

TUESDAY, SEPTEMBER 06, 2011

The Post Office is almost broke—on purpose?

by Gaius Publius on 9/06/2011 10:15:00 PM

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This isn't an "email takes over story," as the Times falsely (in my opinion) is claiming. It's a "privitize government services" story — and a horrible one.

Short version: The government is conspiring to kill either the Post Office, or postal unions, or both.

First, the [NY Times version](#) (my emphasis):

Postal Service Is Nearing Default as Losses Mount

The United States Postal Service has long lived on the financial edge, but it has never been as close to the precipice as it is today: the agency is so low on cash that it will not be able to make a \$5.5 billion payment due this month and may have to shut down entirely this winter unless Congress takes emergency action to stabilize its finances.

"Our situation is extremely serious," the postmaster general, Patrick R. Donahoe, said in an interview. "If Congress doesn't act, we will default."

In recent weeks, Mr. Donahoe has been pushing a series of painful cost-cutting measures to erase the agency's deficit, which will reach \$9.2 billion this fiscal year. They include eliminating Saturday mail delivery, closing up to 3,700 postal locations and laying off 120,000 workers — nearly one-fifth of the agency's work force — despite a no-layoffs clause in the unions' contracts.

The post office's problems stem from one hard reality: it is being squeezed on both revenue and costs.

That \$5.5 billion payment that's due on Sept. 30 is meant to finance future health care costs for retirees. Here's the Times on the cause of the Post Office's financial woes:

Mail volume has plummeted with the rise of e-mail, electronic bill-paying and a Web that makes everything from fashion catalogs to news instantly available.

Wrong. The Post Office is being killed by the *Obama-appointed* Postmaster General. Here's Kenneth Quinnell at [Crooks & Liars](#) to explain:

United States Postmaster General Patrick Donahoe is on record as also proposing cuts to postal employees' health and pension benefits. National Association of Letter Carriers President Fredric Rolando sees clear signs that Donahoe is intent on attacking the collective bargaining rights of postal workers and that he wants to "override lay-off protection provisions in the postal unions' contracts." In a recent white paper titled "Workforce Optimization," the Postal Service directly asked Congress to void lay-off protection provisions. The USPS developed its proposals without any input from NALC or any other unions.

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Rolando lays out the real root of the problem: "The problem lies elsewhere: the 2006 congressional mandate that the USPS pre-fund future retiree health benefits for the next 75 years, and do so within a decade, an obligation no other public agency or private firm faces. The roughly \$5.5 billion annual payments since 2007 — \$21 billion total — are the difference between a positive and negative ledger."

That's the proximate cause. But there's a more basic reason. Quinnell notes:

The Postal Service **hasn't used any taxpayer funding for more than twenty-five years**. It pays for its operations through the sale of its services and products. In the past four years, operational revenues at the USPS have exceeded costs by \$611 million. Customer satisfaction and delivery of the mail on time are at record highs.

Wonder what happened 25 years ago. Did some government-killing privatize-freak become president, or something?

Think broadly about the Post Office. Should mail delivery be an essential government service, or some thing that should be forced to make a profit to survive?

The Constitution **considers it a service**. The Cato Institute, **among many others**, thinks the way to make postal service cheaper is to add private profit on top of its other costs.

Wonder what Obama thinks, or his Postmaster General, Mr. Donahoe.

GP



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Randy Riddle

A nation that can't even keep a piece of basic infrastructure like the post office functional is doomed.

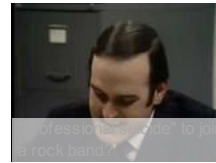
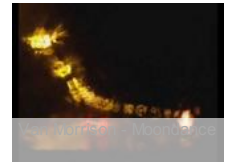


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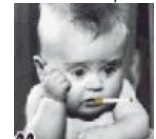
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At heart, this is about nation busting. Communication and transportation were at the heart of trying to create a nation out of 7 disparate colonies. They post office didn't just provide communication but, ever more importantly, cohesiveness. That remains true to this day, although in this day, the post office should be providing high speed internet service to every hamlet in every corner of the 50 states and territories. The private sector has never engaged in nation building. The private sector is content to serve the urban areas and allow the rural to go to hell. We are going to wake up one morning and find we no longer have a country.



common sense

The President doesn't appoint the Postmaster General- he's selected by the USPS Board of Governors, all but one of whom were appointed by George W. Bush, not Obama. The White House has done less than nothing to save the USPS, but please check your facts.



