

Opinion: Want Better Mail Service? Look Abroad

(March 3) — In August, President Barack Obama commented that “UPS and FedEx are doing just fine. ... It’s the post office that’s always having problems.” We found out just how deep those problems were when Postmaster General John Potter announced that the U.S. Postal Service is facing \$238 billion in losses over the next 10 years.

Whether the Postal Service can get out of this dire situation depends on whether lawmakers are willing to follow the lead of countries such as Great Britain and Sweden.

The troubles at the Postal Service are legion. Demand is down, thanks to alternatives such as e-mail, text messaging and other electronic communication tools. The Postal Service admits that first-class mail volume (which accounts for more than half its revenues) peaked in 2006.

Then there’s the massive and heavily unionized workforce. With more than 600,000 career employees, the Postal Service has the second largest workforce behind Walmart, 85 percent of whom are covered by collective bargaining agreements. That’s driven average compensation for Postal Service workers to \$83,000 per year. Today, compensation and benefits account for almost 80 percent of the Postal Service’s

costs, a figure that hasn’t changed in years “despite major advances in technology and the automation of postal operations,” notes the Government Accountability Office.

On top of that, as a government enterprise, the Postal Service is subject to congressional meddling. Last year, for example, the Postal Service proposed consolidating 3,000 postal outlets, but following a congressional outcry, the number under consideration was cut to a derisory 157. UPS and FedEx, it’s worth noting, don’t share the Postal Service’s bleak future because they don’t face the same constraints as a government enterprise.

Even the band-aids the Postal Service is proposing today — mail delivery reduced to five days, longer delivery times and increased postage-stamp prices — aren’t likely to get congressional approval. Moreover, such measures will only push Americans further away from physical letter delivery and toward greater use of electronic tools.

A better approach would be for lawmakers to follow the lead of other countries and privatize the post office.

Great Britain, Finland, New Zealand and Sweden, for example, have given up on the government-enforced monopoly on

mail delivery and have exposed their former monopoly mail providers to competition.

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Germany and the Netherlands, meanwhile, have privatized their main postal companies, which have subsequently expanded into foreign markets and diversified their businesses.

And the 27 member nations of the European Union have agreed to end their mail monopolies in the near future.

Private mail delivery firms would have the incentives and freedom to tackle the long-standing inefficiencies that are sinking the Postal Service's ship. They would also be more nimble in adjusting to ever-changing market conditions.

The alternative is to pay more money for less service in order to keep the Postal Service afloat. Even worse, already beleaguered taxpayers could be forced to bail it out.

Privatization of the Postal Service has to be an option on the table. And a first step would be to introduce competition by ending the Postal Service's mail monopoly and letting competitors deliver the mail.

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