Preserving The People's Post Office

Christopher W. Shaw

Foreword by Ralph Nader
PRESERVING
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To American postal workers
and
to my parents
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Prologue

This is not a “small” book. It has an enormous reach for the American future and immediate relevance to the present moment.

Here’s why. A pernicious attack is being waged against democratic institutions we have long taken for granted as a permanent feature of American life. Some we have begun to learn about – such as automated systems of telemarketing that spread campaign lies to millions of Americans on the eve of national elections, as well as automated systems of fraudulent vote-counting that cripple the election process itself. But if much work must now be initiated to regain and protect anew the legitimacy of popular participation in the most basic components of the democratic heritage, we also need to pay attention to the burgeoning attack on other and less visible forms of civic achievements built in the 18th and 19th centuries. One speaks now of civil spaces so ancient in origin and homespun in outward and inward reality that we cannot imagine them ever losing their substance. As Christopher Shaw here demonstrates (with a wonderful blend of warmth and anxiety) we are also threatened with the “privatization” of the U.S. Mail! His book is a veritable populist alarm bell in the night entitled Preserving the People’s Post Office. Yes, the limp sloganeering that serves to rationalize “globalization” as a justifiable attack on the dignity of tens of millions of ordinary working Americans even reaches into the the postal service! This reality that shapes Shaw’s book underscores the direct relationship existing between the quality of civil society, the wages working Americans earn and the services that connect all of us to a vibrant community life. So-called “outsourcing” is a controllable cancer that threatens the very substance of American democracy.

These connections are properly emphasized in a germane and moving introduction by Ralph Nader.

The subject is not “small.” It is, rather, deadly serious business.

— Lawrence C. Goodwyn, Professor Emeritus of History, Duke University
Foreword

When I was growing up in New England during the 1940’s, the symbol for reliability, punctuality, and efficiency was the United States Post Office. People could almost tell the time of day by the postman’s rounds (twice a day delivery) and the frequent pickups at corner collection boxes throughout the neighborhoods. For 3 cents you could send a letter in the morning and it would be delivered in your town or city that afternoon. For one penny you could send a postcard to the most remote areas of these United States. Congress’ relations with the Post Office Department were intrinsically political; from the subsidy that Congress provided, to the appointment of thousands of postmasters. Being political, with all its warts, also made the Post Office reasonably accountable – especially when compared with the recast Postal Service born in 1971.

I was reminded of these words I wrote over twenty years ago while visiting a county historical museum in New England that showed containers the old Post Office used to deliver eggs from the local farms. The Post Office that sought to deliver fresh eggs was an innovative enterprise seeking new ways to better serve the public. If the spirit of public service which motivated that Post Office was still alive today, when postal officials look north to our neighbor Canada and observe that its citizens mail letters to their parliamentary representatives for free, they would seriously explore offering such a service in this country. If that Post Office had witnessed recent communications advances it would have pushed hard to be in the vanguard of efforts to make them more widely accessible.
But ever since President Lyndon B. Johnson appointed a commission to reorganize the Post Office on “a business basis” in 1967, the postal system has become increasingly frozen into a defensive posture, tied down in a manner akin to Gulliver in his travels by demands from such groups as major corporate mailers, competitive rivals, and partisan politicos. There has been no place for bold new ventures of the past, such as Rural Free Delivery, Parcel Post, Postal Savings, Air Mail, or even the ambitious, yet fruitless, Missile Mail experiment of the 1950s. If the Post Office Department had been responding to the profit-making demands of the market or to the political influence of large corporations none of these advances would have even been attempted. Parcel Post, lest we forget, was introduced in the face of corporate competitors’ opposition due to the fact that they were providing entirely unsatisfactory, oftentimes price-gouging, service to large parts of the nation.

President Ronald Reagan called government “the problem.” Was government the problem when the Post Office made open communications between the Continental Congress and George Washington’s army possible during the Revolutionary War? Was government the problem when the Post Office provided invaluable aid to the establishment of a vibrant national and local press by delivering periodicals throughout the land? How about when the Post Office Department constructed a national infrastructure for aviation? Is government the problem when letters and packages from home reach servicemen in distant parts of the world today? Or when citizen organizations are enabled or often made possible by a non-profit postage rate? When universal service — uniform service at uniform rates throughout the country — allows friends and families to exchange letters, cards, and packages? When semi-postals raise tens of millions of dollars for breast cancer research? When the National Association of Letter Carriers’ National Food Drive collects over 70 million pounds of food to help alleviate the nation’s shameful hunger crisis? Through the postal system, as Christopher Shaw describes in this book, the national government has long played a beneficial role in our lives. For that and other ideological reasons, corporatists with no regard for the value of universal postal service are waging a campaign to destroy the world’s finest postal system.

Absence of an understanding of the Postal Service as a public service has allowed corporatists to obscure our postal system’s defining mission: “to bind the nation together.” There are promoters of a corporate postal system who would ultimate-
ly like to steal the Postal Service from the American people by eliminating its public service function and privatizing (i.e. corporatizing) it. Operation of the postal system on “a business basis” has helped make their case for them.

In *Preserving the People’s Post Office* Christopher Shaw demonstrates how a patronizing attitude toward the individual postal patron – “Aunt Minnie” – that accompanies a corporate mindset has caused service reductions for the general public, as the relentless pressure of corporate demands for receiving preferential services burdens the citizenry more and more. Instead of focusing on new ways for our government to serve its citizens through the Postal Service, service reductions – such as closing post offices, removing collection boxes, and ending door delivery – have shifted emphasis to business practices focusing on how much the traffic will bear, further diminishing the spirit of public service.

A recent push for postal “reform” legislation demonstrates the degree to which the public has been marginalized. Postal Service management, major mailers, corporate ideologues, business competitors, postmaster associations and the beleaguered postal unions have all been included in this legislative process, but there has been a noticeable absence – the consumer, who has been excluded from having a seat at the table. The bills which have gone through Congress reflect this absence. Instead of being discarded, as they largely should have been, the recommendations of the recent corporate dominated President’s Commission on the Postal Service, which were not public service oriented, are apparent in the legislation.

Postal unions and postmaster associations represent memberships committed to serving patrons, and these organizations do show a willingness to reach out to consumers. But the American Postal Workers Union has been the sole union voice consistently advocating the universal public service principle. Greater efforts on this front could reap even larger rewards for both postal employees and postal patrons, *as united they could forge jointly a more robust and vital Postal Service*. An annual “Postal Appreciation Day” held in towns throughout America, replete with a parade to the downtown post office, would provide an opportunity for postal workers and postal patrons to unite, interact, and demonstrate their shared esteem for this valuable public institution.

Fortunately there is a single solution that would go a long way toward solving this lack of organized and skilled consumer
participation – the proposal for an independent non-profit Post Office Consumer Action Group (POCAG). Several million people would join. All that is required is a simple law directing the Postal Service to send residential postal patrons a letter twice-a-year giving them the opportunity to pay a small amount of dues in order to join POCAG. Postal officials have been putting off this proposal for decades, but their excuses for not delivering materials making consumers aware of POCAG become more and more indefensible: The Postal Service, among other delivered information brochures, has now begun delivering postcards to all residences nationwide carrying postal promotional messages from cartoon characters. So why not send a notice for POCAG? Through this suggested action group, residential postal consumers can become organized, as Mr. Shaw describes, to shape consumer-friendly postal policies and create an expanding and vigorous American postal system that would make our first Postmaster General Benjamin Franklin proud.

Ralph Nader
Washington, D.C.
November, 2006
Introduction

The Postal Service shall have as its basic function the obligation to provide postal services to bind the nation together through the personal, educational, literary and business correspondence of the people. It shall provide prompt, reliable, and efficient services to patrons in all areas and shall render postal services to all communities.

– Title 39, U.S. Code as adopted in the Postal Reorganization Act

One of America’s great institutions – the United States Postal Service – faces important decisions about its future. Established by the Founding Fathers on the eve of the Revolutionary War, it helped build a nation and has served the needs of the American people now for over two centuries. Today’s Postal Service is a remarkable organization: It delivers over 200 billion pieces of mail a year to almost 300 million Americans at 140 million different addresses. It operates an extensive network of post offices that are located everywhere, from the largest city to the smallest hamlet. The Service is part of the fabric of our lives, and perhaps because of its ubiquity it can easily be taken for granted. The nation’s postal system, however, is at a crossroads, and the choices made will affect much more than our mail, because the Postal Service’s influence extends beyond letters and mailboxes.

In order to understand the Postal Service’s present situation it is helpful to know something about how it is structured. The modern U. S. Postal Service (USPS) has its origins in the reor-
ganization of the cabinet-level Post Office Department in 1971. It is governed by the USPS Board of Governors. The President appoints, and the Senate confirms, as many as nine governors to nine-year terms. No more than five Governors can belong to the same political party, so the Board is officially bipartisan. These presidentially appointed Governors select a Postmaster General, who becomes a member of the Board. The Governors then pick a deputy postmaster general, who also joins the Board. All told, there can be up to eleven Governors. The Board meets regularly, usually on a monthly basis, and there are also three standing committees that deal with more specialized issues. At this point in time, the Congress retains only minimal oversight of the Postal Service.

The Postal Rate Commission (PRC) is the body that reviews the Postal Service’s requests for new postage rates, fees, and mail classifications. Interested parties (interveners) testify before the PRC on these matters. The PRC makes recommendations to the Board of Governors that are not easily disregarded or reversed. There are five commissioners appointed by the President and confirmed by the Senate for six-year terms. A Chairman is selected by the President. Like the Board of Governors, the PRC is bipartisan: No more than three members can belong to one political party.

Much of the influence currently shaping postal operations, however, lies outside this official framework. Generally speaking, it is hard to underestimate the power of corporations in our society, economy, culture, and politics. Senator Eugene McCarthy has written: “The corporation is in America today not only the principal instrument for conducting business and finance, but also is a major instrument for influencing and managing education, religion, communications, sports, and politics.” With such power comes tremendous political influence, and one of the places where corporate influence is being brought to bear is the Postal Service. In the specific instance of the Postal Service, the objectives sought by corporate power are somewhat disparate and sometimes conflicting, but they consistently mean one thing for the American people – a postal system that is less focused on serving them because the public service philosophy is being diluted. The Postal Service exists to provide universal service to all Americans – uniform service at uniform rates to all corners of the nation – but this objective is under attack because it conflicts with the commercial model’s calculations and market imperatives.

The most radical proposals to abandon a broad public serv-
ICE MISSION COME FROM “THINK TANKS” FUNDED BY TRANSTATIONAL CORPORATIONS. THE ARGUMENTS PUT FORWARD BY THESE “THINK TANKS” ARE IDEOLOGICAL ONES, AND THEY SERVE THE USEFUL PURPOSE OF GIVING CORPORATE INTERESTS “INTELLECTUAL” COVER FOR THEIR AGENDA AND THEIR ACTIONS. THESE “THINK TANKS” PROMOTE A COMPLETE ELIMINATION OF THE PUBLIC SERVICE PHILOSOPHY AND TRANSFORMATION OF THE POSTAL SERVICE INTO JUST ANOTHER PROFIT-MAXIMIZING CORPORATION CONCERNED ONLY WITH THE BOTTOM LINE. THE CORPORATE “THINK TANKS” WOULD LIKE TO SEE THE POSTAL MARKET Deregulated, AND THE POSTAL SERVICE PRIVATIZED. SUCH ACTIONS WOULD MEAN THAT THE COMMITMENT TO SERVE THE AMERICAN PEOPLE THROUGH UNIVERSAL SERVICE WOULD BE PURGED FROM THE POSTAL SERVICE. IDEOLOGUES WHO POPULATE CORPORATE “THINK TANKS” SHARE A BROADER GOAL OF ELIMINATING GOVERNMENT SERVICES AND PRIVATIZING ANYTHING AND EVERYTHING THAT IS NOT CONTROLLED BY THE CORPORATE SECTOR. THEIR AGENDA TENDS TO BE FUELED BY SPECIFIC PARTISAN MOTIVATIONS.

THERE ARE TWO BROAD CATEGORIES OF CORPORATIONS THAT HAVE A VESTED INTEREST IN THE POSTAL SERVICE: THE LARGE CORPORATE MAILERS AND THE MAJOR DELIVERY COMPETITORS. MAJOR MAILERS, THOSE CORPORATIONS THAT SEND OUT HUGE BULK MAILINGS, SUCH AS ADVERTISING OR CREDIT CARD SOLICITATIONS, NECESSARILY TAKE AN ACTIVE INTEREST IN THE POSTAL SERVICE AND ITS FUTURE. THEY WANT LOW POSTAGE COSTS, WHICH MEANS THAT ALL POSTAL OPERATIONS THAT ARE NOT DIRECTLY INVOLVED WITH INJECTING THEIR MAIL INTO OUR MAILBOXES ARE EXPENDABLE. BECAUSE THEY WANT TO ENSURE THAT THE MAIL IS DELIVERED, MAILERS ARE SOMEWHAT WARY ABOUT UNEQUIVOCALLY CALLING FOR PRIVATIZATION. A POSTAL SERVICE USING A SIMILAR COMMERCIAL LOGIC AND CALCULUS IS USEFUL, BECAUSE IT WILL SEEK TO MEET THE INDUSTRY’S NEEDS AS OPPOSED TO THE PUBLIC’S, BUT ONLY WITHIN CAREFULLY DELINEATED BOUNDARIES. IF THE POSTAL SERVICE BECAME A ONE-HUNDRED PERCENT PROFIT-MAXIMIZING CORPORATION, IT MIGHT SEEK TO TRANSFER SOME OF THE MAILERS’ PROFITS TO ITSELF. MAILERS ARE ALSO AWARE THAT PRIVATIZATION OF THE POSTAL SERVICE MIGHT REDUCE THEIR ABILITY TO INFLUENCE THE INSTITUTION, BECAUSE THEY COULD NO LONGER GET A HEARING FOR THEIR ARGUMENT THAT IT EXISTS SOLELY TO SERVE THE MAILING INDUSTRY. FURTHERMORE, BECAUSE OF THE Destructive IMPACT PRIVATIZATION WOULD HAVE ON UNIVERSAL SERVICE, THE REACH OF THE COMMERCIAL MAILERS WOULD BE PUT AT RISK. AT THE VERY LEAST, HOWEVER, IDEOLOGICAL ARGUMENTS FOR PRIVATIZATION CAN PLAY THE USEFUL ROLE OF JUSTIFYING SHIFTING THE POSTAL SERVICE AWAY FROM PUBLIC SERVICE AND TOWARD NARROW MARKET DETERMINISM.

THE POSTAL SERVICE’S ACTIVITIES IN THE PARCEL AND EXPRESS DELIVERY MARKETS ARE OF CONCERN TO TWO OF THE MOST POWERFUL CORPORATIONS IN WASHINGTON, D.C. – FEDEX AND UPS. THEY WANT TO
make sure that the Postal Service remains as ineffective a competitor as possible. And while they may be ideologically committed to the idea, as long as the Service keeps delivering packages, they will find privatization somewhat troubling, because it presents the possibility of giving the Postal Service greater freedom to challenge them competitively. Competitors and potential competitors in other areas are similarly concerned with hemming the Service in and containing it, so that it does not compete with them in any potentially profitable ventures. The corporate sector is also eager to see postal operations outsourced. Potential contractors and current competitors want the Postal Service to be privatized piece-by-piece, privatized in everything but name. In the interest of preserving universal service, the public should be wary of any attempts to slice off larger pieces of the postal monopoly, eliminate revenue sources such as package delivery, or disregard prospective revenue sources in emerging markets related to postal services.

Corporate efforts were advanced in December 2002, when the Bush Administration created the President’s Commission on the United States Postal Service. The Commission issued a veritable guide on how to remake the Postal Service along lines favorable to the corporate sector and largely detrimental to the public interest. It even did an exceptional job of balancing various corporate agendas when conflicts arose between them. Several Commission members came from the corporate sector, including figures with track records as promoters of privatization and deregulation, such as Robert S. Walker and Joseph R. Wright, Jr. A former member of the House of Representatives, Walker is currently a “superstar lobbyist.” During his time in the Congress, Walker pushed for the privatization of the National Aeronautics and Space Administration (NASA). Wright was formerly deputy director of the Office of Management and Budget (OMB), and is presently the CEO of PanAmSat Corp. (a global satellite communications corporation). He also served as executive vice president and director of W. R. Grace & Company. In one noteworthy incident from his tenure at OMB, Wright wanted the National Technical Information Service (NTIS) privatized. He stated, “I do not believe they should be part of the federal government.” NTIS was a profitable and “highly acclaimed” government service. In fact, its supporters believed NTIS’s very success was the reason it was targeted for privatization. The Washington Post’s Bill McAllister reported that Rep. Sherwood L. Boehlert (R-New York) “said the reasoning [behind privatizing NTIS] reminded him of what Alice had encountered in wonderland. Then he
recalled that author Lewis Carroll also had said, ‘Everything’s got a moral, if only you can find it.’ The moral of the NTIS saga, he said, ‘is that ideology can make people blind to facts.’”

Other members of the Commission included Dionel Aviles, owner of an engineering corporation and a GOP and Bush donor; Don V. Cogman, who was formerly president of the corporate “perception management” firm Burson-Marsteller and head of an energy company’s Washington office; Carolyn L. Gallagher, a businesswoman, and Bush donor and appointee to other commissions; Richard C. Levin, the president of Yale University (which has been embroiled in a bitter struggle with campus unions); and Norman Seabrook, president of the New York City Correction Officers’ Benevolent Association. The Commission was co-chaired by Harry J. Pearce and James A. Johnson. Pearce was an executive at General Motors and is now chairman of the board of Nortel Networks Corporation. Johnson, the former CEO of Fannie Mae, acknowledged, “All of us came to this very complex challenge with no real background in postal issues. We have a perspective which is informed by our role in the business world largely.” The Commission’s July 2003 report, titled “Embracing the Future,” reveals an understanding of the corporate world, and an absence of any real appreciation of the broader mission of the U.S. Postal Service.
Preserving the People’s Post Office
The Post Office Department

The Post Office Department has one purpose in being, and one purpose only – service to the people of the United States. From its very beginning, the Post Office has existed not to make money but to serve people.... The Founding Fathers did not ask whether this service would return a profit to the Government. They no more expected the Post Office to return a profit then they expected the Army and the Navy to return a profit. They knew it would not do so, except in the incalculable dividends of nationhood.... Without the postal service, there would have been no nation – only a disconnected scattering of settlements. If profit had been the motive, post roads beyond the Shenandoah would never have been built.4

— Rep. Jim Wright

The Postal Service has been inextricably intertwined with our nation and its citizens’ lives for over two centuries. The American Post Office actually pre-dates the nation’s founding. The Second Continental Congress meeting in Philadelphia on July 26, 1775 concluded that a new postal system was needed, and appointed Benjamin Franklin to serve as our first Postmaster General. The American postal system’s establishment entailed a break with the Post Office’s colonial past that extended to its very mission. During the Revolutionary War and the ensuing confederation period the American Post Office emphasized service, whereas, under the English Crown, the postal system was supposed to make a profit.5 The re-born Post Office played an important role in the patriots’ efforts to win independence during the Revolutionary War by facilitating

CHAPTER 1
communication between Congress and the military, a task which was so critical to the patriots’ efforts that postal workers were exempted from military service. After independence had been won, and the new nation was at peace, Congress realized the Post Office would be no less important than it had been during the Revolution.

The founders envisioned a Post Office committed to uniting the nation and sustaining democracy. George Washington foresaw the Post Office serving as a facilitator of national unity. He believed that by disseminating information throughout the land the Post Office would help assure the dispersed population’s loyalty to the national government. The Post Office did indeed function as a crucially important symbol of nationhood. In the words of Wayne E. Fuller, former University of Texas, El Paso history professor:

New Yorkers and Virginians, Georgians and Pennsylvanians, were constantly reminded of their common country as they saw the United States postrider break suddenly from the forest and head into their settlement with the mail ... he was a living symbol of national unity, a concrete evidence that the new government existed and served all the people.

In fact, during the early years of the Republic the only tangible evidence for many Americans that the national government existed was their postal system. University of Illinois at Chicago history professor Richard R. John writes that in America’s early years “for the vast majority of Americans the postal system was the central government.” During this time there were more postmasters and post riders than there were soldiers. In 1831 the Post Office still employed more than three-quarters of all federal employees. The Post Office helped “bind the nation together” by providing a system of communication that allowed for contact between the settled Atlantic seaboard and the frontier. As the nation expanded, post roads stitched together its far-flung citizenry. In the 1790s alone the miles of post roads increased over tenfold, from 1,875 to 21,000. University of California at Berkeley history professor David M. Henkin writes that “during the early national period, the Post Office functioned for most Americans as ... a powerful symbol of national connectedness.”

George Washington envisioned the Post Office as an institution which would help carry out functions basic to the workings of a democracy. Biographer James Flexner writes that
Washington “believed that the government should have the most direct possible connection with each citizen as an individual ... he urged again and again that government should give every encouragement to the dissemination of newspapers and political pamphlets through the mails.”

University of Washington professor Richard B. Kielbowicz reports that in 1789 Washington favored “the conveyance of News Papers and periodical Publications in the public vehicles without expense.” Other Founding Fathers were similarly convinced of the importance of the Post Office to the functioning of democracy. Professor Richard R. John states that James Madison thought that “by providing the citizenry with the means to monitor its elected representatives, the postal system could help to check the abuse of power.”

Madison was a proponent of newspapers being allowed in the mails at below cost in order to encourage a well-informed citizenry. And Kielbowicz has written that Thomas Jefferson “used his First Annual Message to call for the abolition of newspaper postage ‘to facilitate the progress of information.’”

Low postage on reading materials played a central role in transmitting news to all corners of the nation. From the beginning, the Post Office was obligated to carry newspapers – and therefore the information they contained – at less than their actual cost to the system, a practice that Wayne E. Fuller believes “contributed immeasurably to the democratic process and made Americans as a whole perhaps the best informed people in the world in the nineteenth century.”

Richard R. John writes that, thanks to the Post Office, “the citizen-farmer had no trouble securing access to a steady flow of information on public affairs, making it possible for him to participate in public affairs without leaving the farm.” John believes that “ordinary Americans now found it possible for the first time to actively participate in a truly open-ended national discussion on the leading events of the day.”

Decades after its initial formation, President Andrew Jackson proclaimed that the Post Office “is to the body politic what the veins and arteries are to the natural–conveying rapidly and regularly to the remotest parts of the system correct information of the operations of the Government and bringing back to it the wishes and feelings of the people.”

According to John, the Founding Fathers’ vision of the Post Office as an institution that would help to forge a nation and facilitate democracy was realized. He has written:

With the passage of the Post Office Act of 1792 – and, in particular, with the greatly expanded coverage of national
politics that it encouraged – the public sphere … became identified with a process that existed not in a particular place but rather in the imaginations of millions of people, most of whom would never meet face-to-face … For the first time in world history, a government whose territorial confines extended beyond the limits of an individual city had created a national community that extended to every citizen living within its boundaries an invitation to participate in public affairs.\textsuperscript{22}

**INNOVATION**

By improving communication and transportation the Post Office played an instrumental role in aiding the development of commerce, business, and the creation of a national marketplace. According to Theda Skocpol, dean of the Graduate School of Arts and Sciences at Harvard University, “Commerce in early America was greatly facilitated by the relative safety, speed, and reach of the federal mail.”\textsuperscript{23} Advances in communication and transportation facilitated by the Post Office Act of 1792 helped forge a national economy by linking the East with the frontier. A U.S. Senator with an informed interest in history, Robert C. Byrd (D-West Virginia), has said, “the new postal system that Congress created helped to bind our infant nation together by supporting the growth of commerce and the free flow of ideas and the free flow of information.”\textsuperscript{24}

The Post Office further aided national growth by prompting, pioneering, and subsidizing the development of transportation throughout the nation’s history, from the earliest stagecoaches to modern aviation.\textsuperscript{25} Congress used mail contracts to get stagecoaches to serve many areas they would otherwise have avoided due to their lack of profitability, particularly in the South and the West. And prior to completion of transcontinental telegraph and railway lines, mail contracts were subsidizing stagecoaches linking the Pacific coast to the rest of the nation.\textsuperscript{26} The Post Office repeatedly recognized the potential of new technologies like the railways to speed the mail. As the modern steam railroad evolved, the national government used public land grants and reduced iron tariffs to help spur the construction of new lines. The U.S. Army provided engineering services to railroad companies, including surveying and assisting the construction of the line that pioneered the common carrier railroad – the Baltimore & Ohio Railroad.\textsuperscript{27} Postal historian
Wayne E. Fuller writes that it therefore “came as a shock to postal authorities to learn that the railroad managers, like the stagecoach operators, were determined to squeeze every penny they could from the Post Office.” Fuller’s point is illustrated by his comparison of the Canadian Post Office, which was paying between $30 and $40 a mile to move their mail by rail, with the American Post Office, which paid between $50 and $300. But despite such high rates, railroads quickly became integral to the postal system because they allowed the mails to be moved faster. “Mail service accelerated in the years following the Civil War,” writes William Cronon, professor of geography and history at the University of Wisconsin, “as the post office learned how to take advantage of railroad technology.” U.S. Railway Post Office Routes were established, and railroad cars specially equipped for sorting and distributing the mail en-route were developed to increase the postal system’s efficiency. The first U.S. Railway Post Office Route was introduced in 1864, and by 1930 over 10,000 trains carried the U.S. Mail.

