

RICHARD B. KIELBOWICZ

Origins of the Junk-Mail Controversy: A Media Battle over Advertising and Postal Policy

On 30 June 1971, the tradition-bound U.S. Post Office, long steeped in politics, ceased operating as a cabinet-level department. The next day marked the birth of the U.S. Postal Service, a government corporation. This transformation, arguably the most fundamental restructuring of a major federal agency in American history, ended 180 years of congressional postal ratemaking. By ceding ratemaking authority to a commission, Congress hoped to elevate sound pricing principles and scrupulous administrative procedures over the impressionistic claims and political influences that had characterized the legislative process. Yet the 1970 Postal Reorganization Act could not wipe away two centuries of history. Ratemakers—whether legislators before 1971 or administrators thereafter—frequently found themselves confronted with mailers invoking tradition, history, and social values to bolster their arguments. Nowhere was this more apparent than in the struggle to find junk mail's proper place in postal policy.

Junk mail, casually discarded by many recipients, has become the object of intense maneuvering and protracted deliberations for newspapers, advertisers, and postal administrators. When the most recent round of postal-rate increases was announced in January 1991, the public naturally focused on the hike in first-class postage. But publishers and advertisers using the second- and third-class rates contributed most of the 24,000-page hearing record that formed the evidentiary basis for the decision. The outcome was mixed for producers of direct-mail advertising—popularly known as junk mail. The Postal Rate Commission (PRC) recommended a rate increase for third-class higher than for any other category, but it also created a new subclass with attractive features for some

junk mail. Perhaps most ominous for direct mailers, some officials have hinted that junk mail's pariah status might warrant even higher postage in the future. Direct mailers protested that this would represent a reversion to pre-Reorganization Act ratemaking standards and an acquiescence to junk mail's principal competitor for advertising revenue, the politically potent newspaper industry.¹

For the 1990–91 rate case, the American Newspaper Publishers Association (ANPA) allocated \$500,000 to sponsor testimony that, it claimed, would protect the public's interests before the PRC. ANPA charged that high first-class postage collected from the letter-writing public was subsidizing the supposedly low rates enjoyed by commercial junk mail. But ANPA's seemingly altruistic posture masked another concern: newspapers feared that retailers who traditionally advertised in their columns would find direct mail an attractive alternative. In fact, this class warfare, pitting publishers using the second-class mail against direct-mail advertisers in the third class, is one of the oldest contests fought in the arena of postal ratemaking.²

Although postal ratemakers now attach the greatest weight to cost considerations, historical questions commonly seep into proceedings. Mailers continue to invoke the traditional—some claim, historically approved—values that have long guided policy. In emphasizing the cultural and educational significance of their mail, publishers often draw on history. For instance, the magazine industry sponsored the appearance of Arthur Schlesinger, Jr., before the PRC in 1974 to discuss the historical importance of policies encouraging the diffusion of printed materials, although he had no special expertise on the subject. Occasionally the Postal Rate Commission and the courts also investigate the origins of long-standing postal policies to ascertain whether the reasons for their creation remain valid.³

Born as an intra-industry contest between advertising media, the junk-mail controversy spread quickly to the public realm partly because a principal player, the newspaper industry, commanded channels of publicity. More than most postal debates of the 1950s and 1960s, the junk-mail controversy highlighted infirmities of the legislative ratemaking process. Having Congress continuously weighing competing impressionistic claims and economic data seemed increasingly anachronistic in an era when other public utilities set rates through administrative hearings guided by professional staff. As an exercise in policy history, this case study underscores how, in the words of Robert Kelley, "the substance of a particular debate" is indivisible from "the process by which that debate proceeded."⁴

Advertisers Discover the Mails

Advertisers discovered postal delivery long before the term “junk mail” was coined. Advertising circulars distributed by mail in the early 1800s paid steep letter rates several times those charged newspapers. “To obviate its payment, merchants had their circulars, cards, &c, printed in newspapers which they sent to their customers,” a leading commercial magazine reported. In 1845 Congress recognized circulars as a separate species of mail and in 1863 assigned them to a category for miscellaneous printed matter. The proliferation of advertising and publications in a variety of formats soon led postal officials to lobby Congress for a more definitive mail-classification scheme.⁵

Much of the junk-mail controversy stemmed from the 1879 Mail Classification Act, still effective today, that divided printed matter into two classes. The crucial language distinguishing the second class from the third was crafted in consultation with publishers of so-called legitimate publications. Building on their postal prerogatives dating to the 1790s, publishers of legitimate periodicals defined their printed material as a contribution to education and culture but denigrated circulars—“illegitimate publications”—as mere commercial products. The key technical language, still determinative, was that second-class mail had to disseminate “information of a public character . . . and have a legitimate list of subscribers.” In addition, “publications designed primarily for advertising purposes, or for free circulation, or for circulation at nominal rates” were relegated to the third class.⁶ As postal officials quickly discovered, virtually all printed matter sent by mail had at least some commercial purpose. During hearings on the Mail Classification Act, Senator Samuel J. Kirkwood of Iowa anticipated as much. Kirkwood asked Arthur H. Bissell, the Post Office’s principal contact with publishers, why periodicals should be permitted to attach separately printed advertisements (“business circulars—because that is what they are”) and still qualify for second-class rates. Bissell explained that the provision was added at the insistence of magazine publishers. “The character of the reading matter overbalances” a periodical’s commercial motives, he added.⁷

Ever since, postal officials have had to decide whether a publication’s reading matter sufficiently “overbalanced” its commercial character. The most important means for doing so was to determine whether the public requested a publication by seeking a subscription. Applying the paid-subscriber rule thus often determined whether printed matter belonged in the second- or the more expensive third-class mail. By 1905 the proper

classification of mail—mainly distinguishing second- from third-class—presented three-hundred to five-hundred questions each day at Post Office headquarters, requiring the attention of forty clerks.⁸

At the same time, a series of congressional committees and commissions began questioning why advertising-filled periodicals should pay postage of one cent per pound compared to the eight to fifteen cents a pound for advertising in the third class. As a partial remedy, Congress restructured second-class rates in 1917. Since then, the editorial contents of periodicals have been rated differently than their advertising portions: the former pay a relatively low rate regardless of distance mailed; the latter pay much higher postage graduated to distance. This zoned advertising postage scheme recognized the dual nature of periodicals as commercial products conveying public information and culture. The dual rate structure for second class also allowed lawmakers to set postage for periodicals' advertising contents more in line with the rates charged advertising circulars in the third class.⁹

As the Post Office deficit ballooned in the 1920s, lawmakers looked to cost ascertainment studies, which measured expenses incurred in carrying each class of mail, for guidance in raising rates. Proponents of this approach assumed that Congress would then increase postage in proportion to the shortfall caused by each class. But the 1925 rate hike, the culmination of the first such study, hardly bore that out. "Increases asked for on third and fourth class mail were far greater in proportion to their allocated deficits than the recommended increase on second-class mail," according to one postal historian.¹⁰ Indeed, this typified the process for the next four decades: cost ascertainment reports propelled sporadic ratemaking proceedings, but the outcome was mainly determined by business and partisan politics.

