

Articulating conservative solutions to current issues & supporting their intelligent champions

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Federal Bankruptcy Disease

What can the Federal Government do right? OK, efficiently? All right, marginally passable? Among the myriad of departments, agencies, task forces, and committees, it is hard to find one that fits into even the marginally passable category. I hate to pick on the Post Office after the recent "Going Postal" ding, but Doug Bandow's American Spectator article, [Postal Bankruptcy](#), is deserving of focus. He opens with a quick summary of the bankrupt U.S. government, \$1.3 Trillion current deficit, \$13.5 Trillion national debt, and unfunded liabilities over \$100 Trillion.

But this so called independent agency with power to fund itself with revenue and bonds has not preformed well. Bandow points out that it too is effectively bankrupt, expecting to lose \$7 Billion this year after borrowing \$13 Billion from Uncle Sam. Its balance sheet shows \$33.5 Billion in liabilities but doesn't show another \$54.8 Billion in unfunded retiree health and pension obligations.

Two problems: one, the USPS is a monopoly. No profit motive, no competition result in no efficiencies. And, two, a strike by seven postal unions in 1970 was the effective genesis of the USPS. Public Law 91-375 enacted in 1971 embodied the strike settlement terms and authorized collective bargaining. On top of this, the postal market is declining given today's technology and thus to survive needs its monopoly status and taxpayer subsidies.

All this generates bad results: postal rates have risen more than 50 percent faster than the rate of inflation, and bulk mail rates are subsidized because of political clout of the mailers. Get that, your tax dollars subsidize your junk mail!

Oh, and one other tidbit, the post office takes care of its retiring employees by issuing no-bid contracts to former postal executives: "One former vice president received a \$260,000 contract to talk to the man who replaced him!"

Doug Bandow argues for privatization and competition of postal services. He points to examples that work well in other countries. He correctly states that the post office is only constitutionally permissive not mandatory. And his economics are correct that, notwithstanding legacy termination costs, it would be cheaper to end the federal monopoly than to continue ongoing subsidies: "But bankrupt Uncle Sam has no money for a postal bail-out. Only privatization is a realistic option." This he points out tongue-in-cheek will be "change that we can believe in."






Tom Motherway

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