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# Please Mr. Postman: It's Time To Go Away

By D. Dowd Muska

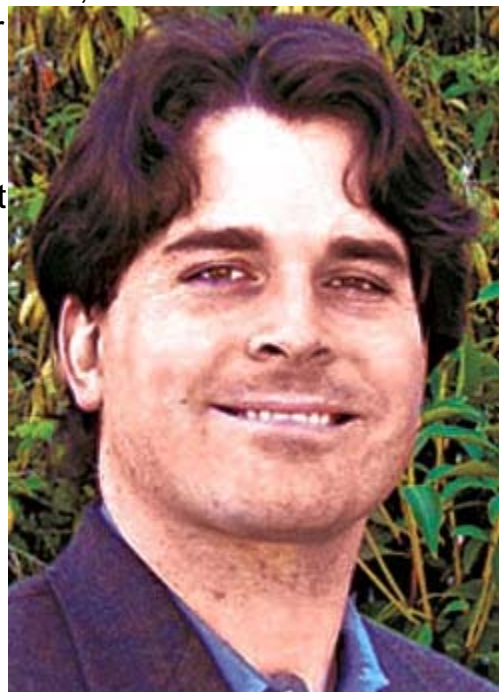
Today

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Cliff Clavin.

Like other massive enterprises that cooked their books, failed to understand customers' changing habits, or compensated their unionized employees at wildly above-market rates, the U.S. Postal Service is headed for a financial Armageddon. The USPS committed all three sins, and as a result, might soon be the next winner of the Too Big To Fail Award. The prize: A massive taxpayer bailout, of course.

A spring report by auditors from the Government Accountability Office, the investigative arm of Congress, laid out the scary specifics in characteristically blunt fashion: "USPS faces daunting financial losses that it projects could total over \$238 billion through fiscal year 2020, unless it can substantially reduce its costs, including the size of its operations, networks, and workforce to reflect declining mail volume, and to generate new revenues."



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As a government-sponsored enterprise, the USPS isn't in the business of cutting costs. Its four unions — the American Postal Workers Union (clerks), National Postal Mail Handlers Union, National Association of Letter Carriers (urban carriers), and National Rural Letter Carriers' Association — see to that.

It's a bit of an understatement to call postal unions' collective-bargaining contracts "generous." Employees pay a mere 18 percent of their healthcare premiums. Life insurance is gratis. Raises are automatic, not linked to measureable performance improvements. Overtime opportunities abound. Workers' comp is sweet — 75 percent of salary, rather than the 66 percent given to private-sector employees. Contract provisions limit management's ability to relocate workers, assign tasks outside an employee's "craft," and outsource to

cheaper providers.

As if its workforce millstone weren't heavy enough, the USPS's business model, the GAO reports, is "not viable." The service is losing customers at a dizzying rate. Mail volume was 213 billion pieces in fiscal year 2006. It dropped in each of the next three fiscal years, and by 2020, volume is projected to be 150 billion pieces. That's the same amount of mail sent in 1986.

E-mail is destroying the USPS's most profitable division: its monopoly, first-class mail. Volume peaked in fiscal year 2007, is now down bigtime, and is not expected to ever recover. (Here's a headache-inducing exercise: Try to remember the last time you waited by your mailbox for an important letter or bill.) First-class mail's decline is a huge problem, since it generates loads of revenue — enough to cover seven out of every 10 dollars the USPS spends on overhead.

The first-class mail division has 50 percent excess processing capacity, and the USPS has far too many retail outlets. But the GAO found that the service "has faced formidable resistance to facility closures and consolidations because of concerns about how these actions might affect jobs, service, employees, and communities."

There you have it: the USPS's core problem. On paper, it's a business. In reality, it's a "public" entity that's subject to meddling by congress critters whenever a mob of angry, blue-haired constituents complains. Six-day service, which should have been ended long ago, is federal law. And politicians have micromanaged, and the USPS itself has regulated, when and how post offices can be closed.

The answer to the USPS's looming financial implosion: Get the government out of the mail-delivery business.

Unions will squeal, but privatization is a realistic option. According to the Cato Institute's Tad DeHaven, "Great Britain, Finland, New Zealand and Sweden ... have given up on the government-enforced monopoly on mail delivery and have exposed their former monopoly mail providers to competition. 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."

Even The Washington Post — that's not a misprint, The Washington Post — argues that "privatization is probably the only long-term solution for the USPS."

The federal government has clear authority to run a national postal service — it's one of the legitimate powers enumerated in the U.S. Constitution's widely ignored

## Article I, Section 8.

In the 21st century, most of the provisions in the nation's founding document hold up well. Free speech, freedom of worship, the right to bear arms, checks and balances, due process, and the electoral college are as relevant and useful today as they were in the 18th century.

The same can't be said for the post office. Something better's come along. Sorry, Cluffy. We don't need you — and we can't afford you — anymore.

*D. Dowd Muska is a writer, commentator and lecturer. He lives in Connecticut. Reach him through his website at [www.dowdmuska.com](http://www.dowdmuska.com).*