Cole3244

beware labor you have no friend in the wh, actually just the opposite, you might as well have a gop pres and then you would be more aware of the danger labor faces from govt, the wolf in sheeps clothing that resides on 1600 penn is as dangerous as any, although he talks the talk watch his actions he does not walk the walk.



met00

This is NOT about unions. It is about big business. The USPO was turning a profit until "pre-fund future retiree health benefits for the next 75 years, and do so within a decade". They were covering their costs and making some investment money, and not a damn penny of your tax dollars were going to it.

But then they changed the rules making them do something that NONE of their competitors had to do. The GOP put the USPO on an unlevel playing field. Now, why would someone do something like that?

If I were Obama I would propose that either Congress remove the rule, or require it for every federal agency. Let's see the House run with that kind of loadstone around it's neck.



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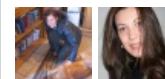
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"This is NOT about unions. It is about big business."

As if you could separate the two.



Captainfrogbert

This is a republican plan to create a corporate socialist monopoly out of a government program that has been wildly successful for 200 years.

Remember, FedEx and UPS can do everything the USPS can do and they do it for only 30 times the cost. What a bargain.

Face it, Obama and the rest of the republicans want to take all government services, paid for with tax dollars, and turn them over lock, stock and barrel to their "made" corporate friends as monopoly private enterprise at taxpayer expense. Once a private entity is GIVEN the post office (and its BILLIONS of taxpayer dollars worth of infrastructure) totally FREE and at no cost to themselves, the tax dollars will begin to flow again and you will get the double bargain of paying taxes to support a private business for private profit AND paying them at monopoly prices to deliver the mail (the price for a first class letter will inevitably quintuple or more). It's a win-win for everyone but the bottom 99%.

Modern capitalism at its core: Privatize the profits, socialize the costs.

No one could have predicted this would happen.



Asterix

Please, please someone tell me why I can send a package air-mail from Hongkong for a fraction of the price it costs me to send the same package across town. And why it's impossible to send anything to Hongkong for anywhere near the same cost?

It seems to me that US postal patrons are subsidizing job-destroying imports.

Can anyone refute this?



Michael J Marciniak

More "union busting"? But really, service is a JOKE.

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Worse than the DMV (and I'm in Phoenix!!) Went for a passport. Fine, wait in line, go to a room to get pics taken. Front receptionist area, where the camera is set up. Hear noises. USPS boxes set up on the counter (hiding the view). I look up over the boxes, and some older uniformed postal worker with his feet on the counter (holes in socks) snoring away. Yes, THAT is how a business should be run. Lady taking the pics just glanced at me after she knew what I saw and was like "oh well, that's just how we roll here". Did you know UPS has software to make sure their trucks turn right as much as possible? THAT'S how you run things.



Marshall Y.

That sounds like a problem with MANAGEMENT, not with workers.



HelenRainier ...

I worked for the USPS and was also both a union officer and a floor steward. Many of the grievances we filed were for safety and health violations and outright blatant violations of the Collective Bargaining Agreement. We also had at LEAST one postmaster (Runyon, now dead) who thought he should have a huge "golden parachute." He knew the conditions of the position before he accepted the job. I still have many friends who work there and keep me updated on what is going there. It is not pretty. Many of the people they hire as supervisors have serious issues, not the least of which is alcoholism and drinking while working. I've been there and done that. Marshall you're correct the problem is with MANAGEMENT not the workers.



Marshall Y.

It was pretty apparent that the Obama wanted to force a USPS default a year ago when **postal regulators denied a request for a rate increase** because it was "unjustified". Really? So the USPS is going bankrupt, losing billions a year, we have some of the lowest postal rates in the developed world, and it's unjustified?

Talk about a manufactured crisis. This is a paradigm

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case.



Naja pallida

Not to mention, they expect the Postal Service to be run like a business, but *any* changes to its service, rates, or pretty much anything else, has to be approved by Congress. Could you imagine UPS trying to wait on Congress to act every time they wanted to raise rates or change their delivery schedules?



guest

in addition, usps is used by fedex and ups to send packages to their final destinations - when the destination is one the freight carriers wouldn't touch with a ten foot pole. and they do NOT pay the full cost of the service, so not only do they not have to send a truck to the boonies to deliver something, they don't even pay the same rate YOU would!



Paul French

Gaius Publius, you are WRONG.

The President does not appoint the Postmaster General. The President does appoint the nine USPS Board of Governors. The Board of Governors then select the Postmaster General. The Postmaster General becomes the 10th member of the Board of Governors. The 10 members select the Deputy Postmaster, who becomes the 11th member.

