

Now we do not plan any extensive use of this type of equipment at this time. And your question might encompass this also: we do have numerous self-service postal units in major shopping centers throughout the country.

Mr. BROOKS. I distinguished between those, yes.

Mr. McMILLAN. These, of course, are most times in lieu of a contract or a classified branch. We only put those in areas where we would have to have some type of service.

But I think most of the criticism or the comment that has arisen is out of the 19 stamp vending machines that we now have located in the District of Columbia.

We do not feel that we could ever completely substitute for, nor would we desire to substitute them for, the private enterprise in this area, because obviously we couldn't afford to have one of these machines and have our employees service them in a corner drugstore, for example.

Mr. BELEN. Part of it, Mr. Chairman, is that there have been complaints about the markup, and some Members of Congress have complained about the higher rate charged for the stamps and they blame the Post Office for it since the machines have been identified so that it almost looks like they belonged to the Federal Government. I think even the people themselves recognize they may have gone a little too far in causing the Government to be criticized, when really it is a private activity.

Mr. BROOKS. And they are selling stamps at a markup?

Mr. BELEN. That is correct. When we sell stamps, we sell them for the exact amount.

Mr. BROOKS. All right. I will submit exhibits I and J for the record. These are summaries of GAO reports related to this program. Proceed. (Exhibits I and J follow:)

**EXHIBIT I—SUMMARY OF GAO REPORT—POTENTIAL ECONOMIES AND IMPROVEMENTS IN SERVICE THROUGH MODERNIZATION OF THE POSTAL FIELD SERVICE (B-114874, DEC. 7, 1967)**

**PROBLEM**

There are presently about 33,000 independent post offices which, with few exceptions, collect, postmark, sort, and dispatch their own mail. This fragmented operation precludes the Department from realizing the full benefits of mechanization processes which require large volumes of mail for economical operation. Except in the largest post offices, therefore, operations are still conducted much as they were in the 19th century.

**RECOMMENDATION**

GAO recommended that the Department move toward complete consolidation of mail processing and administrative functions of post offices into about 550 sectional center offices. To obviate the routing of each piece of mail through one of the 33,000 post offices for postmarking before going to one of the 550 sectional center offices for sorting and dispatch. GAO also recommended the elimination of city and community names from postmarks. GAO recommended that the Congress consider amending the law to eliminate certain restrictions against the consolidation of post offices and to provide the Department with support for a program of consolidation in the interests of efficiency and economy.

**AGENCY RESPONSE**

The Department indicated general agreement with the desirability of consolidating the processing of outgoing mail and of centralizing administrative functions. Although it indicated that eliminating community names from post-