In the interest of pioneering new communications technologies, the Post Office also experimented successfully with pneumatic tubes that ran underground in major cities. In 1893, Philadelphia had the distinction of receiving the first pneumatic postal tube line in the United States. A pneumatic tube carrier could hold 600 letters and travel up to 35 miles per hour. They operated in New York City until 1953. Automobiles were an innovation that was enthusiastically introduced for carrying mail in the early twentieth century. Carl H. Scheele, former curator in charge of the Smithsonian Institution’s Division of Philately and Postal History, notes that in this instance the practice of contracting out transportation was abandoned:

When the Department discovered that some contractors had combined to submit ‘exorbitant’ bids and that one company added many unnecessary trips to increase its compensation. The abandonment of contract service between 1914 and 1918 was pursued as fast as trucks could be purchased.

The development of aviation may owe more to the Post Office’s pioneering role than any other form of transportation. The Post Office Department inaugurated the nation’s first regularly scheduled airmail service on May 15, 1918, between New York and Washington, D.C. The Post Office constructed a national infrastructure for airplanes in the ensuing years, and F. Robert Van der Linden, the air transportation curator at the Smithsonian’s National Air and Space Museum, states:
Just as the U.S. Military had pioneered new technologies of mass production at the Springfield armory a century earlier, when private capital was unwilling to invest, so too did the Post Office invest public funds into another new technology, that of aviation in a successful effort to demonstrate the possibilities of a new technology to revolutionize communications. The Post Office’s direct involvement in aviation, however, was soon curtailed.

Wayne E. Fuller describes a guiding principle running throughout American postal history, in which “the postal service must not compete with, but must support, private business.” Naturally such a policy meant that, in Fuller’s words, “the Post Office was given numerous unprofitable assignments to help the private sector of the economy at the same time as it was forbidden to engage in business ventures from which it might have profited.” By 1927, therefore, all airmail had been turned over to contractors. These airmail contracts played a fundamental role in the development of scheduled passenger airline service through their subsidization of the airlines – only in 1935 did passenger revenues begin to exceed mail revenues.

In the interest of expanding services, numerous improvements to the postal system were introduced over the years despite the best efforts of those whose abiding worry was “postal deficits.” The colonial post had been expected to show a profit, but the postal system’s role in achieving national goals was emphasized during the revolutionary and confederation periods and following adoption of the Constitution; economist Wesley Everett Rich wrote that during this time there was “a consistent policy to extend the service rather than to secure a surplus from the Office.” The concept of a self-supporting Post had been copied from the British postal system, and it was an ideal that Americans would push aside in favor of using the Post Office to accomplish public goods. Richard R. John states that American postal policy was very different from its European counterparts: “During the first decades of the nineteenth century, neither the British nor the French government had a comparable commitment to extending postal service into the hinterland.” As the nation expanded the Post Office did too, establishing new post offices, post roads, and routes in step...
with national growth. There were over 13,000 post offices in 1840, as compared to less than 1,000 forty years earlier.\textsuperscript{41} And the length of post roads was extended from 36,406 to 142,774 miles between 1810 and 1835.\textsuperscript{42} According to Fuller, the American postal system “grew faster, became larger, hired more employees, transported more mail, and, of course, cost more than any mail service in the world.”\textsuperscript{43} John has written that the American Post Office became a source of national pride, and that, “for many commentators, the single most notable feature of the American postal system was the extent to which it had come to surpass the postal systems of the much-admired ancient civilizations of Greece and Rome.”\textsuperscript{44}

“During the middle decades of the nineteenth century,” writes Professor David M. Henkin, “ordinary Americans began participating in a regular network of long-distance communication, engaging in relationships with people they did not see,” by utilizing the U.S. Mail.\textsuperscript{45} Congressional action in 1845 and 1851 reduced postage rates, making it possible for practically all citizens to use the postal system as a means for staying in touch with distant relatives and far-flung friends. Previously most letters had been business related. Henkin states that developments during this time period constituted a “democratization of the postal system that the Founding Fathers had designed, and a realization of its most radical implications for long-distance communication in everyday life.”\textsuperscript{46} Increased accessibility of postal services energized a communications transformation, which, in the words of Harry L. Watson, professor of history at the University of North Carolina, meant “anyone with a message and modest capital could now bypass established local leaders and address himself directly to the ordinary reader.”\textsuperscript{47} Mail service for ordinary citizens was further improved by additional innovations. “During the late 1850s,” writes Henkin, “letter boxes began appearing in city streets in New York, Philadelphia, and Boston.”\textsuperscript{48} Delivery of mail was made even more convenient by the introduction of letter carriers who delivered to the door in cities, which eliminated the need to make a trip to the post office to collect one’s mail. Prior to 1857 there were letter carriers in only five cities – New York, Philadelphia, Boston, Baltimore, and New Orleans.\textsuperscript{49} In 1863, however, Congress enacted Free City Delivery, and by 1871 fifty-one cities had carrier service.\textsuperscript{50} This number was to increase over fifteen fold to 795 cities and towns by 1900.\textsuperscript{51} Another novel development of the time were postcards, which were first introduced in 1873; postage was set at only a penny, and it remained a penny until 1952 (with the exception of a brief period during World War I).\textsuperscript{52}
Postmaster General John Wanamaker, founder of the Philadelphia department store, proposed a number of new services in 1889 when he took charge of the Department. Perhaps the most significant innovation he sought to introduce was Rural Free Delivery (RFD). A majority of Americans lived in rural areas, and Wanamaker believed that they too should receive mail delivery to their homes. Groups representing farmers such as the Patrons of Husbandry (commonly known as the National Grange), helped organize farmers to exert pressure for RFD. In 1896, selected communities began to receive the service on an experimental basis, and RFD was instituted as a permanent service on July 1, 1902. RFD’s great and enduring importance to rural America is signified by a farmwoman who in 1947 wrote, “Thank God and our government for rural free delivery.” Moreover, since the new service required good roads, RFD helped launch improvements to highways and roads in rural areas nationwide, because, in the words of Texas A&M University geography professor Peter J. Hugill, “if good roads were necessary for RFD, then farmers agitated for good roads.” Richard F. Weingroff of the Federal Highway Administration calls RFD the “program that finally convinced the nation’s farmers of the value of good roads and brought them into the Good Roads Movement.”

Wanamaker was also an early proponent of a postal savings system, Parcel Post, and postal telegraphs and telephones, all services offered by other nations’ Post Offices. Wanamaker wrote:

The first telegraph was operated by the Post-Office Department, and it was an evil hour when, against the protest of the Postmaster-General, it was surrendered. I want to see the two great servants for the people, the post-office and the telegraph, reunited and the telephone brought in to enhance the combination. Public interests, private needs, and the popular will call for these agencies to perfect the great postal system of the country.

Hopes for postal telegraphs and telephones were to go unrealized (except for a brief period during World War I when the Post Office did manage these utilities). According to the noted journalist Ida M. Tarbell, “congressmen generally felt too beholden to the Western Union to take an action which it opposed.” But a postal savings system was eventually introduced in the face of commercial banks’ opposition in 1911. Parcel Post was advocated, in Wanamaker’s words, since, “the express companies which oppose the introduction of the parcels
post because it would take away from them the transportation of small packages, do not reach many of the interior places that most urge and need the parcels post.”

William Leach, professor of history at Columbia University, has written, “everybody – urban and rural folk alike – was dependent on six large express companies to deliver packages, but at very high rates. The companies served adequately only a few areas of the country.”

An Interstate Commerce Commission study of the subject at the time found that: “Express companies double charged and over charged, refused to tell customers about free delivery areas beyond rail depots, sent shipments by circuitous routes to inflate costs, discriminated among customers, and more.”

As with RFD, farmers’ groups were strongly supportive of Parcel Post. However, certain members of Congress who were allies of the express companies successfully opposed Parcel Post. Wanamaker determined there were “four reasons why we did not have the parcels post – the Adams Express Company, the American Express Company, the United States Express Company, and the Wells, Fargo and Company’s Express.”

The situation turned in favor of Parcel Post when public outrage at the exorbitant profits taken by the express companies was stirred up in 1910 when the Wells Fargo Company “paid an extra cash dividend of thirty percent, and a stock dividend of 300 percent.” Parcel Post was successfully introduced in 1913 and “the effect on the national economy was electric.”

Mail-order houses like Montgomery Ward and Company and Sears, Roebuck and Company reaped the benefits of Parcel Post. Sears’ revenues tripled in the five years following the new service’s introduction. According to James H. Bruns, director of the Smithsonian’s National Postal Museum, the combination of Parcel Post and RFD was: “Like a modern-day Prometheus stealing fire from the gods of Olympus and delivering it to the mortals below. RFD and Parcel Post were acts of empowerment for Americans who lived in rural areas.”

REORGANIZATION

The Post Office Department served the nation by meeting public needs during some of the most trying periods of the twentieth century. Postmaster General James A. Farley recalled that during the Great Depression “the Post Office Department played a major role … we launched a big public works program that provided needed jobs and pumped federal funds into the
The distribution of World War I veterans’ bonus bonds was coordinated through the Post Office in 1936. Letter carriers doubled as enumerators for a 1937 census designed to determine the extent and nature of the nation’s unemployment problem. During World War II, servicemen were given the “free frank” for first-class letters and post cards. The public service philosophy was to guide operations at the Post Office Department until the mid-twentieth century when concern about “postal deficits” began to take center stage.

In October 1966, the 13-story main post office in Chicago, “the largest Post Office in the world with 60 acres of floor space, ground to a virtual halt under a logjam of 10 million pieces of mail.” This event was the justification given for the formation of a Presidential Commission in 1967, largely composed of corporate executives, who were assigned the task of reforming the Post Office. The “logjam” of mail at the Chicago post office appears to have resulted from physical infrastructure and mail distribution operation challenges that were facing the entire system, although there were specific factors which precipitated the Chicago situation. The railway cars where mail had been sorted and distributed en-route were vital to the operation of the postal system, but as railroad passenger traffic decreased, the use of trains declined, and much of the work formerly done by the Railway Mail Service was shifted into the post offices of the nation’s big cities. According to Carl H. Scheele, this meant that:

Not only was in-transit [sorting] time lost for distribution work, available time was further reduced when trucks were required to carry increasing amounts of important mail between outlying airport facilities and post offices which had been erected in the downtown areas of cities … virtually all significant distribution work had to be performed in stationary offices.

Mail delivery was further complicated by the acceleration of suburban sprawl after World War II, which made it necessary to put many letter carriers behind the wheel of vehicles. This was a change from “the first half of the 20th century,” when “mail trucks transported both carriers and their mail to the spot where the daily rounds began on foot.” A task force headed by an assistant postmaster general found that the incident in Chicago “resulted from an unexpectedly sharp increase in mail volume, abnormal employee absenteeism, hiring limitation in a tight labor market,” and repairs that made unavailable one of the...
building’s big loading docks. In addition, a new postmaster had taken over at the same time that high volumes were testing the facility’s limits.”

The Post Office was facing new challenges in transporting, sorting, and delivering the mail that were bound to pose problems and create a need for adjustments. The Commission determined that the Post Office was suffering from systemic problems stemming from the institution’s structure, and that it, therefore, should no longer be a service branch of the national government, but should be reorganized into a government corporation – the U.S. Postal Service. The business community and large mailers pushed hard for reorganization. They helped form a lobby called the “Citizens Committee for Postal Reform,” which was backed by such corporations as McGraw-Hill, Inc., Bank of America, General Foods, Pitney-Bowes, Time, Inc., Montgomery Ward, Sears, Roebuck & Co., and Standard Oil of New Jersey. There was no self-evident reason, however, that such challenges necessitated reorganizing the Postal Service into a government corporation. There were those who thought that the specific logistical problems the Chicago experience revealed should be addressed, not the “system.” Former Postmaster General J. Edward Day stated that portraying the Chicago situation as endemic was “just as unfair as it would be to take the isolated case of the Consolidated Edison power blackout in New York a few years ago and to conclude from that that the entire privately operated electric utility system in the country was poorly managed and on the verge of catastrophe.” The public was satisfied with the Post Office; a vast majority – 95 percent – of Americans told a Roper Research Associates Study that they were either “completely satisfied with postal service” (76 percent) or “fairly well satisfied” (19 percent).

Senator Ralph W. Yarborough, a vocal opponent of the reorganization plan, stated that reorganization “substitutes a corporation bookkeeping profit oriented system for the public service concept installed by Benjamin Franklin our first Postmaster,” and observed that “Reform is not spelled c-o-r-p-o-r-a-t-i-o-n.” At first the postal unions balked at the proposal. AFL-CIO President George Meany declared that “stripping Congress of its continuous right of review of postal operations, would work an injustice on American mail users and taxpayers because they would lose a highly important opportunity to contribute their views through elected officials.” A nationwide postal strike occurred in 1970, precipitated by discontent that,
in the words of labor historian Joshua B. Freeman, “Postal wages, set by Congress, had slipped way behind equivalent private-sector and local government pay.” Reorganization’s proponents tied their plan to a wage increase; in return for higher wages the unions dropped their opposition to reorganization, “and the way was cleared for the passage of the reorganization act.” Yarborough said: “This bill has ridden through Congress on the back of the postal workers’ just demands for an increase in pay.” “It appears that many of the members did not entirely know what they were doing,” wrote former Assistant Postmaster General Gerald Cullinan. “They were in favor of reform ... but some never bothered to learn what was really involved in the bill for which they voted.” On August 12, 1970, President Richard M. Nixon signed the Postal Reorganization Act into law. “No longer was the Post Office to be the people’s homespun Post Office, to be used as an instrument of government policy for whatever purposes Americans desired,” concluded Wayne E. Fuller. “Rather, it was to be a business.... And no longer was the basic postal policy to be service first and a balanced postal budget afterward.”
Deregulation of the entire economy and privatization of government services is a key goal of corporate interests and their political allies. Over the past few decades they have invested vast resources to convince policy makers and the public that good public policy is based on turning government services over to the corporate sector and eliminating regulation of the corporate sector.

As a large government service agency the U.S. Postal Service has been a target of these efforts. The argument has been made ad nauseam that, despite the fact that it operates the world’s most extensive postal system with a high degree of success – it delivers over 200 billion pieces of mail annually, on-time over 90 percent of the time, to almost 300 million Americans at affordable costs – the Postal Service is “broken,” and can only be fixed by deregulating postal markets and privatizing the Service. Residents of numerous other nations where dependability of the post is virtually non-existent would surely be amazed at our Postal Service’s accomplishments on a daily basis, not to mention assertions that the American postal system is in dire need of drastic “reform.” Deregulation and privatization of the Postal Service would provide corporations with an opportunity to increase their profits. The Service, however, would suffer as competitors “cherry-pick” the most profitable markets, leaving only the necessary, but marginally profitable or unprofitable, services for the Postal Service. Privatization of the Postal Service runs counter to its raison d’etre – public service; the purpose of the postal system is to serve the American people by providing the nation with an essential service, not to make a profit. Senator Frank Carlson, one time chairman of the Committee on Post Office and Civil Service, stated prior to
reorganization, “It is not now, nor should it ever be, a business for profit.”

The Postal Service engages in enterprises that are protected by monopoly restrictions. The Postal Service has two monopolies— one over letter transport, and another over use of mailboxes. Congress first established private express statutes in 1792, and they give the U. S. Postal Service, with some exceptions, the sole right to deliver letters. Congress enacted the private express statutes to “provide for an economically sound postal system that could afford to deliver letters between any two locations, however remote.” The Postal Service also has the sole right to put items in mailboxes, which in addition to further maintaining the revenues required to provide universal service, helps to ensure the safety and security of the mail. Granting an exclusive privilege in these areas to the Postal Service provides monopoly earnings that can be used to subsidize the provision of universal service. Different classes of mail are legally prohibited from cross-subsidizing each other, but they contribute differing amounts to the “overhead” or “institutional” costs of the Postal Service that support the postal network itself, and monopoly protected services, such as First Class Mail, provide a disproportionately high contribution to these costs. Certain postal services therefore “cross-subsidize” maintenance of the nation’s postal network. The size of the area that falls under monopoly protections has a direct impact on the level of postal services provided. Without monopoly earnings to support institutional costs the Postal Service would charge higher prices, provide more infrequent service, and only be able to maintain a smaller network. In order to help prevent the potential for abuses in markets where the Postal Service has been entrusted with monopoly privileges, its activities are overseen by the Postal Rate Commission.

Both of these monopoly privileges allow the Postal Service to fulfill its required universal service obligations, as determined by Congress. One of the purposes of regulations generally is to reduce costs for ordinary people, by shifting costs onto users who can better afford them. In the early republic, Congress reduced the cost of postage for newspapers by increasing the postage paid by letter writers. The majority of letter writers were merchants, so Congress was increasing the cost of business for merchants in order to make it less expensive for “citizen-farmers” to receive information about the activities of the government, commerce, and culture.

The Postal Service’s monopoly protections and governmen-
tal ownership are targets of the pro-corporate political agenda. Transnational corporations bankroll a slew of “think tanks” in Washington, D.C. that promote laissez-faire and its underlying thesis – that “greed is good” and will magically create a better world. These organizations receive millions of dollars in funding each year from corporations, and are the place to turn to for the latest in “ideas” designed to increase corporate profits. This arrangement is quite blatant. The American Enterprise Institute (AEI) publicly proclaims: “National and multinational corporations who support AEI maintain close relationships with the Institute’s scholars and regularly receive top-level research and analysis on specific policy interests and priorities. In addition, corporations provide important input to AEI on a wide variety of issues.” The Postal Service is a prominent target, because as a large government service agency it lies outside the corporate sector. Pro-corporate “think tanks” including AEI, the Cato Institute, and the Heritage Foundation, have churned out editorials, articles, and books denouncing the Postal Service, calling for its monopoly to be revoked, and extolling the benefits of postal privatization, on a regular basis now for years.

Fully understanding the importance of the private express statutes and mailbox monopoly to the ability of the Postal Service to continue providing universal service, pro-corporate think tanks denounce these privileges regularly. Daniel B. Klein of Cato unequivocally proposes, “Let’s junk the U.S. postal monopoly.” AEI’s R. Richard “Rick” Geddes declares, “clearly the mailbox monopoly should be eliminated.” On the other hand, Joseph A. Califano, Jr., former Secretary of Health, Education, and Welfare, has counseled that “We ought to count to 10 before junking the Private Express Statutes – which assure mail delivery to all – in the name of more efficient and less expensive mail delivery for the few.” Publications from promoters of the corporate agenda in Washington take the argument for dismantling the Postal Service a step further by making such statements as: “privatizing the postal service would be beneficial”; “privatization of the Postal Service is an idea whose time is overdue”; and “the entire USPS – not just a portion of it–should be privatized.” Writing for Cato, Douglas K. Adie outlined a plan that would eliminate the Postal Service: “Congress should take a series of actions that will lead to the repeal of the private express statutes, divestiture, and privatization of the postal service.” Edwin J. Feulner, the president of the Heritage Foundation, concurs: “it’s time to break the post office’s monopoly and privatize the delivery of mail,” he
Frederick W. Smith, the CEO of FedEx, is a board member at the Cato Institute. In 2004 he told a Senate Committee: “In my view, serious and systematic attention needs to be devoted to the possibilities of transforming the Postal Service into a corporation and phasing out the postal monopoly by the end of 2008.” These “think tanks” desire to see the Postal Service deregulated and privatized as a direct consequence of their commitment to promoting the pro-corporate agenda.

Deregulation is based on the assumption that the corporate sector should be given a free hand to act solely in the interest of maximizing its profits. Privatization is based on the assumption that the corporate sector, with its goal of profit-maximization, is inherently superior to the public sector, with its broader and less easily defined public service commitments. It is hard to imagine any government enterprise that proponents of the pro-corporate position would not want privatized. These ideologues point to “the market” as a universally applicable, effortless answer to complex economic and policy issues. They constantly assert that the operation of the “free” market will ensure that needs are met. But there are a number of reasons why, despite the rhetoric, the reality of the “free” market does not comport with the picture its boosters paint. For starters, all players in the market are not in fact on anything even approaching a level playing field. As Columbia University professor Elliot D. Sclar states, unlike the “Standard Market Model,” “the real economy is not a flat playing field on which a host of atomistic and more or less equally endowed economic agents perpetually compete with one another.” What’s more, individuals’ actions are more limited in the “free” market than the word “free” implies. “Institutions provide the framework within which human beings interact,” writes Douglass C. North, winner of the Nobel Prize in economics. “It is the institutional framework which constrains people’s choice sets.” Moreover, people simply do not behave in the predictable manner “Standard Market Models” assume – they lack perfect access to information, and they do not constantly seek to maximize their “utility” in a “rational” manner. In fact, the renowned economist John Kenneth Galbraith has observed that “the consumer is very much in the service of the business firm ... consumer wants are shaped to the purposes and notably to the financial interests of the firm.” And, seeing as corporatists reflexively trot out the “free” market as the solution to public policy issues, it should also be noted that the important matter of the broader social good lies outside the bounds of the market. In the
words of economist E. F. Schumacher: “In the market place … innumerable qualitative distinctions which are of vital importance for man and society are suppressed, they are not allowed to surface.”

Additionally, pro-corporate advocates who exalt “free” markets too often neglect to acknowledge that they tend to be less than perfectly competitive. The distinguished historian William Appleman Williams observed: “large corporations increasingly asserted their control over the American political economy during the twentieth century. The economic consequences of that process are obvious: the marketplace came to be dominated by a tiny number of economic oligarchs.” Any assumption that the marketplace inevitably creates competition neglects to acknowledge the reality that the “free” market does not necessarily produce either quantitative or qualitative competition. Much of the economy does not consist of competitive markets, and is in reality dominated by a handful of large corporations. Galbraith has written that, “An economy where the typical industry is shared by a few firms is awkwardly inconsistent with a theory of capitalism which requires that power to affect prices or wages or output or investment be impersonally governed by the reactions of the many.” This domination of “free” markets by a small number of powerful corporations makes regulation all the more important. Consumers lack the bargaining power of large corporations; and this disparity between individual consumers and large corporations makes it naïve to imagine that consumers will be able to bargain as equals with corporations in the “free” market. Regulated markets – such as postal services – can better empower consumers than deregulated “free” markets dominated by large corporations. The “free” market does not operate in reality as the ideal of the “Standard Market Model” suggests; large corporations have far more power than they are “supposed to,” and blind faith in the benefits of deregulating and privatizing a public service like the Postal Service rests on theoretical grounds that are philosophically starved.

SKIMMING THE CREAM

Privatization and deregulation are promoted as a way to improve postal operations by eliminating the Postal Service’s monopoly and introducing competition through the ostensibly “free” operation of the marketplace. But given the nature of
how the market operates in reality, privatization actually means that regulated government services, which were founded upon a commitment to providing a public service, can potentially end up being controlled by a corporate oligopoly or de facto monopoly with no public interest commitments. Writing about “standardized networks,” such as the Postal Service, Harvard University professors Jose A. Gomez-Ibanez and John R. Meyer have concluded, “Private enterprise, without subsidies or other subventions, normally will only build profitable segments of a network.... Private vendors, then, tend to skim the cream by selecting only the most advantageous segments for development.” Without cross-subsidization from profitable activities to maintain the unprofitable parts of the network that universal service requires (approximately half of postal routes and three quarters of postal facilities), it is improbable that postal services would continue to be provided in a democratic manner. A corporation anxiously monitoring its bottom line would jettison large portions of the network. As the great economist Thorstein Veblen stated: “The all-dominating issue in business is the question of gain and loss.”

Abolishing the postal monopoly would allow competitors to move in and, putting profits before service, cherry-pick the most economically efficient services – those that are low-cost and/or highly profitable – which are the only segments of the postal market that would provide incentives for business entry. If competitive markets did take hold they would be likely to only crop up in the most profitable areas for the most profitable postal products. According to a General Accounting Office report issued in 1992: “Households with higher incomes receive a greater amount of personal mail, bills, and advertising mail than households with lower incomes.” Simply stated, “mail goes where the money is.” Business districts and affluent urban areas would be prime candidates for cream-skimming, while low-income areas and rural regions would be least attractive to private corporations. As President Gerald R. Ford

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once explained: “There are some companies that want to, in major metropolitan areas, move in with their postal system which is now precluded by law. Frankly, that is where the Post Office ... makes money.”\textsuperscript{112} Cherry-picking would raise the Postal Service’s cost to serve remaining routes, thereby leading to the elimination of essential services by undermining the entire system.

