



# WORLD

## Politicizing the post office

Harvest Pride

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For years, Congress has kicked the can of postal reform down the road. Now the agency's financial troubles are coming to a head during a global health crisis and could derail the next emergency aid package.

Last week, Postmaster General Megan Brennan warned Congress that the U.S. Postal Service—saddled with \$160 billion in debt—faces bankruptcy this fall. She said consumers should prepare for service interruptions, and employees should brace for missed paychecks. Brennan predicted the federal agency would lose about \$13 billion in 2020 due to the COVID-19 pandemic.

“The USPS is in deep trouble ... but the blame is not theirs mainly,” said Chris Edwards, tax policy director for the CATO Institute. “The blame is on Congress, who won't let it make the reforms that it wants to make.”

Some lawmakers sought to insert \$25 billion for the Postal Service in the \$2 trillion coronavirus relief package. But the Trump administration warned a bailout would act as a “poison pill,” and President Donald Trump wouldn't sign the bill into law. Treasury Secretary Steven Mnuchin said the Postal Service could have a loan or nothing, so the relief bill passed with a provision giving the agency permission to borrow \$10 billion.

On Tuesday, Trump denied he personally rejected the bailout but said the Postal Service should raise its prices: “Otherwise, they're just going to lose a lot of money.”

The Postal Service is a self-funded, independent agency of the federal government, with Congress retaining control of its finances. Lawmakers decide, among other things, managerial structure and how much postage and services can cost.

And therein lies the problem: A 2006 law required the Postal Service to pre-fund its retirement pension and health benefits for 75 years, even for employees who had not yet retired. The pension funding requirement accounted for almost all of the agency's losses from the past five years.

The agency has repeatedly proposed cost-saving ideas, including ending Saturday delivery, closing low-volume post offices, and repealing the pre-funding mandate—but to no avail.

Brennan is now asking for \$75 billion in grants, loans, and cash from Congress. She wants \$25 billion to cover expenses from the coronavirus outbreak, \$25 billion for modernization, and a \$25 billion line of credit from the U.S. Department of the Treasury.

Meanwhile, 630,000 Postal Service workers have continued delivering essential mail and parcels during the pandemic. Nearly 500 workers have tested positive for COVID-19, and more than 6,000 are self-quarantining.

Romina Boccia, an economist at the Heritage Foundation, said other countries facing similar problems have made their postal services profitable through privatization. The Netherlands, Germany, and Britain all went that route in recent years. Some governments ensure universal mail delivery with small subsidies. But Boccia said she doubts the American public would go for such a drastic option anytime soon.

In the meantime, she said other reforms should happen, like reducing delivery days, delivering to bundled mailboxes in some rural areas, and locating post office counters within pharmacies or grocery stores rather than stand-alone buildings to save on rent.

For too long, Boccia said, lawmakers have had an incentive to maintain tight controls on the Postal Service.

“Lawmakers use them to slap their name on them to try and build a legacy at taxpayer expense,” she said, adding that no lawmaker wants to see a post office in his or her district close even if the location only gets a few visitors each day.