

Time to move the Postal Service from the Flintstones to UPS

By [Bob Barr](#) 10:08 AM 09/21/2011

For years, the [United States Postal Service](#) (USPS), a dinosaur in the Digital Age, has been hemorrhaging financially because of its inability to respond to market forces. And now members of Congress have found themselves in a position where they cannot simply punt the agency's problems further down the road. But they probably will do just that.

The USPS is staring at a budget deficit of more than \$9 billion and may not be able to make a \$5.5 billion payment now due for the exceptionally generous [health care](#) benefits it is committed to pay its retirees, thanks largely to union pressure.

According to The New York Times, Postmaster General Patrick Donahoe warns that the USPS will default unless Congress gives the USPS greater flexibility to deal with the crisis, which may include "eliminating Saturday mail delivery, closing up to 3,700 postal locations and laying off 120,000 workers."

These are reasonable measures that would help give a degree of short-term breathing room to the ailing organization. However, many decision-makers in the nation's capital are howling like stuck pigs for fear that a town or hamlet in their district may lose a quaint but little-used post office or Saturday mail service. For example, Sen. Susan Collins (R-ME) told The Times that such proposals were "counterproductive," and whined that eliminating Saturday delivery would "risk producing a death spiral where [the Postal Service](#) reduces service and drives away more customers."

Not to be outdone, Missouri's Sen. Claire McCaskill (D) was openly critical of innovations in communication — such as text messaging — during a recent hearing on problems at the USPS. She opined that the agency should launch a "marketing campaign about the value of the letter." She explained further that "there is a longing out there right now, especially in these uncertain times, for some of the things that have provided stability over the years." Undoubtedly, these were the same fears candlemakers expressed when faced with the specter that Edison's incandescent lightbulb might become popular.

Earth to Collins and McCaskill! The Postal Service already is in a death spiral and it is not sustainable in its current, familiar form no matter how "stable" it may be to their constituents.

There has been a substantial drop in the pieces of mail the USPS handles annually and, according to the [Government](#) Accountability Office (GAO), the agency has lost more than \$20 billion over the last five years. A letter from a loved one or a friend may cause warm and fuzzy feelings, but at what cost to taxpayers?

Congress also should loosen the stranglehold Big Labor maintains on the USPS. Many of the agency's problems are exacerbated by a highly unionized labor force that accounts for some 80% of its budget. Private delivery services, including UPS and FedEx, on the other hand, have labor costs that are substantially lower. The GAO has recommended that Congress eliminate "layoff protections" in the collective bargaining agreements between the USPS and labor unions. The postal union, true to form, will hear no such blasphemy.

Despite the obvious need for a serious overhaul of the USPS, Congress has repeatedly ignored calls to overhaul the foundering agency, and suggestions that it be privatized routinely are met with haughty resistance. But implementing a [business model](#) similar to its private competitors' business models is exactly what the Postal Service needs to do to fix its problems.

Tad DeHaven, a budget analyst at the Cato Institute, for example, has written about the success of privatization in some European countries. He's noted that such moves proved so advantageous that the now-private postal services in Germany and the Netherlands "subsequently expanded into foreign markets and diversified their [businesses](#)."

It can be done here, but only if Congress and the White House are willing to take up serious reform measures, not bailouts and other short-term gimmicks, to bring the USPS into the 21st century. Unfortunately, many, if not most, members of Congress prefer to let the USPS continue to use the Flintstones as its model rather than UPS.