John C. Panzar, an economics professor at Northwestern University who specializes in regulatory policy, has stated, “I am convinced that postal service is a natural monopoly.”\textsuperscript{113} Deregulating a natural monopoly could lead to a wasteful duplication of services in the most profitable markets. Additionally, it would jeopardize the current convenience of network effects to postal patrons – the ability to deal with only one institution’s mail boxes, rates, regulations, etc. in order to reach every household in the nation – made possible by a single universal Postal Service. Thanks to the U.S. Postal Service, American consumers do not have to negotiate a maze in order to send and receive mail. There are also benefits to a uniform rate structure that a for-profit corporation would reject. One can drop a letter in a mailbox in Anchorage, Alaska and know that for the price of a first class stamp – currently 39 cents – it will arrive at its intended address in Baltimore, and vice versa. The National Academy of Public Administration’s 1982 conclusion that “the Balkanization of the national postal system is not in the national interest” still holds today.\textsuperscript{114}

There is historical precedent for concern about cherry-picking. John Wanamaker was a man with experience in both business and government – he was the creator of the first department store and also served as postmaster general. Wanamaker once wrote, “It is for the interest of a private company to extend its business only so fast and so far as it is profitable; it is the aim of the government to extend its service wherever it is actually needed.”\textsuperscript{115} His observation had surely been borne out by a period during the mid-nineteenth century when private express companies were operating an “opposition post office.” There was a difference, however, between the service they provided and the public’s Post Office. Wayne E. Fuller reveals that

The express companies carried only the profitable mail, .... They [did not] even attempt to carry all the letters, but took only those entering the busy trade between cities .... Letters sent over the long and expensive routes of the South and West were still carried by the Post Office. So the express companies took the cream of the business and left
the rest to the Post Office.\textsuperscript{116}

It is noteworthy that as historian Richard R. John states, “Not until the 1830s ... after the national market had been established, would private entrepreneurs begin to compete against the government in an organized way” for the mail business.\textsuperscript{117} And since, in John’s words, “the role of postal policy in the establishment of this national market would be hard to exaggerate,” it would seem that the Post Office had both pioneered these mail routes and helped create a national market, and only when “cream-skimming” possibilities emerged did business show an interest.\textsuperscript{118} Apparently there were nineteenth century equivalents of today’s anti-postal advocates. Fuller writes that during this time period there were “a number of literate men ... convinced that the government should play no overt role in the economy,” who “used the Post Office as proof of their conviction that a private business was superior to a public one. And through press and periodical they began an assault upon the postal monopoly.”\textsuperscript{119} Like their present day counterparts, they too opposed cross-subsidization in the postal system by claiming that “the burden of post office taxation is imposed with disproportional weight,” and that “there is no place on the map which could not be supplied with mail facilities by paying a just equivalent.” Fortunately, an 1845 law initiated “stiffer penalties for those who violated the postal monopoly.”\textsuperscript{120}

Inhabitants of the areas that are least profitable to serve are frequently the most dependent on postal services, because they have fewer alternatives. The U.S. Department of Commerce reported that as of October 2003, only 31.2 percent of those with a family income under $15,000 had Internet access at home, as compared to 86.1 percent of those with incomes over $150,000.\textsuperscript{121} And rural residents are less likely to use the Internet than those who live in suburban and urban areas.\textsuperscript{122} The possibility of a corporation cherry-picking the most profitable sectors of the postal market poses the threat of a spiral of serious service reductions as revenues are withdrawn from the system, leading to escalating costs for the most high-cost, least-profitable services that remain. The outcome would be a two-tiered system. Those with lower incomes, who tend to be more dependent on postal services, would have to pay more in order to have a chance of retaining services that all Americans have traditionally received. It is likely that if postal services were deregulated an industry would arise in which many people would see little to no competition develop, while at the same time they receive reduced service (if they continue to receive
any service), and limited benefits are accrued by those whom corporations deem profitable enough to serve. As the former president of the National Association of Letter Carriers Vincent Sombrotto once pointed out to the New York Times:

I have no doubt that a part-time worker on roller skates, could compete with the Postal Service in delivering copy from an advertising agency on Madison Avenue to your office on West 43rd Street … Do you feel equally confident, however, that a migrant farm worker picking apples in Oregon will be able to send a money order, or a birthday card, to his family in Arkansas with equal ease if we destroy the Postal Service?123

DROWNING GOVERNMENT IN A BATHTUB

The Postal Service is the single most visible presence of the national government in the United States, with an infrastructure that extends into the country and the city, ending at every home’s mailbox. No other federal institution interacts with Americans on a daily basis; the Christian Science Monitor has reported, “it is the one government entity that touches the lives of Americans more often than any other.”124 Pro-corporate ideologues promoting privatization and deregulation are not fundamentally concerned with postal services themselves. Instead they are focused on the Postal Service’s symbolic value, as a governmental institution that plays an active role in our everyday lives and proves the ability of the national government to get the job done day in and day out. As columnist Nicholas von Hoffman once wrote: “mail service may influence more people’s opinion about the quality of the government than any other single federal function.”125 Corporatists want to eliminate the government as a presence in peoples’ lives by forcing the public sector to hand its activities over to the corporate sector.126 And public institutions that are not solely devoted to profit maximization, such as the Postal Service, provide threatening alternatives to a corporatist paradigm in which everything is run on a for-profit basis.

The campaign to end government services ties into a broader movement designed to eliminate the government’s ability to enforce environmental, health, safety, and consumer regulations. Joan Claybrook, president of Public Citizen, testified that:
Following the impressive citizen gains of the late 1960s and early 1970s – when Congress enacted a raft of new health, safety, environmental, consumer and civil rights protections – corporate America launched a cynical campaign to limit the government’s power. This coordinated attack on citizen safeguards has been propelled by literally billions of dollars of shareholder money for political contributions, right-wing think tanks, lobbyists, smear campaigns, TV advertising and fake grassroots organizations.\(^{127}\)

As a relentless promoter of the corporate agenda, AEI alone has “produced hundreds of studies decrying government regulation of business and attacking legislation offered by the consumer, environmental, and labor movements.”\(^{128}\) The eminent historian E. P. Thompson’s observation in a different context that “ideology was added to self-interest” describes a process which has broader application; it constitutes an apt analysis of current pro-corporate activities.\(^ {129}\) Corporatists continually cry about “overregulation,” because it reduces their ability to externalize costs at the expense of the environment, consumers, and workers. Squeezing out the government’s presence in the American people’s lives by getting rid of government services provides corporate interests with the further benefit of making citizens less likely to view the government as an institution that has regulatory and other functions to fulfill. Grover Norquist, the head of Americans for Tax Reform and an important mover of pro-corporate “reforms” in Washington, has said, “My ideal citizen is the self-employed, homeschooling, IRA-owning guy with a concealed-carry permit…. Because that person doesn’t need the goddamn government for anything.”\(^ {130}\) Creating that ideal corporate individual, who doesn’t need the government for anything, also entails doing away with mail delivery, and therefore the Postal Service. Planning far in advance, Norquist carries around a list of things he would like to accomplish and among these is privatizing the Post Office.\(^ {131}\) Eliminating a government service that quite successfully interacts with citizens on a daily basis is simply part of a broader agenda to dispense with government services, period.

Pro-corporate activist Grover Norquist is also a committed Republican partisan. Union members and government employees tend to vote Democratic more often than they vote Republican, and with hundreds of thousands of employees, 90 percent of them union members, the Postal Service employs a significant political bloc that trends Democratic. As such, corporatists’ motivations to do away with the Postal Service are
very much partisan, and are focused not only on undermining a very visible government service, but also on eliminating thousands of government employed union members. “More than 900,000 Americans work for the quasi-governmental U.S. Post Office,” Norquist once stated in an item written for the Heritage Foundation. “Reducing the number of Americans dependent on the State for employment is a key measure of our success in limiting the cost and power of the government.”\textsuperscript{132}

In this vein he has written of “essential reforms including cutting the USPS’ massive workforce.”\textsuperscript{133} Ever the fierce partisan, Norquist has stated, “every time the government gets smaller there are fewer Democratic precinct workers in the world.”\textsuperscript{134}

In contrast to Norquist’s extreme partisanship, a number of years ago Senator Trent Lott (R-Mississippi) placed the importance of a universal postal service above partisan allegiances when he remarked: “The postal service goes into rural areas and provides a lot of services that the people probably would not receive without the monopoly of sorts the postal service has. If it did not have the monopoly, there would be the possibility of so-called skimming the cream off top.”\textsuperscript{135}

The example of George L. Priest provides a revealing illustration of the way in which a confluence of pro-corporate forces is pushing to dismantle the U.S. Postal Service. Priest is the John M. Olin Professor of Law and Economics at Yale University. John M. Olin was a wealthy manufacturer who endowed a foundation that funds many pro-corporate causes. Law and economics is a movement in the legal profession which promotes the corporate agenda through its anti-regulatory orientation and its focus on economic costs and benefits rather than ‘abstract’ notions of right and wrong.”\textsuperscript{136} The Olin Foundation has spent tens of millions of dollars funding the study of law and economics at universities nationwide. The Olin Foundation gave Priest $1.5 million in 1990, over $700,000 from 1994-96, and has given a further $7 million dollars to the law and economics program at Yale “under the direction of George L. Priest” since 1997.\textsuperscript{137} Priest also serves on the Council of Academic Advisors at AEI, another recipient of Olin money. He was a member of Ronald Reagan’s “President’s Commission on Privatization,” which recommended, among other things, “complete repeal of the postal monopoly.”\textsuperscript{138} His enmity toward the Postal Service has led him to link it with totalitarian dictatorships: “The U.S. Postal Service embraces almost all the aspects of socialism rejected in Eastern Europe.”\textsuperscript{139} Priest has even criticized postal clerks who serve patrons by “wrapping up boxes” and “providing advice and counsel,” because such cus-
customer service means, in the words of Priest, that a post office “more closely resembles a welfare office than it does a retail business.” And he is evidently troubled by the fact that Postal Service employees constitute the largest unionized workforce in America. To pro-corporate ideologues the services provided by the Postal Service are not particularly important. Their chief concern is not making sure the mail is delivered. What they care about is eliminating the presence of the national government in American citizens’ lives, and eliminating thousands of government employed union members. As former Postmaster General Anthony M. Frank, a man with a business background (he had previously been the chairman and chief executive officer of one of the nation’s largest savings banks, First Nationwide Bank), once pointedly asked a conference at the Cato Institute: “Is privatization simply a code word for union-busting? ... Is privatization an attempt to let private companies skim off the profitable segments of the postal business while leaving the Postal Service to continue to serve those groups in areas deemed not profitable.” It appears that the answer is “yes.” “Without the monopoly,” says Postmaster General John E. Potter, “you get cherry picked to death.”

The Postal Service’s mission is to provide the American people with a universal means of communication. Universal service includes conveniently available post offices and collection boxes, and delivery to every corner of the country six times a week at a uniform rate of postage. Privatization and deregulation of the U.S. Postal Service would result in the demise of universal service. The opponents of universal service are not motivated by a wish to serve the public, but by a desire to accomplish particular business, political, and ideological objectives.
Where’s the Universal Service?

Chicago School economist Milton Friedman once gushed, “our minds are not fertile enough to envisage the miracle that unfettered enterprise can accomplish in mail service as in other areas.” More recently Rick Geddes of AEI has claimed, “the experience with deregulation of other industries similar in structure to postal services suggests that postal reform would create substantial net gains.” The fallout surrounding the deregulation of transportation industries that maintain extensive networks in order to serve large areas, such as airlines and buses, does indeed have relevance to any debate over the merits of “reforming” the Postal Service by turning it entirely over to narrowly focused market forces. The situation in deregulated foreign postal markets is similarly revealing. When looking at the impact of deregulation, the question has to be asked: “substantial net gains” for whom? Consumers Union’s magazine Consumer Reports recently analyzed the effects of deregulation in five industries and found that the results were not a “miracle” for consumers: “While consumers have made some gains under deregulation, on balance they’ve lost ground.” Sociologist Robert B. Horwitz writes: “deregulation dismantles the internal cross-subsidies that historically secured the expansion of service. This pushes the industries to move toward a cost-based system of service pricing. Deregulation, therefore, undermines the service-based entitlements that went along with traditional regulation, entitlements we have come to consider the public interest.”
The deregulation of the airlines was the United States’ first major experiment in deregulation. Deregulation’s proponents argued that consumers would benefit from the increased competition that would inevitably arise from deregulation. Competition has not experienced the flowering that deregulation’s proponents promised. “As soon as the airline industry was deregulated,” stated the distinguished economist Walter Adams, “you got an intensive merger movement, so that you had a conversion from a regulated oligopoly to an unregulated oligopoly.” By 1992 the acclaimed Pulitzer Prize winning investigative journalists Donald L. Bartlett and James B. Steele reported, “there is less competition in the airline industry than before deregulation.” Geographers Andrew R. Goetz and Christopher J. Sutton have written: “one or two airlines exercise control over increasing numbers of large and small cities where average fares tend to be higher and vulnerability to airline decisions and market vagaries are greater.” The combined market share of the four largest airlines when deregulation occurred in 1978 was 57.7 percent; it had increased to 63.1 percent by 2001. Deregulation allowed airlines to drop less profitable routes and as a result many smaller airports are now served by only one airline, if they have managed to retain any air service at all. In 2002, the General Accounting Office reported: “The economics of airline operations … mean that small communities that generate relatively little passenger traffic make profitable operations difficult.” “Over the years, I have become increasingly concerned that the deregulation of the airline industry has had a detrimental effect on small- and medium-sized cities in rural areas,” states Senator Olympia J. Snowe (R-Maine). “More than 300 have lost commercial air service altogether.” In 2005, aviation consultant Mark L. Gerchiak said, “if anything, the trend in decreasing services in small markets is going to continue.” Even in big city airports, lack of competition has been a problem as airport hubs have often become virtual monopolies. In 1980, the largest airline at the Cincinnati airport controlled 38.1 percent of the market; by 2001 it had 92.2 percent of the market. Over the same period, Detroit experienced a dramatic increase in the control of its market by one single airline: its largest airline’s market share shot up from 20.9 percent to 77.1 percent. And the Hartsfield-Jackson Atlanta International Airport, which recently surpassed Chicago’s O’Hare as the world’s busiest airport, saw its largest
airline’s market share increase from 52.5 percent to 79.2 percent.155

Service has deteriorated. Airplanes have become more uncomfortable as airlines have crammed in more seats and introduced smaller planes; once basic amenities such as pillows and food are often no longer provided; and customers have experienced more delays, connections, and longer layovers. Deregulation increased the gulf separating coach and first class passengers. The New York Times reports those “in the rear of the plane are getting bare-bones service, [while] those in front on domestic flights … [get] better food, in some cases lie-flat seats once found only on overseas flights, and a choice of entertainment.”156 On most flights the Washington Post reports that “with meals, some pillows and extra legroom, first-class travelers are essentially getting what everyone used to get in coach.”157 Aggregate ticket prices have continued the downward trend which had been occurring for thirty years prior to deregulation. And travelers can receive deeply discounted fares to certain destinations under particular circumstances.158 But economists Walter Adams and James W. Brock have described the post-deregulation airline industry in the following terms: “fares are noncompetitive and tacitly collusive, while service quality seems to steadily deteriorate.”159 The airline industry as a whole has lost billions of dollars, laid-off hundreds of thousands of workers, and experienced such chaos that half of the major airlines may be operating under bankruptcy protection at any given time. In 2005, journalist Alex Marshall wrote that deregulation has

Led to fewer flights, fewer airlines, less predictable prices, costly restrictions – and, not incidentally, the financial ruin of nearly every major carrier. Analysts estimate that the airlines have collectively lost more than $50 billion since deregulation began. True, consumers have gotten lower prices on some flights, but only at the cost of astronomical prices on others and a rash of new restrictions and conditions.160

Under deregulation airlines also cut back on security, allowing it to, in the words of Consumers Union, “seriously deteriorate under the unwatchful eye of the Federal Aviation Administration.”161 The United States airline industry provides an example of a deregulated service industry that has proven to be not only less than ideal for consumers, but incapable of providing the kind of universal service the U.S. Postal Service has a mandate to provide.
BUSES

Passenger bus service was deregulated a few years after the airlines in 1982. At the time an executive at Greyhound Corp. claimed that with deregulation, “the chances are good that the public will benefit from more service and not less.” After deregulation occurred, the bus companies moved quickly to raise fares and reduce service. *U.S. News & World Report* revealed that following deregulation the national bus companies, Greyhound and Trailways, eliminated “rural stops en masse” and increased fares “by as much as 25 percent.” Economist Frederick C. Thayer observed that “it took Greyhound very little time to decide that in a deregulated environment, it should abandon 1,313 communities in 43 states.” “When Greyhound cut back or ended stops in 1982,” reported the *Wall Street Journal*, “more than 90% of the towns affected had fewer than 10,000 residents.” The United States Department of Agriculture estimated that by 1986, “4,500 small communities had seen their bus service eliminated or reduced.”

In 2004, the sole national passenger bus company, Greyhound (it had acquired Continental Trailways in 1987), announced the elimination of about 10 percent of its stops – 269 stops in 17 states. A broad swath of the country between Chicago and the Pacific Northwest was most affected; the entire state of North Dakota was left with only one stop – Fargo – as service to the 11 other stops in the state was discontinued. In the wake of the news the Bismarck Tribune editorialized:

> The news that Greyhound lines is pulling out of North Dakota – except for Fargo – is a shocker. It spells the virtual end of intercity public transportation in the state ... In today’s deregulated market-oriented transportation economy, there can be no question about Greyhound’s right to discontinue unprofitable services. After all, the company’s banker doesn’t care if Greyhound is providing a socially valuable service for those riders who are left ... But the loss to a certain kind of traveler ... is real and usually not remediable by jetliner or car.

In April 2005, another round of route cuts was announced by Greyhound: 150 more towns were dropped from Greyhound’s system, many in the Southwest – 62 of this recent batch were
located in California alone. In June the network was further “streamlined” by scrapping about 260 stops in the South.\textsuperscript{168} The Christian Science Monitor reported in August that “750 rural towns - and hundreds of more in-between ‘flag stops’ in even smaller places - have lost their Greyhound connection this year.”\textsuperscript{169} According to Greyhound the East Coast is next on the chopping block; over the next few years the company will abandon more stops in an effort to focus on routes between major cities.\textsuperscript{170} “In 1983, Greyhound boasted 14,000 destinations,” reports the Free Times. “Today that number is 2,200.”\textsuperscript{171}

In network industries within the United States the ongoing need to maintain a labor and fuel intensive network means that the introduction of “free” market forces unleashes tremendous pressure to abandon service to certain areas in favor of the bottom line. If one envisions consumer benefits as having little to do with service and everything to do with prices for the remaining services that continue to be offered, deregulation’s track record still does not improve. Consumer Reports has concluded, “the oft-repeated claim that deregulation cut consumer prices while regulation kept prices artificially bloated is a myth.”\textsuperscript{172}

FOREIGN POST OFFICES

Deregulation of postal services in other nations foreshadows what could occur in this country were such policies adopted. A number of nations have eliminated the monopoly protections granted to their postal system, which has meant that the mandate to operate in a more “businesslike” manner can overshadow the post’s service obligation. Finland, New Zealand, and Sweden have all taken such steps, and the results are instructive. Deregulation of Finland’s Post Office, Suomen Posti, began in the late 1980s, and the postal monopoly was entirely eliminated a few years later. At the time deregulation began there were over 3,000 post offices in Finland, there are currently only 1,300, and many of these are not post offices at all, but “postal outlets” run by other retailers. Suomen Posti has recently announced that in order to cut costs another 100 post offices are to be either closed or sold by the end of 2006.\textsuperscript{173} Fully understanding the risk to provision of universal service posed by deregulation, the Finnish government has imposed an anti-“cream-skimming” tax on any business entering the postal market, which is used to subsidize postal service in rural areas. If a
company enters a low-population density area its tax is zero. But if it enters a high-population density area taxes reach 20 percent of revenues. The marginal nature of the Finnish postal market, combined with the anti-“cream-skimming” tax, may be the reason that Suomen Posti still has the market to itself – no new entrants have entered the Finnish letter market, although, instructively, competitors have emerged for direct mail (advertising mail) and captured approximately ten percent of that market. Suomen Posti has faced minimal competition for the Finnish postal services market, which has mitigated the effects of deregulation on the provision of universal service.

Market driven postal service in New Zealand has created similar difficulties. After liberalization the majority of full-service post offices dotted throughout the nation were closed; 906 post offices were operating in 1986, but 432 of these were shuttered in 1988 when the Government stopped subsidizing them. Operating under the constraints of market logic, New Zealand Post failed to take “into account the fact that post offices were acting as government agencies in these communities,” says David Russell, chief executive of New Zealand’s Consumers’ Institute, “they provided something like 90 different services.” Commercialization and deregulation impacted New Zealand Post’s social mission, as the blind lost their legal right to receive free postage for talking books and Braille materials. Russell says that “ideological fervor pure and simple” created a “wild enthusiasm to deregulate a monopoly that was working extremely well.” New Zealand Post has retained 98 percent of the letter market, as minimal competition has arisen following deregulation, and what competition there is has developed only in urban areas. Once again, as in Finland, the segments of the postal market where competition has developed are instructive. The new postal competitors in New Zealand focused on the easiest to serve most profitable areas. New Zealand’s small and very isolated postal market, however, has likely provided further impediments to the development of significant competition, which has meant that, by and large, New Zealanders have been shielded from the worst effects of postal deregulation because New Zealand Post has not been pressed by serious competitors capturing large sectors of its business.

In 1993, the mail monopoly in Sweden was abolished, and the postal market was deregulated and opened up to competition. The result: “Prices in Sweden have increased by 72%, rural deliveries are not made to the door and the number of post offices in the country has halved from 1,900 to 900 between
1990 and 2000.”

A “controversial” proposal “to limit counter and bill-paying services in rural areas to a limited number of days per month” has been suggested. The plan is to eventually do away with the entire Swedish post office network, and move remaining postal transactions into commercial stores. Sweden’s Post Office – Posten – does not deliver on Saturday, and a report by the United Kingdom’s National Audit Office states that “the introduction of competition has led to ... a breakdown of the previous uniform [rate] structure.” The result of this “breakdown” has been “price reductions for large businesses, but for individuals and small businesses outside the principal population centres prices have increased significantly.”

“I can get things sent all the way from South America for less than it costs to send a parcel to my neighbor in the next city,” says Bengt Ingerstam president of the Swedish Consumer Coalition. Sweden has been a more attractive market to competitors than either Finland or New Zealand, but as the Financial Times has reported, “only one competitor of any size has emerged – CityMail – and it has largely confined itself to corporate mail in Sweden’s three biggest cities.”

Revealingly, Posten is still delivering 95 percent of standard letters but only three out of every four direct mail pieces. Posten states that “we are being challenged by local mail, trucking, and courier companies who are targeting the most profitable market segments.”

Posten has suffered financial losses, and its CEO admitted in fall 2004 that government policy must “help to create long-range and stable market conditions” if Posten “is to be able to meet its universal mandate.” Posten has already modified the uniform rate structure in response to the imperative of cost-based pricing, and it is conceivable that competition in the Swedish postal market could eventually leave Posten unable to continue to provide universal service.

Negative effects of deregulation in the instances of Finland, New Zealand, and Sweden have been in proportion to the degree that a “competitive” market has taken hold. To the extent that deregulation has failed to create competition, and therefore the national Post Office retains a virtual monopoly, cross-subsidization has continued to allow for provision of the universal service mandate. (It should be noted that although New Zealand Post, Posten, and Suomen Posti are commercialized entities operating in a deregulated market, they are all wholly owned by their national governments, an arrangement that has allowed social considerations to factor into postal policy.) Additionally, because Finland, New Zealand, and Sweden more closely approach social welfare economies than the United
States does, it is harder for a competitor to gain a competitive advantage by employing low-wage labor. Therefore, there is less opportunity in these countries for new businesses whose single “efficiency” is their willingness to employ cheap labor to compel national Post Offices to drop services because of a need to compete with low-wages. Furthermore, these national Post Offices retain a larger share of the profitable parcel market than the U. S. Postal Service does: Posten is the market leader in Sweden for parcels weighing up to 75 lbs., Suomen Posti is the biggest player in the Finnish parcel market with 60 percent of it, and New Zealand Post leads the courier and parcels market in New Zealand.\textsuperscript{184} Moreover, provision of postal services in these smaller, less diverse nations does not pose the same complexities that we face here in the United States. Finland, New Zealand, and Sweden are all much smaller countries. (The largest of these nations is Sweden, which has a population of nine million and is roughly the size of California.) William H. Young, president of the National Association of Letter Carriers (NALC), has observed, “postal services in small countries are quite different from those that span a large continent.”\textsuperscript{185}

It should also be noted that stamp prices in these nations do not compare favorably with the United States’ current 39 cents: In Finland, New Zealand, and Sweden first class postage as a percentage of hourly compensation is more expensive than in the United States, and in Sweden and Finland the price of postage is more than twice as much as in the U. S.\textsuperscript{186} Even without the development of anything approaching vigorous competition in these three nations, traditional services have been curtailed. In a nation like the United States with much more territory to cover and wider chasms between urban and rural areas, and rich and poor, the fallout from deregulation can only be expected to be greater. Cornell University professor Susan Christopherson has written that “the imperatives of the US investment system are associated with firm strategies to target low-risk, high-profit markets and to discriminate among clients or customers, gearing product or service costs and availability to profit and risk potential,” which further implies that the consequences of deregulation observed in foreign postal markets would likely be exacerbated in the United States.\textsuperscript{187} The outcomes resulting from the elimination of the mail monopoly in these easier to serve and less commercially desirable countries give some indication of the negative possibilities we could face if the corporate lobby has its way with our Postal Service and succeeds in accomplishing postal deregulation and/or privatization.
Another Nordic nation, Norway, converted its postal system into a state-owned “limited company” in 2002, and has announced its intentions to deregulate its postal market in 2007. Management at Norway Post supported the change, but have warned: “To be able to meet the competition, Norway Post must be free to fix its prices without any regulatory intervention,” because, “When the monopoly is broken up, other players will take the lion’s share in the attractive parts of the market.” Former CEO Kaare Frydenberg explains that public interest considerations cannot be allowed to interfere with the operation of Norway Post as a business. “If the politicians want to maintain the principle of uniform postage,” Frydenberg states, “the only possibility is that the Norwegian state covers the additional costs through increased government procurements. Norway Post must be allowed to compete without a handicap.”

The prospect of deregulation has been tied to a new set of operating principles at the Norwegian postal system, as customer service has been reduced and management has closed many of the nation’s post offices. In 2003 the right of newspapers and magazines to receive lower-cost “content-based pricing” was ended, because it was “incompatible with the principle of cost related prices.” Norway Post acknowledged that the new “cost based” pricing system would “lead to a significantly higher level of costs for the newspapers and magazines.” After announcing record high profits in 2005, the system’s newly appointed CEO, Dag Mejdell, proclaimed his intention “to shut down as many as 150 of the 303 post offices left in Norway.” “The analysis we have done,” he explained, “indicates that there’s no economic foundation for them.”