Realizing that Congress would disregard cost ascertainment findings when pressured to do so by well-organized groups of publishers, direct-mail advertisers expanded their own lobbying efforts. Class warfare—second-class mail users versus everyone else, particularly those dependent on the third class—erupted in countless congressional hearings through the 1960s. The Direct Mail Advertising Association (DMAA; now the Direct Marketing Association) first counterattacked in the 1920s. The remarks of a DMAA witness suggest the tenor of its initial campaign: "Can there be any valid reason why advertising, run in a newspaper or a magazine, should be carried through the mails for less than any other kind of advertising? Is the Government being asked not only to create a subsidy through rates, but to express a preference for one advertising medium over another as well?"¹¹ DMAA consisted of 1,100 "manufacturers, banks,

retailers, and printers and producers of every sort" that mailed "advertising matter such as circulars, letters, broadside booklets, and such literature as is used by practically every type of business." Its witness estimated that third class was used extensively by two-thousand merchants and retailers.¹² DMAA's postal committee took the lead in organizing allied interests into a new group, the National Council of Business Mail Users (NCBMU), that represented major patrons of first-, third-, and fourth-class mail. NCBMU asked its members for \$250,000 to finance a lobbying and publicity campaign to rebut that of publishers.¹³

The new alliance quickly scored a dramatic victory—the creation in 1928 of a bulk-mailing category in third class, the lifeline of junk mail ever since. The House Post Office Committee, which crafted this provision, noted that third-class mail had dropped by 400 million pieces after the 1925 rate hike. But simply rolling back rates was less useful to businesses than a "concession to users of third-class mail of bulk pound rates on separately addressed pieces in quantities of not less than 20 pounds or of not less than 200 pieces."¹⁴ Publishers had benefited from a similar opportunity, at considerably lower rates, for fifty years. As one representative predicted during the floor debate, retailers would discover that Congress "had given them great advantages in this measure."¹⁵ Bulk rates seemed especially attractive to small businesses that blanketed their neighborhoods with advertising but did not want to buy the full circulation of a city daily. In fact, one lawmaker accused publishers of lobbying for higher third-class rates as a way to attract advertising that would otherwise go as circulars.¹⁶

Congress initially paid only cursory attention to two aspects of bulk third class that figured in many later rate battles—the extensive pre-mailing preparation by senders and its deferred status. One lawmaker presciently observed that bulk third class "is really fill-in mail and should be so considered in cost-keeping." Third class, he explained, was processed only after clerks finished with other mail and was not entitled to services accorded higher cost mail.¹⁷ Of greater concern to mailers were the Post Office's preparation requirements. Regulations prescribed that mail be separated by state and town when there were sufficient pieces. Small mailers complained that the time and labor for such sorting exceeded the savings realized from using the bulk rate. Post Office savings from deferred service and the mailers' extensive preparation had implications for cost accounting and ratemaking, the NCBMU emphasized. "It should be borne in mind that this is an expense which is in the nature of a rate imposed upon mail users but for which the mail user gets no credit when it comes to the question of a profit or a loss to the department."¹⁸

Junk Mail Becomes a Public Controversy

Although relations between second- and third-class mailers had never been warm, their relatively esoteric disputes had been largely confined to the halls of Congress and the pages of trade journals. For the most part, mailers testifying in legislative hearings concentrated on promoting their own interests and rarely denigrated, at least directly, other classes. Direct mailers, for instance, did not so much challenge the value of the second-class mail subsidy as they pointed out how increasing third-class rates put them at a competitive disadvantage in competing with newspapers to deliver similar kinds of advertising. Mailers in each class also disputed the findings of the cost ascertainment reports and argued that their mail paid its way.

Direct-mail circulars were a well-established marketing tool long before they became the object of intense public attention. Merchants had mailed circulars before the Civil War. The mail-order industry, of course, sent ads by mail, both on the pages of journals and as separate circulars. The industry began to flourish in the 1870s, first with companies selling soap, fruit, and correspondence courses, and then with such multiproduct mail-order houses as Montgomery Ward. Companies providing mailing services to various clients appeared as early as 1876. Direct-mail marketing had emerged as an identifiable branch of advertising by 1914, when the Associated Advertising Clubs of the World devoted a session to it at the group's convention. The next step was taken in 1917 with the formation of the Direct Mail Marketing Association. Its 1918 conference attracted 575 participants.¹⁹

Before the 1950s, *public* attacks on the value of third-class mail were rare. A 1917 magazine editorial, "A Plague of Circulars," however, anticipated many of the later arguments against junk mail:

[A] pestiferous circular, weighing quite as much [as a letter], is carried through the mails for a cent. . . .

More than ninety per cent of the mail matter passed as third class is sheer waste and promptly goes, unopened, unread and unconsidered, into the wastebasket. . . . To contend that the printed circular is a necessary or even valuable adjunct to the business of the country is absurd. . . .

Mail solicitation of business by printed circular has become an intolerable annoyance, to which all are subjected whose addresses appear in the directory or the telephone books.²⁰

This broadside is striking by virtue of its rarity until newspapers mounted their campaign in 1953.

The junk-mail controversy grew out of a seemingly innocuous Post Office experiment. When Arthur E. Summerfield became postmaster general in 1952, he began searching for ways to cut the postal deficit. Summerfield believed that allowing locally delivered third-class mail to use a simplified address system would stimulate mailings and reduce the department's sorting costs. Under the experiment, launched on 21 August 1953, advertisers simply delivered to their local post office enough mail bundled for each carrier's route covering the targeted areas. Local retailers selected routes they wanted to saturate to reach prospective customers. Patron mail, as it was known, omitted names and addresses. Eliminating the costly task of maintaining and updating mailing lists proved to be a boon for small businesses. When a writer for the direct-mail trade magazine explained patron mail to some retailers, "They fell for it like a ton of bricks; admitted their advertising had slipped because they couldn't keep up their mailing list and newspapers were not giving them the concentrated coverage they wanted." For its part, the post office benefited from cutting out several costly steps in sorting. Carriers simply left one of the identical pieces at each address.²¹

Simplified address systems had seen limited and noncontroversial use since 1924. Before 1953, in towns without carrier service, third-class mail could be addressed simply "Rural or Star-route box holder," "Post Office box holder," or "Postal patron." The post office noted how many pieces were needed to cover a rural route or boxes and the mailers supplied the correct number. No names or addresses were needed for this saturation mail, making it attractive to advertisers striving to reach every potential customer in a community. Until 1953, this simplified address system applied only to post offices without village or carrier service, about 32 percent of the population. The advent of patron mail in 1953 allowed advertisers to reach the remaining 68 percent using only a simplified address.²²

Newspapers recognized patron mail as a threat to their position as the principal purveyors of local retail advertising. Locally produced direct mail was a nearly perfect substitute for newspaper ads. After World War II, newspapers watched with alarm as direct mail (national and local) attained a rough parity with other forms of advertising. In 1947, \$579 million was spent on direct mail, growing to \$1.42 billion ten years later. ANPA warned its members that some retailers were switching from newspapers to patron mail. To make matters worse, patron mail was inaugurated at a time when newspapers saw their advertising revenues threat-

ened from another quarter—television—which siphoned off national ads. Newspapers could do little to curb the burgeoning television industry. But direct mail was another matter.²³

Newspapers retaliated by attacking direct mail's value in print and before postal ratemakers, wielding the term "junk mail" regularly for the first time. In their campaign to scuttle the patron-mail experiment, newspapers devised several arguments that were later generalized for a continuing assault on all direct-mail advertising. Some points made by the press were false, others were misleading, and all were expressed publicly without informing readers that newspapers stood to gain financially from a diminished direct-mail industry. "Morally, the Press had no right to misuse the freedom of the press in an attempt to destroy or injure another form of advertising," a trade group of printers wrote in rebutting a three-part series in the *Pittsburgh Press* attacking patron mail. "Because it may be economically sound for an advertiser to use third-class mail rather than the advertising columns of the *Pittsburgh Press* to advertise his wares, there's no reason to give the Pittsburgh public and completely distorted and dishonest picture of advertising mail."²⁴