George W Bush selected 5 of 9 Board of Governors. Republicans control the USPS.

<http://en.wikipedia.org/wiki/B...>



Neo Conned

That explains a lot about this allegation.



Robbie Copley

we're losing the war.



nicho

We've lost. They won. All that's left is for Barry Obama to come out and shoot the wounded.



ezpz

And while it's part of the govt, the Post Office is not FUNDED by the govt, but rather by the people who use postal services, stamps, supplies, etc.

This is just wrong and so, so sad.



Indigo

And there you have it. The USPS goes under, the people fret or pout or dance in the streets and under that blanket, the public gets used to shutting down basic services. The next round, against Medicaid, will go more smoothly, then Medicare and by the time Social Security is on the chopping block . . . maybe Obama will be back in Chicago and that won't happen after all.

The Republicans will see to it that veteran entitlements and special medical privileges are protected along with farm subsidies but other than that, they'll be only too happy to open the poor houses of yesteryear and push for tort reform in order to criminalize debt. Privatized Debtors' prisons could flourish before mid-century. Beat the rush, invest now!



Dagoril

And here I thought I would never despise a president more than I despised Bush. Congratulations Barry, you sack of shit.



Jude Brown

Don't count on the Republicans protecting veteran benefits: despite their patriotic blather the Bush regime did their damndest not to support vets.

Other than that, you're right on.



Guest1

It's in debt because of unions, specifically retiree

health benefits. I would blame the health care system more though, business should not provide it at all.



HelenRainier ...

BULL COOKIES! It's because of bloated, overpaid management.



Captainfrogbert

Yes, if private business ran it without unions, their employee costs would plummet as salary and benefits are cut below the bone to slave labor wages... of course the USPS would still collapse due to billion-dollar executive bonuses and golden parachutes. But they could always expect a cushy taxpayer bailout to pay for those executive benefits. It's only when WORKERS get benefits and security that it's bad, right? Troll.



met00

what part did you miss about requiring the full funding? If FedEx or UPS were required to live by the exact same rules as the USPO they would both be insolvent.

That's right, both private mail carriers would be broke, out of business, gone. IF they had to compete on a level playing field.

So, let's level the playing field and require them to "pre-fund future retiree health benefits for the next 75 years, and do so within a decade" or remove that requirement for the USPO.



ezipz

Oy givalt!



nicho

Do you actually believe this bullshit? If you do, you're an idiot.



Guest1

Um the article said high wages and benefits are their biggest expense.



HelenRainier

Ever hear of biased interpretations?



Captainfrogbert

But the REASON they are having financial trouble is the congressionally mandated pension pre-payments. Payments their competitors DO NOT have to make.

The USPS has been profitable for years EVEN WITH high worker benefits and salaries.

Republican Barry's plan is simply ti shift USPS profits from the pockets of the workers into the pockets of the private billionaire top 1%. After that, the taxpayer bailouts will flow unimpeded.

The plan is to break unions, lower wages to Walmart levels (or below) and GIVE the USPS profits to private business (tax free of course -- what corporation worth it salt pays any taxes anymore?).

The consumer and taxpayer will get NO benefit from this process.

THAT'S the plan.

No one could have foreseen...



Neo Conned

And they still show a healthy profit. Even in Texas this is a good thing.



It's in debt because of unions,
specifically retiree health
benefits.

Do you ever listen to yourself?



Indigo

Nonsense!



Guest1

Its happening in many places, unions
demanding extreme retirement benefits
then acting all surprised when the
money isn't there, especially since health
costs go up real fast. They should save
for their own retirement.



nicho

Unions created the middle class.
The effort to destroy unions is
designed to destroy the middle
class. Why do you hate the
middle class?



Captainfrogbert

Yes because union contracts can
ALWAYS been broken or ignored,
but the reason taxpayers had to
fund Wall Street executive
bonuses to the tune of hundreds
of billions of dollars is because a
contract with a "made" billionaire
executive is the sacrosanct word
of God and can NEVER be broken
or set aside, no matter HOW
badly they do their job or how
much they run their company into
the ground, or how much steal
from their customers.

It's not fraud, stealing or perjury
when a billionaire does it.



Neo Conned

All pension funds are required by law to set aside money to cover their pension liabilities. The enforcement of this law went to hell under Bush, and Obama won't do anything to change that.



Jude Brown

If you can't think for yourself, if you've abandoned all reason, then I don't recommend getting your (mis) information from right wing, lying propaganda outfits.

Although, lord knows, that's where the other imbeciles go for their propaganda talking points.

Which is destroying this country economically.

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