When Argentina’s Post Office was privatized in 1997 it was supposed to serve as an example of successful postal privatization. Argentina’s postal market had already been officially deregulated in 1994. It had been effectively deregulated since the 1970s, however, because at that time the government stopped enforcing the national Post Office’s statutory monopoly and began selling mail delivery licenses for $5,000 annually to private companies. As a result of the de facto deregulation, the state-owned Post Office only had approximately 50 percent of the market at the time of official deregulation. Due to the diversion of mail, and therefore revenues, from the national Post Office to competitors acquiring licenses, James Sauber, research director at the National Association of Letter Carriers, states that “service quality deteriorated and its stamp price rose to rank among the highest in the world.” In 1973, the Post Office had “delivered over 1 billion pieces of mail, or about 40
pieces per capita” but by the mid 1990s, the Post Office was “delivering just 350 million pieces, or about 10 per capita.” Argentines understandably responded to the Post Office’s problems by using it less, which only hastened the Post Office’s decline as investment in the postal system dropped. The Argentine Government embraced privatization as a guiding principle in the 1990s, and decided to sell the Post Office to a private consortium called the Macri Group in 1997.

The new owners committed to investing in improving the post, paying the government a bi-annual concession fee, and providing universal service. The World Bank became involved because Argentina appeared to be a good test case for its postal privatization agenda. It has promoted deregulation of postal markets and postal privatization, due to its belief in “the transformation of public postal authorities into market oriented and financially viable businesses.” The World Bank partnered with the Inter-American Development Bank and “supported the privatization through a $US 258 million financial package.” This inflow of investment into the Argentine Post Office after years of neglect brought initial improvements in service, but this trend did not last. Tim Walsh, Consignia’s former director of international affairs, states that in rural areas there was “no contraction of services,” but “discussions [were] … initiated with non-profit making rural collectives for the provision of postal services,” because there had not been “any significant roll-out of new addresses or postal outlets.” Macri had “expected to cover the cost of universal service” with “revenues generated by … corporate customers, direct marketing and logistics.” The chaotic nature of Argentina’s highly fragmented postal market, however, made such cross-subsidization impossible. By 2003, Pablo Fontdevila, the president of the Commission on Communications and Information Technology, acknowledged that “Argentina had moved backwards on universal service.” The state took control of the Post Office once again when Macri stopped fulfilling its contractual obligations, including the payment of its bi-annual concession fee. According to the Wall Street Journal, back under state management the Post Office “saw retail sales increase 6% and corporate sales grow 20.6%.” In 2005, the Argentine government announced that the Post Office would remain under state control “because of the excellent management that’s being carried out and, fundamentally, because of the results.”

The United Kingdom’s Post Office has long been widely recognized as a first-rate example of a successful, even beloved,
public service. Its chief executive could claim as recently as 1993 that it “is the best in the world.” With two deliveries every weekday, plus Saturday delivery, for one of the lowest postage rates in the world, he had good grounds to make such a claim. Under Prime Minister Margaret Thatcher the government was committed to privatization of the telephone system, gas system, water system, and so forth, but was unable to touch the Post Office because it was widely acknowledged to be a success. Nevertheless, despite (or perhaps because of) high regard for the Post Office, and its consistent profitability, the Conservative government began pushing privatization, leading the Guardian to report, “The plain and embarrassing political fact that the Government faces with the PO is that it is a public sector success story.” Once “New Labour” joined the effort the Post Office was indeed turned into a “public limited company” (however, all the shares are held by the government), and after 40 profitable years ran into financial trouble, recording its largest loss since its founding in 1635.

The postal market has been liberalized, and an earlier prediction of the former general secretary of the Communication Workers Union that, “If the Royal Mail is privatised, the second delivery will go” has proved to be correct – service has been reduced to once a day. A plan to close 3,000 inner-city post offices, called the “Urban Network Reinvention Programme,” was introduced in November 2002, and “the government is considering bailing out Britain’s network of rural post offices through an additional £300m in subsidies, enabling an estimated 2,500 vulnerable post offices to remain open until at least 2008.” In the “oddly enough” category, the Post Office decided to change its name to, “Consignia,” a move that cost close to 2 million pounds. “Consignia’s” chairman later admitted this “expensive rebranding was a failure and that the new name and logo had attracted derision.” It cost another “fortune” to change back to “Royal Mail.” The Independent has reported that new competitors are seizing “some of its [Royal Mail’s] biggest and most lucrative customers…. Royal Bank of Scotland, the country’s biggest single postal user which sends out 600 million mail items a year, has already deserted to the rival operator Business Post … [which] was launched only a year ago.” In 2002 (before Consignia reverted to Royal Mail), a report by the U.K. National Audit Office spelled out the dilemma inherent in deregulating postal services: “If competition is most pronounced for the most profitable services, Consignia could be left with insufficient returns to cover its overhead costs, and hence to finance remaining services without across
the board price increases that might further erode its competitive position.” It is highly likely that in a deregulated market competition will indeed be “most pronounced for the most profitable services,” and, as the Report clearly outlines, the impact of this reality would be dire. Postal customers around the world are well advised to take note of this Report’s inference.

PROFIT AS KING

Postal “reform” promoters appear to be quite comfortable with the negative results of postal deregulation and privatization apparent in other nations. Advocates of privatization have freely admitted that their plans would result in a reduction of postal services. AEI’s Rick Geddes has claimed that “maintaining universal service does not necessarily mean the maintenance of six-day delivery to all addresses or indeed any particular aspect of delivery quality.” In fact, in Geddes’ opinion, “universal service may actually mean providing excessively frequent service to addresses on unprofitable routes” Peter J. Ferrara, associate policy analyst at the Cato Institute and general counsel and chief economist for Grover Norquist’s group, had the distinction of being an early promoter of social security privatization. He has advocated his silver bullet privatization solution for the Postal Service as well, announcing, “would uniform national rates be retained in a private system? The answer is, such rates should not necessarily be retained.” Business school professors Michael Crew and Paul Kleindorfer conclude that serving residential postal users is not a market that businesses will be eager to enter: “we cannot see much if any interest in end-to-end single-piece service for residential customers.” “The essence of the postal service – universal service at universal rates – runs counter to privatization,” the Christian Science Monitor has editorialized. “Such a move likely would emphasize profit as king.”

The point of “postal reform,” that is in fact postal deregulation and privatization, is ultimately to eliminate the concept of government service. Applying the principle that the scope of the government should be reduced to the U.S. Postal Service would undermine this great American institution and prevent it from continuing its historic mandate “to bind the nation together.” Privatization also poses additional threats, such as the possibility of bankruptcy. A privatized corporation could
bankrupt itself, or simply decide to exit the postal services business entirely to enter an industry that executives hope will prove more profitable and/or exciting. A few years ago Montana Power Co. pushed electricity deregulation through the Montana State Legislature, sold its energy business, and terminated its commitment to being a public utility. 60 Minutes, the investigative television news magazine, reported that after over 90 years of operation, and decades of providing “cheap, reliable electricity for the people of Montana, excellent benefits for thousands of employees and generous, reliable dividends for its stockholders,” it exited the “stodgy” world of public utilities in order to enter the “glamorous” telecommunications business.211 The state never reverted to gas lamps, but Montana PIRG reports that “hundreds of workers have been laid off, schools and hospitals are facing soaring power prices, and consumers face a dramatic increase in their power bills.”212 The “glamorous” telecommunications venture went bankrupt, while executives made off with millions of dollars. The Great Falls Tribune editorialized that given the fallout surrounding the whole mess, “Montanans will be excused if they are angry and frustrated.”213

Private corporations, and unregulated ones at that, are free to jettison an entire business if they choose to, and the public will be left to cope with the consequences. Postal services are too vital to be left to the vicissitudes of capricious corporate decision-making. Potential foreign ownership poses further problems. When the Dutch Post was partially privatized through a public stock offering, “Foreign institutions took 65 per cent of the shares.”214 “Merchants have no country,” wrote Thomas Jefferson. “The mere spot they stand on does not constitute so strong an attachment as that from which they draw their gains.”215 Would it really be in the national interest for our postal system – a core component of our nation’s infrastructure – to be substantially, or outright, controlled by foreign interests? The American people understand the threat privatization of the Postal Service presents – a poll commissioned by the President’s Commission in May 2003 found that, “By 67% to 24% Americans reject transforming the United States Postal Service into a private company. A remarkable 53% strongly oppose the proposal, which is an unusual level of intensity. In fact, Americans express little interest in having private entities conduct even part of the Postal Service’s mail delivery tasks.”216 The American people’s skepticism about postal privatization is well founded.
Preserving the People’s Post Office
In its everyday work of delivering the mail and operating a national network of post offices the U.S. Postal Service provides many benefits to the nation that do not show up on the balance sheet in its annual reports. Despite the great importance of these benefits to the lives of Americans, these public goods are frequently overlooked when the purpose of the Postal Service is discussed. It is understandable that in our utilitarian society they can be undervalued and ignored, since these benefits aren’t easily assigned a dollar value. An accurate estimate of the value of the Postal Service should, however, take into account the less tangible benefits created by such features of the institution as a national network of post offices, the hundreds of thousands of letter carriers on city streets six-days-a-week, and the special postage rates for items that promote civic life and public welfare.

Recent polling reveals that “Americans have an overwhelmingly favorable view of the United States Postal Service.” Its citizens see the Postal Service in such a favorable light not solely because it delivers their mail, but also because of the many other ways it benefits their lives. Those who would like to see the Postal Service’s scope and operations diminished find it inconvenient to acknowledge its full role in our society. They seek to advance a narrow and distorted definition of the Postal Service that diminishes the role it plays in the real world. Economist Wesley Everett Rich stated decades ago that “this important activity of Government is more than a mere fiscal device, or even a vast industrial enterprise. It is a social force of great magnitude.” In its report, the members of the recent corporate dominated President’s Commission on the Postal Service continually emphasized the importance of the Service.
“staying focused” on its “core business,” which they defined as “acceptance, collection, sorting, transportation and delivery of letters, newspapers, magazines, advertising mail and parcels.” Everything else the Postal Service does was determined to be merely “incidental.”219 To call something “incidental” is to suggest that it is also “unnecessary,” and therefore “dispensable.” By establishing narrow and artificial parameters the Commission has excluded a point which is essential to any adequate appraisal of the Postal Service: That while, of course, the Service is focused on collecting and delivering the mail, it is an institution whose “incidental” benefits help create its value to the public it serves. These “incidental” benefits have positively impacted individuals and communities to an extent that make disregarding them in an analysis of the Postal Service not only a flawed, but an irresponsible position.

The Postal Service has been committed to a larger purpose since its founding. And its long-standing mission to “bind the nation together” was reaffirmed in the Postal Reorganization Act of 1970. Not only does the universal service obligation help “bind the nation together” through the facilitation of national communication, by its inherently democratic nature the very principle of universal service itself helps “bind the nation together.” The Postal Service is an institution that reaches every American on a regular basis, and it does not discriminate. All Americans are entitled to receive the same service. It is irrelevant whether they are rich or poor, rural or urban, black or white, young or old: all Americans are equal in the eyes of the Postal Service. This affirmation of democratic principle may be seen as “incidental” to the delivery of the mail, but it is an important principle which makes a strong statement to the American people that all will be served by the national government. The one government institution that touches Americans more than any other affirms our nation’s democratic aspirations by serving everyone equally; as Senator Ralph W. Yarborough once remarked: “For nearly two hundred years, the Post Office has stood as a symbol of our nation’s commitment that all people, regardless of their position or means, have [the] right to enjoy equally the services provided by our government.”

The postal system facilitates democratic values in other ways as well. Growing inequality and increasing segmentation of Americans along lines of income has reduced the number of spaces where people actually come into contact with those who do not fit their particular “demographic cluster.” Paul M. Weyrich, chairman of the Free Congress Foundation, believes
that “the public space,” which he defines as “anyplace where we do not control who we might meet,” is “important.” Weyrich states:

If we are to be citizens of a republic and not mere consumers in an administered state, we need to both have and want contact with our fellow-citizens. When life is privatized, lived largely or almost wholly behind walls, doors and security control points, society withers. We come only to care about ourselves and those who share our private space. What happens to the rest of the society is not our concern, so long as we are OK.221

The historian Christopher Lasch observed that, “Civic life requires settings in which people meet as equals.”222 Post offices help “bind the nation together” by providing such a setting, because they serve the entire population and do not limit their services to fit the tastes of one particular demographic.

THE HUB

According to Senator Harry Reid (D-Nevada), who grew up in Searchlight, Nevada, “over the history of our nation, post offices have come to symbolize and offer more than just the practical service of keeping people in touch with friends and family in distant locales, but have become the heart of the community.”223 Post offices have long played a central role in American life. Historian Richard R. John writes that in early America the post office was “a favorite gathering place for merchants, tradesmen, and other men of affairs…. In rural localities like Concord, Massachusetts, it was one of the ‘vitals of the village,’ as Thoreau observed.”224 To this day, in addition to playing a crucially important role in the provision of universal postal service, post offices continue to meet broader community needs. In fact the post office serves as the core of many small towns. The Washington Post reports that in Helen, Maryland, “the post office is synonymous with a town that is otherwise little more than a wide space in the road.”225 An article in the Atlanta Journal-Constitution about Rupert, Georgia’s post office explained: “a post office is more than a place to mail letters and buy stamps, especially in rural America. It serves as a community’s heart.” Rupert resident Don Barnes put the importance of his town’s post office in proper perspective: “If you do away with it, you’d do away with Rupert, really.”226 The
The existence of many towns is inexorably tied to their post office. “It’s part of their identity,” as Judy Rose, president of the village of Brokaw, Wisconsin, concisely put it.227

The Herald-Dispatch has editorialized that post offices play a vital role in many locales as “a community center where folks can say hello to one another.”228 The post office is a place where people cross paths with their neighbors, presenting an opportunity to catch up on local events and reaffirm the bonds of community life. “People come to pick up their mail, talk with friends and the postmaster and exchange information,” says Auburn University rural sociology professor Conner Bailey. “It’s kind of like sitting around the cracker barrel in the country store.”229

“I grew up in a town of 300 people and the post office was the center of our social life,” recalls Senator Byron Dorgan (Dem-NPL–North Dakota). “In my home town, the post office was the center of where people came and visited and exchanged views about things.”230 Senator Dorgan’s observation about the role the post office played in his hometown applies just as well to many communities today. Places like Sunol, California, where “there’s plenty of small talk – brief exchanges on local happenings”; and Lumberville Pennsylvania, where the post office, “is a hub of the community. It’s a place to pick up the mail, bump into the neighbors, grab a cup of coffee, and chat.”231 “It’s the only public place in Wellersburg,” says Bill Rowley of his Pennsylvania town’s post office.232 The post offices doubling as a community center is not a practice which is limited to small towns. According to resident Frank Draine, in Charleston, South Carolina’s Five Points neighborhood the postal station is “a little gathering place” which “gives you a sense of community.”233

Patrons not only appreciate the civic space the post office offers for conversation with fellow residents; they often enjoy the opportunity for interaction with postmasters and clerks who are central figures of the communities they serve. In Humarock, Massachusetts, patrons appreciate postmaster Bruce Westcott’s spirit of community service so much that they have been known to bake him apple pies. “It’s one of your last bastions of Norman Rockwell,” said resident Rich Torsney of the coastal town’s post office. Once when Torsney forgot his keys Westcott dropped them off on his way home from work before Torsney even realized they were lost.234 In Swayzee, Indiana, Trina Ritter appreciates being able to “go in and have a conversation with someone who knows her name and have more personal attention.” The employees at the Swayzee post office
demonstrated their desire to go the extra mile to make patrons feel valued and appreciated over Christmas 2004 when one of the clerks “played the harp, and they served cookies and punch.”

Etna, New York is a small upstate crossroads village. When Etna’s postmaster retired in March 2005 residents held a party in her honor. “It’s definitely going to be weird without her, she knew everyone,” said resident Robert Vantine. “We’re going to miss her.”

Post offices often play a particularly important role in the lives and daily routines of senior citizens. In Wayne, Illinois, postmaster Maryellen Wegener “alerts police when older resident fail to make regular pickups.” The local police chief acknowledges that “such calls are a key ingredient in his department’s well-check program.”

In Cohoctah, Michigan when Doris Sanford, “who uses two canes for walking,” arrives to pick up her mail it is brought out to her car by postal employees. In towns like Devol, Oklahoma, a postmaster can expect to get calls from elderly residents asking: “Did my medicine come in? Could you drop it by on your way home?”

The friendly face and extra concern for patrons in post offices that extends beyond their momentary presence at the counter is not only important to senior citizens, it means something to postal patrons generally. For example, in Rough and Ready, Nevada some patrons “just stop in to say ‘hi.’”

Post offices also provide “an outlet for some people to get out of the house and their yards. It gives them something to do.” The role of the local post office as a community center is shown to be perhaps more important than ever by the research of sociologist Robert Putnam, who has concluded that “the bonds of our communities have withered,” leaving most Americans to “feel vaguely and uncomfortably disconnected.”

For people like Ken Twergo of McCall, Idaho feelings of “disconnectedness” are lessened by their community’s post office. He sums up its importance to him and the rest of his town:

For decades [it has] served as the daily meeting place, the place where public notices are tacked to the board and where you run into people you haven’t seen. Where we do see each other is in the post office. That’s the gathering place. There isn’t a community center of any other sort in a lot of these towns. There certainly isn’t in McCall.

In a social environment of diminishing community spirit and “withering” social bonds, such as Putnam identifies, it is not surprising that people across America value their local post office as much more than simply a place to buy a book of...
stamps. They understand that their post office is a public space that is central to the fabric of their community’s life, and they value it as a dependable focal point of their social world.244 Unlike new electronic forms of communication, which some observers are concerned may actually be isolating individuals instead of bringing them together, postal services have a well-established track record of uniting people.

CLOSING THE HUB

In the late 1970s, the Wall Street Journal reported an internal Postal Service study had concluded that “without hurting service ... the agency could close 57% of the nation’s post offices, all in small towns.”245 During that same period Reuben Johnson of the National Farmers Union stated: “the role of the rural post office rises above the cost-analysis figures used by the Postal Service. The small post office often provides a central meeting place for residents of rural areas.... The communication built up through this type of informal gathering helps to sustain the sense of community.”246 The narrow “cost analysis” approach, and the idea that post offices are expendable to the Postal Service, has not been laid to rest in the intervening years. Apparently oblivious or indifferent to the importance of post offices, postmasters, and postal clerks, Henry J. Pearce, co-chairman of the President’s Commission on the United States Postal Service and chairman of Hughes Electronics Corporation, announced: “You don’t necessarily need post offices.”247 The Commission’s report asked, in a section provocatively titled “Freeing Postal Service from the Post Office,” if “most Americans ever have to set foot in a post office again?”248 It seems that as far as the Commission is concerned the answer should be a definite “no.” They did not see the Postal Service’s human interface as vital to the Service. The Commission suggested that post offices could be closed in favor of inferior substitutes such as automated self-serve kiosks and retail counters in convenience stores. But such “substitutes” would just not measure up to the task of replacing a place like the Rillito, Arizona post office and its postmaster Annie Shellberg. This small community was recently shocked by the murder of two of its residents. Fortunately, Shellberg was there to help the community cope with the traumatic event. She decorated the post office “with local people’s remembrances to the murder victims,” and arranged a community get together that
took place, where else, behind the post office. “Machines don’t replace people,” says Bob Levi, director of government relations at the National Association of Postmasters of the United States (NAPUS). “Ultimately the service is provided by human beings – postal employees – not machines.”

Contrary to the Commission’s opinion of their expendable nature, Americans value their post offices. Gesturing toward her post office, Anne Hudzik of Williamston, Michigan declared, “it is absolutely imperative that we keep these.” In August 1983, the residents of Yorkville, California were informed that their post office was slated to be closed. They opposed the closure, and their cause was aided by an action of Congress, which had ruled in 1976 that no post office can “be closed solely for operating at a deficit.” Congress was responding to a spate of closures that had left a void in abandoned communities and had generated understandable constituent outrage at the “community crisis” foisted upon towns by the closure of their post office. In these towns the post office could no longer serve its long-standing function, in the words of a New York Times story on the subject, as a place that “lures people down from the hills and isolated farms and ranches to meet and talk.” Congress also established a set of guidelines to govern post office closure. The Postal Service is now required to inform the community that it intends to close its post office, and can take no action until 60 days after the written determination to close has been made publicly available. Furthermore, the Service is obliged to hold a town meeting where residents are given the opportunity to voice their concerns.

This new framework does not work quite as well as it might appear that it would at first glance. Those who have experience with this process realize that all too often the decision has already been made, and the Postal Service is just going through the motions. They also understand that when post offices are being eyed for closure lack of profitability is at the top of the list of reasons particular post offices are selected. Appeal of a proposed closure may be made to the Postal Rate Commission (PRC) within 30 days after the determination has been made public. But the Postal Service is well prepared to make the closure happen, because it has been planning these closures for months before they are publicly announced. Local residents, on the other hand, have to quickly organize, educate themselves about their rights in the matter, and prepare a response, all in short order after the plan to close has been made public. Less than 8 percent of closures or consolidations are actually
appealed. Given community attachment to the local post office, this low number suggests that the public is not being made adequately aware of its right to contest post office closure. Not surprisingly, in light of the circumstances and procedures surrounding closure, the Postal Service wins the vast majority of appeals. This situation provides further evidence that all too often the public does not have the tools it needs to mount a successful challenge to post office closures. Despite unfavorable odds, however, Yorkville’s residents made an appeal to the PRC. In large measure because residents possessed “a mindset away from mall culture and market mentality – Yorkville’s citizens dug right in when their post office became an endangered species.” And they won their PRC appeal. The Yorkville post office is now located in a building that “also houses a community room and a fire hall.”

Other towns facing post office closure share the sense of frustration that Yorkville’s residents experienced. “Just because we’re a small town doesn’t mean we don’t deserve a service that has been here for 150 years,” exclaimed Laura Hartman of Little Sioux, Iowa when the Postal Service announced its plans to close her town’s post office. Little Sioux’s residents tried to save a service the national government had provided for decades by offering to build a brand new post office. When that offer was rejected they suggested putting it in the City Hall. But the Postal Service disregarded these alternatives and initiated the closure process anyway. Proposals to close the Devol, Oklahoma post office brought a remarkable proportion of the town’s residents out to a meeting – 150 of the town’s 165 residents. In La Madera, New Mexico when Cluster Box Units were being installed for what local residents suspected was the purpose of displacing the local post office, residents protested and successfully halted their installation. Residents feel so passionately about their post office in large measure because of all the “incidental” benefits the post office brings to their lives, as a community center, a source of identity, and a civic space belonging to them. When the Postal Service decided to construct a new post office in Deeth, Nevada, Marianne Johnson concluded: “I believe it is a statement of faith in our rural way of life.”

Despite obvious opposition to closure from the communities it serves, the Postal Service has actively been pursuing more discretion to close and relocate post offices. Postmaster General John E. Potter expressed his frustration to the President’s Commission that “you can’t close post offices for economic rea-
sons.” He has said, “I think that we have communities that are underserved and communities that are overserved … that’s an imbalance that we have to correct, but I’m hard pressed to find the money to open new post offices in growing areas.”

Growing communities going without post offices is a problem, and there are rapidly growing areas of the country that need more post offices. But Bob Levi at NAPUS points out “there is not as much commitment to serving communities by opening new post offices as there is to closing existing post offices.”

And while from a commercial standpoint the solution may be to achieve more “balance,” as Steve D. LeNoir, president of the National League of Postmasters has testified, “Post Offices must be measured by the service they provide to the entire nation and not be judged solely on financial considerations.”

“Rural people,” in the words of Senator James Abourezk, “rightly expect the same convenient service city people take for granted. The Post Office is the only government symbol in most small towns, and it is there for the benefit of the patrons, not of the Postal Service or the mailers.” Closing these facilities would undermine the Postal Service’s ability to provide service to millions of Americans. David Frederickson, the president of the National Farmers Union, has observed, “If the Postal Service can decide the fate of a post office strictly on the basis of revenue and without regard for the needs of the community, then the very concept of the local post office is at risk in rural America.”

Closure also ignores the importance of the local postmaster as a community leader and representative of the national government. A story in the Wall Street Journal once observed that the postmaster is “the only federal presence in many communities, the man to whom citizens turn for tax advice and help in filling out Social Security forms.” Senator Robert C. Byrd (D-West Virginia) has said: “I come from a rural area where the flag means something. And in many little communities, there’s the flag at the post office. That represents the federal government. That represents the man in the striped pants, Uncle Sam.”

LeNoir points out, “there are people in rural communities who can’t read or write. Postmasters help them read and answer mail, and fill out money orders. You can’t put a dollar value on that. And these people are often the people who are most lacking representation.” What residents understand, and the Postal Service too often forgets, is that post offices are integral to the Postal Service, not an expendable cost to be eliminated: They are an asset to the Service, not a liability. As Levi says, “the postal service is not a business; it is a service-provid-
ing agency.”

