

BEFORE THE
POSTAL REGULATORY COMMISSION
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Rate Adjustment Due to Extraordinary
Or Exceptional Circumstances, 2010

DOCKET No. R2010-4

REPLY COMMENTS OF THE NATION COMPANY L.P. AND OF THE MAGAZINES OF
POLITICS, POLICY, AND CURRENT EVENTS COALITION (MPPACE)
(September 2, 2010)

Pursuant to Order No. 485, Notice and Order Concerning Rate Adjustment for Extraordinary or Exceptional Circumstances (issued July 8, 2010), The Nation Company, L.P. and the Magazines of Politics, Policy, and Current Events Coalition (MPPACE) submit these reply comments in the above-captioned docket.

The Nation magazine and the periodicals that are part of the MPPACE coalition (see below) strongly object to the USPS request for an exigent price increase at this time. In disagreeing with the Postal Service, we agree with the comments submitted by the Affordable Mail Alliance that the current circumstances do not meet the criteria established for an exigent rate increase and urge the Postal Regulatory Commission to reject the request of the USPS.

Further, we strongly object to the additional increase requested for the Periodicals class in particular. To burden the Periodicals class with an increase that is 8 times the CPI would be a terrible injustice, particularly given the historic roots of our national postal system and the severe and transformative crisis that journalism faces at this time. As the postal historian Richard John notes, the nation's founders (in particular George Washington and James Madison) "championed a capacious civic mandate for the postal system that privileged certain classes of mail", namely periodicals. An increase of the magnitude proposed by the USPS for the Periodicals class would be devastating and no doubt result in the closing of numerous magazines. Is the PRC truly

prepared to repudiate more than two centuries of postal tradition, a tradition that is directly responsible for America's vibrant and robust free press – at the same time that our free press system is threatened by unprecedented market and technological forces? What would the founding fathers think of such short-sighted management of our national postal service?

We suggest that the USPS has not adequately studied the effects of the proposed exigent rate increase, especially with respect to the volume of mail in all classes that would be lost due to publishers reducing circulation or terminating publication. In addition, serious questions have been raised about the USPS allocation of costs to the Periodicals class. All of these questions deserve documented answers before such a radical increase is even contemplated.

Finally, we are most disheartened by the Time Warner initial comments and the PRC's inquiries to the USPS regarding greater pass-through of container costs to smaller, "less efficient" mailers as a way of addressing Periodicals revenues. The "price signals" sent in the 2007 rate restructuring, which Time Warner deems to have been inadequate, were so onerous on publications such as ours that we find it hard to believe that small mailers are willfully not mailing efficiently. The truth is that some so-called efficiencies are open only to high-volume magazine titles and that raising the rates disproportionately within the class will result in fewer small magazines. The rate advantages of Periodicals as a class are intended to encourage diversity within that class; good ratemaking requires that the rate design not unduly burden subsets of the class and thus undermine the very diversity that the rate preference, enjoyed by Time Warner more than any publisher, is intended to protect.

As the publishers of small periodicals that focus primarily on politics and culture, we share a common mission of providing the information necessary to a flourishing democracy, whether from the left, right, center, religious or secular point of view. We work to inform the national dialogue in a way the founders believed absolutely essential to the health of this country.

The historic mission of our postal system and the preferential rates for periodicals, and small periodicals in particular, reflect their indisputable intent. Please do not further burden small magazines at a time when they can least afford it – rate changes must be implemented gradually and averaged across the class. The proposed 8% increase amounts to hundreds of thousands of dollars annually in additional postage for some of our members – an amount that these historically important publications can ill-afford at this crucial time.

Respectfully Submitted,

Teresa Stack
President
The Nation Company, L.P.

And

Jeffrey Hollingsworth
Vice President for
Government Relations,
Eagle Publishing, Inc.
Chairman's Office
For *Human Events*

The Nation Company L.P.
33 Irving Place
New York, NY 10003
212-209-5401
tstack@thenation.com

MPPACE MEMBERS:

The American Prospect, Richard Boroskin, Publishing Director
The American Spectator, Alfred Regnery, Publisher
The Christian Science Monitor, Jonathan Wells, Managing Publisher
Columbia Journalism Review, Victor Navasky, Chairman
Commentary, Jonathan Tobin, Executive Editor
Commonweal, Thomas Baker, Publisher
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