

One Billionaire vs. the Mail

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For 50 years, multi-billionaire Charles Koch has nudged Washington toward his dream of privatizing the United States Postal Service. A new study from True North Research shows how the coronavirus crisis may present an opportunity for Koch to finish the job that he started in 1970, putting 500,000 jobs at risk and risking the efficacy of the 2020 election.

“He’s on the precipice of achieving his long-standing objectives of privatizing the Postal Service that hundreds of millions of Americans rely on everyday,” says Lisa Graves, the author of the new study. “His position remains an outlier position with the American people, but it’s gained currency in the Republican Party.”

The USPS has operated for more than two centuries and is one of the few government agencies named in the United States Constitution. It is the most popular government agency and historically benefited from bipartisan support to protect its operations. But after decades of attacks funded both directly and indirectly by Koch, that support from Congress has been chipped away, Graves’s report explains. And whispers of privatization started in the Reagan era have been elevated to full volume today.

The CEO and chairman of the manufacturing conglomerate Koch Industries has never held public office. He became the vice presidential candidate for the Libertarian Party in 1980 (after becoming the party’s biggest donor), and put privatizing the Postal Service into the platform. He and presidential nominee Ed Clark earned only about 1 percent of the vote, but Koch patiently worked to move his ideas further and further into the mainstream.

He’s built a powerful and wealthy network of peers, who share his goals for privatizing as many public services as possible. From the Heritage Foundation and the Cato Institute to political action networks and PACs, Koch has worked to build support for his ideas while also having the financial capital to run ads against politicians who resist them.

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Koch also invested in magazines and other publications that support his agenda. This includes a publication called *Reason* run by Robert Poole, which published an article calling for the privatization of the post office back in 1968. Poole was able to popularize the term “privatization” partially because of Koch’s commitment to buying advertising space, Graves explains, however the word originates from Nazi Germany.

“Many people hear his name but may dismiss his influence or may not really fully understand the scope of his impact. I think when historians look back on this period of the past six years, they’ll see Charles Koch actually had a singular impact on American laws and policies and politics,” Graves says. “That’s not to say he’s the sole person who has pushed this agenda forward, and

he's certainly cultivated allies to advance his agenda, but it was not a dominant agenda before the 1970s, [and] as I wrote in my article, [privatization] was not even a term that was in popular use."

The report makes the case that Koch has influenced Washington like no other individual today, and the Postal Service has long been one of his targets. This may be because of its unique success, Graves says. The USPS charges less than its private competitors, FedEx and UPS, while also being able to deliver to more locations. The Postal Service also sends millions of pieces of mail a day (before the pandemic that number was almost 500 million), and private companies and free-market enthusiasts are eager for a portion of those transactions.

The USPS is particularly vulnerable now because of the COVID-19 crisis decreasing their revenues, like many other businesses around the world. But the threat also exists because several Koch strategies are reaching their full effects, Graves explains.

"It some [cases] that's been having their people in the right place at the right time," Graves says. This staffing started as long ago as 1987, when Koch's "right hand man" Richard Fink was appointed to Reagan's privatization committee and urged to privatize the Postal Service. The following year, James Miller wrote a paper on the benefits of privatizing the USPS for the Cato Institute, while leading the Office of Management and Budget.

Miller later ran Koch's political advocacy group, then called Citizens for a Sound Economy, and now sits on the board of its current operation, Americans for Prosperity. However, this member of Koch's inner circle would become most useful when he was confirmed as a member of the Postal Service's Board of Governors in 2003, by a committee chaired by Sen. Susan Collins (R-ME). By 2003, Miller's views on the USPS were clear. He was "openly antagonistic," Graves says, but nonetheless he became a member of the agency he wanted to terminate.

Just three years later, Miller (by this point chair of the Board of Governors) would push Collins to support legislation that forced the USPS to pre-fund benefits for its employees 75 years into the future, allocating funds for employees who aren't even born yet. This weighed on the Postal Service's balance sheets so it went from annual profits of about \$1 billion to losses, after having to account for \$5 billion more in expenses each year, Graves explains. The Postal Accountability and Enhancement Act of 2006 also prevented the USPS from raising stamp prices and implementing the now much-discussed postal banking system (though pilot programs could still be undertaken). Miller served on the Board of Governors until 2012.

"I'm surprised that people like Senator Collins and others have not really, fully accepted responsibility for they role in saddling the [USPS] with debt and making it very difficult for it to raise [stamp prices] even a small amount, beyond just a penny," Graves says. "I wish that they would take responsibility and would work to repair the post office and to make sure it really has the flexibility to thrive as a major public service."

Senators do have a chance to redeem themselves by voting for the HEROES Act, which was passed by the House in May. The legislation responds to the needs of individuals, businesses, and the public health sector caused by coronavirus crisis and would provide \$25 billion in emergency funding as well as an additional \$10 billion credit line to the Postal Service.

This immediate funding would prevent the collapse of the Postal Service, which predicts it will run out of money by the end of September. Support from Congress would not only protect

the hundreds of thousands of people employed by the USPS, Graves explains, but also allow the Postal Service to continue its essential services, which include delivery of medicine and Social Security checks to individuals, as well as transporting goods to hospitals and other businesses.

This year, the Postal Service will also be essential to the national elections, as more Americans than ever opt to vote by mail because of the coronavirus. Weakening, privatizing, or eliminating the Postal Service at this critical time could severely damage the right to vote, an alternative benefit to the Koch network, which is funding a dark-money network called the “Honest Elections Project,” designed to ramp up dubious concerns about voter fraud and ultimately suppress votes.

Even in states with well-established vote by mail systems, like in Washington, Secretary of State Kim Wyman told the *Prospect* in May that there are concerns that their voting procedures could not be carried out by any other private service.

Without action from Congress, the financial problems of the Postal Service could mean problems for everyone and could even influence who serves as the next president. The current Postmaster General Louis DeJoy has no experience in the Postal Service but instead was a major donor to the RNC and the Trump for Victory PAC. DeJoy was handpicked by Trump in May and is largely seen as an ally of the president’s and the anti-remote voting efforts.

“At a time when it needs someone devoted to preserving this public institution we have the opposite. And we have someone who is an ally of Trump, who has gone on rants against voting by mail despite the evidence against him,” Graves says. “We need to have a U.S. Postal Service that is fully functioning more than ever for our democracy to function.”