service at fair and reasonable rates and to serve as nearly as practicable the entire population of the United States. It specifically empowers the Postal Service to provide for collection and delivery of the mails, establish necessary post offices, sell stamps, provide philatelic services, investigate postal offenses, and the like.

This chapter retains in substance existing maximum limits on the size and weight of packages that the Postal Service may handle.

This chapter provides for the continuance of APO and FPO service and service to military installations and for the continuance of existing authority to negotiate international postal arrangements.

CHAPTER 6—MAIL MATTER

This chapter substantially continues existing law in respect to “nonmailable matter” (e.g., lottery mail, mail involving false representations for obtaining money, obscene mail) and in respect to “penalty mail” and franking privileges.

CHAPTER 8—PERSONNEL

This chapter provides that the Postal Service may appoint and promote officers and employees without regard to the provisions of the civil service laws, with two very important exceptions. First, subject to collective bargaining procedures described below, the Postal Service must establish procedures to assure its employees of opportunities for promotion and career development and an opportunity to be heard before adverse actions are taken. Second, pending the establishment of such procedures, the “adverse action” procedures of the existing civil service laws will continue to apply.

No political test or qualification is permitted and all personnel actions must be taken on the basis of merit and fitness. The provisions of the Veterans Preference Act apply to the Postal Service.

This chapter provides that employees of the Post Office Department shall become employees of the Postal Service, except that any employee of the Post Office Department is eligible, at his election, to transfer to the same or a higher grade elsewhere in the Government if a position for which he is qualified is open. Compensation, benefits, and other terms and conditions of employment applicable to employees immediately before they become employees of the Postal Service will continue to apply until changed by the Postal Service.

Employees of the Postal Service will be covered by the civil service retirement program.

Labor-management relations are generally subject to the Labor-Management Relations Act of 1947, as amended, except as otherwise provided in the new title 39. Labor-management disputes arising during the life of a collective bargaining agreement will be settled in accordance with procedures agreed to by the parties. Disputes arising outside of a collective bargaining agreement will likewise be settled under any procedures that the parties may agree to; but if no procedures are agreed to, either party may cause the matter to be

referred to a permanent "Postal Disputes Panel." (The Postal Disputes Panel has nine members: three named by the Federal Mediation and Conciliation Service, three named by the American Arbitration Association, and the last three named by the first six.) The Postal Disputes Panel may apply any of a wide range of settlement techniques to resolve the dispute, including mediation, factfinding, and recommendations. In the Panel's discretion, it may refer any issue in dispute to final and binding arbitration by an impartial three-man board of arbitration which is to be set up on a "this dispute only" basis. In the alternative, the Postal Disputes Panel may decide that the status quo shall be maintained with respect to any issue in dispute. The statute specifically expresses the intent of Congress that the parties adopt their own procedures for resolving negotiating impasses; the statutory machinery would be available, however, as a last resort.

CHAPTER 10—FINANCE

This chapter provides that the initial capital of the Postal Service shall be the equity of the United States in the present Post Office Department as reflected in the President's budget; that the postal service and the General Services Administration will work out exactly which properties shall be transferred to the postal service and which will remain in the United States, subject to approval by the Bureau of the Budget; and that there shall be established in the Treasury a postal service fund to be credited with all revenues and receipts of the postal service and to be available for the payment of any and all expenses incurred by the postal service. Transitional appropriations are authorized.

The postal service is authorized to borrow money and issue obligations up to \$10 billion, but the net increase in obligations for capital improvements may not exceed \$1.5 billion in any 1 fiscal year. The terms and conditions of the postal service's obligations shall be the subject of consultation with the Secretary of the Treasury, and he may elect to purchase any or all postal service obligations. However, the maximum mandatory exposure of the Treasury is limited to \$2 billion. Obligations sold to the public would not be guaranteed by the United States.

The Comptroller General is required to audit the transactions of the postal service, but the postal service is authorized to allow credit for any expenditure which its Board determines to have been necessary.

CHAPTER 12—RATES AND RATE MAKING

Subchapter I establishes the rate policies that the Postal Service is to follow. The Service is to become self-sufficient within 5 years of the commencement of operations. Rates are to be set so that each class of service pays at least its own identifiable costs and so that the revenues of the Postal Service as a whole meet its expenses, taking into account appropriations that the Congress may choose to make to cover the loss of revenues on free and subsidized mail. Existing postal rates stay unchanged until modified pursuant to subchapter II.

The same groups that enjoy the benefits of free or reduced rate mail today will continue to enjoy these benefits until changed by law, if and to the extent that Congress appropriates to the Postal Service the revenue foregone from the free or reduced rates.

Subchapter II provides a comprehensive procedure for rate setting and service changes. Rate changes and significant service changes are initiated by the Postal Service management but cannot become effective until after public notice and hearing before a three-man panel of Rate Commissioners, who are independent of the management and who are responsible only to the Presidentially appointed members of the Board of Directors. (Minor service changes may be made only under procedures that have been subject to the public-notice-and-hearing process.) After making a record, the Rate Commissioners render an initial decision which the Presidentially appointed members of the Board may either reject, adopt, or modify. Except for special services (c.o.d., special delivery, etc.), decisions of the Board on rate changes are transmitted to the Congress and become final unless disapproved by concurrent resolution within 60 days.

CHAPTER 14—PRIVATE CARRIAGE OF LETTERS

This chapter substantially continues existing law in respect to the so-called private express statutes. Similarly, existing law is substantially carried forward in respect to searches of mailable matter apparently being transported in violation of law, seizures of letters being carried contrary to law, and disposition of seized mail.

CHAPTER 16—TRANSPORTATION OF MAIL

Subchapter I generally authorizes the Postal Service to provide for the transportation of the mails and to contract for such transportation.