RELOCATION

Post office relocation has been another major source of contention. The Postal Service has relocated post offices without consulting the affected community or taking local opinion into account when making the decision. Back in 1996 events in Livingston, Montana brought national recognition to this disregard of local wishes when the community organized against the Postal Service’s decision to close its downtown post office, a National Historic Landmark, in order to open a new one on the outskirts of town. Due to the surrounding area’s growth the downtown building would soon be unable to handle the growing volume of mail. Unfortunately, instead of exploring options that would have allowed the historic post office to remain open, the Postal Service unilaterally decided to build a new post office outside of downtown Livingston. That was when local residents decided to act. They collected 1,500 signatures from Livingston’s 7,500 inhabitants in four days for a petition opposing the move. Residents were not only concerned about the need to preserve a historic building and maintain good service, they were also worried about the negative impact a move would have on downtown and local businesses. As one resident explained, Livingston has “a historic downtown that is very viable … losing the post office weakens the long-term viability. The only thing worse for downtown would be building a Wal-mart.” National Trust for Historic Preservation President Richard Moe has made clear the importance of post offices in helping to maintain downtown business districts: “Downtowns are the key to communities’ viability, and these post offices are the key to the downtowns.” Surveys of downtown shoppers conducted by the National Trust’s Iowa Main Street communities reveal “more than 80 percent of the people who shop downtown in the towns surveyed do so because of the post office.” Christopher M. Nevin, the Mayor of Hampstead, Maryland, has said the post office “serves as an anchor for your downtown…. It generates shopping downtown, it generates foot traffic. People go downtown to the post office and say, ‘I have to stop in Bob’s Variety Store.’” In Livingston, local business owner John Fryer called the post office “the anchor of our business district, the place where you meet your neighbors. Our heart and soul.”
Without post offices to draw people downtown, local businesses suffer and the surrounding area can begin to decline. Laura Skaggs at the National Trust explained, “The post office really serves as an anchor tenant for downtowns.” And when downtown business areas go into decline, the effect on local tax revenues can be harmful to the larger community, because property values decrease and sales tax revenues evaporate.

After a public outcry, and subsequent publicity on a national scale, the Livingston post office is still open. But not all communities that have opposed their post office’s relocation have been successful. On Cape Cod, the village of Wellfleet’s post office moved from its downtown main street location to a new shopping mall on the town’s outskirts. “The pulse of our community emanated from the post office,” said Kevin Rice. “When they moved it to Route 6 they tore the heart out of the town. What could be more symbolic of the paving over of America?” The residents and borough officials of Audubon, New Jersey tried to prevent their post office, located on Merchant Street in the town center, from decamping to a shopping center. Citizens collected 1,300 petition signatures in support of keeping the post office at its Merchant Street location, and the borough government attempted to work with the Postal Service on the issue. But the shopping center proved to be more “financially agreeable” and the post office was relocated. “They just put the nail in the coffin for any walk-in traffic for any of the stores [on Merchant St.],” said Charlotte Skeggs, a petition drive organizer. “I just feel sorry for the street. You’ve lost all anchors now.”

Pittsboro, North Carolina also lost its downtown post office to a replacement on the outskirts of town. The new post office was larger, and was able to offer more post office boxes, but as Bill McAllister reported in the Washington Post, “if you’re poor, or a downtown merchant, or elderly … the new post office is a calamity.” And a large part of the reason a new post office on the edge of town is a “calamity” is because the building is frequently located in the midst of suburban sprawl. Relocating post offices that have served their communities well from their established locations to sprawl landscapes is a policy decision with questionable repercussions, since these decisions help fuel sprawl’s further growth. And sprawl poses a significant problem for any number of reasons, including the reality that it is enveloping our most productive farmland – “1.2 million acres per year” according to the American Farmland Trust. Sprawl is “a major reason why motor vehicles emit one-third of the...
nation’s carbon dioxide, one-quarter of all chlorofluorocarbons, 40 percent of nitrogen oxides, and most of the carbon monoxide.”

And, as author James Kunstler writes, that “the jive-plastic commuter tract home wastelands, the Potemkin village shopping plazas with their vast parking lagoons, the Lego-block hotel complexes ... the Orwellian office ‘parks,’” that constitute these landscapes are perceived by observers to negatively impact our society aesthetically and spiritually.

Furthermore, locating post offices in sprawl poses a problem to postal patrons more immediate than broader public policy considerations: In too many instances it is simply difficult, and often unsafe, for residents just to get to these new post offices. In the particular instance of the new Pittsboro post office, “unless you want to walk along the red clay shoulder of a busy two-lane highway, the only way to get there is to drive.” The convenient access associated with the ability to walk to the local post office is lost when they are located in areas accessible only by car. This situation poses a particular problem to people who do not own or have access to a car – including many senior citizens and people with disabilities. In addition to an absence of pedestrian friendly features – such as sidewalks, crosswalks, and “Walk/Don’t Walk” signs – there are actually barriers prevalent in sprawl landscapes that discourage ease of movement and access, including an “absence of ramps for wheelchairs, lack of depressed curbs (periodic breaks in curbs that act as ramps),” and a deficiency of “access to mass transit routes.” In fact, sprawl is downright dangerous for pedestrians: A recent report by the Surface Transportation Policy Project reveals that “the most dangerous places to walk are metropolitan areas marked by newer, low-density developments,” i.e. sprawl landscapes.

Opening a replacement post office that is architecturally out of place with its surroundings can have the effect of damaging an area’s “unique character.” And as sprawl landscapes that look like every other sprawl landscape proliferate, the “unique character” of downtown areas is becoming more important to communities. James H. Bruns, director of the National Postal Museum, writes that at one time, “As the representative of the federal government, the post office building had to be impressive,” and in larger cities “post offices symbolized in the biggest way possible the prominence and the presence of the federal government on the local level.”

Under classifications developed by the Treasury Department in 1915, big city post offices were to be monumental: they had to be located on prime centrally located property, faced with an exterior of marble or gran-
ite, and contain interiors which included mural decorations, ornamental bronze work, and large public spaces. Post offices in smaller cities were also notable local structures. “These grand buildings in small cities,” writes Bruns, “were a tangible symbol of the federal government’s presence.”

Today’s newly constructed post offices are very uniform in appearance, and rather than concentrating on constructing a fitting representative of the national government, building them inexpensively is a key factor in their design. These “cookie-cutter” post offices create a problem when a long established and widely recognized post office is replaced by one that in terms of the distinctiveness of its appearance is startlingly similar to the pattern of likeness exhibited by fast food chains’ buildings. An article in the *Wall Street Journal* stated that the design of a new “postal store” is actually “meant to resemble a convenience store.” The Town Council in Hampstead, Maryland worked to keep their post office downtown, but they were not necessarily surprised when it was relocated, because, as the Mayor explained, “The Postal Service is building brand-new, cookie-cutter buildings on the outskirts of towns and moving out of town centers.”

All new post office buildings that are less than 1,500 square feet are actually identical factory-built, pre-fabricated structures. The Vermont League of Cities and Towns, the Preservation Trust of Vermont, and the Vermont Division for Historic Preservation have pointed out that in their state, the “uniform, one story ‘cookie-cutter’ building plan … surrounded by lots of paved parking spaces” that the postal service has favored for new post offices, simply “do not fit into the unique character of most Vermont communities.” In spite of the “cookie-cutter” approach, communities have been successful in getting the Postal Service to pay attention to the historic importance of post offices and their importance to an area’s unique character. In 1997, the Castine, Maine post office’s operations were scheduled to be moved into a larger building. The Castine post office had served the community for 163 years, making it the longest operating post office in the country. Local residents recognized the historical importance of their post office: over 600 of them signed a petition to keep it from moving. John Parish, the president of the Castine Historical Society, said, “this town is just simply representing the pulse of the nation in terms of trying to appreciate … what’s of value.” The Postal Service relented and agreed to keep the historic post office open, and, in a historically sensitive manner, built an addition to the existing post office in order to meet the need for more space.
The relocation of post offices without adequate community involvement created enough of an uproar that Congress got involved back in the late 1990s. At the time, Senators Max Baucus (D-Montana) and Jim Jeffords (I-Vermont), and Rep. Earl Blumenauer (D-Oregon) even introduced legislation on the issue. Their Post Office Community Partnership Act would give residents a greater voice in determining the fate of their post office. It has not been enacted. Although situations arise where post offices can become “expendable,” the closure and consolidation of post offices, and the wider implications of such actions, remain a problem. In Merced, California the Postal Service recently proposed closing the Bell Station, prompting the Merced Sun-Star to editorialize:

> We have to wonder if any of the postal higher-ups have actually surveyed the situation locally or talked to local employees or patrons ... The Bell Station post office has been on the National Register of Historic Buildings for 22 years ... It’s an architectural treasure that deserves to be preserved and enjoyed by the public for years to come ... Please, think twice about closing the 18th Street post office and give some serious thought about ways to better serve Merced’s postal needs than closing a local landmark.287

Post offices are not only necessary for the provision of universal service, they are important to the life of communities throughout America, both economically and socially. Their full significance is invisible to market logic, but no less real. A narrow cost-benefit calculus provides an inadequate and inappropriate measure of their worth. Plenty of America’s citizens and communities recognize this reality. The Postal Service should be organized in such a way that its decision makers can see beyond the commercial model that can restrict their vision.
Delivering More

Not only do hundreds of thousands of postal letter carriers deliver over 200 billion pieces of mail a year, their presence in neighborhoods and streets across America benefits the nation in many ways that do not show up when the Postal Service computes its earnings and losses, but do show up in literally life saving ways. “For more than two centuries,” an exhibit at the Smithsonian’s National Postal Museum states, “postal workers have maintained a constant and vigilant watch over America’s homes and businesses.” On many occasions a heroic letter carrier’s presence has meant the difference between life and death for the residents on their routes: Workers like Joel Jorgenson of Madison, South Dakota who recently summoned medical attention for a patron who had suffered a stroke. Postmaster Ron Moe said, “Joel watches his customers as though they were his extended family.” Postmaster General John E. Potter routinely sends letters to postal employees who act heroically. In a letter recently sent to a worker who responded to an attack by “six vicious dogs on a telephone service technician” he wrote: “The Postal Service has played an integral role in the lives of American citizens for over 225 years. Through the faithful completion of their daily duties, postal employees maintain and strengthen this proud tradition. Actions such as yours remind all of us of the ties that bind our country together.”

Carlisle, Pennsylvania, a small city west of the state capital Harrisburg, has been particularly fortunate to have letter carriers out and about on its streets delivering the mail. In May 2004, Roger Juntunen saved a man’s life when he pulled him out of his burning home to safety. Last February it was Paula Peiper’s turn to be a hero. When a resident on her route, 88-
year-old Merle Myers, didn’t collect his mail for a few days Peiper, “thought something was definitely wrong.”291 It turned out that Myers was lying on the floor after suffering a stroke and had become dehydrated. Luckily, due to her concern and actions paramedics responded in time. Myers’ daughter-in-law concluded, “if it wouldn’t have been for Paula, Pop would not be alive today.”292 And the letter carriers of Carlisle are representative of their fellow workers on a national basis, observant letter carriers are regularly instrumental in getting senior citizens the care they need after noticing that they have failed to collect their mail. Letter carrier Paul Leuenberger of Oceanside, California saved the lives of two residents in a retirement community in the space of a few months by noticing that their mail had not been picked up. Remaining humble after receiving an award in recognition of his service, he stated simply, “there are a lot of mail carriers who do this exact same thing every year.”293 Folks like Kevin Breitenstine, who, while he was delivering her mail, heard a 90-year-old customer’s cries for help. It turned out she had fallen into a cesspool. He called 9-1-1 and stayed with her until medical help arrived. His supervisor remarked, “I’m a former carrier myself and we just feel like that’s part of our job.”294 Tom Dybzinski noticed that one of the residents on his Cleveland route hadn’t picked up the newspaper from her driveway and he knew “she always picked up her paper.” When he knocked on her door there was no response, so he notified neighbors who got in touch with the police. It turned out that she had not been incapacitated, and, “Paramedics stated that she would not have survived another day in her condition and credit Dybzinski’s intuition with saving her life.”295 “Nobody has the relationship we have with the people out there,” says Robert J. McLennan, president of Buffalo/Western New York’s Branch 3 of the National Association of Letter Carriers. “Sometimes we are the only contact they have. It’s an invaluable link we have with the community.”296

Winters in Brainerd, Minnesota are frigid, so when Stephen Long slipped on ice while shoveling snow and was unable to get up, he had a very good reason to be worried, “I could have died of hypothermia,” Long said, “it was cold out.” Fortunately his letter carrier Greg Tarvas found him while making his rounds, and called 9-1-1. They discovered that Long had broken “his right femur in four different spots.” “The Postal Service can provide this type of help,” said Tarvas, “because we are at people’s homes every day.”297 Rural letter carriers also provide this kind of assistance. Ford Brevig is the rural letter carrier for a 94-mile route in southeastern Minnesota. Brevig found a woman
lying in her yard with a broken hip as he was delivering mail. He “called for help, got her a blanket and continued on his route after paramedics arrived.” In a similar situation, a 96-year-old lady on an isolated farm in Indiana may have had her life saved by her rural letter carrier when she fell on her porch and was unable to get back up. Luckily, Hans Geisler heard cries for help as he pulled into her driveway. He called the hospital and it was discovered she had broken her hip. “You look out for people,” said Geisler. “I was just doing my job.”

Letter carriers have been known to double as firefighters. Every year there are numerous instances when, because a letter carrier is in the right place at the right time, they are able to extinguish a fire that could otherwise have easily led to property damage, injury, or even death. Bill Rose was delivering mail in Madison, Wisconsin when he discovered a fire behind a local business. He sprang into action and “before the fire department could arrive on the scene, the blaze was extinguished.”

In Charlack, Missouri, Bryan Martin “was delivering mail along his route … when he noticed smoke and flames” in a house. He “was able to enter the home and rescue two children” from the house fire. Janice Glover was making a curbside delivery in Westchester County, New York, when “a screaming woman ran toward her, her blouse engulfed in flames … without hesitation, Glover wrapped the burning woman in her postal vest extinguishing the flames.” The woman had been the victim of flashback from her gas stove. Glover proceeded to enter the house, put out the fire, and call 9-1-1. Canton, Ohio’s John Maciag was delivering mail when he “spotted a dangerous fire consuming a wood pile in a patron’s backyard.” Maciag notified the wheelchair bound resident, telephoned the fire department, and “controlled the fire using a garden hose until the fire department arrived.”

Being at the right place at the right time doesn’t only help when there’s a fire. The presence of a letter carrier in the street can help in other ways as well. Steve Kirschner, a 56-year-old resident of Old Bridge, New Jersey, was attacked by two vicious pit bulls that were roaming the streets. Mail carrier Patrick McCarthy heard cries for help and immediately drove his “postal truck toward the commotion.” McCarthy managed to fend off the dogs; he “sprayed one with mace while the other ran away,” and then called 9-1-1. “What Pat did was a very brave thing,” Kirschner said. “It was really above and beyond. He risked his life.” Kirschner suffered bites to his chest, arms, and hands, and believes that if McCartney had not arrived on
the scene the outcome could have been much worse. “He liter-
ally saved my life. I was alone with two pit bulls. I know they
would’ve killed me.”

In Queens, New York, letter carrier Kelvin Jerez saw a boy being beaten up and robbed by four
teenagers. He called the police, and when the muggers were
captured he identified them. In Coeur d’Alene, Idaho, Stan
Benson “received a citation from the city’s mayor and chief of
police” in recognition of catching “a wanted juvenile running
from the police” while he was delivering the mail.

The family of five-year-old Dylon Weissgerber of Green Bay, Wisconsin
was grateful that a letter carrier happened upon Dylon when he
was lost. Bill Richards was delivering mail on his route when he
came across the child. Richards “called the post office, where
employees called police.” The mother said Richards “was defi-
nitely in the right place at the right time. Thank God. I don’t
know what he, Dylon, would have done if he wasn’t there.”

Having letter carriers walking the streets of cities and towns as
they make their rounds is a benefit even when they don’t hap-
pen upon a lost child, a dangerous situation, or a street crime,
because their very presence helps create safer streets. As the
renowned urban theorist Jane Jacobs pointed out decades ago,
“eyes belonging to those we might call the natural proprietors
of the street” are what make streets safe.

Letter carriers are “natural proprietors of the street,” and their regular presence in
public spaces prevents crimes and creates safer communities.

And letter carriers help communities in less dramatic ways as
well. Letter carriers are often a positive presence in neighbor-
hoods, where they are recognized and appreciated public fig-
ures. Rep. Shelley Moore Capito (R-West Virginia) has said, “I
know at certain times in my life I felt like if I did not see my
friendly mailman or mailwoman at my door, I felt like I did not
have a friend in the world.” “The men and women I repre-
sent connect with the community,” says William H. Young,
President of the National Association of Letter Carriers.
“They’re part of the community.”

In San Diego County, Jerry Morris (who once extinguished a house fire on his route
after noticing smoke) is a “friendly figure who gives out lol-
lipops, dons socks with ghosts and goblins at Halloween and a
Santa hat during the Christmas season.” Morris recently
received an award from his grateful community. “He absolutely
deserves it,” said a local resident. “Jerry is such a piece of the
community. Seeing his smile brings a smile to everyone.”

In Washington, D.C., the residents on Michael Wilson’s route
gave a surprise party in his honor. They feel that he is “special,”
and appreciate that although “we live in a big city … he makes
our neighborhood like living in a small town.” The reporter covering the neighborhood occasion for the Washington Post came to the following conclusion: “To be there day in and day out, to be part of the life of a family and community – there’s nothing grand about that, but it is heroic. Norman Rockwell, community, civil service heroic.”

PREFERENTIAL POSTAGE RATES

Benefits to society result from the delivery of mail that serves the public good at reduced rates. From the very founding of our nation the benefit to democracy and a healthy civic life that arises from the circulation of ideas facilitated by opinion publications was widely recognized. Biographer James Flexner reveals that George Washington “urged on Congress postal laws that would encourage ‘the transmission of newspapers to distant parts of the country.’” “The circulation of political intelligence,” the House of Representatives forecast in 1792, “is justly reasoned among the surest means of preventing the degeneracy of a free government.” Commencing that year, newspapers were allowed in the mail at postage rates which were so affordable that historian Wayne E. Fuller writes they “made possible the greatest proliferation of newspapers the world had ever seen.” In the words of historian Richard R. John, “the total volume of newspapers that printers sent to subscribers through the postal system was enormous.” “By 1840 the United States had more newspapers than any other country,” states Charles Sellers, professor of history emeritus at the University of California, Berkeley, “and almost twice the number of slightly less populous Great Britain.” The Congress established free in-county newspaper delivery for weekly newspapers through the mail in 1851, and preferable in-county rates are maintained to this day in the interest of promoting localism and civic engagement. Professor Richard B. Kielbowicz writes that, due to their public interest value, “Between 1863 and 1879 Congress liberalized the terms on which regular periodicals could use the mails and put newspapers and magazines on the same footing.”

Given the extent of present-day media consolidation, it is useful to note Alexis de Tocqueville’s observation that, “In America there is scarcely a hamlet that has not its newspaper.” This was an arrangement which allowed for “division of the influence of the press,” thereby prohibiting concentration of
political power in a select few newspapers. Media has evolved
to encompass many more outlets than the newspapers of
Tocqueville’s era, but as Senator Paul Wellstone observed, the
underlying principle has remained the same: “We depend on the
media for the free flow of information that enables citizens to
participate in the democratic process.” Today, when only a
handful of corporations dominate the nation’s media, preferable
postage rates for newspapers and periodicals, particularly small
independent ones that provide the largest contribution of ideas,
are all the more important as a means to promote the diversity
of voices and opinions democracy requires.

But these smaller publications are finding it increasingly dif-
ficult to survive because restructuring the Postal Service to meet
the wants of major mailers is cutting them out of the picture. There
are large commercial magazines that would like to see a
periodical discount based more on the size of mailings than on
the importance of editorial content. Sonia C. Solomonson,
managing editor of The Lutheran magazine, has written:

The U.S. Postal Service plays a key role in our democracy,
helping to circulate ideas, information, and insight through
the delivery of magazine[s] and periodicals.

These magazines perform a heroic service, ensuring that
ideas circulate, views are exchanged, and communities are
able to learn about each other. For high editorial content
magazines and newspapers which receive little or no adver-
tising revenue, and which must support costs on a small
subscriber base, equitable postal rates are critically impor-
tant to ensure distribution and production.

While independent periodicals make up a tiny fraction of
the total volume of mail passing through the Post Office,
we provide the lion’s share of information and ideas, the
distribution of which helps the post office to fulfill its his-
toric responsibility to serve the national interest.

Independent magazine and periodical publishers are con-
cerned that, at the behest of meeting market imperatives, the
Postal Service’s commitment to serving the public interest by
facilitating the circulation of these important sources of infor-
mation and opinion could be weakened. Richard Landry, exec-
utive director of the Independent Press Association, says, “there
is a long-term strategy from major media firms to change the
ground rules for periodical mailings.” The large commercial
magazines have repeatedly proposed that the long-standing un-
zoned editorial pound rate be replaced by “zoning for editorial material.” Such a change would allow large-circulation magazines to reduce their postage costs by bringing their magazines to postal drop-shipping facilities around the country. Small-circulation periodicals that cannot afford to do this, however, would end up paying more for postage. A further problem facing small-circulation periodicals is that they do not qualify for the hefty bulk mailing discounts that mitigate the effect of rate increases for large-circulation periodicals. Landry expresses concern about a potential situation where, “if you don’t have the print run or budget that allows for sorting and national drop shipping then you’re just out of luck.”

He’s not the only one. “I would always put a heavy emphasis,” stated President Jimmy Carter, “on the need for the Postal Service to provide to our readers of periodicals of all kinds that information without unnecessary financial burden. So, I favor the encouragement of a dissemination of news with beneficial postal rates.”

The Postal Service has a long-standing practice of giving non-profit publications preferable rates. Congress first exempted non-profit publications from the normal rate statutes in 1894. Proponents of the change argued that these publications were of “public character,” and were “issued and disseminated not for the purpose of making a pecuniary profit but for the dissemination of information.” In 1917, an entirely separate rate subclass was established for non-profit mail. There have been a number of changes in the particulars of non-profit rates over the years, but the principle of preferred rates has been maintained due to recognition of the positive benefits non-profit organizations and their publications provide to our democracy and society. These rates are vitally important to the existence of the non-profit organizations our nation depends on to provide social services, promote education, and support the arts. The large role non-profits play in American society is indicated by the fact that over 12 million Americans are employed by non-profits providing important health, educational, social, and cultural services. Lester C. Hess, Jr., past national president of the Benevolent and Protective Order of Elks, says, “to a large extent, they [non-profits] depend upon the U.S. mail, particularly nonprofit standard and periodical mail, for their existence.” Non-profit rates provide sustenance to non-profits because they allow them to send out the mailings that are the primary means these organizations use to raise funds and communicate with their membership.

Numerous civic groups have been established and have
grown as a direct result of their ability to make use of non-profit rates to recruit members and raise funds. Consumer movement leader Colston Warne stated that for Consumers Union, “in the early days, the greatest source of our revenue was direct mail ... direct mail sales were a central element in our survival.”

In the early 1970s, a wave of new civic groups determined to organize average citizens in an attempt to challenge the power of corporations and the government successfully utilized non-profit rates. When civic leader John W. Gardner founded Common Cause in 1970, non-profit mail helped him recruit 100,000 members to join the fledgling organization in less than six months. Consumer advocate Ralph Nader started Public Citizen a year later, and the organization’s growth was aided by non-profit postage rates. Organizations spanning the political spectrum from the Gun Owners of America to Handgun Control, and from Greenpeace to the National Conservative Political Action Committee all made use of the postal system in a similar manner. Peter Bahouth and Andre Carothers of Greenpeace once called mail “a lifeline for the growth and preservation of the nation’s ailing tradition of citizen involvement in public issues.”

There are other nations where civic involvement has not benefited from the non-profit mail class. Duff Conacher is the coordinator of Democracy Watch, a Canadian group advocating democratic reforms. He points out that “the magazine industry here benefits from a special rate,” and states, “a special mailing rate for non-profit organizations in Canada would help non-profits.” Without a broad public service mandate the Postal Service would have little or no reason to offer non-profits the lower postage rates they have traditionally received.

Similarly, books have fallen under a special rate class for decades because of the policy of employing the Postal Service to promote public interest priorities such as learning and education. The American Library Association (ALA) long argued that library materials were deserving of the same government support accorded to newspapers and magazines. In 1928 a library rate was introduced in order to make library materials more widely available. It allows items to be mailed between academic institutions, public libraries, and museums at preferable rates, and is presently called “Library Mail.” “Media Mail” also promotes the circulation of materials with educational value like books, film, printed music, printed educational charts, printed test materials, video and sound recordings, and play scripts, by offering a reduced uniform rate structure for these items. Its introduction was advocated by a coalition that included such
groups as the ALA, National Association for the Advancement of Colored People, American Association for Adult Education, American Association of University Professors, Carnegie Corporation, Association of American Colleges, and National Catholic Education Association. President Franklin D. Roosevelt, who believed the special rate served “the interests of the public, in the promotion of the cultural growth, education, and development of the American people,” created this rate class through presidential proclamation in 1938. Another class of mail for those who are blind or unable to read standard printed material because of a physical handicap allows them to send and receive free mail matter. The benefits of these classes of mail to individuals’ and our society’s welfare are incalculable, and there would have been little place for their establishment if the Postal Service’s activities had been based on the profit motive.

