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BEFORE THE POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

TRIAL BRIEF OF
GREETING CARD ASSOCIATION

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Introduction. Under the Procedural Schedule, the parties are to submit trial briefs prior to the appearance of their witnesses for cross-examination. Accordingly, the Greeting Card Association (“GCA”) submits this trial brief to assist the parties and the Postal Rate Commission (“Commission”) in understanding the testimony and issues in the case, and to outline GCA’s theory of the case.

GCA is sponsoring the testimony of Dr. Ken C. Erickson, Research Associate Professor of Anthropology in the Department of Sociology and Anthropology and Director of the Center for Ethnographic Research at the University of Missouri-Kansas City. In sponsoring Dr. Erickson’s testimony, GCA intends to facilitate the proper application of the non-cost ratemaking criteria of § 3622(b), and particularly subsection (b)(8) concerning the “educational, *cultural*, scientific and informational value” (“ECSI”) of mail *to the recipient*. The testimony also will help the Commission apply the policy mandate of § 101(a) — made controlling in rate-setting by § 3622(b) — that the Postal Service is to “bind the Nation together” through the correspondence of the people. It will show the important cultural value to recipients of greeting cards sent through the mail.

The role of Dr. Erickson’s testimony in this proceeding. Dr. Erickson is a cultural anthropologist. His testimony will show how greeting cards, an important component of the First Class mailstream, contribute to American culture. His testimony builds upon the research that he conducted and presented to the Commission through his testimony in Docket No. R97-1. Since the Postal Reorganization Act (“Act”) calls on the Commission to recommend rates which reflect value to recipients and which will foster, not ration or suppress, the cultural value of mail matter, Dr. Erickson’s testimony directly supports the pricing analysis the Commission must make.

Moreover, Dr. Erickson's presentation focuses on an aspect of that analysis which the Postal Service and other participants generally fail to consider or downplay. His testimony will help correct an excessive focus on textbook economic theory. In particular, the Postal Service makes an elaborate presentation on Ramsey pricing and submits a rate schedule obtained from the application of Ramsey pricing principles. Although acknowledging that employing such an economic tool does not obviate the need for careful consideration of all the statutory ratemaking factors, the Postal Service has ignored or minimized the non-cost factors and value to recipients. Rather, the Service has focused on a demand-rationing approach, which reflects economic concepts that form only a part of the complex set of criteria Congress established for postal rates, and which fails to reflect the Postal Service's statutory mandate to foster, not ration, the people's *personal* (as well as business and other) correspondence (see § 101(a) of the Act) and to recognize the value of mail to recipients as well as senders. Section 3622(b)(8) is acknowledged by Postal Service witness Mayes who, while claiming to present a balanced application of all the factors, endorses the movement of rates substantially in the direction of Ramsey prices. Postal Service witness Bernstein sets forth an alternative rate schedule in which *only* his version of Ramsey principles is applied. GCA believes that the Commission should give equal weight to all the non-cost factors, including subsection (b)(8), and should be mindful of value to recipients, and that Dr. Erickson's testimony will help it to do so. In applying § 3622(b)(8), the Commission also should give the terms of that provision, particularly the word "culture," their proper scope. Dr. Erickson's testimony will help in that respect as well.

In the past, the Commission has stated that "it considers the lack of alternatives available to users of the monopoly First-Class letter subclass, and the higher ECSI value of First-Class letters, as important reasons for seeking to minimize the difference" in institutional-cost responsibility as between First-Class and third-class mail. Opinion and Recommended Decision, Docket No. R94-1, ¶ 4037. Subsection (b)(8) requires the Commission to consider the educational, cultural, scientific and informational value to the recipient of mail matter. In Docket No. R87-1, the Commission stated that "[t]his factor has been interpreted to benefit second class and special rate fourth class mail. . . . [W]e recognize [] that this factor could have broader application. . . ." [¶ 4100].

GCA believes that the Commission should continue to give greater recognition to the educational, cultural, scientific and informational criterion for single-piece First-Class letters and greeting cards. Dr. Erickson's testimony shows why this is so, by addressing the "cultural" factor.

Dr. Erickson's testimony provides a context to the meaning of "cultural" and demonstrates that the term applies to much more than institutional or intellectual manifestations of "culture". Dr. Erickson's testimony, which incorporates his knowledge and experience as a cultural anthropologist, and the survey which he conducted two years ago demonstrate (i) that "culture" includes "popular" material manifestations such as greeting cards; (ii) that greeting cards received by mail are an important part of American culture; (iii) that greeting cards have cultural value; (iv) that an anthropological perspective suggests methods of establishing the value of greeting cards in addition to the price paid by the sender.

