

Postmaster proposes first-class stamp rate increase

By **KIMBERLY MAXWELL**
Staff Writer

U.S. Postmaster General Anthony Frank has proposed a stamp increase for all first-class mail from 25 cents to an amount between 28 and 32 cents, effective in 1991.

The rate increase will be necessary because of normal postal inflation, said Bill Henderson, field division manager for the Greensboro division of the Postal Service.

"Postal inflation goes up 4 to 5 percent a year," Henderson said. "That's postal economy, but it is not unusual. After about three years, the inflation has gone up about 12 percent. The third year, we usually have a shortfall of revenue. The law mandates that we break even."

The predicted shortfall for the Postal Service this year will be about \$1.7 billion with a total budget of \$30 billion, Henderson said.

If approved, the increase would come three years after the cost of a stamp went up from 22 cents to 25 cents in January 1988.

The main issue for the Postal Service is a federal requirement that employees deliver the mail anywhere with a mailbox, Henderson said. As a result, the Postal Service cannot close locations that are not cost-effective.

Rising health benefits for postal employees is another cause for this revenue shortfall, Henderson said. The federal government provides a health benefit package to all employees, but the cost of benefits has increased 30 to 35 percent, which is consistent with the private sector.

Labor contract negotiations are to begin in spring 1990 for the Association of Postal Workers Union, Henderson said. Making a new contract will be a major obstacle for the Postal Service.

This union includes clerks, maintenance personnel and mail drivers. Their contract will expire Nov. 20, 1990. There will be some advance notice to the union's demands, but their strategies will remain unknown.

The Postal Service has taken measures to prevent a rate increase, Henderson said. One thousand jobs were eliminated, and studies are being conducted to find areas where more jobs can be cut. The Postal Service is also in the process of becoming completely automated. Its goal is to have the letter-mail stream completely automated by 1995.

Sophisticated machinery is included in this automation plan, Henderson said. "We want to stabilize our service."

The Postal Service's costs are out of control, said John Crutcher of the Postal Rate Commission. The Postal Service's costs have been increasing about 9 percent annually, which is far above

the nation's inflation rate.

The Postal Rate Commission and the Postal Board of Governors are the two groups that regulate the U.S. Postal Service. Each committee member is appointed by the president and confirmed by the U.S. Senate. The members serve six-year terms.

Several reasons can account for the increasing costs, Crutcher said. The total expense for processing and delivering mail is substantially higher than it used to be.

Management is another factor, Crutcher said. "There are too many supervisors and too many levels of bureaucracy. Over the last 18 years, successive management people have bargained away in union agreements work rules so that managers can't work efficiently to control costs."

Crutcher cites the competition on package delivery between the U.S.

Postal Service and United Parcel Service (UPS) as an example. Twenty-five years ago, the Postal Service handled all package deliveries. Now it only handles 5 percent. Because the union for the Postal Service gave away all the work rules, costs skyrocketed — making the competition easier for UPS.

The last factor is automation, Crutcher said. "The problem is not with automation itself, because it has been incredibly productive. In general, postal management hasn't reduced the number of workers. It has been done in some jurisdictions, but some have been reluctant to do so."

Reducing workers in place of automation is vital to decreasing costs, Crutcher said.

The blame for the Postal Service's internal costs cannot be placed on the postmaster general, Crutcher said. The Postal Service employs 825,000 people

— more than any other corporation in the private sector and second in government only to the Armed Forces. He said Frank has tried to control the managerial segment to decrease costs, but because of the Postal Service's size, it has been difficult.

The public will probably not appreciate a rate increase, Henderson said. "The public never reacts favorably to an increase. They must weigh the value of the service we provide. Public reactions will demand to know more about the Postal Service's cost-cutting efforts. The current postage is the lowest in the world."

The cost of postage has increased 92 percent since 1972, Henderson said. The cost of bread has gone up 161 percent since 1975, and the cost of gum has increased 400 percent. "Nothing's a quarter anymore," he said. "It's a heck of a bargain."