That ad circulars unduly burdened postal carriers was among the more specious claims. This conveniently ignored the federal law that limited carriers' bags to a maximum of thirty-five pounds. For supposed substantiation, newspapers sometimes published photographs of carriers with overflowing sacks. They attributed the bulk to third-class mail, but in most instances the only identifiable contents were newspapers and magazines—hardly what the opponents of junk mail had in mind. Despite the press's pose as the champion of mail carriers, many groups of postal employees supported the patron-mail experiment and third-class mail in general.²⁵ Another assertion, calculated to arouse the public, was that patron mail delayed letter deliveries. "BUT—for the record . . . the Post Office delivers mail by class. All first class (letter mail) must be cased before third class," the Pittsburgh printers retorted.²⁶

More bothersome for the direct-mail industry in the long run were two other arguments that grew out of the patron-mail controversy. First was the issue of cost. Newspapers focused public attention on third-class mail rates, especially in comparison to letter postage. Of course, the press ignored direct mail's premailing preparation and deferred delivery as well as second-class mail's own more substantial contribution to the postal deficit. A more elusive issue was the value—to senders, recipients, and the economy—of third-class advertising mail. Was junk mail indeed junk? Critics of direct-mail advertising dwelled on the fact that it was not requested by addressees. For the most part, they ignored the value to

senders, who, after all, presumably decided that it made good business sense to promote their products and services by third-class mail. Not coincidentally, the direct-mail industry began studying the effectiveness of its mailings, finding that readership of circulars ranged from 27 to 50 percent.²⁷

When Postmaster General Summerfield discontinued the patron-mail experiment on 31 March 1955, the direct-mail industry blamed newspapers and magazines for pressuring the Post Office to kill it. As the newspaper campaign against direct mail crested, the postmaster general was developing a bill to raise postage rates. Killing the patron-mail experiment may have been a gambit to curry favor with publishers. Patron mail's opponents pronounced the experiment a failure even though no evaluation was ever conducted.²⁸

Assaying the Value of Mail

After years of listening to amorphous claims about the relative merits of different species of mail, Congress authorized a wide-ranging study to make its own determination. The ultimate goal was to develop a comprehensive policy tying rates to precisely articulated goals for the postal system. The 1953–54 study also endeavored to reconcile the competing missions of the Post Office: for some, it was primarily a social and cultural institution; for others, primarily an adjunct of the nation's business system. To assess these different uses, the Senate Post Office Committee commissioned studies by the National Industrial Conference Board and the National Education Association.²⁹

Assessing the Post Office's influence on the economy was "an excursion into unexplored territory," the Conference Board observed, estimating that at least three quarters of the Post Office's revenues came from business activities, one of which was advertising. "Advertising through the mails is an important segment of the total advertising effort," the board reported. "Media directly dependent upon the postal service for dissemination constitute about 30 percent of total advertising volume, measured by dollar expenditures." The board's survey revealed that respondents used direct mail more than any other advertising medium; newspapers were second, followed by trade magazines. The advertising portion of periodicals was growing faster than the reading matter and had constituted half or more of the second-class mail by weight since 1946. Nonetheless, periodicals' contribution to postal revenues was declining.³⁰

The Direct Mail Advertising Association reported its own findings to

the Senate committee. In 1952, the \$1.17-billion direct-mail industry sent 11.6 billion third-class pieces. A wide range of enterprises used direct mail. For instance, of 206 third-class mail permits in Lancaster, Pennsylvania, retailers held 54; religious and fraternal organizations, 38; civic groups, 31; service organizations, 24; publications and printing firms, 11; wholesalers, 9; manufacturers, 7; and firms from outside town, 28. Nationally, about 36,000 printing shops specialized in preparing direct mail.³¹

Building on the findings of the Conference Board, DMAA, and others, the Senate committee concluded that the postal system's "contribution to the economic vitality of America" was on the same plane as its contribution to cultural vitality. "Third-class mail rates have been increased more than 50 percent since 1948," the committee noted. "This is a major medium through which most small businesses market their products. It is the important vehicle which enables small businesses to grow larger, thus increasing the Nation's productive capacity and creating greater competition."³² With its study in hand, the Senate Post Office Committee set about devising a comprehensive postal policy, arguably the first in the nation's history. The Postal Policy Act of 1958 held out two hopes for the direct-mail industry. First, it elevated the postal system's *economic* contributions to a level roughly equal with the mail's long-acknowledged *cultural* benefits. Second, the act recognized such factors as deferred service and premailing preparation as legitimate ratemaking criteria.³³

Despite such hopeful signs for the direct-mail industry, newspaper and magazine publishers continued denigrating junk mail. Their strategy, apparently, was to heighten the opprobrium lawmakers associated with direct mail. This served a dual purpose: second class would be spared large rate increases and a competitor would be saddled with higher operating costs. Thus, as the debate on the policy act unfolded, publishers took arguments that had been raised narrowly in connection with the postal patron experiment and now aimed them at all third-class mail. Anti-junk-mail articles appeared in the press and some in Congress echoed their sentiments. One representative even proposed rate increases that would have virtually killed third-class mail. But Senators Frank Carlson and Olin Johnston, the two most influential members of the Post Office committee, rose to the defense, pointing to direct mail's role as a business stimulant, especially for small firms.³⁴

As Congress debated the proposed policy act, it simultaneously considered an urgent administration request for a rate hike. Faced with a ballooning postal deficit in 1957, Summerfield threatened an embargo on all third-class mail, presumably assuming that an attack on this class entailed the least political risk. He eventually retreated, but to remedy its image

problem the direct-mail industry supplied a steady stream of witnesses for House and Senate committees to enlighten congressional foes. After one lawmaker decried junk mail from the Senate floor, for instance, businesses pointed out how direct mail contributed to the economic vitality of his state; he changed his tune.³⁵

Congress exhibited its solicitude for small businesses by postponing one step of the third-class postage hike until 1 July 1960. During hearings, witnesses had repeatedly asserted that higher third-class postage would cripple small businesses; skeptical lawmakers, however, pointed out that assertions did not constitute proof.³⁶ The 1958 law, therefore, directed the Small Business Administration (SBA) and the Commerce Department to study the impact of the first phase of the postage increase on small businesses. If the reports showed that higher postage had unduly hampered small firms, the second increase in third-class bulk rates presumably would be modified or delayed. To the chagrin of third-class mailers, "the findings do not support a conclusion that the increase in bulk third-class mail rates had any widespread adverse effect on the competitive position or economic status of small business," the SBA study concluded. Looking more broadly, the Commerce Department found that "the rate increase had no appreciable effect on the economy as a whole and no significant impact on the users of third-class bulk mail generally."³⁷

Direct mailers moved quickly to point out the studies' limitations and to spotlight findings that supported their claims. The reports did confirm that the cost to reach each thousand potential customers was much higher for direct mail than for newspapers or magazines.³⁸ Supporting the claims of many witnesses, the SBA study found that "small firms which do use bulk third-class mail rely somewhat more heavily on that medium than larger firms." Similarly, the Commerce Department study verified that "occupant mail is useful to enterprises offering merchandise or services that are used by almost every person or family in the neighborhood such as food, hardware, and variety store merchandise, or the services of a cleaner, a gasoline station, or a neighborhood shopping newspaper."³⁹

The Last Congressional Ratemaking

During the 1960s, the final decade of the Post Office Department and congressional ratemaking, lawmakers raised two issues that fueled the junk-mail debate—the cost coverage of each mail class and its social acceptability. Both of these matters figured in the policy revolution that

spawned the U.S. Postal Service; moreover, they remain central to the junk-mail debate of the 1990s.