Applying Dr. Erickson's testimony to ratemaking. The development of postal rates involves application of the statutory criteria set forth in § 3622(b) of the Postal Reorganization Act ("Act"), including the general policies of § 101(a). The Commission must recommend rates and fees that will generate sufficient revenues so that total income will recover all costs, both attributable and non-attributable (institutional). Once the Commission has attributed costs to the types of mail which cause them, it must deal with the remaining, non-attributable costs. The Commission allocates responsibility for recovering costs that cannot be attributed among mail users through application of the nine specific statutory criteria and the public policy guidelines set out in the Act. While subsection (b)(3) is largely accounted for by the attribution process, the other non-cost criteria must be applied through a process of balancing these competing factors.¹

Dr. Erickson's testimony facilitates this process by addressing the cultural significance of greeting cards that are sent through the mail. Dr. Erickson concludes that greeting cards have a high degree of cultural value to recipients. His testimony shows the cultural importance of greeting cards to American individuals and groups and how such greeting cards are part of American culture.

Dr. Erickson first provides an anthropological perspective to shed light on the cultural value of greeting cards that are received in the mail. He notes that in this context arguments about price elasticity of goods are meaningless. For most people, reciprocal exchange of which a value cannot be measured by price has been the

¹ The most relevant of those factors to the pricing process are the relative value of service of these subclasses to both sender and recipient [(b)(2)], the impact of rate increases on users and others [(b)(4)], the alternatives available to the users of each subclass [(b)(5)], fairness particularly to the users of the monopoly classes [(b)(1)], and the educational, cultural, scientific and informational value to the recipient of the mail in each subclass [(b)(8)].

mainstay of social systems. For the greater period of human history, people have not used price to assess value.

While the Postal Service simplistically suggests that the one way to measure the value of greeting cards to recipients is the point of sale of a stamp, Dr. Erickson argues that there are additional objective means of establishing that value. He summarizes a large body of recent anthropological research to demonstrate the cultural value of a greeting card sent through the mail. Price does not offer a complete account of a good's social or cultural value.

One way of documenting cultural value is through the itinerary method. Dr. Erickson traces the itinerary of a greeting card from production through use to assess the cultural value of greeting cards that are sent and received in the mail. By sketching the itinerary of a greeting card, starting with its manufacture, Dr. Erickson shows how cultural meanings grow and interact up to the point at which the Commission's determination begins. From design to disposal, Dr. Erickson finds that the greeting card has two kinds of cultural value: social value and symbolic value. From a social value standpoint, greeting cards: (1) create new relationships; (2) extend or expand those new relationships; and (3) limit or terminate relationships. In addition to these three social values, greeting cards carrying symbolic value, that is, they communicate ideas about those relationships in a public way.

Dr. Erickson then reviews his research conducted two years ago about the cultural salience of greeting cards and links them to the continued American tradition of sending greeting cards through the mail. He concludes that greeting cards sent through the mail have a high degree of cultural value to recipients. He points out important

differences among age, gender, ethnic and income groups. He notes that decreases in the receipt of greeting cards would have a differential effect according to ethnicity, income and gender. For example, greeting cards appear to be more culturally salient for low and middle-income Americans, for African-Americans and for women. Changes in postal rates for First-Class mail, therefore, may have a greater impact on certain segments of the American population — for lower and middle-income persons, African-Americans, and women — than other segments.

In summary, Dr. Erickson presents anthropological testimony in support of the cultural value and nation-binding² role of greeting cards. Greeting cards have a social and symbolic value that is not entered into a traditional economic calculus. Greeting cards have a high degree of ECSI value to recipients, and help bind the Nation together. Cultural value to recipients may be assessed anthropologically through objective means. Section 3622(b)(8) requires that the Commission take cultural value into account in setting rates for First-Class mail. Dr. Erickson's testimony and prior research should be considered in setting First-Class rates.

Relationship to Certain Testimony of Other Participants. While Dr. Erickson's testimony relates generally to the Commission's responsibility for assignment of non-attributable costs to First-Class letter mail, GCA of course is aware that this process is not conducted in a vacuum. The Commission's determination regarding the Postal Service's legitimate revenue needs necessarily affects this assignment. In this connection, GCA is in general agreement with the proposals put forward by OCA witnesses Callow, Burns, and Rosenberg and DMA et al. witness Buc (whose testimony

² 39 U.S.C. § 101(a)

GCA co-sponsored) concerning the appropriateness of reducing the Postal Service's requested contingency provision and the necessity for reducing the long-standing, and growing, disparity in markup that disadvantages First-Class letter mail for the benefit of other categories of mail.

Conclusion. The Greeting Card Association submits that the testimony of Dr. Ken C. Erickson filed in this case supports the cultural value of First-Class mail -- of which greeting cards are an important component -- to the American public and the need to give more weight to recipient value and to § 3622(b)(8) in setting postal rates and fees in this case.

Respectfully submitted,

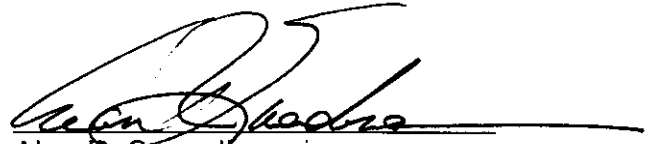
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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with § 12 of the Rules of Practice.



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