The corporate sector and its values are not a reliable source of wisdom on how to best run our society. As Ralph Nader has written: “Any culture that surrenders its vision and its self-sustaining human values to the narrow judgment of commerce will be neither free nor just.” The Postal Service provides benefits to American society that are incalculable, but go either unrecognized or ignored by those who see only the mercantile side of the institution. And just because these benefits cannot be easily measured or quantified does not make them any less real. Unfortunately, the importance of these “incidental” benefits has too often gone unacknowledged. The true value of the Postal Service to the nation is to be found by surveying its total institutional impact, and, therefore, must necessarily include the vital role post offices play in communities, the importance of postal employees to the communities they serve, the benefits of special rate classes to a diverse and functioning democracy, and all the other ways we truly profit from the U. S. Postal Service.
Preserving the People’s Post Office
Corporate Mailers Demand More

Senator Byron Dorgan (Dem-NPL–North Dakota) has stated: “The Postal Service ... helps knit this nation together through the concept of universal service. It is imperative, it seems to me, that the post office – the Postal Service remain a viable and a robust institution.”332 The Postal Service currently faces challenges created by “electronic diversion” – “the shift of what was once sent by physical mail to other media” – which is frequently forecast as spelling the end of the Postal Service.333 This prediction is based on the assumption that people do not, or soon will not, need or want to receive and send physical mail anymore. The Postal Service has survived numerous other technological changes – such as the telegraph, telephone, and fax machine – over the course of its existence. And despite claims to the contrary, mail’s vital role in our country seems likely to continue into the foreseeable future.334 Elements of the mailing industry – large corporations that send large volumes of mail (referred to as “major mailers”) – have taken advantage of a widespread acknowledgement of technology’s potential impact on the Postal Service to promote the urgent need for a particular kind of postal “reform.” The brand of “reform” these major mailers seek could, however, jeopardize the Postal Service’s ability to continue providing universal service to Americans, and to “remain a viable and robust institution.”

THE “DEATH SPIRAL”

Big mailing corporations have claimed that the Postal Service is entering “a death spiral” in which the number of delivery
points continues to increase as a result of population growth and new construction, at the same time that electronic diversion is causing mail volume growth to stagnate, precipitating a crisis where future revenues will be unable to meet increasing demands for service.\textsuperscript{335} The mailing industry has aggressively pushed the idea that the Postal Service is facing an imminent crisis through the work of such entities as a “Mailing Industry CEO Council” that has “developed message points” which allow its “industry leaders to address influencers and policy maker ‘with one voice’” about the need for postal “reform.” The Council has organized to counteract “those in the postal world who seem content with the status quo,” because, “Those voices of inaction must not be allowed to drown out the chorus for reform.”\textsuperscript{336} Proponents of a “death spiral” point out that in recent decades the Postal Service depended on expanding mail volumes to fund the extension of service to new delivery points, and that the General Accounting Office (G.A.O.) has concluded that “USPS’s basic business model is not sustainable” in an environment where mail volume is declining, because the business model “assumes that rising mail volume will cover rising costs and mitigate rate increases.”\textsuperscript{337} But the American Postal Workers Union has pointed out: “There is concern that for some unspecified reason, the continued growth in delivery points cannot be financed. The implication is that the new delivery points bring no new volume and no new revenue to finance them. That implication is false.” Even if the decades-long increase in mail volume per delivery point ceases, the Postal Service would not necessarily be locked into a “death spiral.” Pieces of mail per address do not need to grow exponentially for the Postal Service to continue operating as it has without enacting radical changes. All that is required to maintain the current system is for “new delivery points on average” to be “getting as much mail as all previous delivery points.”\textsuperscript{338}

The imminent demise of the Postal Service due to technological change has been predicted before. From nineteenth century concerns about the telegraph’s development to more recent times, such as the 1970s when there was concern that telephones, fax machines, and developing electronic communication methods would make mail obsolete, the impending passing of mail has been announced repeatedly.\textsuperscript{339} In 1976, Postmaster General Benjamin F. Bailar proclaimed his “doubts ... that the total volume of mail will ever again reach its 1974 peak of 90 billion pieces.” He predicted “that four or five years from now it will drop to 83 or 84 billion pieces ‘and never recover.’”\textsuperscript{340} Sounding much like the current heralds of an
inevitably collapsing mail volume, Bailar said that this coming
decline would necessitate “examining the way the Postal Service
operates…. Do all Americans really need six-day-a-week deliv-
ery? Do we really need 40,000 post offices, stations and branch-
es? Should all first class letters cost the same?”341 His predic-
tion was proven to be quite inaccurate when pieces of mail per
capita “increased by about 13 percent, from 418 pieces per per-
son in fiscal year 1976 to 480 pieces in 1980.”342 Mail volume
has more than doubled since Bailar’s prediction of inevitable
collapse, and has regularly been over 200 billion pieces in recent
years. In 1981, the G.A.O. “projected that the private sector’s
expansion of electronic mail services would ‘divert’ up to 28.3
billion pieces of first-class mail annually by the year 2000.”343
This prediction also proved to be off the mark, as first class mail
volume was only 61 billion in 1981, but it had increased to over
103 billion pieces by 2000. In 1998, a story in Time
announced: “Electronic mail … could replace 25% of ‘snail
mail’ by 2000.”344 That didn’t happen either.

Notwithstanding these erroneous predictions of mail’s
demise, greater familiarity with new web-based technologies,
computers, and the World Wide Web does present the possibil-
ity of influencing traditional mail through such potential mech-
anisms of “electronic diversion” as e-mail and online bill pay-
ment. Mail’s importance, however, does not appear to be disapp-
pearing, even for those people who have made the “transition”
to the online world. Mark Wiker of San Francisco banks online,
and he would “rather not receive any important communica-
tions from the bank by e-mail.” “I get tons of e-mail,” explained
Wiker. “Lots of things can slip by and not get seen.”345 Pitney-
Bowes, Inc. is a company which has demonstrated its belief that
mail does have a future by making a commitment to staying in
the mail business. Its CEO, Michael J. Critelli, has said, “When
I joined Pitney Bowes 22 years ago, people were discussing the
paperless society … I believe paper has a long future.”346 He
claims that evidence demonstrates Internet use actually increas-
es mail volume:

As society becomes more technologically savvy, it was pre-
dicted that the Internet would be used more than mail.
Evidence shows exactly the opposite. The more technolog-
ically savvy a person is, the more that person sends and
receives because mail volumes vary with income levels. The
higher the income, the more the mail.347

Critelli demonstrates that mail usage is not predicated on age,
because “mail follows money.” He writes: “our analysis indi-
cates that in the United States, every generation is using more mail as it ages and incomes increase.” And making a point that could be applied to other potential candidates for electronic substitution, Critelli rejects the notion that electronic bill paying will take the place of traditional paper bills, since, “Many people just like having their bills printed on paper. Even those who pay electronically like to get their bills physically so they have a record.”

Contrary to forecasts of paperless offices, computers actually increased the use of paper in the workplace. James Fallows, correspondent for The Atlantic Monthly, reports:

The eclipse of “snail mail” in the age of instant electronic communication has been predicted at least as often as the coming of the paperless office. But the consumption of paper keeps rising. (It has roughly doubled since 1980, with less use of newsprint and much more of ordinary office paper.) And so, with some nuances and internal changes, does the flow of material carried by mail.

Fallows concludes that in certain respects, “The Internet and allied technologies ... are increasing the volume of old-fashioned mail.” It is conceivable that new electronic communication methods may, contrary to expectations, not end up replacing mail, but actually generating new mail. Paul Saffo, director of the Institute for the Future, predicts, “the more you communicate electronically, the more you’re going to move stuff around.”

Personal letters are still the only means of written communication used by millions of Americans who are not currently, and are unlikely to soon become, “technologically savvy.” And there are observers who believe that the proliferation of e-mail has actually enhanced the value of personal letters for those who use e-mail. Columnist Mike Wendland thinks, “Handwritten letters say, ‘I have time for you. I’m going to stop what I’m doing, not multitask, concentrate on just you and put these words on paper by my own hand because I care.’”

Instructively, a recent story in the Washington Post reported, “In The Art of the Handwritten Note, letter-writing expert Margaret Shepherd describes a survey in which 1,000 adults were asked how they wanted to receive their Valentine’s Day sentiments. Nearly 9 out of 10 preferred a handwritten note or a greeting card.” Perhaps this is because, in the words of college student Narissa Schmidt, “Writing by hand is a sensual experience. When we write by hand we touch each word, craft each letter,
caress each curve and line ... The act of putting pen to paper becomes a form of expression.” \(^{354}\) In a Columbus Dispatch column Kevin Kidder expressed his view that physical letters will not disappear:

> In a world littered with e-mails and instant messages, I still prefer receiving a good old-fashioned postmarked letter. One with a stamp on it, instead of a printed meter mark, is even better…. Letters force people to sit down and actually think about what they want to write and how to put it on paper…. Because handwriting takes more time, the thoughts expressed are inherently more coherent…. That’s not to say I eschew e-mail. I use it all the time. I’m a member of the so-called Generation X, and I embrace a technology that lets me stay in touch daily with friends…. I must send thousands of e-mails. So far, though, they haven’t supplanted my letters, just complemented them. If quick was all I wanted, I could pick up the phone. That method of communication has been around for about a century.\(^{355}\)

Kidder alludes to the fact that the telephone’s introduction did not cause people to stop using mail. According to Ronald R. Kline, professor of the history of technology at Cornell University, when telephone lines were installed in rural America the result was not the displacement of mail, because the telephone “complemented rather than replaced RFD [Rural Free Delivery].” \(^{356}\)

While there is much evidence which challenges the premise that new technologies will displace mail by substituting for it, the mail “mix” remains important due to the fact that although different mail classes are supposed to be self-supporting, institutional costs are shared by all classes of mail because they all utilize the same postal infrastructure. Since various costing methodologies produce conflicting results, often favoring the particular group advocating a specific method of allocating costs, the distribution of costs between mail classes is a political decision. First Class Mail contributes proportionally more to the institutional costs of maintaining the Service’s infrastructure than any other class of mail. Because large mailers utilizing Standard A Class Mail (bulk mail such as advertising and newsletters formerly called Third-Class mail) pay a lower proportion of institutional costs, some postal experts have argued that they are subsidized by First Class mailers. Gary B. Pruitt has stated on behalf of the Newspaper Association of America, that
A failure to attribute costs properly between First-Class and Standard Mail largely as a result of incorrect or out-of-date costing information … [combined with] a long history of placing an excessive burden of the ‘institutional’ or overhead costs of the system on First-Class … [has] kept First-Class Mail rates too high and … resulted in preferential rates for saturation mailers using Standard Mail.357

Institutional costs require around three additional pieces of Standard A to substitute for the loss of one piece of First Class Mail, making a decline in First Class mail volume for three straight years prior to 2005 a troubling trend.358

Electronic diversion may be the culprit responsible for recent declines in First Class Mail. A shift to less expensive Standard A Class Mail, however, also seems likely to have had an impact, as its volume increased over the same time period by an amount virtually identical to the decrease in First Class Mail. Some observers believe that the declines in mail volume witnessed during 2002 and 2003, and declines in First Class volume in 2002, 2003, and 2004, are a sign that mail volumes will decrease from this point forward. They are convinced that technological change has finally made the Postal Service an anachronism. There are others who contend that recent downward trends in mail volume simply reflected the typical cyclical decline in volume that occurs whenever the economy suffers. Mail volume has historically been closely linked with economic conditions. The only years when mail volume has dropped off have been periods of economic downturn: From 1930-1933 during the Great Depression, in 1975 during a recession, in 1991 during a recession, and from 2002-2003 during a recession and following 2001’s terrorist attacks and the ensuing anthrax scare.359 William Burrus, the president of the American Postal Workers Union (APWU), believes “it is premature to make a final determination on this matter [mail volume’s trend].” He has maintained that “the terrorist attacks of Sept. 11, 2001, the anthrax attacks a month later, and a severe recession created a unique set of circumstances that could not serve as a predictor of future mail volume.”360 His analysis could prove to be correct: The Wall Street Journal reported that at the end of 2004, mail volume saw its “strongest gain in 15 years,” as, “Overall mail volume rose 5.5% … fueled by a spike in November that was attributed to the recovering economy.”361 In 2005, three years of declining First Class Mail volume were reversed and total mail volume hit a record high.
The position of postal management on what actions should be taken to ensure the future viability of the Postal Service reflects a conception of the agency as a client of the major mailers. Management has gone to great lengths to serve those it sees as its customers—big mailing corporations—in a fashion more to their liking. The Postal Service “partners” with the mailing industry in events specifically designed to ensure that the industry’s concerns are heard, like the National Postal Forum (the industry tradeshow). These efforts can be justified by stating that the Postal Service’s customers are really the major mailers, because even First Class Mail is now largely generated by them, with the majority of it comprised of bills, statements, and other business generated mail. Of course, such an attitude makes the hundreds of millions of patrons who actually receive this mail second-class stakeholders of the Postal Service, because the aspects of the service that primarily benefit residential patrons are seen as being expendable when they conflict with the wishes of major mailing corporations.

In 2001, Deputy Postmaster General John Nolan and Pitney-Bowes’ Critelli jointly announced the formation of the “Mailing Industry Task Force.” Nolan reported that the Task Force, “shared knowledge, resources, effort, and made great strides to meet our objectives to better respond to customer needs, to make mail more competitive, and to help unify this industry.” Capital One COO Nigel Morris declared that on the Task Force, “the partnership has been extraordinary.”

The overarching concern of major mailers when it comes to postal issues is getting lower postage rates for themselves. The Task Force produced a report which “concluded that the Postal Service had to be able to price its products and services more flexibly.” The Postal Service’s “Transformation Plan” reflected this concern when it proposed a “Corporate Pricing Plan,” a move that was applauded by the Task Force. APWU’s Burrus, however, described the “Corporate Pricing Plan” as “a polite way of excusing business mail from contributing to the institutional costs of maintaining the Postal Service.”

The major mailers would like to redesign the mail system by redefining the very principle upon which the rate-making process is based: cost-averaging all mail. Every piece of mail has a unique cost associated with it. Although some mail is more expensive to sort, deliver, transport, etc., because univer-
sal service is the principle governing the Postal Service, First Class Mail has a uniform postage rate. The cost averaging of all mail, including institutional costs, makes uniform rates possible. Major mailers would like to reduce institutional costs (and therefore their rates) by eliminating much of the postal infrastructure that makes universal service possible, but that they do not use. They would like to further trim their rates by altering the rate structure so that their contribution to the Postal Service’s institutional costs would be reduced. Although a separate rate class for big mailers already exists due to discounts available for bulk mailings, the mailing industry would prefer the establishment of a completely new rate making structure. Mailers would prefer one which allows them to pay only the incremental costs (the costs specific to processing each individual letter) that their mail incurs. They call this arrangement “bottom-up pricing.”

In this arrangement, “additional fees or surcharges are added for optional mail processing and transportation services.” This would mean that the uniform rate structure would be done away with, and the individual mailer who drops a single hand addressed letter in a mailbox would have to pay extra surcharges for having the letter collected, sorted, and transported, while the major mailer who presorted and bundled their mail and then deposited it close to its final destination would only have to pay for delivery by the letter carrier. Such a practice would change the way that postal rates are currently determined by eliminating cost-averaging as the basis of the system. The nation’s postal system would no longer be designed to provide universal service. “Bottom up” pricing would give big mailing corporations lower rates at the expense of altering the entire Postal Service. As Burrus has stated, “bottom-up” pricing “would actually relieve the largest mailers of any responsibility for the costs of maintaining a universal system. It would almost certainly result in surcharges for service to rural communities and low-volume post offices. Such a structure would be tantamount to proposing that public education be funded only by those who have children in school.”

The major mailers also want to pay even less for the current arrangement whereby they receive discounts for sorting their mail before handing it over to the Postal Service. The postage paid on letters from mailers who send bulk mailings is often considerably lower than the going rate citizen-consumers pay to mail letters themselves. Discounts for First Class Mail can approach ten cents. Major mailers get these discounts by
bundling their mail based on its destination and attaching bar-codes before presenting it in bulk to the Postal Service. This practice is called “worksharing” by the industry. These discounts were initiated in 1976 on the grounds that those mailers who lessened the Postal Service’s expenses should be “compensated.” Then-Postmaster General Benjamin F. Bailar stated: “We must recognize the principle that those who relieve the Postal Service of some of its costs should be compensated accordingly.”368 During this same time period a low-cost “citizens rate” postage proposed by President Jimmy Carter “for use by individuals only, as a means of reducing the burden of rising postal costs … [and] seen as a way to help the smallest mail users,” was opposed by business groups, and was rejected.369

The pre-sort discounts have increased over time: when they were first introduced they amounted to “one cent per piece for each presorted item.”370 Postal Service management justify pre-sort discounting on the grounds that it increases mail volume, which they maintain allows for lower rates because costs are distributed over more pieces. It has also been suggested that because postal officials like to think of themselves as running a large business they are inclined to believe “that high volume is good in and of itself.”371 But the principle governing discounts has always been that the contribution to the overhead or institutional costs of the Service should be the same for a pre-sorted piece as for a non-presorted piece, because otherwise postal users who are not receiving pre-sort discounts are left paying the pre-sorter’s share of maintaining the Postal Service. Individual and small business postal users are not typically able to take advantage of pre-sort discounts. The National Federation of Independent Business told the President’s Commission: “Most small businesses do not have the size of mailings to take advantage of these rates directly, or do not have the personnel required to pre-sort their mail.”372 And residential users receive no discount when they mail automation-ready return envelopes.

Not only are such discounts unavailable to the vast majority of postal users, there is a concern that the discounts offered to the minority who do receive reduced rates are in excess of the costs avoided by the Postal Service for not having to perform the work.373 If the discount is in excess of the Postal Service’s avoided costs, other postal users end up having to absorb the shortfall. Consequently, if an excessive discount has been awarded, non-incremental costs (the cost specific to only that one additional piece of mail) have been shifted from the mailer who received the discount to other postal users. Because insti-
tutional costs fall on these mail users when discounts are excessive, determining the extent of any pre-sort discount based on the cost avoided by the Postal Service due to pre-sorting is imperative.

The APWU has raised concerns that discounts in excess of costs avoided are being handed out. It claims that discounts offered for mail with little need for manual sortation are unreasonably large. The APWU calls attention to the fact that major mailers’ postage rates have increased substantially less than overall postage rates: general postage rates have matched inflation, while major mailers have seen their postage increase at well below the rate of inflation. They also cite the problematic nature of a situation in which big mailers receive “$1,500 per hour for applying bar codes when it costs only $30 per hour for postal employees to apply the bar codes.”

Burrus says, “billions of dollars of investment in sorting has reduced Postal Service costs dramatically over time, while discounts have gone up. It used to cost say six cents to process what now costs maybe two cents, but the Postal Service is still giving a six cent, seven cent, eight cent discount.” He concludes that “the large mailers are not paying a pittance of the costs they should be, and as a result the Postal Service is losing billions of dollars a year.”

The explanation for the excessive nature of these discounts lies with the piece of mail used to determine them. The APWU believes that the proxy currently used is not appropriate. It argues that a “clean” piece of business mail that is 100 percent machinable and entered directly into the mail stream at a postal facility in sorted trays should be used as the “benchmark” to calculate discounts, because it most closely approximates a piece of mail that shares the characteristics of pre-sorted letters that are avoiding further processing by the Postal Service. The proxy used to determine discounts, however, may be machinable or nonmachinable, have typed or handwritten addresses, and be delivered bundled or in single pieces (and may even be dropped in mailboxes). The argument is that this mail requires additional processing, making it inappropriate as the measure against which discount determinations should be made. Postmaster General John E. Potter has estimated that a total of $17 billion in presort discounts is handed out every year, and Burrus believes that excessive discounts “total about $1 billion a year.” Former Postal Service Chief Financial Officer Michael J. Riley has stated: “Excessive discounts are a major cause of the current financial problems of the Postal Service.”
The practice of giving pre-sort discounts to major mailers presents further reasons for concern. As Burrus points out, times have changed since the introduction of the discounts:

During the 29-year period that postage discounts have been in effect, manufacturers in virtually every industry have added bar codes to their products – bar codes that are used by the retailer – with no cost reduction. Manufacturers who affix bar codes to cans of peas don’t get a discount because they make it easier for grocery stores to track purchases and conduct inventory, and publishers don’t get discounts because they add bar codes to the covers of the books they provide to bookstores. Computerization has transformed bar codes from an added identifier to a routine means of identification.\textsuperscript{378}

Moreover, the Postal Service has invested billions of dollars in automation since 1976, which reduces the financial benefits the Service derives from pre-sorting. The Postal Service still hands out large discounts to major mailers and pre-sort bureaus, even though an in-house infrastructure that could be doing the work is going unused. According to C. J. “Cliff” Guffey, executive vice president of the APWU:

In the 1990s, postal management announced plans to invest in an automation system that would process virtually 100 percent of the mail very efficiently.

This $18 billion investment was in machinery that could bar-code, sort, and distribute mail. But while it was making the transition to automation, the Postal Service decided it could generate more business and save money by providing temporary discounts for companies that applied bar codes themselves and pre-sorted their mail. USPS customer-service reps traveled around, showing companies how to reduce their costs, which at the same time reduced Postal Service revenue.

More than a decade later the discounts remain in effect and the private companies are still applying bar codes and pre-sorting approximately 80 percent of the mail. By my calculations, that means the Postal Service bought 80 percent too much capacity and overspent by $14.4 billion.\textsuperscript{379}

The G.A.O. attests that “Worksharing contributes to excess capacity because mail volume bypasses operations that occur early in the processing and, in some cases, as with dropshipping, mail volumes bypass entire plants.”\textsuperscript{380}
There has also been an ongoing problem of postal facilities accepting mail for discounts that does not meet the standards of preparation established by the Postal Service for receiving discounts. The G.A.O. reported on this issue back in 1982, at which time it found “that 65 percent of presorted mailings should not have received discounts,” but did receive discounts.\textsuperscript{381} A more recent G.A.O. report issued in 1996 revealed that problems with the acceptance of pre-sorted mail for discounts had not disappeared: “40 percent of the required presort verifications of business mailings that we reviewed were not performed and … many rejected mailings were resubmitted and accepted into the mail stream without proper corrections or postage.”\textsuperscript{382} A further dilemma posed by pre-sorting discounts is that while it is true that if they are properly implemented discounts do reduce the Postal Service’s costs, they also reduce its revenues, revenues that could be applied to maintaining and improving the Service. Moe Biller, past-president of the APWU, once described pre-sorting as: “creating jobs and industry in the private sector that the Postal Service used to do itself.”\textsuperscript{383} Burrus says that Biller’s analysis is still true today. He calls pre-sorting “an artificial way of generating profits in the private sector.”\textsuperscript{384}

MORE CORPORATE WELFARE

A number of the Transformation Plan’s other proposals point to the intensive effort to reduce the postage costs of big mailing corporations. An emphasis on making changes that would shrink the institution was evident throughout the Transformation Plan. It announced an initiative to reduce the number of post offices available to serve patrons by lifting the moratorium on post office closings that the Service had imposed on itself in 1998 in response to pressure from civic groups. “A rigorous network optimization process,” it declared, “will be used to ensure that the Postal Service provides the right level of retail access at the least possible cost.”\textsuperscript{385} Major mailers do not use most post offices, so they see them simply as a burden to be eliminated in order to reduce institutional costs, and therefore allow for the low postage rates that they are constantly seeking from the Postal Service. The big advertising mailer Valpak has expressed its frustration at the unwillingness of Congress to allow mass closings of postal facilities, claiming, “Such restraints send unmistakable signals that the Postal
Service is still very much a government agency, and that Congress considers numerous policy/political objectives more important than improving productivity and efficiency. The mailing industry is not interested in the Postal Service being a public service, because this role “burdens” it with social obligations that “distract” it from focusing exclusively on major mailers. Howard Draft, CEO of Draft Inc., and a former “Direct Marketer of the Year,” perceives post offices to be a burden: “You’re stuck with these 38,000 locations,” he once remarked. Apparently Postal Service management agrees with this assessment of its post offices, because it has promoted “self-service” as part of a campaign dedicated to “increasing awareness of retail alternatives” in order “to move simple transactions away from the retail counter.” The Postal Service acknowledges that closing post offices may not be popular with the millions of people who use post offices, so it “will require the Postal Service to change customer behavior—particularly the mindset that all stamp purchases and mailing transactions must take place at the post office.”

The Postal Service has also determined that, “The standard for the number of delivery days and service levels should be flexible to accommodate changing conditions.” This means that it will be necessary to, “Pursue regulatory and legislative reform to provide the Postal Service the latitude to adjust service levels and delivery frequency to standards commensurate with the affordable universal service obligation.” Valpak, for one, supports, “Allow[ing] the Postal Service to experiment with variations in service levels, including reducing the frequency of delivery from the current six days per week.” After all, as its CEO stated, “Valpak could manage with delivery only three days a week.” AOL Time Warner shares the opinion that “the current universal delivery system needs a fresh look.” In order to reduce postage costs the big mailers want universal service to be redefined, and postal management appears open to pleasing its corporate customers regardless of the resulting impact on postal patrons’ service expectations.

The need for postal “reform” is now accepted by many policy makers because there is a realization that technological change implies new challenges for the Postal Service. Thus far, however, the “reform” agenda has been driven by the mailing industry. The Mailing Industry CEO Council made the call in October 2002, for a presidential commission to “kick-start” postal “reform.” In December 2002, the formation of the Presidential Commission on the United States Postal Service
was announced. The Mailing Industry CEO Council that has been hard at work beating the drum for postal “reform” is composed of executives at corporations like ADVO, Pitney-Bowes, FedEx, R.R. Donnelly, Lockheed Martin, Time Inc., Readers’ Digest Assoc. Inc., Hearst Magazines, and Capital One: corporations with definite interests in a particular “reform” agenda. The Council is an outgrowth of the Mailing Industry Task Force, which recommended its establishment. The mailing industry is determined to get the lowest postage rates possible for itself; its Council claims, “improved productivity should enable rate increases to be constrained even further than the rate of inflation.”

Major mailers are compelled to single-mindedly demand that the Postal Service be committed to achieving lower postage rates for the mailing industry because they pay billions of dollars a year in postage – ADVO alone “spends approximately $600 million a year on mail” – and hope to increase their profits by restructuring the nation’s postal system.