Subchapter II covers transportation of mail by railroads, motor carriers, and freight forwarders. Regulated motor carriers and freight forwarders would have the same statutory obligation to transport mail and provide related services as now applies to the railroads—that is, carriers and forwarders are required to transport mail tendered by the Postal Service, subject to fair and reasonable compensation and to ICC ratemaking. Additionally, the Postal Service may enter into contracts with carriers at rates different from those set by the ICC.

Subchapter III would give the Postal Service the same authority to negotiate with air carriers for mail transportation as the Post Office Department now has in regard to mail carried by railroads.

CHAPTER 18—MISCELLANEOUS

Chapter 18 substantially carries forward existing statutory provisions regarding convict labor, uniforms, special delivery messengers, collection of debts, administration of accounts for international mail, informers' fees, delivery of stolen money to the owner, substitute checks, filing of information for second-class publications, and printing illustrations of stamps.

GENERAL ANALYSIS OF CHAPTER 1

Section 101—Definitions.—This section defines the terms "Postal Service," "Board," and "Board of Directors."

Section 102—Findings of the Congress and Declaration of policy.—This section outlines congressional findings and states the purposes of the bill.

Subsection (a)—States the importance of the Postal Service to the Nation's activities in language derived largely from the existing Postal Policy Act. In addition, this subsection indicates the handicaps imposed on postal operations by outmoded policies and procedures, and states that an effective solution to these problems is establishment of a Government-owned Postal Service Corporation.

Subsection (b)—States the purposes of the bill: To provide fairly priced and dependable postal service on a self-supporting basis, and to improve the lot of the postal employee.

GENERAL ANALYSIS OF CHAPTER 2

Section 201—Definitions.—This section defines the terms "Presidentially appointed Directors" and "Chief Executive Officer."

Section 202—The United States Postal Service.—This section establishes the "United States Postal Service" as a body corporate and an instrumentality of the United States to own and operate the postal system. The Postal Service is to commence operations within 1 year.

Section 203—The Board of Directors.—This section details the selection and voting procedures of the Board of Directors.

Subsection (a).—Establishes a nine-man Board.

Subsection (b).—States that the President with the advice and consent of the Senate shall name seven of the nine members to serve for rotating 7-year terms. Appointments are to be representative of the public generally without regard to political affiliations and without regard to specific interests connected with the Postal Service. The President may at any time designate which of the seven shall serve as Chairman and may remove Directors for cause.

Subsection (c).—States that the seven Presidentialy appointed Directors appoint the eighth Director to serve as Chief Executive Officer at their pleasure.

Subsection (d).—States that the Presidentialy appointed Directors and the Chief Executive Officer appoint the ninth Director to serve as Chief Operating Officer at their pleasure.

Subsection (e).—Sets the compensation of the Presidentialy appointed Directors at \$5,000 annually plus \$300 for each meeting attended subject to adjustment in accordance with the Executive Pay Act.

Subsection (f).—Gives authority to the Presidentialy appointed Directors to fix compensation of the Chief Executive Officer and the Chief Operating Officer. Section 806 of the title sets a ceiling for compensation at the salary paid for level I of the Executive Schedule.

Subsection (g).—Allows the Board to act as long as sufficient members are in office to form a quorum.

Subsection (h).—Establishes the usual rule for action by a Board: Majority vote of the quorum of five members. Three exceptions to this rule are specified:

- (1)—Appointment and removal of the Chief Executive Officer and fixing of compensation for the Chief Executive and Chief

Operating Officers are by absolute majority of the Presidentially appointed Directors in office.

(2) Appointment and removal of the Chief Operating Officer is by absolute majority of the Chief Executive and the Presidentially appointed Directors in office.

(3) Certain other actions specified in the title such as rate-making decisions of the Board are exclusively by the Presidentially appointed Directors.

Subsection (i).—Indicates that the Presidentially appointed directors serve part time—consistent with industry practice on “outside” members of boards of directors—provided that their other employment is non-Federal and not inconsistent with their duties to the Postal Service. All other employees, except as otherwise provided, are appointed by the Board, subject to the succeeding section.

Section 204—Procedures of the Board of Directors.—This section gives the Board general authority, consistent with the title, to delegate its powers to committees, officers, and employees. The Board retains full responsibility for operations, and retains power to revoke all delegations of powers.

Section 205—General Powers.—This section grants general powers to the Postal Service:

- (1) To perpetual corporate life;
- (2) To sue and be sued in its own name, as provided in section 208;
- (3) To adopt a corporate seal;
- (4) To adopt bylaws and regulations;
- (5) To enter into contracts, execute instruments, and determine the character of, and necessity for, its expenditures. (Under section 1008, audit by the Comptroller General is retained, but the GAO may not disallow Postal Service expenditures.)
- (6) To determine its own accounting system and use its own contract forms;
- (7) To have the debt priority of the United States;
- (8) To acquire, use, and dispose of real and personal property;
- (9) To construct, use and lease buildings, facilities and other improvements on property;
- (10) To accept gifts of property or service;
- (11) To settle and compromise claims;
- (12) To exercise the right of eminent domain;
- (13) To have all other powers incidental, necessary or appropriate to its functions.

These powers, broad and general in style, are essentially the same as the powers of TVA. They are exercised in the carrying on of the duties and specific powers of chapter 4 (sections 401, 402) and are broad enough to allow such things as programs for research, experimentation and development.

Section 206—Judicial Officer.—This section carries over with conforming changes existing provisions which authorize a judicial officer for such functions as hearing appeals from hearing examiners.

Section 207—Cooperation With Other Government Agencies.—This section authorizes provision of property and services by the Postal Service to other Government agencies and by those agencies to the Postal Service. Terms, including reimbursement, are to be set by

agreement of the Board of the Postal Service and the head of the agency involved. The kinds of services that may be furnished are not limited. Contracting services, for example, are included in this authorization.

Section 208—Suits by and Against the Postal Service.—This section details procedures for suits to which the Postal Service is a party.

