



The private sector will deliver

Chris Edwards

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Opening mail to competition would tackle the Postal Service's woes

The U.S. Postal Service is losing billions of dollars a year. The government company that delivers "snail mail" is losing out to email and other types of electronic communication. First-class mail volume fell from a peak of 104 billion pieces in 2000 to just 64 billion pieces by 2014.

Congress confers on the 600,000-employee Postal Service a monopoly over first-class and standard mail. The company pays no federal, state or local taxes, pays no vehicle fees or parking tickets, is immune from many regulations imposed on other businesses and can borrow at subsidized rates.

Despite these advantages, the USPS has lost \$52 billion since 2007 and will continue losing money without major reforms. The problem is that Congress is preventing USPS from reducing costs as its sales decline. Congress blocks efforts to end Saturday service and close unneeded post office locations.

Another problem is that USPS has a costly union-dominated workforce that impedes innovation. USPS workers earn substantially higher compensation than comparable private-sector workers.

The way to tackle these problems is to privatize the USPS and open postal markets to competition. With the rise of the Internet, the argument that mail is a natural monopoly that needs government protection is weaker than ever.

Other countries facing declining letter volumes have made reforms. Germany and the Netherlands privatized their national postal companies more than a decade ago, and other European countries have followed suit.

Chris Edwards is the director of tax policy studies at Cato and a top expert on federal and state tax and budget issues.