



It's time for USPS to give entrepreneurs a shot

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The U.S. Postal Service continues to report big losses, leading experts to continue saying it's time for a change.

The USPS is hoping it can soon raise stamp prices by a penny or more, after reporting a quarterly loss of \$562 million. It blames the loss in part on a forced reduction in stamp prices last year, along with continued erosion in first-class mail and expensive mandates for its retiree healthcare obligations.

"The postal service has been losing money for ten years," notes Chris Edwards, director of tax policy studies at the Cato Institute. "The volume of mail has plunged over the last decade."

Edwards says any other business that is losing demand and losing customers wouldn't raise its prices. "They would reduce their prices to try to get customers back," he adds.

"So here the government monopoly postal service is doing the exact opposite of what private sector companies would do, which is to increase their efficiency and reduce prices to try to win customers back."

Rick Geddes, a visiting scholar focusing on the U.S. postal system for the American Enterprise Institute (AEI), argues that lawmakers need to discuss changes to structure and regulation of the Postal Service so that it's adapted to the new communications marketplace with email and instant messaging. "I think this is actually a good time to have that conversation," says Geddes.

So does Cato's Chris Edwards.

"The problem is only going to get worse," he warns. "European countries are facing the same problem with plunging mail volumes because of the rise in emails, and their solution is they're privatizing their postal system and opening up the competition."

Edwards reiterates that right now in America, the government has a legal monopoly over postal service.

"Entrepreneurs are not allowed to compete and reduce costs," he explains. "So let's open this up, let's get some of America's great entrepreneurs into postal service to see how good a job they can do."

But not everyone likes the idea of private corporations having control of things, the concern being they will drive up prices and reduce quality.

"Keep in mind that the Postal Service is already involved in some activities where it competes intensively with the private sector, and that's in things like parcel deliveries," answers Geddes. "One of the things would be corporatization, and that's really changing the way the board of governors operates within the Postal Service to make that governance structure more like a private corporation, subjecting the Postal Service to private, corporate law."

Geddes points to New Zealand as one nation that went the way of corporatization. "That helps to give the Postal Service a little bit more of a business orientation," he adds.