Subsection (a).—Suits may be brought in State courts, Federal district courts, or the court of claims, and may be removed from the State to the Federal courts.

Subsection (b).—Service of process, venue, and limitations shall be as provided in title 28 for the United States, its officers or employees.

Subsection (c).—The Federal Tort Claims Act applies to the Postal Service.

Subsection (d).—The Department of Justice will conduct litigation for the Postal Service, but the Postal Service has authority, upon consent of the Attorney General, to hire or retain counsel to conduct litigation.

Section 209—Application of Other Laws.—This section excludes the operation of Federal laws dealing with contracts, property, works, officers, employees or funds except as provided in the title or in the bylaws of the Postal Service. The following provisions are made specifically applicable:

(1) The employee policies and suitability, security, and conduct provisions of the Civil Service laws;

(2) The provisions of the criminal laws applicable to the mails and Government employees;

(3) The Government Corporation Control Act, except as expressly provided otherwise;

(4) and (5) Contractor labor standards provisions applicable to Government contracts;

(6) Equal opportunity provisions of the Civil Rights Act of 1964.

Section 210—Annual Reports.—This section requires an annual report to the President and Congress.

Section 211—Reservation of Powers.—This section reserves the power of Congress to alter, amend, or repeal the sections of the title, subject only to contracts made by the Postal Service pursuant to its powers.

GENERAL ANALYSIS OF CHAPTER 4

Section 401—General duties.—

Subsection (a).—Outlines the service policy of the Postal Service. It is to plan, develop, promote, and provide adequate and efficient postal service at fair and reasonable rates and fees. The service is defined as the receipt, transmission, and delivery of written and printed matter, parcels, and similar materials, and services incidental thereto. The service is to be provided as nearly as practicable to the entire U.S. population (except for the Canal Zone, which is otherwise provided for). The service is to reach, pursuant to international arrangements, the entire world.

Subsection (b).—Outlines service objectives: Provide an efficient sorting, collection and delivery system; provide service responsive to

the needs of the mail users; and maintain facilities located to provide ready access to essential postal services.

Subsection (c).—Enjoins the Postal Service from unduly or unreasonably discriminating among users or granting undue or unreasonable preferences in providing services or establishing classifications, rates, or fees.

Section 402—Specific Powers.—This section catalogs the specific powers of the Postal Service which, in conjunction with the general powers granted in section 205, are to be used in carrying out postal service duties. The Postal Service is to have the power to provide for the collection, handling, transportation, delivery, forwarding, returning, and holding of mail, and for the disposition of undeliverable mail; to prescribe, as provided in chapter 12 and elsewhere, the amount of postage and the manner in which it is to be paid; to determine the need for and provide postal facilities, offices, and equipment and training facilities and equipment; to provide and sell stamps, stamped paper, cards, envelopes, and other evidences of payment of postage and fees; to provide philatelic services and special, nonpostal, or similar services; and to investigate postal offenses and matters concerning the Postal Service and to pay rewards. This last power authorizes, among other things, the continuation of the Postal Inspection Service.

Section 403—Service Classifications and Mailable Matter.—This section authorizes the Postal Service to promulgate rules and regulations concerning mailing, subject to the provisions of chapter 12. The Postal Service may not refuse to accept any mailable matter meeting minimum size and weight limitations, but may levy special charges for carrying such matter if it is not mailed in accordance with the rules so promulgated. Existing maximum size and weight limitations are preserved.

Section 404—Postal Service at Armed Forces Installations.—This section carries over in a simplified form existing provisions of law concerning military post offices and military mail clerks.

Section 405—International Postal Arrangements. This section carries over with minor modifications existing provisions of law concerning international postal arrangements.

GENERAL ANALYSIS OF CHAPTER 6

This chapter continues substantially unchanged the existing provisions of chapter 51 of title 39 concerning nonmailable matter. It also continues the existing provisions of chapter 57 of title 39 concerning penalty and franked mail. It also continues those existing provisions of that part of section 4303 which relate to air lifting of soldier mail with an improved provision for reimbursement.

Section 601—Nonmailable matter.—This section continues section 4001 of the present title 39 with the addition of (d) pertaining to matters exceeding limitations and perishables.

Section 602—Nonmailable motor vehicle master keys.—This section continues section 4010 of the present title 39.

Section 603—Mail bearing a fictitious name or address.—This section continues section 4003 of the present title 39.

Section 604—Delivery of mail to persons not residents of the place of address.—This section continues section 4004 of the present title 39.

Section 605—False representations; lotteries.—This section continues section 4005 of the present title 39.

Section 606—Unlawful matter.—This section continues section 4006 of the present title 39.

Section 607—Detention of mail for temporary periods.—This section continues section 4007 of the present title 39.

Section 608—Prohibition of pandering advertisements in the mails.—This section continues section 4009 of the present title 39.

Section 651—Definitions.—This section continues section 4151 of the present title 39 defining terms pertinent to penalty and franked mail.

Section 652—Penalty Mail.—This section continues section 4152 of the present title 39.

Section 653—Endorsements on Penalty Covers.—This section continues section 4153 of the present title 39.

Section 654—Restrictions on Use of Penalty Mail.—This section continues section 4154 of the present title 39.

Section 655—Accounting for Penalty Covers.—This section continues section 4155 of the present title 39.

Section 656—Reimbursement for Penalty Mail Service.—This section continues section 4156 of the present title 39.

Section 657—Limit of Weight of Penalty Mail; Postage on Overweight Matter.—This section continues section 4158 of the present title 39.

Section 658—Shipment by Most Economical Means.—This section continues section 4159 of the present title 39.

Section 659—Executive Departments to Supply Information.—This section continues section 4160 of the present title 39.

Section 660—Official Correspondence of Vice President and Members of Congress.—This section continues section 4161 of the present title 39.

Section 661—Public Documents.—This section continues section 4162 of the title 39.

Section 662—Congressional Record under Prank of Members of Congress.—This section continues section 4163 of the present title 39.