Historically, the third class usually produced enough revenue to cover 75 percent of its attributable costs. During the debates on the Postal Policy Act of 1958, in fact, witnesses for the Post Office accepted 75 percent as a reasonable target; the discount from full-cost coverage reflected the class's deferred service. But when faced with the necessity for a rate hike, the Post Office typically sought a much higher cost coverage level for third class than for the second. In 1961 President John F. Kennedy's postmaster general, J. Edward Day, sought recovery levels of 41 percent for second class but 94 percent for third. Calling any third-class cost coverage above 75 percent a "tax," direct mailers complained that the rate proposal ignored features of bulk mail that justified a discount. They also explained how such discrimination affected businesses according to their size. Small businesses testified that higher bulk-mail postage increased the cost of mailing circulars to their customers, while their larger competitors who advertised in newspapers benefited from the lower cost coverage expected of second class. Mailers and some lawmakers blamed newspapers for fostering the impression that direct mail was less desirable and hence should pay a greater share of its cost than other types of mail.⁴⁰

In the waning years of the Post Office Department, the position of junk mail seemingly improved with the adoption of more precise cost accounting. The Post Office concluded that bulk third-class revenues covered about 74 percent of the category's fully allocated costs in fiscal year 1968. "If this is true," Postmaster General Winton Blount told direct mailers, "it means that this class of mail is now paying its incremental cost and also is contributing to the Department's overall institutional cost." The news got even better when the Post Office adopted a new costing method for FY 1969, replacing the fully allocated cost system used since 1926 with one that divided costs into two categories, demonstrably related and institutional. With the new formula, direct mail was yielding revenues that reached 199 percent of its demonstrable costs. Second class, in contrast, covered only 51 percent. The direct-mail industry cheered this finding, for it confuted long-standing criticisms that third class was subsidized by letter writers, a principal point in the campaign against junk mail. Furthermore, the 1969 cost analysis seemed to prove what direct mailers had asserted all along: that second class was the principal cause of the postal deficit. Direct mailers believed that the new cost analysis would arm them against undue rate increases.⁴¹

The sense of victory was short-lived, however, as the Post Office urged

Congress to consider the social acceptability of mail along with cost coverage in setting rates. James W. Hargrove, assistant postmaster general for finance and administration, contended that bulk third-class mail should pay a premium because of its opprobrium. Explaining his reasoning to the Direct Mail Advertising Association, he said that ratemakers should consider a mail class's demonstrably related and institutional costs as well as "other factors."

Now, one of the "other factors" in a public operation, and particularly a government operation, has got to be the worth which the *recipient public* (not the sender) places upon a particular service. As long as the public is directly influential in determining the rate policy of the postal system, the value to the recipient will reflect itself ultimately and inexorably in the price of the service.

The general view of the public benefit or detriment will surface just as it will in the form of taxes, even punitive taxes on such public-policy controversies as cigarettes, leaded gasolines, overpowered automobiles, and so forth. In such an environment, users of advertising mail will find it more effective to spend their dollars on public relations than on lobbying.⁴²

Direct mailers saw Hargrove's suggestion as the long-feared denouement of newspapers' junk-mail campaign.

Startled by this development, third-class mailers looked about for the origin of the "Pariah Principle of Postal Pricing," as the DMAA called it. Some believed that the Supreme Court's 1970 decision in *Rowan v. Post Office Department* had suggested this rate standard. *Rowan* dealt with a law that allowed addressees to refuse mailed advertisements that they considered pandering indecent or provocative materials. In upholding the law, Chief Justice Warren Burger gave comfort to direct mail's opponents. "Everyman's mail today is made up overwhelmingly of material he did not seek from persons he does not know," Burger wrote. "And all too often it is matter he finds offensive."⁴³ Challenging the social acceptability standard, direct mailers pointed to its subjectivity. "Is a magazine solicitation lower or higher on the scale of social acceptability than, say, a mail-order catalog?" a DMAA witness asked. "How acceptable to the postal patron is his electric light bill, or the monthly statement from his local department store?" J. Edward Day, postmaster-general-turned-direct-mail lobbyist, decried the social-acceptance theory as punitive and unprecedented in the history of U.S. public utility ratemaking.⁴⁴

The Public Debate on the Eve of Reorganization

The 1960s congressional deliberations over cost-coverage and ratemaking esoterica occurred amid a robust public and industrywide debate about the merits of direct mail. Most public discourse failed to get beyond simple denunciations of junk mail. But publishers' and advertisers' positions grew increasingly ambiguous as direct marketing transformed their industries.

The direct-mail industry was dividing into two discrete groups—retailers mailing nationally to a list of select customers, and retailers blanketing their neighborhoods with circulars. As both segments depended on the bulk third-class rates, they presented a united front to congressional committees. Typically, too, they emphasized the effects of postage increases on small retailers, for which Congress exhibited special solicitude. In the 1967 rate hike, the last before postal reorganization, Congress granted a discount to the first 250,000 bulk third-class pieces a mailer sent each year. Small businesses were the intended beneficiaries.⁴⁵

Direct mailers' efforts to enhance their image suffered a setback in 1968, when their trade associations became the object of unwanted public scrutiny. Former Postmaster General J. Edward Day became president of the Associated Third Class Mail Users (ATCMU), a group formed in the late 1940s. Newspapers trumpeted this development as a sign of direct mail's growing influence, though Day announced he would be less aggressive than his predecessor in prosecuting the association's interests. Frank Carlson, a longtime member of the Senate Post Office Committee and friend of mailers' groups, left Congress and joined DMAA as its mail practices commissioner, a position created to improve the public's perception of direct mail. And A. S. (Mike) Monroney, a Democrat from Oklahoma and chairman of the Senate Post Office Committee, lost his seat in the 1968 election. Monroney, considered an enemy of third-class mailers, had been defeated partly with the help of the president of the Mail Advertising Corporation.⁴⁶

The junk-mail controversy no longer simply pitted third-class mailers against publications in the second class. During hearings on a 1962 postal-rate bill, a number of the nation's largest magazines testified on behalf of maintaining reasonable third-class rates and even carried articles outlining the benefits of direct mail. Some magazines spent more on third-class postage soliciting subscribers than on second-class postage to mail their periodicals. Postal unions, too, helped the cause of direct mail. Although they usually favored rate hikes to underwrite pay raises, union leaders warned against pricing third-class mail out of the market.⁴⁷

Encouraged by this broadening base of support, direct mailers even

sought rapprochement with newspapers. The DMAA ran a series of advertisements in *Editor & Publisher* that emphasized the complementary nature of the two advertising media. Similarly, newspapers were advised that in attacking junk mail they were assailing the marketing efforts of many of their own advertisers. This attempt by direct-mail advertisers to close ranks with newspapers failed. Not until newspapers discovered a major use for third-class mail in the 1970s did some segments of the industry tone down their attack on junk mail.⁴⁸

While newspapers berated direct mail, many were quietly—and hypocritically—moving to attract the same advertising. Bundling separately printed ad circulars with newspapers was increasingly popular. ANPA provided guidance for newspapers in its report *How to Comply with Postal Regulations on Pre-Printed Advertising Supplements*, noting that third-class material could often be sent under a publication's second-class permit. Postal officials and lawmakers tried to discourage the practice by pushing, unsuccessfully, for surcharges on ad circulars bundled with newspapers.⁴⁹ A contributor to *Advertising Age* criticized the self-defeating nature of the newspaper industry's campaign against direct mail. He described a cartoon skewering junk mail published in a newspaper that "carries inserts in its paper Sunday after Sunday." "And who pays for these inserts?" he asked. "The very type of advertisers newspapers point to as being purveyors of junk mail." Newspapers could hardly attack direct mail without devaluing the kindred inserts or "stuffers" that papers eagerly sought, he wrote.⁵⁰

Nothing galled direct mailers more than newspapers using their columns to denigrate third-class mail even as publishers worked to attract the same advertising. Direct mailers' most elaborate response to the press's continual attacks was a 1970 book, *Billions of False Impressions*, by John L. Shimek. The subtitle revealed its mission: *A Documentation of How Many Members of the Newspaper Industry Betray Their Public Trusts by Using Deceptive Practices in Their Columns to Attack One of Their Principal Competitors for the Advertising Dollar*. Sponsored by the Mail Advertising Corporation of America, the heavy-handed, overly conspiratorial book broke little new ground. Nonetheless, it dissected the press campaign against direct mail and documented its case with about 150 pages of evidence, mostly reproductions of newspaper articles.⁵¹