Ethnic strife intensifies within Soviet republics of Azerbaijan, Moldavia

From Associated Press reports

MOSCOW — Strikes spawned by disputes between rival ethnic groups spread Tuesday to more factories and businesses in Moldavia and Azerbaijan, sources in the two republics said.

In Azerbaijan, a nationalist group is calling on Moscow to give it control of the disputed Azerbaijani enclave of Nagorno-Karabakh, which is populated mainly by ethnic Armenians.

In Moldavia, members of the ethnic Russian minority have gone on strike to protest a law that makes Moldavian the republic's official language.

Javad Salamov, a member of the People's Front in Azerbaijan and a strike committee member, said 95 percent of factories were closed in the capital city of Baku and other major cities.

He said public transportation was halted and newspapers were not delivered. "Strikers are demanding full political sovereignty for Azerbaijan, which means they don't want to secede from the Soviet Union, but ought to have the right to make political decisions about its territory," he said.

An editor at the official Azerinform news agency, who refused to give his

name, said 95 percent "is a big overstatement."

He said some factories were closed and others were affected. "Some shops are closed, but not ones selling food," he said. "Public transport is unreliable, but Metro (subway) is working as usual."

He said all oil refineries and power plants were operating, and the railroad was operating.

The People's Front is demanding that the republic's representatives to the national Congress of People's Deputies be ousted. The nationalist group claims its delegates to Congress were chosen in fraudulent balloting and have not acted in the best interests of Azerbaijanis.

The activists also are demanding that Azerbaijan reassert control over Nagorno-Karabakh, a mountain enclave that is 75 percent ethnic Armenian. Neighboring Armenia wants to annex the land.

The 18-month-old dispute over the region, one of the most serious of Moscow's spiraling ethnic problems, has killed 100 people and forced hundreds of thousands to flee their homes.

In an effort to quell the violence, the Kremlin extended direct rule over Nagorno-Karabakh in January.

"Most Azerbaijanis have left Armenian-populated areas," the Azerinform editor said in a telephone interview. "More and more Armenians are leaving their homes in the rest of the republic, especially Baku."

In Moldavia, a southern republic bordering Romania, labor protests began two weeks ago during a debate on the official language.

On Thursday, the republic's Supreme Soviet declared Moldavian the official

language, which appeased many nationalists but angered ethnic Russians and other groups who make up more than a third of Moldavia's 4.2 million population.

"I do not think legislation passed in Moldavia was a real compromise, as local Soviets and work collectives are denied the right to choose a working language on their own," said Pyotr Denisenko, a co-chairman of the strike committee.

He said the strikers' ultimate demand is two official state languages, Russian and Moldavian.

Denisenko, in a telephone interview, said another 16 factories joined the strike Tuesday, bringing the total number of enterprises on strike to 218.

The Tass news agency said members of a national commission formed last week to look at the dispute "called on all citizens and independent organizations to refrain from rallies and other mass actions and create the necessary conditions for the commission's work."

In Moscow, the Communist Party Central Committee, the 251-member policy-making body, is to meet later this month a new approach to relations

among the Soviet Union's more than 100 ethnic groups. The meeting has been delayed several times, and a specific date has not been set.