Section 663—Seeds and Reports from Department of Agriculture.—This section continues section 4164 of the present title 39.

Section 664—Mailing Privilege of Former Presidents.—This section continues section 4165 of the present title 39.

Section 665—Lending or Permitting Use of Frank Unlawful.—This section continues section 4166 of the present title 39.

Section 666—Reimbursement for Franked Mailings.—This section continues section 4167 of the present title 39.

Section 667—Correspondence of Members of Diplomatic Corps and Consuls of Countries of Postal Union of Americas and Spain.—This section continues section 4168 of the present title 39.

Section 668—Mailing Privilege of Members of U.S. Armed Forces and of Friendly Foreign Nations.—This section continues section 4169 of the present title 39.

Section 669—Mailing Privilege of Members of U.S. Armed Forces and of Friendly Foreign Nations in the Canal Zone.—This section continues section 4170 of the present title 39.

Section 670—Franked Mail for Surviving Spouses of Members of Congress.—This section continues section 4171 of the present title 39.

Section 671—Armed Forces Mailing Privileges.—This section continues section 4303(d)(5), (6) and (f), of the present title 39, except that subsection (c) clarifies provision for reimbursement.

GENERAL ANALYSIS OF CHAPTER 8

Section 801—Appointments and Promotions.

Subsection (a).—Establishes a merit system of employment, promotion and adverse action outside the civil service system and subject to collective bargaining agreements. The adverse action provisions of the civil service laws continue to apply, however, until new procedures are established by the Postal Service.

Subsection (b).—Authorizes long-term employment contracts, necessary in many instances to obtain top executives, but leaves the Board free to remove any appointee on payment of contract damages.

Subsection (c).—Prohibits political tests or qualifications in personnel actions, and prescribes penalties for violation of this prohibition.

Subsection (d).—Makes the veterans' preference applicable to the Postal Service. Though Postal Service employees will not be within the classified Civil Service, effective personnel policies for carrying out the veterans' preference will be instituted, as in the Tennessee Valley Authority. Also applicable, in the same manner as to private employers, are the provisions governing reemployment rights of former military personnel. The Postal Service is directed to follow an enlightened employment policy designed to extend opportunity to the disadvantaged and the handicapped. Existing Government-wide policy to assure equal employment opportunity (sec. 7151 of title 5) applies to the Postal Service by specific cross reference in section 209 of the title.

Subsection (e).—Permits dual employment and dual compensation to deal with such problems as providing fourth-class postmasters in Alaska, who often serve part-time while holding positions as resident commissioners. This is a carry-forward, in substantially more general terms, of existing law.

Section 802—Oath of office.—This section requires of Postal Service employees the same oath required of all employees of the United States except the President. It is modeled on section 3331 of title 5.

Section 803—Employees of the Post Office Department.—This section details transitional rules and the rights of existing employees of the Post Office Department upon commencement of operations by the Postal Service.

Subsection (a).—States that Post Office Department employees except the Postmaster General, the Deputy Postmaster General, the Assistant Postmasters General, and the General Counsel of the Post Office will become employees of the Postal Service.

Subsection (b).—States that obligations for sick and annual leave and compensatory time are assumed by the Postal Service.

Subsection (c).—States that compensation, benefits, and other terms and conditions of employment are carried over to the Postal Service, subject to change in accordance with other provisions of this chapter.

Medical, health, and life insurance and unemployment compensation under existing programs continue to apply until changed; and any changed programs must be no less favorable than existing programs.

Subsection (d).—States that Post Office Department employees, if they so desire, shall be eligible to transfer, at the same or higher grades, to other positions for which they are qualified in the U.S. Government.

Section 804—Retirement rights.—This section provides that Postal Service employees shall be covered by the civil service retirement program, and that the Postal Service shall remit to the fund as do other Government agencies. The section does not preclude bargaining for additional benefits outside the civil service retirement program, nor does it make the Postal Service liable for the unfunded liabilities of the civil service retirement program related to postal employees.

Section 805—Policy on compensation and benefits.—This section states that compensation and benefits shall be comparable to the non-Federal sectors of the economy for comparable levels of work.

Section 806—Terms of employment.

Subsection (a).—Vests authority in the Board to set compensation, benefits, and other terms of employment subject, where applicable, to collective bargaining. Existing collective-bargaining agreements remain in effect. Compensation of any Postal Service employee may not exceed the rate for level I of the executive schedule in effect at the time the compensation is paid.

Subsection (b).—Is a standard form of management rights clause, drawn from Executive Order 10988 and made subject to collective-bargaining agreements.

Section 807—Applicability of Labor-Management Relations Act of 1947.—This section makes applicable to the Postal Service the Labor-Management Relations Act of 1947, as amended, including the Landrum-Griffin Act. The prohibitions on strikes of Government employees (sec. 7311 of title 5) and the related affidavit requirements and penal provisions are made specifically applicable by cross references in section 209 of the title.

Section 808—Resolution of labor-management disputes.—This section provides comprehensive procedures for resolution of disputes.

Subsection (a).—Provides that disputes arising under collective-bargaining agreements shall be resolved by the procedures set out in the agreements or subsequently agreed to by the parties.

Subsection (b).—States the congressional intention that the parties adopt procedures of their own for resolving disputes arising in negotiation of collective-bargaining agreements; such procedures will be enforced.

Subsection (c).—Provides for review of disputes by the Postal Disputes Panel if procedures are not adopted under (b), or if they do not resolve a dispute. The Panel may act or refrain from acting pending further negotiation by the parties. It has at its disposal the "arsenal of weapons" advocated by authorities on public employee unionism: mediation, factfinding, recommendations, and arbitration.

Subsection (d).—Provides that if the first three of these approaches do not bring agreement, the Panel may take jurisdiction to refer issues to arbitration. Refusal to take jurisdiction over an issue will preserve the practice in effect prior to negotiation.