Newspapers labored to make "junk mail" the commonly accepted label for all direct mail, according to Shimek. The press repeated arguments that direct mail was subsidized and a burden on taxpayers; that it was unwanted, unsolicited, unopened, unread—just tossed; that it burdened postal carriers and deluged mailboxes; that it was associated with pander-

ers of indecent materials and distributors of shoddy products; and that it invaded households' privacy. Newspapers also outlined a course of action for disaffected recipients of direct mail: send bricks to direct mailers by attaching their business reply cards; bundle direct mail and ship it to lawmakers; and refuse to receive third-class advertising altogether. Newspapers carrying junk-mail stories customarily failed to identify the source of denigrating information as the newspaper industry itself, Shimek asserted. He reserved his most scathing comments for newspapers' hypocrisy. Not only did newspapers carry increasing numbers of advertising inserts, but they used young carriers exempt from federal labor laws to insert the ads. In the end, the false impressions about direct mail "*have been repeated in newspapers so many times that many sincere, conscientious and highly intelligent public officials now accept them without question, as the received wisdom.*"⁵²

Direct mailers feared that newspapers, which claimed the moral high ground and controlled channels of communication, would convince Congress to make junk mail the scapegoat for unpopular rate increases. "Who is going to censure any politician facing an election for really socking 'junk mail'?" a direct mailers' newsletter asked.⁵³ As Congress was considering postal reorganization, some lawmakers proposed assessing junk mail additional postage to spare first class; others saw it as less a matter of cost than one of invasion of privacy and nuisance. When high school students collected and weighed their families' third-class mail to underscore the volume of unsolicited material sent, the project was recognized in the *Congressional Record*. Direct mailers claimed that newspapers timed their publicity to win specific legislative battles.⁵⁴

Direct Mailers and the Postal Reorganization Act

Direct mailers' experiences with congressional ratemaking in the 1960s suggested that they might fare better in administrative proceedings in which cost factors prevailed over social and political considerations. The postal reform movement promised as much. "You could tell that story in front of fair minded rate commissioners, untrammled by this political atmosphere that we Congressmen are in . . . [and] come up with a square deal," a representative remarked in 1970 after listening to presentations about third class's premailing preparation and deferred service. "It is going to be hard for you to get a square deal on the floor of Congress in view of the type of mail we are getting, 'Put it [the postage increase] on junk mail.'"⁵⁵

The first major step toward postal reorganization, the formation of a presidential commission dominated by business leaders, heartened third-class mailers. Headed by the former chairman of AT&T, Frederick R. Kappel, the President's Commission on Postal Organization concluded that "today the Post Office is a business" and should be operated like other public utilities. "A utility is not allowed to discriminate unduly among its users in the pricing of its services." Much of the complexity and unfairness in the rate structure derived from "legislative judgments of public benefit—the social contribution of the mailer or of the matter mailed." The commission's proposed ratemaking standards would allow for narrowly drawn, congressionally designated subsidies, but the overarching consideration was for each class to pay its demonstrably related costs. For advocates of a social acceptability standard, the message was clear: economics would prevail in setting rates.⁵⁶

The commission's emphasis on business principles mirrored the commercial makeup of the mails. Only 22 percent was correspondence; the rest was one or another kind of commerce—transactions (bills, bank statements, etc.), 40 percent; advertising, 26 percent; newspapers and magazines, 11 percent; and merchandise, 1 percent.⁵⁷ These figures, however, understated the importance of the mails as a channel of advertising; most periodicals carried ads, as did some transactions. In fact, two-fifths of the 83.8 billion pieces mailed in 1967 contained some advertising, the Arthur D. Little Company reported to the commission. "In short, the principal function now performed by the postal service, in terms of the number of pieces of mail involved, is that of an advertising medium," the consultants concluded. As part of its assessment of who used the mails and why, the Little Co. report underscored the value of local direct-mail advertising for small businesses. "Some [local business] managers feel that direct mail is the only medium available which reaches a majority of the prospects in their local market at reasonable cost." A grocery chain, for instance, could "advertise in newspapers, since most readers can easily get to at least one of its stores, [but] the operator of a single supermarket may find that much of the circulation of any newspaper he buys does not reach people within the trading area of his store." Hence, any attempt to apply rate standards weighing the social acceptability of one type of advertising against another was fraught with pitfalls.⁵⁸

Most large mailers—businesses—preferred turning ratemaking over to experts. But some, particularly those who enjoyed relatively low postage, were concerned that professional ratemakers would be less sympathetic than Congress to claims about the social utility of their mail. Although direct mailers were divided, a sizable share believed that an independent

commission would disregard extraneous charges about junk mail and price their product according to reasonable cost standards.⁵⁹

“Lack of objective economic rate standards is a principal shortcoming of the present postal system,” the Kappel Commission declared. The commission recommended that the new postal enterprise recover its full costs, that each class cover at least its demonstrably related costs, and that fixed institutional costs be spread among classes to “reflect the differing demands for different services.”⁶⁰ This sounded much like the standard used by the Post Office in FY 1969 that showed bulk third class paying 199 percent of its demonstrably related costs. “While the [Kappel] report did not say so specifically there were indications that it felt third-class users were paying more than their share of the cost of the service they receive,” a trade journal observed. “Indeed, sources within the Commission were quoted as saying that if its rate theory were adopted, it would be found that third class users were paying more than their share of the postal cost.” Such assurances cultivated support for reorganization among direct mailers.⁶¹

The Reorganization Act’s ratemaking standards and procedures seemed at first to remedy many of the shortcomings direct mailers and others had identified in the 1960s.⁶² Congress gave the Postal Rate Commission eight criteria to follow in setting rates. As it developed experience, the commission moved toward a two-step rate-setting process. First, as directed by law, it determined the “direct and indirect postal costs attributable” to each class of mail. The PRC then assigned to each class a portion of the remaining costs—known as institutional or, somewhat imprecisely, overhead—according to several other criteria, including the value of service, the effect of a rate increase on the public and businesses, alternative means of delivery, and the degree of senders’ premailing preparation.⁶³ The Senate report on postal reorganization, the source of most of the ratemaking criteria, expressly disavowed use of amorphous acceptability standards: “If postal rates and postal classification are going to be established on a basis of . . . ‘social acceptability,’ then Congress is clearly better qualified to make such judgments than the Postal Service or any expert commission. Such purely political judgments are the province of Congress.”⁶⁴

The Legacy and Implications of the Junk-Mail Debate

Despite doubts about administrators’ suitability to render “political judgments,” the junk-mail controversy has kept such questions alive before the PRC. The Reorganization Act transformed ratemaking proceedings

into exercises populated by statisticians, economists, administrative lawyers, and other technicians. But the quasi-corporate Postal Service could not simply follow business imperatives; it remained, in part, a public service agency dependent on the goodwill of Capitol Hill and the public. To the extent that the junk-mail controversy turned on claims about the "historically validated" purposes of the postal system and the relative social acceptability of different types of mail, it fell outside the realm of expertise commonly found in the postal establishment.⁶⁵

By most measures, direct mail flourished in the two decades after politicians ceded ratemaking control to administrators. Third-class mail doubled between 1977 and 1987, to 59.3 billion pieces a year, growing at a rate twice that of total mail volume. Much of the growth had nothing to do with postal rates and regulations: two-income couples had less time for shopping and turned to mail order; marketers increasingly targeted specific geographic or interest groups for their solicitations; and computers facilitated the management of mailing lists.⁶⁶

