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Invisible Hands: the Businessmen's Campaign to Dismantle the Post Office

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The [plans](#) for reforming the Postal Service are no secret. Its leaders have detailed them clearly in white papers, speeches and appearances before Congressional committees: eliminate the layoff protections in union contracts, cut the career workforce by nearly half while tripling the number of non-career workers, reduce service standards for first-class mail, do away with Saturday delivery, give management control of workers' benefit plans, consolidate away over 250 processing plants and close 15,000 post offices.

What we don't see very often are the players making this all happen. We assume the Postmaster General is making the decisions, but he is merely the front man.

Behind him are the USPS Board of Governors, the mail industry stakeholders and the corporate class as a whole. Cutting the workforce, closing post offices and plants and moving toward privatization through outsourcing and divestiture of assets — these are all part of an effort to shape the postal system in ways that serve the interests of an elite business class rather than the good of the country as a whole. The free-market ideology and greed for profits that drove efforts to undo the New Deal are driving the “postal reform” movement today.

Power in numbers: The stakeholder associations

In her excellent book [Invisible Hands: The Businessmen's Crusade Against the New Deal](#), historian Kim Phillips-Fein paints a very revealing picture of how the corporate class operates. Her theme is the way conservative businessmen worked behind the scenes to undo the New Deal. As Phillips-Fein explains, one of the most common methods for the businessmen to advocate for their agenda was to bond together. Recognizing the power in numbers, they formed associations like the American Liberty League (organized by the du Ponts) and the Foundation for Economic Education (founded with help from B. F. Goodrich), as well as giving new energy to existing organizations, like the National Association of Manufacturers and other industry trade groups.

While the U.S. Postal Service is obviously not a product of the New Deal, that same conservative agenda is behind the attack on the Postal Service we're witnessing today.

A particularly important parallel is the way that mail industry stakeholders — the big direct marketing firms, the pre-sort companies, the periodical publishers, and so on — have formed their own organizations to advocate for their interests.

One of the most important of these groups is one operated by the Postal Service itself. The Postmaster General's [Mailers' Technical Advisory Committee](#) (MTAC) consists of mailer associations and other organizations related to the mailing industry. Its goal is "to assist the USPS in determining the best course of action to improve service and postal operating efficiency." Much about the MTAC is cloaked in secrecy. A few years ago, when the American Postal Workers Union ([APWU](#)) [asked to join](#) the MTAC, it was denied membership, and it took a lawsuit and a year and a half before the MTAC [finally relented](#). A few months ago, word came out that attendance at its meetings would be [restricted](#).

The [Direct Marketing Association](#) (DMA) is, according to its website, "the leading global trade association of businesses and nonprofit organizations using and supporting multichannel direct marketing tools and techniques. If you want to know who's in the DMA, however, you'll find that the [membership directory](#) is off limits — you have to be a member to see the member list. The same goes for the [National Association of Presort Mailers](#) (NAPM).

The corporate stakeholders represented by these and many similar organizations are not monolithic in their views, and there's a considerable degree of diversity and even conflict. But most big mailers are primarily interested in keeping postal rates as low as possible. They have supported the cost-cutting measures proposed by the Postal Service, and they generally don't care about post offices or Saturday delivery because big mailers present their mail at Bulk Mail Entry Units.

Their interests, in other words, are not those of the average citizen and small business. But they are one of the strongest forces shaping the future of the Postal Service.

Think tanks do the talking

While these groups remain in the shadows, the charge to privatize USPS is being led by pro-free market think tanks like the American Enterprise Institute (AEI) and the Cato Institute.

The AEI has published works like [Saving the Mail: How to Solve the Problems of the U.S. Postal Service](#) by R. Richard Geddes. Geddes advocates privatizing the Postal Service, and he shows up frequently in news articles about the plight of the Postal Service. The AEI is responsible for many other publications about the desirability of moving the Postal Service toward a more corporate model, such as [this one](#) by AEI senior fellow Kevin Hassett, encouraging the Tea Party to push for postal privatization as a means of fighting big government.

The Cato Institute, the nation's first libertarian think tank, was launched by the Koch brothers, who continue to fund it generously. According to the [Center for Public Integrity](#), between 1986 and 1993 the Koch family gave \$11 million to the institute. For years, The Cato Institute has held conferences and published books and papers advocating the privatization of the Postal Service, such as "[Restructuring the U.S. Postal Service](#)," [The Last Monopoly: Privatizing the Postal](#)

[Service for the Information Age](#), [Free the Mail: Ending the Postal Monopoly](#), and [Mail at the Millennium: Will the Postal Service Go Private?](#)

How to break a union

In one of *Invisible Hands*' most disturbing chapters, "How to Break a Union," Phillips-Fein examines the war against unions in the 1950s, particularly the efforts of General Electric to destroy the electrical workers union. From the point of view of the conservative businessmen, organized labor posed a serious threat, not just in terms of how higher wages might impact their bottom line, but also in terms of power and prestige. They also worried that at election time union workers would be mobilized to press for better Social Security benefits, more government spending, and expanded public services.