Subsection (e).—Provides that on those issues over which jurisdiction is taken, the Panel shall frame the issues and determine whether to arbitrate by separate issues, combination of issues, or total package.

Subsection (f).—Provides that the Panel refer arbitration to a three-man arbitration board, chosen one by the Postal Service, one by the bargaining agent, and one by the two thus selected. If the two cannot agree, a third member is named by the Federal Mediation and Conciliation Director. Decisions of the arbitration board are conclusive and binding upon the parties.

Section 809—Postal Disputes Panel.—This section establishes the permanent Postal Disputes Panel required by section 808.

Subsection (a).—States that the Panel shall consist of nine members, three named by the Federal Mediation and Conciliation Director, three by the American Arbitration Association, and three by the six so selected.

Subsection (b).—Establishes rotating 6-year terms for the Panel members.

Subsection (c).—Grants the Panel power to establish its own rules and select its own Chairman. Members of the Panel other than the Chairman may serve full- or part-time, as their rules may specify; this flexibility is afforded to allow for variations in workload not yet predictable.

Subsection (d).—Provides that members are paid at level V of the Executive Schedule.

Subsection (e).—Provides that three members of the nine-man Panel are to be designated to act on each dispute referred under section 808. The three are to be selected in such manner as to preclude advance knowledge by the Postal Service and the bargaining agent. This procedure is designed to maintain the unpredictability to the parties of the "arsenal of weapons" approach, and thus to carry out the policy of section 808(b) to maximize dispute-settlement by the parties without resort to the Panel.

Subsection (f).—Grants the Panel powers to carry out its functions.

Subsection (g).—Grants discovery and subpoena power to the Panel.

Subsection (h).—Requires that all expenses of the Panel be borne by the Postal Service.

GENERAL ANALYSIS OF CHAPTER 10

Section 1001—Definitions.—This section defines the terms "fund" and "obligations" as used in chapter 10.

Section 1002—Capital of the Postal Service.—This section provides for the transfer of the Government's equity to the Postal Service.

Subsection (a).—Defines the initial capital of the Postal Service as the assets of the Post Office Department less the liabilities transferred to the Postal Service. Evaluation of assets shall be on the basis of original cost less depreciation. Liabilities of the Post Office Department shall remain in the United States to the extent that they are not chargeable to the unexpended balances of the Post Office Department appropriations transferred to the Postal Service. The Board will value the initial capital of the Postal Service subject to approval by the Comptroller General.

Subsection (b).—Provides that the capital of the Postal Service at any time shall consist of its assets less its liabilities.

Subsection (c).—Provides for the physical transfer, at a time as near as possible to the commencement of Postal Service operations, of assets from the Post Office Department to the Postal Service by the Board and the Administrator of the General Services Administration, where appropriate, subject to the approval of the Bureau of the Budget. Included in such transfer will be all properties commonly regarded as “belonging” to the Post Office Department.

Subsection (d).—Authorizes, after commencement of Postal Service operations, transfers of Federal property to the Postal Service and transfers of Postal Service property to the United States when such transfer is in the public interest.

Section 1003—The Postal Service Fund.—This section establishes the Postal Service Fund as a cash revolving fund in the Treasury.

Subsection (a).—Establishes the fund.

Subsection (b).—Provides that the fund is credited with all Postal Service revenues and receipts, moneys raised by issuance of debt, appropriations, interest, and the balance in the Post Office Department fund upon commencement of Postal Service operations, and continues the disbursing authority of the Post Office Department in the Postal Service.

Subsection (c).—Authorizes the Postal Service to request the Secretary of the Treasury to invest the excess cash balances of the fund in interest-bearing obligations or securities.

Subsection (d).—Provides for the safekeeping of the moneys of the fund as the Postal Service and the Secretary of the Treasury may agree.

Subsection (e).—Makes the fund available for the payment of Postal Service expenses and not subject to apportionment.

Section 1004—Transitional Appropriations.—This section authorizes appropriations to provide for a sound transition to a self-sustaining Postal Service.

Section 1005—Obligations.—This section authorizes the Postal Service to borrow money.

Subsection (a).—Authorizes the Postal Service to issue and sell obligations in an aggregate amount not exceeding \$10 billion outstanding at any one time. The increase in outstanding obligations may not exceed \$1.5 billion per year for capital improvements.

Subsection (b).—Authorizes the Postal Service to enter into normal commercial indentures and agreements with regard to the sale of such obligations.

Subsection (c).—Provides that the Postal Service shall make the initial determinations as to the rates of interest, amounts, and terms and conditions of its obligations.

Subsection (d).—Provides that Postal Service obligations shall be negotiable, or bearer or registered instruments as specified; presumed regular; lawful investments for “legal list” purposes; and tax exempt.

Section 1006—The Treasury and the Postal Service’s Obligations.—

Subsection (a).—Requires the Postal Service to inform the Treasury of its proposed obligations and the terms and conditions thereof, and prior to selling such obligations to other parties, to give the Treasury the right to purchase such obligations at a yield no less than that of

outstanding marketable Treasury obligations of comparable maturities.

Subsection (b).—Authorizes the Postal Service to require the Secretary of the Treasury to purchase Postal Service obligations in an amount not to exceed \$2 billion outstanding at any one time.

Section 1007—Public Debt Character of Postal Service Obligations.—This section authorizes the Secretary of the Treasury to treat the purchase and sale of Postal Service obligations as public debt transactions.

Section 1008—Audit.—

Subsection (a).—Requires the Comptroller General to audit the Postal Service annually and to report to the President, the Board, the Congress, and the public on such audit.

Subsection (b).—Requires the Comptroller General to give the Postal Service a reasonable opportunity to examine the exceptions and criticisms in his audit; and provides for the payment of the expenses of the audit by the Postal Service as required in the Government Corporation Control Act and for the annual rendition of Postal Service accounts for adjustment and settlement pursuant to the Budget and Accounting Act.