Postal administrators did create a more hospitable environment for junk mail through regulatory adjustments. From the mid-1970s to the mid-1980s, a number of technical changes—granting presort discounts, raising weight limits, and allowing detached labels—boosted the direct-mail industry. These changes fostered so-called marriage or shared mail—combining ads from several neighborhood retailers (or chains with local outlets) for delivery to all nearby residences. The newspaper industry lost advertising to a competitor and responded in two ways: it mustered its own experts to dispute the economies behind these changes, and it pressed for postal rules accommodating its own similar services for advertisers.⁶⁷ Many newspapers began touting their total market coverage (TMC); households not subscribing to regular editions received through the mail an occasional truncated newspaper wrapped around preprinted advertising. At first, newspapers used their second-class mail permits for their TMC products. Direct mailers, however, complained that TMC publications had no paid subscribers and hence belonged in the third class; the Postal Rate Commission agreed. Since then, the battlelines in this class warfare have been muddied; newspapers with TMC products have been less critical of junk mail.⁶⁸

As long as the junk-mail controversy concentrated on technical matters, the Postal Rate Commission proved well suited to conduct the analyses needed for regulatory fine tuning. The PRC, however, proved less comfortable adjudicating broad, vague claims about the societal merits of different mail. After the commission approved a substantial rate hike that fell particularly hard on nonprofit organizations, libraries, and publishers,

Congress in 1976 gave the PRC a ninth statutory criterion to consider: "the educational, cultural, scientific, and informational (ESCI) value to the recipient."⁶⁹ By 1988 this standard had come to embody decades of history. "ESCI is the ratemaking factor which most closely articulates the historical policies that have resulted in the general understanding that the proper rate relationship is for second-class rates to be lower than comparable third-class rates," the commission wrote in justifying a much higher increase in postage for direct mail than for periodicals.⁷⁰

The general rate hikes that occurred every three or four years following the Reorganization Act presented newspapers with natural opportunities to focus public attention—and ire—on junk mail. On these occasions, the public exhibited little patience for arcane discussions of attributable and institutional costs, elasticity of demand, premailing preparation, and so forth. Instead, publishers claimed that they spoke for a public weary of unsolicited advertising circulars flooding mailboxes—mail that paid only a fraction of letter postage. Editorial writers endorsed notions of historically approved "proper rate relationships" in castigating junk mail. Behind the scenes, publishers buttonholed lawmakers to complain about junk mail and supported formal lobbying by their trade groups.⁷¹

Overall, the Reorganization Act has succeeded in reforming the ratemaking process and in setting the Postal Service on a more business-like course. But when Congress directed the PRC to consider the "educational, social, cultural and informational" value of mail, it codified the post office's pre-reorganization history, or at least a view of history in which the mail's cultural contributions overshadowed its role in business affairs. In weighing this standard along with the eight others prescribed by law, the PRC has found that the public nature of the junk-mail controversy complicates its decisions. More than most businesses, the junk-mail antagonists have been well positioned to make their policy dispute a public spectacle.

University of Washington

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Notes

1. Postal Rate Commission, *Postal Rate and Fee Changes: Opinion and Recommended Decision* (Docket R90-1) (Washington, D.C., 1991), i–ii, V-157 to V-163. See also Jill Smolowe, "Read This!!!!!!! [The Junk Mail Explosion]," *Time*, 26 November 1990, 62–70 plus cover.
2. "Newspapers' Priorities Shape 1990 ANPA Activity," *presstime*, January 1990, 5; Gregg K. Jones, "Competition Arrives via the Mail," *ibid.*, 36.
3. U.S. Postal Service, *Postal Rate and Fee Increases, 1974* (Docket R74-1) (Washington, D.C., 1974), 4:992–93 (testimony of Arthur M. Schlesinger, Jr.); Postal Rate Commission, *Report to the Congress: Preferred Rate Study* (Washington, D.C., 1986), App. A, "A Policy History of Selected Preferred Mail Categories." On the ways in which historically accepted noneconomic considerations have confounded the goals of reorganization, see Nicole W. Biggart, "The Post Office as a Business: Ten Years of Postal Reorganization," *Policy Studies Journal* 11 (March 1983): 483–91. "Its [the postal system's] character is stubbornly political; a two hundred-year history has ingrained expectations about inexpensive mail service as a public right." *Ibid.*, 489.
4. Robert Kelley, "The Idea of Policy History," *The Public Historian* 10 (Winter 1988): 35–39, quote at 39.
5. *Hunt's Merchants' Magazine*, July 1845, 75; Act of 3 March 1845, 5 Stat. 733, 737; U.S. Post Office Department, *United States Domestic Postage Rates, 1789 to 1956* (Washington, D.C., 1956), 10, 27–28, 33.
6. Act of 3 March 1879 (Mail Classification Act), 20 Stat. 359. The origins of postal privileges for the press are sketched in Richard B. Kielbowicz, *News in the Mail: The Press, Post Office, and Public Information, 1700–1860s* (New York, 1989); Wayne E. Fuller, *The American Mail: Enlarger of the Common Life* (Chicago, 1972), 109–89. See Richard B. Kielbowicz, "Origins of the Second-Class Mail Category and the Business of Policymaking, 1863–1879," *Journalism Monographs*, no. 96 (April 1986), for the maneuvers and deliberations that led to the Mail Classification Act.
7. "Argument of A. H. Bissell, Esq., of the Post-Office Department," printed in *Argument of William E. Sheldon, Esq. of Boston, Before the Senate Committee on Post-Offices and Post-Roads* (Washington, D.C., 1878), 16–17.
8. Richard B. Kielbowicz, "Development of the Paid Subscriber Rule in Second-Class Mail" (unpublished report for the Postal Rate Commission, Docket C85-2, 1985); "Our Post Office," *Printers' Ink*, 15 February 1905, 18–19; "Post Office Reform," *ibid.*, 5 July 1905, 10–19.
9. Richard B. Kielbowicz, "Postal Subsidies for the Press and the Business of Mass Culture, 1880–1920," *Business History Review* 64 (Autumn 1990): 451–88. The 1917 law also created a preferential rate for nonprofit publications, a subclass that still exists, and exempted periodicals with small amounts of advertising from having to pay zoned rates.
10. Jane Kennedy, "United States Postal Rates, 1845–1951" (Ph.D. diss., Columbia University, 1955), 63.
11. *Postal Rates: Hearings on S. 3674 Before the Subcomm. of the Senate Comm. on Post Offices and Post Roads*, 68th Cong., 2d sess. 286–300, quote at 289 (1924) (testimony of Richard H. Lee).
12. *Ibid.*, 300–306, quote at 300 (testimony of Charles W. Collier for DMAA).
13. "Mail Users Organize for Battle," *The Mailbag* 9 (May 1925), 247–49; "Mail Users vs. New Postal Rates," *ibid.*, 9 (June 1925), 321–24; "Postal Rate Hearings Begun," *ibid.*, 9 (August 1925), 435–36.
14. H.R. Rep. No. 1006, 70th Cong., 1st sess. 10 (1928).
15. 69 Cong. Rec. 5787 (1928) (remarks of Rep. Clyde Kelly).
16. *Regulating Postal Rates: Hearings on H.R. 9296 Before the House Comm. on the Post Office and Post Roads*, 70th Cong., 1st sess. 37 (1928); 69 Cong. Rec. 5655–56 (1928).