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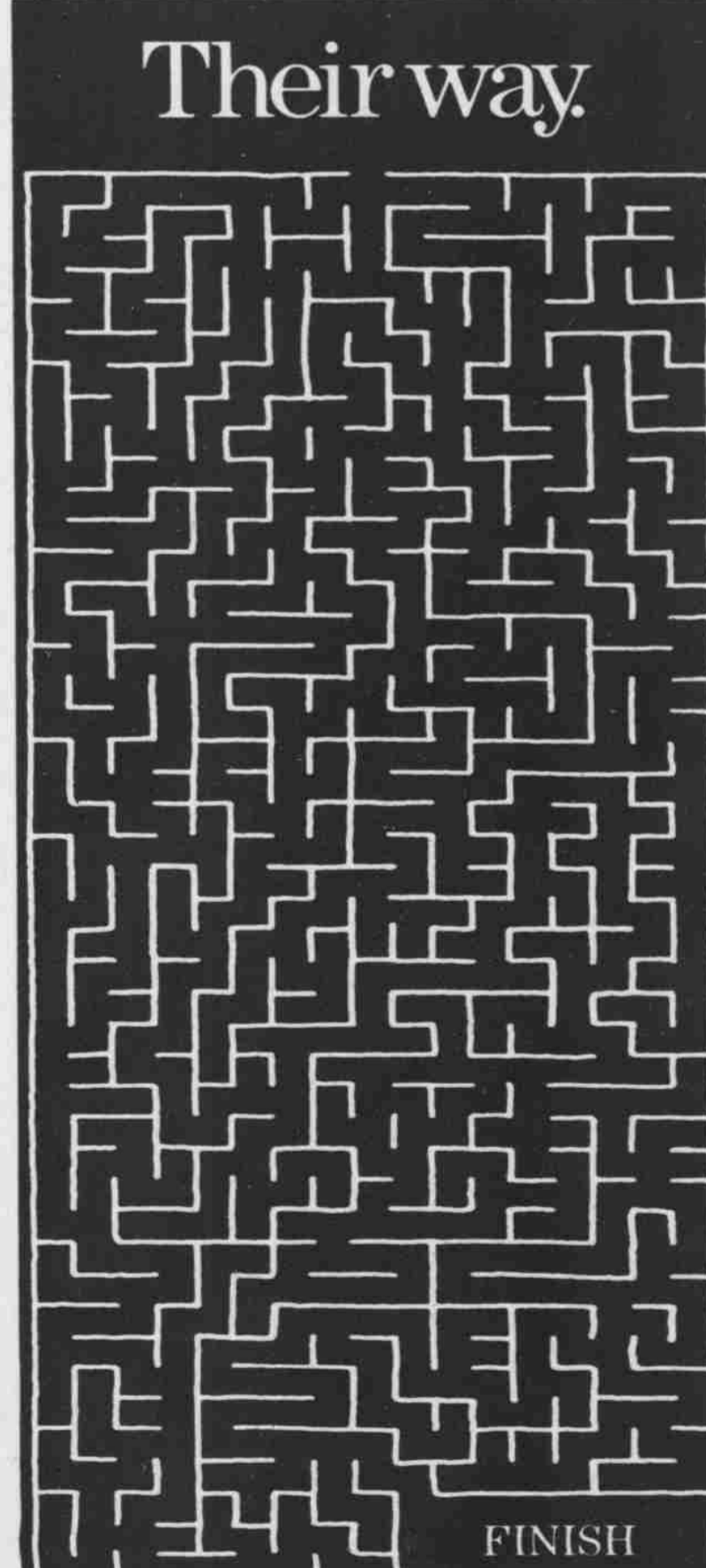
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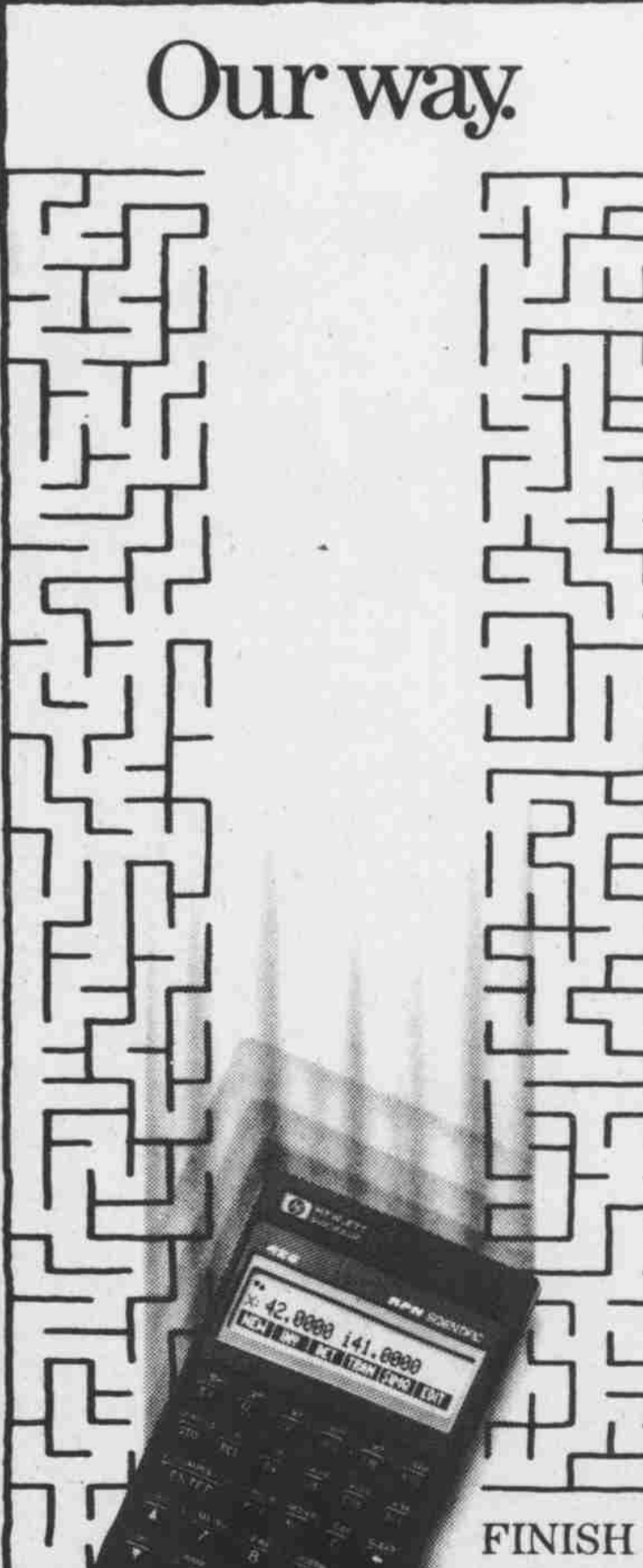