Subsection (c).—Authorizes the Postal Service to determine the character and necessity of its expenditures without disallowance by the Comptroller General.

Subsection (d).—Authorizes the Postal Service to obtain outside audit of its accounts in addition to the audit provided for in the foregoing subsections.

GENERAL ANALYSIS OF CHAPTER 12

Section 1201—Rate Policy.—

Subsection (a).—States the broad policy that postal rates should be reasonable, equitable, and sufficient to permit the Postal Service to develop postal services in accordance with public needs.

Subsection (b).—States the policy for revenues as a whole. Within 5 years Congress intends that revenues, as a whole, plus the appropriations for free and reduced rate mail, will equal costs, as a whole. The term "costs" is taken in its broad economic sense and includes operating expenses, depreciation, debt service, and a reasonable provision for contingencies.

Subsection (c).—Outlines the policy for the cost coverage of individual classes except for those afforded special rates by the Congress. Each class is to bear as a minimum the costs demonstrably related to providing service to that class.

Subsection (d).—Outlines the policy for making rate changes to achieve the goals outlined in the previous subsections. During the transitional period mentioned in subsection (b) the Board is enjoined to take into account the financial impact of rate changes on the users of the mail. To the extent that such impact requires, in the view of the Board, less than full cost coverage overall, the President is authorized to seek transitional appropriations under section 1004.

Section 1202—Free and Reduced Rate Mail.—

Subsection (a).—Stresses the general policy that Congress retains the authority to determine which users, if any, are entitled to mail

free or at a specified percentage below standard rates and provides a formula, the difference between such rates and standard rates, called the "revenue foregone", which measures the amount to be appropriated to cover the loss to the Postal Service from carrying such free and reduced rate mails and which determines how the specific rates are to be set.

Subsection (b).—Authorizes appropriations of the revenue foregone.

Subsection (c).—Provides for adjustment of the special rates in the light of the amount appropriated.

Subsection (d).—Requires a report to the Congress at least every 2 years showing the volumes, rates, revenues, costs, and percentage of regular rates of each category of free and reduced rate mail. The Board may include recommendations for legislation in such reports and may utilize the Rate Commissioners in preparing such reports. The first such report shall provide a vehicle for reexamination of the special rate provisions which are carried over unchanged under the succeeding subsection of this section. It is intended that there be no significant change until the first report is submitted.

Subsection (e).—Preserves the Postal Policy Act categories of free and reduced rate mail and the rates for such categories.

Section 1203.—Parcel Post.—This section provides that the Postal Service shall not compete unfairly with private parcel carriers by requiring it to charge rates for parcels which include imputed carrying charges on capital and imputed charges for Federal, State and local taxes.

Section 1251.—Rate Commissioners and Staff. This section charters an independent Panel of Rate Commissioners within the Postal Service.

Subsection (a).—Provides for appointment of three Rate Commissioners by the Presidentially-appointed members of the Board and for payment of the Commissioners' salaries on level V of the Executive Schedule, except that the Chief Commissioner shall be paid an additional \$500.

Subsection (b).—Establishes rotating terms of 6 years for the Commissioners. The Commissioners may be removed only in accord with the procedures provided for the removal of hearing examiners in section 752 of title 5.

Subsection (c).—Requires the Board to provide the Commissioners with reasonable and appropriate facilities and staff.

Subsection (d).—Authorizes the Commissioners to establish rules and regulations for the conduct of their proceedings, which rules and regulations are to provide for expeditious, fair proceedings in accordance with the Administrative Procedure Act. The Commissioners are specifically authorized to adopt rules which provide for advance written submission of testimony, prehearing conferences, discovery, limitation of testimony, and off-the-record proceedings.

Section 1252.—Proposed Changes in Rates and Classifications.—This section deals with the initiation of changes in rates and classification.

Subsection (a).—Levies upon the Postal Service the general requirement of 30 days' advance public notice of all changes in rates, classification or the rate structure and of filing such proposed changes with the Rate Commissioners. The public notice is to state briefly the nature of the proposed change and the procedures to be followed for filing objection to it.

Subsection (b).—Provides that if no party at interest files a timely objection, the rate change will be forwarded to the Board without opinion by the Commissioners unless the Presidentially appointed members of the Board desire such opinion.

Subsection (c).—Exempts from the requirements of Chapter 12 international rates and fees which will continue to be set pursuant to international agreements.

Section 1253—Proceedings and Recommended Decisions by Commissioners.—This section applies to rate change cases.

Subsection (a).—Provide for a hearing by the Commissioners pursuant to the Administrative Procedure Act in all rate change cases in which a party at interest files a timely notice requesting such hearing.

Subsection (b).—Defines the record of the rate change proceeding to include the proposed change and supporting material, all oral testimony and written submissions, and any other material the Commissioners deem appropriate.

Subsection (c).—Provides for an initial decision by the Commissioners to the Presidentially appointed members of the Board.

Subsection (d).—Authorizes the Postal Service to put into effect, upon 30 days' notice, interim rate changes in the event that the Commissioners' proceedings take longer than 90 days. The Presidentially appointed members of the Board must render their final decisions within 30 days of receiving the Commissioners' decision or the interim change ceases to be effective. Interim changes are also authorized in the event that judicial proceedings are instituted under section 1257, and under that section the institution of such proceedings extends the period for which such interim changes may be in effect.

Section 1254—Final Decisions.—This section provides for final decisions by the Presidentially appointed members and for review of rate change cases by the Congress.

Subsection (a).—Authorizes the Presidentially appointed Board members to make final decisions and requires the publication of such decisions. The Presidentially appointed Board members may reject the change, adopt it as initially proposed or as recommended by the Commissioners, or may modify it in the light of the record.