17. 69 Cong. Rec. 5790 (1928) (remarks of Rep. Blanton).
18. U.S. Post Office Department, *Conference of Mail Users on Postal Regulations* (Washington, D.C., 1930), 62–84, quote at 70 (remarks of Richard H. Lee for NCBMU).
19. Virgil E. Harder, "A History of Direct Mail Advertising" (Ph.D. diss., University of Illinois, 1958), 41–78. See S. Roland Hall, *Mail-Order and Direct-Mail Selling* (New York, 1928), for early industry practices.
20. "A Plague of Circulars," *The Bellman* 23 (November 10, 1917): 511.
21. *The Postal Bulletin*, 25 August 1953, 1–2; "Ground Rules for New, Simplified Addressing," *Reporter of Direct Mail Advertising*, September 1953, 70–72, quote at 70 [hereafter cited as RDMA]; "Junk Mail to End," *Editor & Publisher*, 1 January 1955, 7–8.
22. 1924 *Postal Laws & Regulations* 189, 225; 1948 *Postal Laws & Regulations* 262–63; Harder, "History of Direct Mail," 156.
23. Harder, "History of Direct Mail," 137; "Mur-Durr!!," RDMA, October 1954, 41–45.
24. Quoted in "The War Is On," RDMA, December 1954, 17–20, quote at 20; "Deluge of 'Junk Mail' Angers Taxpayers," *Pittsburgh Press*, 21 October 1954, 21.
25. "The War Is On," 17–20; Harder, "History of Direct Mail," 165. See "H.R. 2988," RDMA, February 1955, 23–28, for photographs used by newspapers to illustrate carriers supposedly overburdened with junk mail. The only identifiable pieces of mail were copies of *Life* magazine. See also *New York Times*, 7 February 1953, 56; *ibid.*, 21 April 1953, 26; *ibid.*, 20 June 1953, 48; *ibid.*, 13 December 1953, 26.
26. Letter from Pittsburgh Graphic Arts Council to the *Pittsburgh Press*, quoted in "The War Is On," 19.
27. Harder, "History of Direct Mail," 153; "Mur-Durr!!," 41–45; "The War Is On," *ibid.*, 17–20; "H.R. 2988," *ibid.*, 23–28.
28. Post Office Department press release no. 3242, 30 December 1954 (U.S. Postal Service Library, Washington, D.C.); *New York Times*, 27 December 1954, 28; *ibid.*, 31 December 1954, 1; "The December 30th Story," RDMA, January 1955, 14–16; "H.R. 2988," *ibid.*, 23–28.
29. The Senate Committee's report and those of the contributing groups can be found in S. Rep. No. 1086, 83d Cong., 2d sess. (1954) [hereafter cited as the *Carlson Report*].
30. *Ibid.*, 49, 64, quote at 53.
31. "How Postal Rates and Service Affect the American Economy: Results of a Survey Conducted by the Public Policy and Research Committee of the Direct Mail Advertising Association" (New York, [c. 1953]) (mimeograph, U.S. Postal Service Library).
32. *Carlson Report*, 22.
33. Postal Policy Act of 1958, 72 Stat. 134. In a contrapuntal fashion, the first three congressional findings about the postal system balance statements about its traditionally recognized noneconomic externalities (e.g., promoting unity, fostering social intercourse) with statements acknowledging its role as an adjunct of business and the economy. *Ibid.*, 134. Key legislative documents that evolved into the act include S. Rep. No. 1321, 85th Cong., 2d sess. (1958); and the conference report, H.R. Rep. No. 1760, 85th Cong., 2d sess. (1958).
34. "A Dead Duck Still Lives," RDMA, May 1955, 16–19; "The War Goes On," *ibid.*, September 1955, 24–26; H.R. Rep. No. 2237, 84th Cong., 2d sess. 2–17 (1956); "The Postal Situation," RDMA, March 1956, 29–33; "Postal Report from Washington," *ibid.*, April 1957, 53–54; 104 Cong. Rec. 2732–33 (1958).
35. Summerfield had overspent the congressional appropriation and, when asking Congress for more money, threatened to curtail all service and to eliminate deliveries of third-class mail. "Empty Mailbag?" *Newsweek*, 15 April 1957, 31–32. *Postal Rate Revision: Hearings on H.R. 9228 Before the House Comm. on Post Office and Civil Service*, 84th Cong., 2d sess. 301–16, 623–45 (1956) (includes a booklet on direct mail's place in the economy); "A Report from Washington," RDMA, February 1956, 18–21; "The Postal Situation," *ibid.*, June 1956, 30; "Another Report from Washington," *ibid.*, November 1956, 32.

36. "How Much Will Postage Cost Now?" *U.S. News and World Report*, 30 May 1958, 76; *Postal Rate Revision: Hearings on H.R. 5836 and H.R. 5839 Before the House Comm. on Post Office and Civil Service*, 85th Cong., 1st sess. 234–35, 298–300, 358–77 (1957); *Postal Policy: Hearings Before a Subcomm. of the Senate Comm. on Post Office and Civil Service*, 85th Cong., 1st sess. 256–58, 281–86 (1957).

37. Small Business Administration, *Study of Effect of Bulk Third-Class Mail Rate Increases on Small Business* (comm. print, House Comm. on Post Office and Civil Service, 1960), 2; Department of Commerce, *Survey of Economic Effects on Third-Class Bulk Mail Rate Increase* (comm. print, House Comm. on Post Office and Civil Service, 1960), ii. For the data on which the report is based, see Department of Commerce, *Statistical Supplement, January 1961, to Survey of Economic Effects of Third-Class Bulk Mail Rate Increase* (comm. print, Senate Post Office and Civil Service Comm., 1961).

38. *Postal Rate Revision: Hearings on H.R. 11140 and Related Bills Before the House Comm. on Post Office and Civil Service*, 86th Cong., 2d sess. 101 (1960); Post Office Department, *The Impact of Postal-Rate Increases* (comm. print, House Comm. on Post Office and Civil Service, 1960), 2–26.

39. Small Business Administration, *Third-Class Mail Rate Increases*, 3; Department of Commerce, *Survey of Economic Effects*, 25–27, quote at 26.

40. *Postal Rate Revision: Hearings on H.R. 11140 and Related Bills Before the House Comm. on Post Office and Civil Service*, 86th Cong., 2d sess. 102–6, 193 (1960); *Postal Rate Revision: Recommendation of the Postmaster General of the United States* (comm. print, House Comm. on Post Office and Civil Service, 1961); *Postal Rate Revision: Hearings on H.R. 6418 Before the House Comm. on Post Office and Civil Service*, 87th Cong., 1st sess. 127–68, 171, 270–71, 381–88 (1961); 113 Cong. Rec. 28418–25, 28614, 33984 (1967). For a lucid explication of the various formulae and terms used in postal costing and pricing, see Alan L. Sorkin, *The Economics of the Postal System* (Lexington, Mass., 1980), 51–58. Morton S. Baratz, *The Economics of the Postal Service* (Washington, D.C., 1962), 20–43, reviews general cost and price principles for the 1950s and 1960s.

41. "Bulk Mail Gets No Subsidy, PMG Blount Says in Interview," *Direct Marketing*, July 1969, 41–45, 53, quote at 41; James Hargrove, "New Cost Analysis Figures Throw Light on Postal Costs," *ibid.*, May 1970, 26–30; Sorkin, *Economics of the Postal System*, 54.

42. Hargrove, "New Cost Analysis Figures," 26–30, quote at 30. See also his testimony in *Postal Rates and Revenue and Cost Analysis: Hearings Before the Subcomm. on Postal Rates of the House Comm. on Post Office and Civil Service*, 91st Cong., 2d sess. 1–22 (1970).

43. *Postal Rates and Revenue and Cost Analysis: Hearings*, 202 (testimony of John J. Daly of DMAA). The Post Office apparently was not unanimously behind the social-acceptance standard. Assistant Postmaster General Ron Lee believed that "nobody in the Post Office Department should make any such determination," of third-class mail's social acceptance. Quoted in *ibid.*, 223. *Rowan v. Post Office Department*, 397 U.S. 728, quote at 736 (1970).