The animosity toward unions fuels much of what's going on with the Postal Service today. The leadership of the Postal Service wants to get rid of the no-layoff clause in union contracts so that it can cut hundreds of thousands of jobs. In a [USPS white paper](#) released last summer, the Postal Service stated explicitly that it wanted to reduce the career workforce from 580,000 to 300,000, and since there was no way that could happen through "attrition," postal management wants Congress to change the law preventing layoffs. The Postal Service also wants to increase the number of non-career employees from 38,000 to 125,000 — yet another way to undermine the unions.

The leaders of the Postal Service aren't trying to reduce their labor costs just to deal with the postal deficit or to keep the big mailers happy. The corporate class as a whole does not like the good wages that unions make happen. Postal clerks [average \\$25 an hour](#), while the sales associates and cashiers at Walmart [average \\$8.50 an hour](#). Good wages at the post office help bring wages up across the economy, while poor wages at Walmart drive them down.

Since union contracts have made it difficult for the leaders of the Postal Service to reduce the size of the workforce as drastically and rapidly as it would like, they have used other tactics. Outsourcing, for example, is a great way to shift work from postal employees to non-union workers in private industry. The Postal Service now [contracts out \\$12 billion annually](#).

At the top of the list of corporations enjoying a profitable relationship with the Postal Service — with \$1.37 billion of business in 2010 — is FedEx, whose founder and CEO, Fred Smith, [testified before Congress](#) that "closing down the USPS . . . is an option that ought to be considered seriously." FedEx has also [campaigned against legislation](#) that would make it easier for its workers to unionize.

Workshare arrangements with pre-sort companies are another way to give work to private companies that could be done by postal workers. The huge discounts that these companies are given are often far in excess of what the Postal Service saves by receiving mail pre-sorted, and they end up costing the Postal Service huge amounts of money. The postal unions have been [fighting these discounts](#) for a long time, but to little avail. They are a valuable tool for downsizing the Postal Service, and they help move things further down the path to privatization.

Follow the money

These days, with PACs and other modes of funding and lobbying politicians totally out of control, there are very few politicians who aren't being overly influenced by the corporate elite. In postal matters, the two most prominent of these politicians are Darrell Issa and Dennis Ross.

Issa's [Postal Reform Act](#) would create an Authority empowered to restructure the postal system and a Commission that would recommend post office closures and consolidations to Congress. These measures would do essentially what the leaders of the Postal Service have been advocating, but would put Issa and his allies in charge, effectively sidelining postal headquarters.

Dennis A. Ross is the Congressman for Florida's 12th congressional district and a member of the Tea Party Caucus. As chair of the Committee on Oversight & Government Reform, he held several hearings last year on the Postal Service, during which his witnesses attacked the postal unions, argued that the Postal Service needs to reduce "excess capacity" (i.e., post offices and plants), and called for changes in the law that will make it easier to close post offices.

Eleven of the 23 Republican representatives on Issa's committee received [financial help from Koch Industries](#) in the last election. Issa himself was the largest recipient, with \$12,500 since 2008. Not that Issa really needs the money. His net worth is about \$450 million, making him the richest man in Congress. Ross received \$12,000 from the Koch brothers.

Privatization, the Holy Grail

The push to privatize postal services has a long history. Reagan's presidential Commission on Privatization recommended in its 1988 report, [Privatization: Toward More Effective Government](#), that the private express statutes, which mandate the postal monopoly, be repealed to allow competition in the provision postal services. That recommendation has not yet come to fruition, but the Commission also recommended that the Postal Service more actively pursue contracting out. Outsourcing has become one of the most useful tools for privatizing the postal system without an act of Congress.

Reagan, however, can't get the credit for initiating the push toward postal privatization. That goes way back, at least until the 1960s, when a Democratic president, LBJ, charged the Kappel Commission to come up with ideas for reforming the Department of the Post Office. The Commission consisted almost exclusively of corporate executives, with retired AT&T Chairman Frederick R. Kappel as its chair. Its recommendations led to the 1970 Postal Reorganization Act, which "corporatized" the Post Office into the U.S. Postal Service.

It was no secret that turning a cabinet-level department into a government corporation would be a big first step toward the ultimate goal, privatization. [In testimony before Congress](#), Kappel testified, "If I could, I'd make [the Post Office] a private enterprise and I would create a private corporation to run the postal service and the country would be better off financially. But I can't get from here to there."

For the past four decades, getting from "here" to "there" has remained the Holy Grail for the conservative business elite. All the books and articles put out by the think tanks and their scholars, all the lobbying and campaign contributions, all the organizing and behind-the-scenes networking— the goal has remained constant. The free market ideologues will be satisfied with nothing less than the privatization of the postal system.