Subsection (b).—Provides that the Board shall transmit its final decision to the Congress together with the record and recommended decision of the Commissioners. In a contested case, of course, the Board would wait 15 days after publication of the decision to determine if a petition for judicial review will be filed under section 1257. Such transmittal shall not occur if the rate change involves a fee for a special or nonpostal service.

Subsection (c).—Authorizes the Congress to veto the Board's decision by concurrent resolution of both Houses within 60 days of transmittal with the usual extensions.

Subsection (d).—Authorizes the Board to make a rate change effective later than the expiration of the 60-day period if it so desires.

Subsection (e).—Excludes from transmittal to the Congress increases required by section 1202(c) and the fees for special and nonpostal services (which the Postmaster General is currently authorized unilaterally to set).

Section 1255—Service Changes.—

Subsection (a).—Requires the Postal Service to give public notice of proposed service changes of nationwide or nearly nationwide effect similar to the notice required in section 1252(a) for rate changes.

Subsection (b).—Provides for proceedings before the Rate Commissioners generally similar to those required by the Administrative Procedure Act for proposed rulemaking. The Commissioners are to compile a record similar to that provided for in section 1253(b).

Subsection (c).—Provides for an initial decision of the Rate Commissioners which is to become effective unless modified by the Presidentially appointed members of the Board.

Subsection (c).—Provides that petitions for review, absent reasonable grounds, be filed within 15 days of notice of final decision, that the action be against the Postal Service, and that the rules concerning litigation by the Postal Service (set forth in sec. 208) apply.

Subsection (d).—Concerns suspension of proceedings pending judicial review, which review is to be expedited in every way. Rate changes are not to be submitted to the Congress pending judicial review. Temporary rate changes, emergency service changes, and final rate decisions may not otherwise be affected by the court pending review.

Subsection (e).—Makes judicial review under this section exclusive except for review of the Commissioners' rules under section 1251(d)(1), which review would proceed substantially in accordance with this section.

Subsection (d).—Provides that service changes which substantially and adversely affect postal users on a less than nationwide basis are to be made only after the proceedings described in the foregoing subsections or in accordance with procedures adopted pursuant to the requirements of the foregoing subsections. Such procedures are to provide, as a minimum, for notice and opportunity for the affected users to present objections.

Subsection (e).—Authorizes the Postal Service to make emergency service changes before completion of the procedures prescribed in this section. Such changes may be in effect no longer than the length of time that it takes to complete proceedings.

Section 1256—Rate and Service Complaints.—This section provides that any interested party may file a rate or service complaint. The Commissioners may hold hearings and render a public opinion to the Presidentially appointed members of the Board if they find the complaint to be justified. If a rate matter is involved, the Postal Service must then institute proceedings under section 1252. If a service matter is involved, the Presidentially appointed Board members are to take appropriate action.

Section 1257.—Judicial Review.—This section provides for judicial review of Postal Service rate and service proceedings pursuant to the Administrative Procedure and Judicial Review Acts.

Subsection (a).—Authorizes judicial review of rate and service change and complaint proceedings. The review is confined to constitutional, statutory and procedural questions which were raised before the Postal Service, absent some reasonable ground for failure so to raise.

Subsection (b).—Requires that the party seeking review have fully participated in the proceedings in the Postal Service.

GENERAL ANALYSIS OF CHAPTER 14

This chapter continues without substantive change the portion of the private express statutes found in existing chapter 9 of title 39.

Section 1401—Letters Carried Out of the Mail.—This section continues section 901 of the present title 39.

Section 1402—Foreign Letters Out of the Mails.—This section continues section 902 of the present title 39.

Section 1403—Searches Authorized.—This section continues section 903 of the present title 39.

Section 1404—Seizing and Detaining Letters.—This section continues section 904 of the present title 39.

Section 1405—Searching Vessels for Letters.—This section continues section 905 of the present title 39.

Section 1406—Disposition of Seized Mail.—This section continues section 906 of the present title 39.

GENERAL ANALYSIS OF CHAPTER 16

Subchapter I—General.—This subchapter generally authorizes the Postal Service to provide for the transportation of the mails and to contract for such transportation.

Section 1601—Provision for Carrying Mail.—This section contains the basic mandate of section 6101(a) of present title 39 that the Postal Service provide for the transportation of the mails. Provisions of the present section setting forth where the mails shall be transported have been omitted as being covered in a more general fashion by new section 401.

Section 1602—Transportation of Mail of Adjoining Countries through the United States.—This section continues the provisions of section 6103 of present title 39 with conforming changes.

Section 1603—Establishment of Post Roads.—This section continues the provisions of section 6105 of present title 39 without change.

Section 1604—Discontinuance of Service on Post Roads.—This section continues the provisions of section 6106 of present title 39 with conforming changes.

Section 1605—Authority to Contract for Mail Transportation.—This section continues the authority of section 6402 of present title 39 but eliminates the existing restrictions on star route contracts.

Section 1606—Combinations to Prevent Bids for Carrying the Mails.—This section continues the provision of section 6421 of present title 39 with conforming changes.

Section 1607—Lien on Compensation of Contractors.—This section continues the provision of section 6432 of present title 39 with conforming changes.

Section 1608—Free Transportation of Postal Officials.—This section continues the provision of section 6433 of present title 39 with conforming changes.

Section 1609.—Liability of Contractor for Breach.—This section continues the provisions of section 6434 of present title 39 with conforming changes.

Subchapter II—Transportation of Mail by Railroads, Motor Carriers, and Freight Forwarders.—Under this subchapter regulated motor

carriers and freight forwarders would have the same statutory obligation to transport mail and provide related services as now applies to the railroads—that is, carriers and forwarders are required to transport mail tendered by the Postal Service, subject to fair and reasonable compensation and to ICC ratemaking. Additionally, the Postal Service may enter into such contracts with carriers at rates different from those set by the ICC.

Section 1625—Definitions.—This section provides definitions for subchapter II. Since this subchapter will cover freight forwarders, regulated motor carriers and express companies appropriate definitions for these carriers have been included. The definition of “railroad” in section 6605 of present title 39 has been retained.