Postal Service contracts already provide a significant source of revenue for many corporations. As of June 2005, following 111 years of production the federal government’s Bureau of Engraving and Printing no longer produces any postage stamps. Cheaper lithographed stamps from private printers have replaced the hand-engraved stamps the Bureau produced which were well known for their “elaborate security systems.” Rob Haeseler, an official of the American Philatelic Society, said: “It’s the end of an era that reflected some of the finest workmanship in government stamp design and security printing worldwide.” Corporations are eager to get more Postal Service functions outsourced to the corporate sector in the hope of creating new business opportunities. Lockheed Martin informed the Commission that “savings from private sector management of some USPS technology such as IT services, plant operation and network infrastructure could be realized.” The Commission “agreed with the CEO Council that private sector partnerships, work sharing and outsourcing produce the most cost-effective postal system and that USPS-industry collaboration should be maximized.” The efficacy of outsourcing as a general practice has been questioned by Simon Caulkin, the management editor of the Observer, who has reported: “the only way to make outsourcing work is to know as much about the function and to put as much work into managing it as the company you have handed the job to. In which case, of course, you might equally well do it yourself.”
Vincent Palladino, former president of the National Association of Postal Supervisors, told the President’s Commission:

Central, exclusive control of upstream processing by the Postal Service is critical to the efficient handling and security of the mail stream. Outsourcing of upstream mail processing to third parties will jeopardize the proven responsibility and accountability of the Postal Service for rapid and safe handling of the mail. Nor is it proven that outsourcing will result in cost savings to the Postal Service, given the economies of scale resident in the current plant network.\textsuperscript{402}

The outcome of Priority Mail’s recent outsourcing made Palladino’s point for him. When the Service contracted out Priority Mail processing at ten facilities on the East Coast to Emery Worldwide, the result was that Priority Mail service got worse, not better. According to the G.A.O.: “Because the network only processed Priority Mail, all of the costs were borne by Priority Mail users. Large rate increases in 1999, 2001, and 2002 for Priority Mail, coupled with service problems, contributed to a 31 percent decline in Priority Mail volume from fiscal year 2000 to 2004.”\textsuperscript{403} The Postal Service “suffered losses in the hundreds of millions of dollars,” and work at the facilities has been returned in-house to postal employees. The Emery contract was regarded as a failure. John Hegarty, president of the National Postal Mail Handlers Union, told a Senate Committee:

At a recent meeting of the USPS Board of Governors, one Governor said publicly that the Emery subcontract was one of the worst decisions that the BOG [Board of Governors] ever had made. A similar story can be told about outsourcing of the Mail Transportation and Equipment Centers, or MTECs. Several years ago, about 400 mail handlers were displaced from these facilities, in favor of private-sector employees working for contractors who passed their costs on to the Postal Service. The Office of Inspector General has audited these contracts, and has concluded, once again, that the Postal Service has wasted tens of millions of dollars in the inefficient use of these contractors, and that the same work, if kept inside the Postal Service, would have been performed more cheaply.\textsuperscript{404}

As Hegarty, Palladino, and the G.A.O. attest, unfavorable outcomes have resulted from outsourcing postal operations to the corporate sector.

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The big mailing corporations’ cause was buttressed by the President’s Commission on the United States Postal Service. Asserting, “the Postal Service needs a new business model for the modern world,” the Commission consistently catered to the corporate mailing agenda. It promoted self-service kiosks as alternatives to post offices and recommended a radical cutting back of the national postal network, claiming that “much” of it “could be retired” because it “is far too sprawling and cumbersome.” The Commission also questioned whether the Postal Service should continue to offer universal service at uniform rates, recommended that the mission of the Postal Service be altered to provide uniform rates “where appropriate,” and speculated that the Postal Service should have the “flexibility” to “allow for the relaxation of the six-day delivery requirement.” Additional “flexibility” was encouraged on the grounds that it would allow the Postal Service to give “discounted products to leading customers.” In step with the Commission’s recommendations, the Postal Service recently negotiated a handful of special discounts called “Negotiated Service Agreements” – “sweetheart deals” according to some observers – for major mailers. Former Postal Service Chief Financial Officer Michael J. Riley has stated: “My worry is that pricing flexibility will become the means to offer larger discounts to current customers for current business because they lobby effectively. It will likely hurt the bottom line with no positive long-term benefit.”

A further recommendation of the Commission was one that was also made by the Mailing Industry Task Force: a major investment in “Intelligent Mail.” Big mailers could use “Intelligent Mail” to track their mail through a bar code, which would allow them to target addresses more precisely, set-up follow-up telephone calls to coincide with receipt of mail, and generally reduce their expenses and increase their efficiencies. The Commission was perfectly aligned with the corporate sector when it declared that it “endorses a more aggressive approach to outsourcing” that would oblige “the Postal Service to focus on its true competency … the first and last mile” of mail delivery. Privatization of the entire Postal Service except the least profitable aspects of postal services provision – delivery and pick-up – is the underlying suggestion, and the Commission recommends exploring giving “certain carriers” the right to perform the one function in which it conceded the Postal Service’s competency. Such a proposal meshes well with the Direct Marketing Association’s recommendation to the Commission that “access to the mailbox should be allowed to
licensees.” The Commission hints at the future possibility of total privatization by asking: “Should the country’s mail forever be delivered by the government?” In short, the Commission’s recommendations were in-line with the corporate agenda for transforming the Postal Service from a public service to a tool designed to increase certain corporation’s profits. The CEO of the Direct Marketing Association, H. Robert Wientzen, thanked the Commission “for their exceptional work.”

Today’s Postal Service is a vast institution handling over 40 percent of the world’s mail and delivering it to over 140 million addresses six times a week. But despite efforts to redesign the Service in the interest of realizing lower postage rates for major mailers’ bulk mail, it still retains elements of the “people’s post office,” which evoke Norman Rockwellian images that are responsible for many Americans’ feelings of affection towards their Postal Service. Senator Byron Dorgan (Dem-NPL–North Dakota) recounted an experience he had at a town meeting in his home state that reflects that “homespun” quality:

I had a meeting in Glenburn, North Dakota, one day and a fellow said to me – and town meetings are often complaints about things that are going wrong. And a fellow stood up and he said, “I want to tell you, Mr. Senator, a good thing about the U.S. mail system.”

And I said, “Gee, that’s interesting. You’ve got some good news.”

And he said, “Yes.” He said, “I received a letter that was addressed ‘To Grandpa, Glenburn, North Dakota.’ And I received it from the local post office here in Glenburn, and it was a letter that was intended for me.”

I said, “Well, how on Earth could that have happened?”

He said, “Well, the postmaster is right over there.”

The postmaster had stopped in at the meeting. And I said to the postmaster, “How did that happen?”

“Well,” he said, “We had this letter come in. It says, ‘Grandpa, Glenburn, North Dakota,’ and the postmark was Silver Spring, Maryland. And we knew that Ernie had some relatives out in Silver Spring, Maryland, so we sent it to him. And it turns out to be his grandson writing Grandpa in Glenburn, North Dakota.”
That probably can only happen in a very small community, but it’s a wonderful thing to know it does happen around our country. And I’m a big believer in the U.S. postal system.

Citizens value the Service because of the multi-dimensional services it provides, the very ones that are being sacrificed to increase major mailers’ profits.
Residential Patrons Get Less

There is a notion floating around that postal services are just not very important to people anymore, now that they are going online to use the internet and e-mail, which makes it easier for the mailing industry and its political and ideological allies to justify scrapping universal service. The significance of the impact of new computing technologies should not be exaggerated, however. According to David Gelernter, professor of computer science at Yale University, “computers and the Internet are not a revolutionary development in human history.” Exaggeration of the “revolutionary” nature of new technological developments can obstruct recognition of the reality that Americans still depend on non-electronic communication devices. The U.S. Mail remains the one universal means of communication. “As a public policy principle,” says Postal Rate Commissioner Ruth Y. Goldway, “having this low-tech network in place is important in a democratic society.” Senior citizens, rural, and low-income Americans in particular are all using new electronic technologies at rates below the national average. Only “22% of Americans age 65 or older reported having access to the Internet” according to a 2004 report by the Pew Internet & American Life Project. That same year, the Pew Project found that while two-thirds of suburban and urban residents use the Internet, only slightly more than half of rural residents do. When it comes to households possessing Internet connections, the U.S. Department of Commerce’s most recent A Nation Online report, released in September 2004, found that “54.6 percent of U.S. households had Internet connections.” The proportion of households with Internet connections had only inched up four percentage points over the previous 25 months that had elapsed since the
Department's 2002 report. One Pew study determined, “Just 10% of Americans who live in rural areas have broadband connections at home, compared with 28% of those living in urban or suburban locations.” The Washington Post has reported that, “Thousands of people on the exurban periphery of the Washington region – just an hour from the nation’s capital and one of the country’s hottest technology centers – have Internet access so slow that it is often nonfunctional.”

Senior citizens and rural residents may be using the Internet less than the national average, but according to Mark N. Cooper, director of research at the Consumer Federation of America, “the primary driver of computer ownership and Internet access at home is the economic situation of the household.” Low-income Americans are far less likely to have access to the kind of electronic communications that are claimed to make postal services obsolete. And, contrary to claims that the “digital divide” is rapidly vanishing, University of Maryland sociology professor Steven P. Martin writes that there is “no evidence for a decrease in the unequal diffusion of computer ownership or Internet use over time.” Martin’s research finds that while all income groups are gaining more access to computers and the Internet over time, this increase is occurring more rapidly for higher income groups, which makes it likely that there will be a considerable “time lag” before lower income groups achieve high access levels. The “digital divide,” therefore, is not in fact narrowing. Disabled Americans are another group who are less likely to be online: A 2003 Pew Report finds that they are over a third less likely to go online than Americans as a whole. As Postmaster General John E. Potter has said: “If we closed tomorrow, it would be a digital divide. There would be some Americans who would be connected through the Internet. There’d be a gigantic proportion that would not be connected. There would be communities that would have to pay exorbitant rates to have mail delivered because of where they are.”

Clearly there are millions of Americans who are not connected to the Internet. Many of these people have never used the Internet, and they may not even know people who do use it. They are not going to disappear any time soon; the growth of Internet diffusion is actually flattening out. There are also millions of Americans who deliberately avoid using the Internet, have used it in the past but no longer do, and who use it only intermittently. And there is evidence that suggests that for those who are taking full advantage of electronic communica-
tion, mail’s relevance does not disappear. The belief that mail has suddenly been, or will soon be, made superfluous by advances in electronic communication is an oversimplification. “We still rely on the U.S. Post Office for so much of our daily business and so many of our daily pleasures,” writes Professor David M. Henkin. “Even in an age of digital information, the postal system remains a central and almost wondrous institution.”426 Regardless of our use of the telephone, faxes, e-mail, and whatever other new communication devices come along, the Postal Service should remain a communication tool accessible to everyone. It has an established history of serving as a dependable means of communication, and evidence indicates that Americans will continue to find mail important for the foreseeable future.

The impression that postal services are going the way of the horse and buggy may be due in part to service cutbacks. At the same time that the Postal Service is striving to meet the wishes of the major mailers, it has been reducing the services it offers to the American people. John Gurley, a retired letter carrier and sorter, affirmed, “From what I’ve seen over the years, there’s definitely been a huge decrease in delivery service.”427 People observing these service reductions may assume that they are motivated not by an effort to cut major mailers’ postage, but because postal services’ importance is diminishing. Once upon a time the Post Office delivered mail twice a day. That practice was ended in 1950 for residences, and was phased out for businesses over the next few decades. In the Bicentennial year of 1976 the Postal Service announced the last Eastern cities where businesses still received twice-a-day-delivery – Philadelphia, Washington, Pittsburgh, Buffalo, Baltimore, Rochester, Richmond, Va., and Utica, N.Y. – would henceforth receive mail once a day, and it “cut back business deliveries in New York City to two a day from three.”428 Twice-a-day delivery is now a distant memory, and it may indeed have become an unnecessary service at the time it was ended, given the development of other means of communication. There are many services, however, that American citizens currently receive from their Postal Service that they value, and it is possible that these traditional services could also become memories. The ongoing effort to close post offices has already been addressed, but it is only one of the ways in which local communities are seeing traditional postal services eroded. By introducing cluster boxes instead of door delivery, reducing window and counter hours at post offices, reducing the frequency of pick-ups from mail collection boxes, and removing collection boxes, the Postal Service has
taken steps to downgrade its services.

COLLECTION BOXES

Back in 1991 Rep. William S. Broomfield wrote:

At a time … when it is getting harder and harder for two-earner families to get all the family chores done during the work week, the Postal Service is closing some of its offices on Saturdays, reducing window hours at other post offices, and removing collection boxes from convenient locations. The removal of collection boxes is an especially sore point … Too many of those mailboxes are vanishing.\textsuperscript{429}

In 2001, a presentation given at a meeting of Postal Service area vice presidents addressing those familiar blue mailboxes – “collection boxes” in postal terminology – tackled “strategies for altering customers’ methods of depositing mail.”\textsuperscript{430} Postal patrons do not appear to need assistance physically dropping mail into collection boxes, so one can only assume that “alteration” would involve compelling them to change where they deposit their mail. And this assumption appears to be borne out by the disappearance of collection boxes from their proverbial sites on street corners nationwide. Back in 1972 the United States’ population had only recently topped 200 million, and it was served by 313,485 collection boxes.\textsuperscript{431} Even though our population was pushing 300 million thirty years later, there were less than 283,000 collection boxes. This asymmetrical growth in population and collection boxes may explain why Deborah Norris has to walk approximately one mile to drop a letter in the only collection box in her Larimer, Pennsylvania neighborhood.\textsuperscript{432}

Over one in eight collection boxes – around 50,000 – were culled between 2000 and 2004. There are areas where this proportion has been significantly higher, such as Bethlehem, Pennsylvania. The \textit{Morning Call} reported in June 2005, that “nearly half the city’s one-time stock” of collection boxes was “pulled in the past year.”\textsuperscript{433} In Summerville, South Carolina, “The Post Office recently removed more than half of the street curb collection boxes in the town’s 29483 ZIP code.”\textsuperscript{434} In Lowell, Massachusetts over sixty percent of the town’s boxes were removed between 1999 and 2005.\textsuperscript{435} Residents often oppose the removal of their collection box by mounting petition drives and protesting the removal to their local postal offi-
cials. An Allentown, Pennsylvania mother and daughter taped a sign to their box when it was scheduled to be removed reading, “Please don’t remove this mailbox! We will miss it too much.” Sometimes these efforts are successful, like the action Marv Tripp took when he, “saw his beloved foot-high, cast-iron box and a full-size one located nearby carted off.” For Tripp, losing the boxes on his Oakland, California street that he had relied on since 1956 was just one more inconvenience he didn’t need: “You have to plan so many things in your life…. You don’t want to plan your life around mailing a letter.”

He started a petition drive to bring back the mailboxes that successfully netted the return of one of them.

People depend on their neighborhood collection boxes, so sadness and even anger often result when they are removed. “We woke up one morning and the mailbox was gone,” said Sue Florio of Teaneck, New Jersey. “It’s made a lot of people very unhappy needlessly.” In a suburban Maryland neighborhood residents’ mailing practices were significantly altered when the neighborhood collection box was removed, because as one resident explained: “Now you have to get in your car to mail a letter.” Allan Burnett of Jamaica, Queens was “shocked” when he discovered his mailbox had been removed, but as he explained the removal would pose even more of a problem to some of his neighbors: “There are a lot of elderly people who don’t drive. Now what are they going to do?”

Nancy Ducher of North Oakland, California had an instructive exchange with those who decided to remove her collection box: “When I called to complain, they said it would improve our service. Well how can it when I have to walk further to get to the mailbox?”

Reduction in service leading to added inconvenience for patrons is not the only problem with the removal of boxes; at a time when people are becoming more concerned about the possibility of identity theft, collection boxes’ secure nature make them all the more appreciated. Las Vegas has been subjected to a wave of cluster box break-ins, but “no one has succeeded in breaking into a blue collection box during the past five years.” Linda Greenhouse of Bethesda, Maryland would rather use a collection box than place her outgoing letters in her mailbox for collection: “I don’t like to do that,” she said, “It’s not secure.” Removing collection boxes is not a move that people appreciate, or one that makes the Service more valuable to the public. As Rick Brooks of the *Wall Street Journal* reported: “Ditching someone’s favorite drop-off box won’t make the
Postal Service any more popular.” Bill Cook, president of the National Association of Letter Carriers Branch 358, calls box removal “poor customer service.” “Our competitors, FedEx and UPS, are putting out mailboxes,” he points out. “They’re expanding their retail outlets and we’re making ourselves less readily available to our customers.”

Downgrading mail collection services at remaining collection boxes is another way that customer service has been reduced. In Summerville, South Carolina not only have collection boxes been removed, but pick-up deadlines were moved up from 5:30 P.M. to 4:15 P.M. Douglas F. Carlson is an administrator in the University of California system, and also a postal watchdog concentrating on collection services. He has found that, “The problems with Postal Service collection services are pervasive.” Carlson claims that “field officials routinely disregard national regulations and directives.” Many local postal officials are apparently actually ignoring the Postal Service’s own rules governing pickups from collection boxes. Carlson has discovered instances where postal managers have moved up final collection times earlier than regulations mandate, as well as cases where “sometimes postal workers picked up mail early from collection boxes that had a stated pickup time.” Carlson believes that the motivation to pick-up mail earlier than postal standards require stems from the way that postal managers are awarded bonuses. “Postal managers get bonuses if they meet overnight delivery standards” he said. “That’s why the regulations for mailbox pickups are frequently ignored.” By moving up collection times the mail can start being processed sooner. This kind of corner cutting leads to frustration for patrons who find that there is no pickup Saturday, contrary to postal regulations, or that the last pick-up at a high-volume collection box is scheduled earlier than the 5 P.M. final pick-up mandated by postal regulations. Carlson has made his case for improving collection services to postal officials by arguing they should meet the Postal Service’s own standards. His efforts have led to changes in collection times for hundreds of collection boxes. Carlson states: “It’s satisfying to know that people are receiving better service as a result and the Postal Service is making itself more competitive in the communications delivery business.”

DELIVERY

The old Post Office Department tried to end door delivery
in 1966, but was quickly rebuffed by Congress in response to widespread constituent outrage. In that pre-reorganization era Congress had greater authority over the actions of the Post Office. In 1977 a poll requested by a Commission on the Postal Service revealed that 58 percent of Americans “don’t want a cluster box.”\textsuperscript{451} The reorganized Postal Service disregarded the wishes of the public, and without consulting Congress or the Postal Rate Commission terminated to-the-door delivery in all newly constructed housing units as of October 1978. Millions of Americans who would have received delivery to their door in the past now receive curbside delivery or have to collect their mail from cluster box units.

Former National Association of Letter Carriers President James Rademacher once asked: “Why should one person have to go out to the curb or the corner in all kinds of weather and maybe the mail won’t even be there yet?”\textsuperscript{452} Former Postmaster General Lawrence F. O’Brien has stated: “The fact is that door delivery is far more satisfactory than curb delivery.”\textsuperscript{453} Steve Gale, the postmaster of Perkasie, Pennsylvania, recently acknowledged: “It’s not the same as a mailbox out front – but times are changing, and this is a business, and we’re trying to save costs.”\textsuperscript{454} Department store pioneer and former Postmaster General John Wanamaker – “one of the most innovative and energetic people ever to lead the Post Office Department” – promoted Rural Free Delivery because he “thought it made more sense to have one person deliver mail than to have 50 people ride into town to collect their mail.”\textsuperscript{455} While the trade-off involved is certainly less extreme than the one Wanamaker addressed, his logic does not seem to have translated to recent postal management when it comes to providing door delivery. In order to promote their new “Cluster Box Units” the Postal Service resorted to such ploys as sending residents in Dickinson, North Dakota “a congratulatory notice: ‘Your Postal Service is upgrading the mail delivery in your area ... [which] is privileged to be one of the first in the upper Midwest to receive this service.’”\textsuperscript{456} No fan of the grey metal cluster box units that began sprouting up nationwide, the Pulitzer Prize winning \textit{Washington Post} columnist Jack Anderson wrote: “Customers, including the elderly and handicapped, can no longer pick up their mail at the front door or curb, but must trudge out in snow, rain, heat or gloom of night to the communal clusterbox, which may be a block away.”\textsuperscript{457}

Cluster boxes can actually be located further than a block away: In a housing development in suburban Philadelphia resi-
dents get in their car and drive the 1 1/2 miles required to retrieve their mail from the cluster box. “It takes 10 minutes (by car) to get my mail,” said one resident; “I hate it. It’s a chore every day,” said another. During the fall of 2005, southern postal officials adopted a new policy: they want newly constructed housing developments to install centralized cluster boxes rather than mail boxes for curbside delivery. Postal spokesman Larry Dingman states if a development does not want cluster boxes, “the developer must make a compelling case for what he wants and show that it’s more efficient than what we are suggesting.” Since the change in policy has not been accompanied by any change in law, Richard Olsen at the city of Mobile, Alabama’s planning department asks, “If it’s not a law, then why do developers have to have a compelling argument?” Dingman acknowledges that mail will continue to be delivered if the developer opts not to comply with the new policy. As of 2004 the G.A.O. reported that 27 percent of deliveries are made to cluster boxes, so the Postal Service has been successful at implementing their use. In addition, 41 percent of deliveries are made to curbside mailboxes – the mode used in over 80 percent of all rural deliveries (which constitute close to a third of total mail deliveries). Only 32 percent of deliveries are still made to the door.

Efforts to revoke door delivery from people whose right to receive it was grandfathered in before the 1978 cut-off are ongoing. In response to district or area managers’ calls to reduce costs, local management may attempt to convert residences to cheaper delivery methods. In Seattle, two employees were assigned full-time to try to convert areas away from door delivery, indeed, “any time a big apartment or condominium complex undertakes major remodeling, the Postal Service takes that opportunity to mandate a switch.” In St. Petersburg, Florida, despite a city ordinance in effect since 1968 banning curbside delivery, the change has been made “in one neighborhood after another.” Rep. Brad Miller (D-North Carolina) is contacted by constituents in towns throughout his district who have “been told to move their mailboxes to the curb.” A letter was sent to residents of Lexington, North Carolina that “requests all postal customers in Lexington with mailboxes at the door change to a mailbox at the curb.” In Parchment, Michigan residents were sent a letter from the Postal Service which “seemed to indicate the option was whether to accept a free mailbox right away” in return for switching to curb delivery immediately, “or have to pay for one later.” The obvious implication being that the change was an eventuality, not a
choice. Rick Myers, vice president of the National Association of Letter Carriers Local 1091, reveals that “the post office has been telling people nationally for decades that when they move into homes, they must convert to curb delivery.” Once a curbside mailbox is installed, door delivery will not be resumed. Certain postal managers hope to convert entire neighborhoods over to curbside or cluster box delivery by using a house-by-house approach, until eventually, as a Postal Service spokesman reveals, “When an older neighborhood reaches a certain threshold of curbside boxes, those with on-house boxes will be asked to move their boxes to the curb.” In fact, postal regulations stipulate that residents must agree to any change in delivery method. But as Myers points out, “Most consumers don’t know [this].”

One such person, Nancy Grandjean, bought a new house in an older neighborhood in Durham, North Carolina. She received a letter from the Postal Service telling her “to install a curbside box within two weeks,” so “busy with a flurry of move-in activity and worried about losing mail service, Grandjean reluctantly paid someone to install a mailbox at the curb.” Postal officials in Durham now have a new agenda – a cluster box station for the neighborhood. The Herald-Sun reports that new residents in Durham entitled to door delivery were receiving a letter stating:

If you are a new customer, we will hold your mail at the post office until you arrive and erect a curbside mailbox.
We will allow you two weeks to put up your new mailbox.
If your mailbox is not erected within that time period, all mail will be returned to sender.

However, the Postal Operations Manual instructs that:

In single family housing areas (including manufactured and mobile homes) where the residences and lots are owned, each owner must agree to the conversion in writing. Owners who do not agree must be allowed to retain their current mode of delivery. When a residence is sold, the mode of delivery cannot be arbitrarily changed prior to the new resident moving in. The existing mode of delivery must be retained.

After being confronted by the Herald-Sun with the clear inconsistency between the Postal Operations Manual and the letter, a postal spokesman said that the issue would be reviewed. Zealous postal management in Gilroy, California instructed letter carriers not to deliver mail to curbside mailboxes on their
routes if there were obstructions such as parked cars that required getting out of their vehicles to make deliveries. They were told not to deliver the mail because it “takes too much time and isn’t cost effective,” in the words of one manager.\textsuperscript{471} “I can’t control where other people park,” said an affected resident. “I can’t sit outside every day guarding my mailbox.”\textsuperscript{472} The requirement that letter carriers not adjust to out-of-the-ordinary circumstances in this instance actually prevented the Service from delivering the mail because “cost-effectiveness” was the priority instead of service.

Residents of older neighborhoods express concern that switching houses away from door delivery will unfavorably alter the character and appearance of their communities. Streets lined with mailboxes are a discordant sight in areas that were not designed for the arrangement. “To have the mailboxes on the street the way they are (being installed) now, I think they look horrible,” said Parchment City Commissioner Brian Sell.\textsuperscript{473} Jim Biggerstaff, president of the Council of Neighborhood Associations in St. Petersburg, said the Postal Service is “bound and determined to put mailboxes curbside all over the city,” and “I think they’re ugly.”\textsuperscript{474}

The \textit{Los Angeles Times} reports that “teens increasingly spend their Friday nights deforming the ubiquitous red-flagged, barn-shaped boxes with swings of baseball bats.” According to the \textit{Times}, theft is also a problem: “police and postal officials across the nation report a rash of thefts in which criminals grab checks, bank statements and other outgoing mail from boxes that have their tiny red flags raised.”\textsuperscript{475} A reporter in Arlington, Texas contacted a clerk at the main post office there after her curbside mailbox had been messed with for the third time in a month. The clerk informed her that she had also had her mailbox vandalized – twice – and added, “People call wondering, ‘Am I the only one it happens to?’…. Actually, bulk mailbox bashing is common. Most of the time it’s kids with big bats, metal bats.”\textsuperscript{476} Professor Kristine Stiles, a resident of a neighborhood in Durham, North Carolina who has experienced mail theft, says, “We’re living in a culture in which these are growing concerns, and to move the boxes to the curb is to ignore those growing concerns.”\textsuperscript{477} Mark Balsassare, senior fellow at the Public Policy Institute of California told the \textit{Los Angeles Times} that there are wider social repercussions involved with mailbox tampering that extend beyond inconvenience and frustration: “For the people who are experiencing vandalism and robbery, it’s got to give them the sense that there’s no place that’s safe
anymore, not even your mailbox in front of your own home. Receiving your mail delivered at your home is one of those basic tenets of civilized society.”