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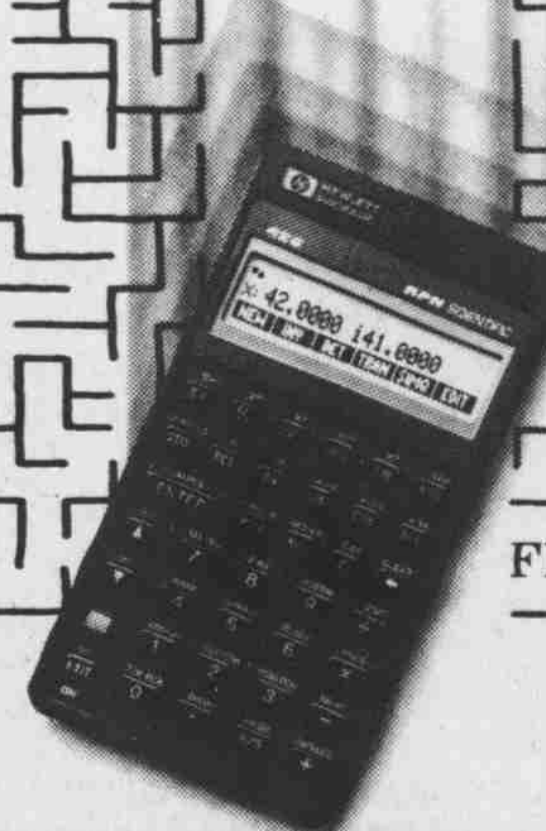
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