

# Let private sector run U.S. Mail

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Ronald Reagan tried to privatize the U.S. Postal Service. The effort was dropped after he left office in 1989. It's time to take up the idea again.

Postmaster General Patrick Donahoe testified last week before the Senate Homeland Security and Governmental Affairs Committee that the USPS, essentially, is broke. He said the USPS can't make a required \$5.5 billion employee pension payment to the U.S. Treasury by the Sept. 30 deadline.

"We do not want taxpayer money," he said. "We have got to get our finances in order." But the taxpayers are the only ones who could pay the tab.

Mr. Donahoe warned, "We think that by August or September of next year we would be out of cash ... and unable to pay employees." He said the USPS, to deal with the money shortfall, potentially could end Saturday mail deliveries, cut 120,000 workers and consolidate local post offices.

The economic slump has worsened a longterm downward trend in use of the Postal Service. An Aug. 5 USPS report found, "Total mail volume of 39.8 billion pieces, compared to 40.9 billion pieces in the same period a year earlier, a decrease of 2.6 percent, led by a drop in First-Class Mail."

"The Post Office has already been partially privatized, de facto, by email," Thomas DiLorenzo told us; he's a professor of economics at Loyola University Maryland and has written often on the issue. "Privatization means a business is subjected to the market feedback mechanism that financially rewards good performance and penalizes bad performance. With the Postal Service, and all other government enterprises, the opposite is true: The worse the performance, the bigger the budget."

Unfortunately, Congress' current mood is to "kick the can down the road," Tad DeHaven told us; he's a budget analyst at the libertarian Cato Institute. "Everybody is waiting on the White House to come up with something." But he expects Congress will just provide the funds by Sept. 30 to keep the USPS retirement system continuing. "The USPS still has more than 500,000 employees full time, more than half of them unionized. That's an awful lot of votes."

He added that USPS proposals such as consolidating post offices mean it's "basically working toward the flexibility of private-sector companies." But members of Congress like naming post offices after local worthies. "Even Rep.

Steve King of Iowa, a Tea Party favorite, worked to keep a local post office open.”

Mr. DiLorenzo pointed out that the USPS “hasn't innovated in decades. In government, failure is ‘success’ from a financial or budgetary standpoint” because it brings subsidies.

Congress should start getting the postal house in order by listening to Postmaster General Donahoe, though we don't hold out too much hope. Privatization is unlikely to happen until after the November 2012 election. We encourage Republican candidates to debate the matter on the campaign trail.