Section 1626—Applicability.—This section states the coverage of subchapter II to cover transportation by the carriers defined in section 1625. Thus, the provisions concerning transportation of mail by railroad (chapter 95 of present title 39) are expanded to cover the other classes of carriers defined in section 5665.

Section 1627—Authorization of Service by Carrier.—

Subsections (a) through (e).—Continue the provision of section 6203 of present title 39 modified to reflect the expanded coverage of the subchapter.

Subsection (f).—Authorizes the Postal Service to publish a statement of service to be required of carriers and the tentative compensation to be paid for such service. This statement is similar to the comprehensive plan of section 1633(c) in the bill (section 6209 of present title 39). It will form a predicate for proceedings under the latter section.

Section 1628—Facilities Provided by Carrier.—This section continues the provision of section 6204 of present title 39 modified to reflect the expanded coverage of the subchapter.

Section 1629—Changes in Service.—This section continues the provision of section 6205 of present title 39 modified to reflect the expanded coverage of the subchapter.

Section 1630—Evidence of Service.—This section continues the provision of section 6206 of present title 39 modified to reflect the expanded coverage of the subchapter.

Section 1631—Fines and Deductions.—This section continues the provision of section 6207 of present title 39 modified to reflect the expanded coverage of the subchapter. The maximum fine for refusal to perform mail transportation under subsection (a) is lowered from \$1,000 to \$500.

Section 1632—Interstate Commerce Commission to Fix Rates.—This section continues the provision of section 6208 of present title 39, modified to reflect the expanded coverage of the subchapter.

Section 1633—Procedures.—This section continues the provision of section 6209 of present title 39 modified to reflect the expanded coverage of the subchapter.

Section 1634—Special Rates.—This section continues the provision of section 6210 of present title 39 modified to reflect the expanded coverage of the subchapter.

Section 1635—Intermodal Transportation.—This section continues the provision of section 6213 of present title 39 but applies it to all classes of carriers of transportation covered by the subchapter.

Section 1636—Statistical Studies.—This subsection continues the provision of section 6214 of present title 39 modified to reflect the expanded coverage of the subchapter.

Section 1637—Special Contracts.—This section continues the provision of section 6215 modified to reflect the expanded coverage of the subchapter. The limitation on the terms of contractors has been omitted. In addition the section authorizes contracts to be made before the ICC has fixed rates for the carriers in question or before the ICC has fixed rates for the service in question.

Section 1638—Carrier Operation, Receipts and Expenditures.—This section continues the provision of section 6216 of present title 39 modified to reflect the expanded coverage of the subchapter. *Subchapter III—Transportation of Mail by Air.*—This subchapter supplements the mail transportation provision of the Federal Aviation Act in a manner similar to chapter 97 of the present title 39.

Section 1651—Rules and Regulations.—This section continues the provisions of section 6301 of present title 39 with conforming changes.

Section 1652—Fines on Air Carriers Transporting the Mails.—This section continues the provision of section 6304 of present title 39 with conforming changes.

Section 1653—Contracts for Transportation of Mail by Air.—This section authorizes special arrangements with air carriers similar to those authorized for surface carriers and in lieu of the existing air star route and other special provisions of law.

Subsection (a).—Authorizes special arrangements with certified carriers for transportation along their routes similar to those authorized with surface carriers pursuant to section 1637 in the bill (section 6215 of present title 39).

Subsection (b).—Authorizes contracts for air transportation along routes over which there is no certified carrier. Such contracts are to be canceled, in whole or in part, as appropriate, when the Civil Aeronautics Board certifies a carrier for the route in question. This subsection replaces the present star route law, section 6303 of present title 39.

Subsection (c).—Authorizes contracts with other than the certified carrier for routes over which certified carriers are not providing service adequate for the Postal Service. Such contracts are subject to disapproval by the Civil Aeronautics Board and, if new carriers are certified over the route in question, to cancellation by the Postal Service.

Subchapter IV—Transportation of Mail by Vessel.—This subchapter continues a number of provisions of existing present law relating to water transportation.

Section 1676—Sea Post Service.—This section continues the provision of section 6404 of present title 39 with conforming changes.

Section 1677—Termination of Contracts for Foreign Transportation.—This section continues the provision of section 6406 of present title 39 with conforming changes.

Section 1678—Transportation of Mail as Freight or Express.—This section continues the provision of section 6410 of present title 39 with conforming changes.

Section 1679—Fines on Ocean Carriers.—This section continues the provision of section 6435 of present title 39 with conforming changes.

GENERAL ANALYSIS OF CHAPTER 18

This chapter continues without substantive change existing provisions of miscellaneous sections of title 39.

Section 1801—No Postal Material or Supplies Manufactured by Convict Labor.—This section continues section 2010 of the present title 39.

Section 1802—Uniforms and Badges.—This section continues section 3116(a) of the present title 39, but contemplates uniforms for employees in addition to letter carriers.

Section 1803—Special Delivery Messengers as Employees or Carriers.—This section continues section 3115 of the present title 39.

Section 1804—Collection of Debts.—This section continues section 2401(a) and (b) of the present title 39, with structure and language changes in subsection (b) to reflect the full responsibility of the Postal Service for its own financial management.

Section 1805—Transportation of International Mail by Air Carriers of the United States. This section continues section 2402 of the present title 39.

Section 1806—Penalties and Forfeitures Imposed for Violations.—This section continues section 2407 of the present title 39.

Section 1807—Delivery of Stolen Money to Owner.—This section continues section 2410 of the present title 39.

Section 1808—Substitute Checks.—This section continues section 2411 of the present title 39.

Section 1809—Filing of Information Relating to Publications of the second class.—This section continues section 4369 of the present title 39.

Section 1810—Printing of Illustrations of United States Postage Stamps.—This section continues section 2506 of the present title 39.