44. *Rates and Revenue and Cost Analysis: Hearings*, 205 (testimony of Daly for DMAA), 221–25 (testimony of Day). On the limited use of social principles in American public utility ratemaking, see James C. Bonbright, Albert L. Danielsen, and David R. Kamerschen, *Principles of Public Utility Rates*, 2d ed. (Arlington, Va., 1988), 164–78, 514–44.

45. The lower rate applied to "a person who mails for himself, or on whose behalf there is a mailing. . ." 81 Stat. 613, at 619. This permitted mail preparation firms working on behalf of retailers to qualify for the lower rate. On the origins of this rate break, see H.R. Rep. No. 1013, 90th Cong., 1st sess. 44 (1967); 113 Cong. Rec. 35836 (1967).

46. "Monroney Lashes Back at Cole over Letter," *RDMA*, August 1968, 52; "ATCMU Changes Lobbying Strategy," *ibid.*, October 1968, 96; "Election Results Set Up Wave of Speculation," *ibid.*, December 1968, 53.

47. "Obstacle to Communication," *Commonweal*, 30 March 1962, 3–4; "Stamping Out a Deficit," *Time*, 6 April 1962, 46; "Battle Over Mail Rates," *Business Week*, 7 April 1962, 74; Editors of the Reader's Digest, "Second-Class Rates Can Ruin First-Class Magazines,"

reprinted in *U.S. News & World Report*, 26 March 1962, 120; "Postal Hike Viewed as Threat to Economy," *Printers' Ink*, 23 February 1962, 15. In 1967, mindful of how important third-class mail had become in obtaining new subscribers, magazines again lobbied to keep postage on direct mail low. See John Fischer to Dan Brooks, 20 February 1967, Willie Morris Papers (Manuscript Division, Library of Congress).

48. "Is It Really Junk?" *Business Week*, 22 September 1962, 120. Newspapers' use of the third class to distribute their own advertising sheets (called total market coverage) is discussed in the last section above.

49. *The Postal Revenue Act of 1967: Hearings on H.R. 7977 and 7978 Before the Subcomm. on Postal Rates of the House Comm. on Post Office and Civil Service*, 90th Cong., 1st sess., 627 (1967); ANPA, *Special Report: How to Comply with Postal Regulations on Pre-Printed Advertising Supplements* (New York, c. 1965); H.R. Rep. No. 1013, 90th Cong., 1st sess. 44 (1967).

50. Bob Stone, "Direct Mail/Mail Order Marketing—Newspapers May be Biting the Hand That Feeds Them," *Advertising Age*, 11 May 1970, 60.

51. John L. Shimek, *Billions of False Impressions* (Chicago, 1970).

52. *Ibid.*, 17–23, 45, quote at 17 (emphasis in original).

53. Mail Advertising Corporation of America, C.O.P.E.: *Concepts of Postal Economics* (release No. 12, c. 1967), 6.

54. 116 Cong. Rec. 10650, 11281, 14777, 15981, 18824 (1970); *Postal Rates: Hearings on H.R. 7977 Before the Senate Comm. on Post Office and Civil Service*, 90th Cong., 1st sess. 248 (1970).

55. *Postal Rates and Revenue and Cost Analysis: Hearings*, 226–27 (remarks of Rep. Johnston).

56. President's Commission on Postal Organization, *Towards Postal Excellence* (Washington, D.C., 1968), 148, quotes at 48, 123, 129.

57. *Ibid.*, 87.

58. *Ibid.*, vol. 2, quotes at 5–4, 5–5, 5–8.

59. For a lineup of those favoring and opposing postal reorganization, see "Moves to Reorganize the Postal System," *Congressional Digest* 48 (March 1969): 67–96; "How the Proposed Postal Corporation Would Work," *Congressional Quarterly Weekly Report* 27 (13 June 1969): 1034–36; "Mail Carriers and Users in Conflict over Postal Plan," *ibid.* 27 (20 June 1969): 1095–98, esp. 1097. For the direct mailers' ambivalence about a postal corporation, see *Post Office Reorganization, Pt. 1: Hearings Before the House Comm. on Post Office and Civil Service*, 91st Cong., 1st sess. 81 (1969); Pt. 3, 877, 895, 1015; *Postal Modernization: Hearings Before the Senate Comm. on Post Office and Civil Service*, 91st Cong., 1st sess. 559–62, 907–8 (1969).

60. President's Commission, *Postal Excellence*, 127–32, quotes at 127 and 132.

61. "Kappel Commission Urges Market Pricing for Postal Service," *RDMA*, August, 1968, 50–52, quote at 50; John T. Tierney, *Postal Reorganization: Managing the Public's Business* (Boston, 1981), 121.

62. Key statements in the legislative history of the ratemaking provisions are H.R. Rep. No. 1104, 91st Cong., 2d sess. 17 (1970); S. Rep. No. 912, 91st Cong., 2d sess. 15 (1970); H.R. Rep. No. 1363, 91st Cong., 2d sess. 47–48 (1970).

63. 84 Stat. 719, 760. Value of service is not akin to social acceptability; it reflects the economic value to mailers and recipients of such features as mode of collection, privacy, and speed of delivery.

64. S. Rep. No. 912, 91st Cong., 2d sess. 11 (1970).

65. The most sensible assessment of the postal system since 1971 is John T. Tierney, *The U.S. Postal Service: Status and Prospects of a Public Enterprise* (Boston, 1988). See also Michelle Gilbert, "Postal Politics—The Interest Groups Find Out That Pressure Can Still Work," *National Journal* 15 (30 July 1983): 1598–99.

66. Tierney, *U.S. Postal Service*, 186–90.

67. Presort discounts gave lower rates to bulk mailers who organized their mail by zip codes and even by carriers' household-to-household delivery routes; raising the maximum weight for the most favorable rates enabled direct mailers to combine more ads into one mailing; and detached labels permitted direct mailers to print recipients' addresses on small cards separate from the bundle of identical ads left at each household on a route. On these technical matters and the policy disputes they triggered, see Tierney, *U.S. Postal Service*, 189; Ken Smith, "The Use of Coercive Conduct by Newspapers to Enhance Their Competitive Position Against Shared Mail" (paper presented to the Association for Education in Journalism and Mass Communication, Boston, August 1991); *Effectiveness of the Postal Reorganization Act of 1970, Part 2: Joint Hearings Before the Subcomm. on Postal Operations and Services and the Subcomm. on Postal Personnel and Modernization of the House Comm. on Post Office and Civil Service*, 97th Cong., 2d sess. (1982) 689-92 (remarks of Lee Epstein for the Third Class Mail Association); National Academy of Public Administration, *Evaluation of the United States Postal Service* (Washington, D.C., 1982), 156-58; Postal Rate Commission, *Postal Rate and Fee Changes: Opinion and Recommended Decision* (Docket R84-1) (Washington, D.C., 1983), 517-23; C. David Rambo, "Newspapers and the Postal Service," *presstime*, January 1986, 20-27.

68. Smith, "Coercive Conduct by Newspapers"; "ANPA; Others Argue for No Change in Rules for TMC," *presstime*, March 1986, 46; "New Postal Rules Stifle Delivery of TMC Products by Mail," *Editor & Publisher*, 29 March 1986, 15.

69. Postal Reorganization Act Amendments of 1976, 90 Stat. 1303, 1311.

70. Postal Rate Commission, *Postal Rate and Fee Changes: Opinion and Recommended Decision* (Docket R87-1) (Washington, D.C., 1988), 363.

71. Smith, "Coercive Conduct by Newspapers," reports that a majority of all forty-one nondaily newspapers in Utah editorialized against junk mail, or contacted lawmakers, or supported trade groups' actions, or some combination of all three.