Small businesses have also been switched away from door delivery. On a commercial street in Seattle this change created a situation where, “If you don’t pick up your mail shortly after it’s delivered, you have the possibility of somebody punching out that key lock.” This threat can pose a real problem for small business owners, since “businesses receive thousands of dollars of checks at certain times of the month.” Security is a weakness of cluster boxes, because although they are locked, they are more attractive targets to would-be thieves since they present an opportunity to steal mail from multiple addresses in one single location. According to U.S. Postal Inspection Service spokesman Daniel L. Mihalko: “the majority of thefts come from the cluster boxes often found in new subdivisions.” Phoenix leads the nation in mail theft, and a police officer said its “thieves most often target so-called cluster boxes where there are lots of mailboxes in one big, metal unit.” “When the guys attacked this area,” the officer reported, “they got in with pry bars, and they literally ripped the boxes right out of the walls.” Residents of a neighborhood in Albuquerque experienced a spate of cluster box break-ins in August 2004, which were extensive enough that “Every two or three blocks they were flapping open in the back where they had been pried open.” The Postal Service is introducing a new cluster box model, which is designed to be more secure. It is important to call attention to the fact that traditional hard copy mail remains much less likely to result in identity theft than new electronic communication mediums. Postmaster General John E. Potter points out that less than four percent of identity theft is from traditional mail, while the Internet is responsible for 56 percent of identity theft.

A delivery issue that has recently been commanding media attention is the delivery of mail in certain areas of the country well after the Postal Service’s own 5 P.M. deadline for on-time delivery – sometimes as late as 11 P.M. “It’s a huge problem,” says San Diego small business owner Raphael Hendricks. “We get today’s mail tomorrow.” Letter carriers have found themselves using headlamps and carefully watching their steps as they struggle to deliver the mail after dark. “We have folks, including young female carriers, doing 14-, 15-, 16-hour shifts, working until midnight in unsafe neighborhoods,” says Michael Valdivia, executive vice president of National Association of
Too few letter carriers stretched too thin is a problem in regions where late delivery has become the norm. Rep. Susan A. Davis (D-California) states: “Our point to the postmaster [general] has been that San Diego needs more carriers.”

**POST OFFICE HOURS**

Numerous post offices nationwide, under directive from district and/or area management, have been opening later, closing earlier, shutting down for portions of the workday, and reducing Saturday hours in an attempt to cut costs. Postal patrons have faced a reduction in counter and window hours, which was a recommendation made by the President’s Commission, although postal officials state that cuts in hours are unrelated to the Commission’s report. In 2003 cutbacks in hours began to be “pursued regionally as a cost-saving measure in the Northeast, which includes New England and upper New York state, and in the Great Lakes area.”

Dave Greenlaw, president of the Maine chapter of the American Postal Workers Union, said, “It’s bound to have a negative impact on customer service.” This was the situation residents served by 23 post offices in central Massachusetts discovered that fall when postal officials decided there should be “less window time in the morning, evening or during lunch hours.” “This is a real pain in the butt,” said businessman Richard W. Thunberg, Jr., as he waited outside the Oxford post office until 12:15 P.M. when it was scheduled to reopen; while local resident, and fellow frustrated postal patron, Nicole Case said, “It’s another thing I have to worry about…. I have to be somewhere else in a few minutes and this just slows everything down.”

Cutting back window hours to the point where post offices are no longer open during lunchtime and immediately before or after normal work hours places a particular burden on working people. In August 2003, the Postal Service announced that hours would be reduced at almost three-quarters of post offices in the state of Maine. The elimination of lunchtime hours in particular prompted Senator Olympia J. Snowe (R-Maine) to point out the inconvenience this change caused her constituents. “Working families have enough demands on their limited time,” she stated, “and rely on lunchtime breaks and other work hours to complete their errands.” The reductions in hours of operation in Harrison, Maine that she particularly
objected to were modified somewhat when lunchtime closings of two hours were reduced to one hour. A little over six months later the residents of North Syracuse, New York watched as their post office began cutting its hours. In North Plainfield, New Jersey, Saturday hours were eliminated and the post office reduced weekday hours as well. When Hancock, New York’s post office began closing between the hours of 10:00 A.M. and 12:30 P.M., and started bumping up the final closing time a half an hour to 5:00 P.M., it provoked Senator Charles E. Schumer (D-New York) to protest: “This post office has been an integral part of the community for the past sixty years. Cutting the hours is an inconvenience to Hancock residents who depend on their post office.” Schumer also pointed out that, “These changes have caused a great deal of hardship for local businesses.” Saturday hours have been common targets for reduction, as post offices that were once open for five hours on Saturday have shrunk their hours to four, and those open for three hours to two, and so forth. Mark Kleinmeyer, the postmaster of Riverside, Iowa, wonders if cutting window hours is really the best strategy: “They’re preaching ‘sell, sell, sell’ and then they’re cutting back hours.” Postal Service officials may be having second thoughts about cutting post office hours: In fall 2005, post offices in certain areas announced that they were extending their hours.

Understaffing post offices creates further service problems. The Washington Post reports, “city dwellers are familiar with the maddening pace of two clerks plodding through a 20-person line.” “They could provide a two-minute wait max, if they wanted to,” states William Burrus, president of the American Postal Workers Union. “But they don’t want to because they know the American public will accept a delay. They’ve become accustomed to it.” In Berkeley, California staffing at the Adeline Street postal station was cut back to one clerk, a change that necessitated placing the following sign at the only window remaining in January 2006: “Due to staffing, window services will close daily during the following hours for breaks & lunch. 1st Break 11-11:15 a.m. Lunch 1-2 p.m. 2nd Break 3-3:15 p.m.” One of the station’s patrons describes the sole clerk as “terrific,” but adds, “she needs help herself.” A petition signed by about 700 people declares: “We support the postal clerk at this post office and want to see her receive the support and additional staffing she needs so she can do her job.” An additional clerk was assigned to cover break periods following unfavorable press attention.
Senator Pete V. Domenici (R-New Mexico) and Senator Jeff Bingaman (D-New Mexico) complained directly to the Postmaster General in January about service problems in their state following constituent complaints about long lines at post offices and delayed mail. For example, there were reports that in Santa Fe’s main post office patrons had waited for forty-four numbers to be called before being served.498 “We don’t have enough staffing to process the mail at any high level of service to the customers,” said Eugene Gabaldon, president of APWU Local 380 in Albuquerque. “No matter how hard mail sorters and carriers in our state work, they cannot get the job done in a timely fashion if the Postal Service is understaffed,” said Bingaman. According to Domenici: “I told the postmaster [general] directly that something must be done.” The senators were assured that new managers have been assigned and additional hiring was being considered.499 Service cutbacks leave many Americans shaking their heads in confusion; folks like Bob Westgate of Washington, D.C. who thinks the Postal Service “has a strange business philosophy,” because, “When usage drops ... it further cuts other service ... instead of improving services to attract users.”500 Americans care about receiving good service from the Postal Service: A majority (55%) support increasing rates “to keep service level high” as opposed to a minority (33%) who would defend cutting service to keep rates low.501

CREATING VALUE

The eminent physicist Niels Bohr once remarked that “prediction is very difficult, especially about the future.” Many observers believe corporations are likely to push harder for replacement of traditional hard copy paper mail with electronic alternatives as new technologies gain wider exposure and broader acceptance, because the savings accrued from employing online technologies are just too great for these corporations to ignore. And there is wide agreement that some traditional business-to-consumer mail is susceptible to “electronic diversion.” A recent story in the Christian Science Monitor asked the very reasonable question: “Can hand-delivered paper survive in the world of e-mail and instant messaging?” and concluded, “Despite ominous trends, the answer, surprisingly, is almost certainly yes.”502 In many instances, new technology seems likely to complement mail, not substitute for it, because even “tech-
nologically savvy” people retain a penchant for paper. Furthermore, it appears that recent declines in mail volume were influenced by contemporary events and economic conditions. As long as people enjoy sending and receiving mail, postal services will continue to be valued. William Burrus, president of the American Postal Workers Union, points out that “the ‘mail moment’ when we arrive home and read these communications from outside our home, that’s a special moment.”

The value the Postal Service offers major mailers is the opportunity presented by that moment. The fact that household-to-household mail as a proportion of overall First Class Mail volume has held steady since the late 1980s is an indicator of mail’s enduring importance to residential patrons. And while there may be little direct economic benefit from receiving letters from, and sending cards to, family and friends, such mail is vitally important to Americans’ lives.

As the recipients of mail, the entire system rests on the satisfaction average citizens derive from the Postal Service, and frustrating service cutbacks do not advance that satisfaction. The State Board of the Oregon Rural Letter Carriers’ Association sent a letter to the President’s Commission stating: “We see postal workers who care about doing a good job, who are seeing that their employer is caring less and less about them and quality service and more and more about cutting wages and scrimping on service to make it look like they are running a successful business. We do not believe this is a formula for success.” When the Postal Service was “reorganized” into a self-supporting government corporation, it retained certain public interest obligations. This situation encourages management to seek to cut costs that are not directly creating sizable additional revenues (and are therefore perceived as burdensome) from the system regardless of such actions’ effects on individual patrons. “The dilemma for us is 80 percent of revenue comes from big business,” explains Postmaster General John E. Potter. “The economy is what drives us.”

But by reducing the services offered to the individual postal user, the Postal Service runs the risk of alienating its real customer base – the individual postal user. Service reductions – such as closing post offices, ending door delivery, and uprooting collection boxes – introduced in the hope of inflating mail volume through lower postage rates for bulk mail, could undermine the postal system in the long-term. People often call the bulk mail they receive “junk mail” for a reason. Kate Nugent of Somerville, Massachusetts views “junk mail” as being “out of
control…. I just keep the recycling bin next to the mailbox so I don’t even have to bring it in the house anymore.” The Postal Service focuses on being a delivery mechanism for major mailers to the detriment of providing service to the public, the mailers’ reasons for using mail in the first place could be undermined because patrons may pay less attention to the mail they receive. Paul Saffo of the Institute for the Future points out that “you’re not going to keep your mail box up just to get junk mail.” The Postal Service should be wary of making mail less valuable to recipients by axing its services. As an article in the Baltimore Sun responding to the news that 120 collection boxes in Baltimore were going to be removed stated: “Don’t we all feel betrayed when our pact with essential government services is broken … Perhaps I should just move on. I could switch to e-mail greeting cards or pay my bills online.” The looming possibility of frustrated patrons forsaking postal services may outweigh the “crisis” posed by the alleged inescapable demise of mail itself. Postal officials would be astute to re-emphasize its public service role to the nation when envisioning the future of the Service, because serving the public provides the basis for the postal system.

The management of the Postal Service appears focused on keeping the large mailers happy. It “partners” with them at such events as the National Postal Forum, enacts internal changes that reflect their agenda like the recent “Transformation Plan,” and jointly forms groups with the industry that promote its point of view such as the Mailing Industry Task Force. Is the Postal Service a service agency first, or is it merely an extension of the mailing industry – just another business? “The Postal Service has forgotten the second part of its own name,” Senator Paul Simon once stated. “It’s a service, not a moneymaker.”

Judging by its actions, one could get the impression that the Postal Service has been literally “hijacked” by the big mailing corporations. Before stepping down in 2005, Deputy Postmaster General John Nolan declared, “if we have some flexibility and latitude to work with the mailing industry the best days of the industry are ahead.” Postmaster General John E. Potter told the Direct Marketing Association’s Conference & Expo 2005, “No one thought it was possible, but for the first time in history, this year first-class mail will be overtaken by standard mail…. This is otherwise referred to as ‘advertising mail’ and represents a major shift in our business model.” The Postal Service has updated its “Transformation Plan,” and according to Potter, “We’ll revise and update it every year to accommodate the changing needs of the mailing industry.”
The agency’s willingness to “accommodate” itself to the mailing industry indicates an approach to responsiveness that opposes a public service orientation, because while “Aunt Minnie’s” service needs are frequently disregarded or discounted, mass mailers receive undue consideration. Postal patrons want widely available post offices open during convenient hours and staffed at levels high enough to provide excellent service; they want the ability to mail and ship items securely at uniform prices anywhere in the country; they want reliable and timely six-day mail delivery to their homes and easily accessible collection boxes with pick-ups scheduled to meet their needs. Providing improved service would sometimes mean that from the stand-point of the Postal Service its “efficiency” may actually be reduced because it will no longer be “outsourcing” such efficiency onto its patrons by forcing them to travel further to, say, find a collection box or retrieve their mail. Former National Association of Letter Carriers President J. Joseph Vacca once stated:

Service, not revenues, must be the main theme of what we seek to render to our Nation. When we deal with revenues we concern ourselves with how much we can take from Americans, rather than how much we can give them.

Let business continue to worry about how much the traffic will bear but let Government – and that is what we are – worry about how much we can give Americans.  

There is no reason why good service and greater revenues need necessarily be conceived of as opposites. Improving service could increase revenue for the Postal Service by enhancing the value of mail.

The Postal Service is now, and will remain for the foreseeable future, a vitally important national institution. Restructuring the Postal Service to reduce postage rates for major mailers, however, is changing the very nature of the Service. Wally Olihovik, the past-president of NAPUS, has said, “the Postal Service cannot continue to chip away at costs without influencing the quality of mail service that Americans expect and demand.” The Postal Service may depend on its big customers for the bulk of its direct revenue generation, but its purpose is not to increase their corporate profits, it is to provide universal service, and that should be the focus of management’s efforts and attentions.
Preserving the People’s Post Office
The Universal Delivery Service

The question of what services the Postal Service should provide has been a source of contention for years. Its parcel and package delivering competitors – the United Parcel Service and Federal Express, now renamed merely “UPS” and “FedEx” – would like to have one less rival. These two corporations hold considerable political power, and they have not hesitated to use this influence to constrict the Service’s ability to compete effectively. Postal offerings that vie with their products include Parcel Post, Express Mail, and Priority Mail. UPS and FedEx have argued that the Postal Service should stop delivering parcels and packages and overnight mail. AEI’s Rick Geddes has suggested that the Postal Service “might want to divest its package delivery system.” Although termination of these services might augment competitors’ bottom lines, such an action would eliminate a postal service that many people rely on and benefit from both directly and indirectly. These offerings contribute a valuable service to postal patrons. The public would benefit by changes making them more competitive, not less.

PARCEL POST

Postal historian Wayne E. Fuller reveals that before the Post Office began offering parcel delivery services in the early twentieth century, large parts of the country were not receiving acceptable service because “express companies adequately served very few areas.” Fuller described the industry before Parcel Post’s introduction as a consumer’s nightmare, where private express companies “arrogantly served the public, ren-
dered only mediocre service, made inordinate profits, and confused the public with some 600,000,000 rates.” Postmaster General John E. Potter recently summed up this situation:

There were rural communities that were either getting no service, or whatever service they were getting … they were paying exorbitant rates to get. There were inner-city communities, the less affluent inner-city communities that were not getting regular package services, and when they were getting it, they were paying exorbitant fees to receive it.

Parcel Post was introduced because citizens were fed up with the private express companies’ stranglehold on the industry. In 1912, T. C. Atkeson of the National Grange testified: “As a choice between an express and a private monopoly and a Government monopoly, I am favorable to a Government monopoly.” Although a government monopoly was not established, sustained civic support for the introduction of Parcel Post eventually triumphed over the opposition of private express companies and country retail merchants. Parcel Post began delivering on January 1, 1913, and was an instant success – during its first six months of operation it handled approximately 300 million parcels.

In the 1950s more than one billion packages were being mailed through the Parcel Post system annually, but according to a Congressional Staff Report, “By the late 1960s, bulk mail processing was in a state of chaos. Damage and delays in delivery were driving postal patrons away in droves.” The centralization of mail processing in the large urban post offices at the time had created problems with mail processing generally, and parcels were no exception. Further business may have been lost in the mid-1960s when six-day delivery of parcels was discontinued. As the 1970s began, Parcel Post’s main competitor, the United Parcel Service, had increased its share of the market to the point where “the Service and United Parcel Service each had roughly a 50 percent share of the national parcel market.” During this same period the Postal Service began work on a “National Bulk Mail System” (NBMS) consisting of 21 major and 12 auxiliary facilities which were to become the processing centers for virtually all “bulk mail,” including parcels; “postal managers expected to regain at least a portion of the business being lost to competitors” upon the system’s implementation. However, according to a Congressional Staff Report on the NBMS, the man put in charge of the new system, Assistant Postmaster General Edgar S. Brower, “told the staff … that he has never maintained that the object of the system was
to ‘regain any business.’” Brower questioned whether such an objective would be “proper.”

Problems with implementation of the NBMS were revealed when it commenced operations. According to Cliff Guffey, executive vice president of the American Postal Workers Union (APWU), the NBMS was mismanaged:

Dock Clerks ... were needed to direct the mail to the machines.... In yet another “cost-cutting” measure, management reduced the complement of Dock Clerks ... management inexplicably began to allow a significant number of machineable parcels to be sorted manually. Once again machineable parcels began passing through several offices, slowing down delivery. Meanwhile, the huge sorting machines were busy processing smaller and standard-sized packages: books, boxes of checks, etc.

The billion dollar NBMS project was “laden with superfluous gimmickry” that only served to increase processing delays and package damage, and the project was deemed “a $1 billion failure in virtually every respect.” Parcel Post volume dropped to about 345 million pieces by 1978, while UPS grew “from a business handling 119 million parcels in a handful of states as recently as 1962 to a 50-state service that carried 950 million parcels” by 1976 – an increase in parcel volume of 800 percent. Parcel Post may have degenerated into “chaos,” but UPS had expanded rapidly by lobbying hard for favorable political and regulatory circumstances, and through increased automation (facilitated by the size and weight limitations UPS placed on the packages it accepted, as opposed to the Service, which accepted virtually all packages). Although Parcel Post still plays a vital role in meeting the nation’s shipping needs, handling under 400 million parcels annually, it holds only seven percent of the market today.

EXPRESS

The Postal Service pioneered delivering urgent letters and played an integral role in the development of express delivery services. Congress first awarded appropriations for the establishment of Airmail during World War I. In a few years the Post Office was transporting mail coast-to-coast. Congress gave the Post Office additional funds to expand the service and the “Post Office Department went on to install additional landing fields,
as well as towers, beacons, searchlights, and boundary markers across the country,” laying the groundwork required for commercial aviation. Following the instructions of Congress, the Post Office had turned over all Airmail transportation to contractors by September 1, 1927. 533

The Service’s current express delivery service – Express Mail, which provides next-day delivery – was introduced in 1970 (before Federal Express was founded) on an experimental basis, and became its own separate class of mail in October 1977. The Postal Service, which had 100 percent of the express delivery market in 1971, retained only 10 percent of the market by 1979, as compared to Federal Express, which had gained 30 percent of the market. 534 The door was further opened to competition in the express delivery market when the Postal Service’s Board of Governors exempted “urgent letters” from the letter monopoly. Cliff Guffey at the APWU believes that the Service should have improved “Special Delivery” instead of creating the new “Express Mail” category, because it was a well-known service – Special Delivery had been introduced back in 1885. He also thinks that the similarity between the names “Federal Express” and “Express Mail” created confusion, and as a result “most people didn’t know Federal Express was not part of the Postal Service, or that Express Mail was.” Guffey faults management for certain actions that further inhibited the Service from competing successfully with corporate competitors because,

In another cost-savings move, the Postal Service decided not to expend sufficient funding to ensure that Express Mail would get the special attention it needed, such as being delivered on time. Instead, management gave Express Mail to the regular carriers, who often-times had not even left their stations before the ‘guaranteed time of delivery’ for Express Mail. 535

According to the G.A.O., “the Postal Service did not initially provide the enhanced services its competitors offered, such as free pick-up and rapid shipment tracing-i.e., the ability to determine where a package is at a given point in time.” 536 The Postal Service has experienced greater success with the “deferred” delivery category, which consists of mail delivered in a 2-3 day period. It was a concept invented by the Postal Service, and “Priority Mail” remains the dominant offering in this category.

Another important factor in the rapid decline of Express Mail is that unlike its competitors, the Postal Service has never had
its own fleet of aircraft dedicated exclusively to moving its express products on schedule in order to get them to their destination on time. In 1988, UPS made a move to compete more effectively with Federal Express, and other players in the express delivery market, by establishing its own airline; today it is a significant player in that market. During this period the Postal Service was exploring the possibility of operating its own air fleet in order to improve Express Mail and Priority Mail service. The Postal Service was at a disadvantage to its competitors because it lacked its own airline and therefore had to rely on commercial airlines with all their inevitable cancellations and delays. The G.A.O. reported in 1992 that the Service:

Did not match the reliability and speed of service offered by its competitors, mainly because, unlike its competitors, the Postal Service lacked a dedicated air transportation system.

This situation became a major problem for the Postal Service during the deregulation of the airline industry when overnight flights were cut back and air transportation schedules constantly fluctuated.\(^{537}\)

The Service’s air transportation situation was further complicated by passage of the Airline Deregulation Act of 1978, because its provision for the passing of the Civil Aeronautics Board in 1984 meant the Postal Service had to start negotiating its own delivery contracts with the airlines, which resulted in “tens of millions of dollars in additional costs” that affected all classes of mail traveling on commercial airlines.\(^{538}\) In the early 1990s Postmaster General Anthony M. Frank warned “that unless there is better service than commercial airlines can provide, the Postal Service’s share of the overnight delivery market will be further eroded by highly aggressive, privately operated delivery companies, such as Federal Express and United Parcel Service.”\(^{539}\) The *New York Times* reported that the thought of the Postal Service operating “its own fleet of 50 to 60 red-white-and-blue cargo airplanes, [was] a idea that had triggered fierce opposition from the nation’s commercial airlines.”\(^{540}\) The Air Transport Association of America told Congress: “We believe plans for alternative air transportation for mail should be rejected.”\(^{541}\) A postal air fleet never got off the ground, and the Postal Service’s share of overnight delivery has slipped as predicted.

Timely delivery of First Class Mail has also been affected by the fact that passenger airlines are focused on passengers not mail. In 2001, postal watchdog Douglas F. Carlson helped raise awareness that delivery delays in the West were occurring
because mail was being hauled on trucks instead of being flown on planes as it had been previously. The *Oakland Tribune* was provoked to editorialize that “Western residents are being treated as second-class citizens. The U.S. Postal Service has a responsibility to provide equal service to everyone.”\(^{542}\) The Postal Service claimed the change was necessary because, “The mail now takes a big back seat to passengers’ and parcels being carried by the airlines.”\(^{543}\) Without its own airline, efficient carriage of the mail can suffer, due to the Postal Service’s dependence on air fleets with other priorities. This situation is reminiscent of the Service’s historical experience with earlier transportation contractors. When mail was carried by stagecoach, postal historian Fuller states that “unable to own its own transportation system, which might have helped, the Post Office Department was at the mercy of powerful contractors.”\(^{544}\) According to Fuller, during the railroad era, “Not only was the Post Office forced to pay most of what the railroads demanded, but it also had to accept the poor service they gave.”\(^{545}\)

**CORPORATE POWER**

UPS and FedEx are heavy hitters in Washington, D.C. The Center for Responsive Politics reports that FedEx has been the largest single corporate political donor over the last fifteen years. It has handed out a total of $21,409,229 in political contributions since 1989, and in the 2004 election cycle it shelled out $1,819,669.\(^{546}\) “For years,” says Charles Lewis, founder of the Center for Public Integrity, “Federal Express has had a reputation for being one of the most aggressive special interests in Washington.”\(^{547}\) The Center for Public Integrity reports that FedEx has spent $20,740,000 on lobbying the federal government from 1998-2004, and is second only to UPS when it comes to postal issue lobbying.\(^{548}\) When it was time to pay for President George W. Bush’s 2005 inaugural, “FedEx was good for $250,000. But so was UPS.” “This inauguration is bought and paid for by corporate America,” said Joan Claybrook, president of Public Citizen. “These businesses consider such gifts to be investments, with payback expected.”\(^{549}\) The *Wall Street Journal* has called FedEx “a major lobbying force in Washington.”\(^{550}\) “I was stunned by the breadth and depth of their clout up here,” said campaign finance reformer Senator Russell Feingold (D-Wisconsin).\(^{551}\)

Its influence was felt early on when FedEx founder, Frederick
W. Smith, “single-handedly” won the enactment of an air-freight deregulation bill in 1977 that allowed his fledgling enterprise to use larger airplanes. FedEx has pushed hard for deregulation of the airline and trucking industries ever since. In 1994, FedEx was the beneficiary of a trade deal struck between the United States and the Philippines that gave the corporation a regional hub at the former Subic Bay Naval Base. That same year FedEx successfully fought for the passage of intrastate trucking deregulation. FedEx had furthered the process of intrastate trucking deregulation a few years earlier when it challenged California’s right to regulate its trucking operations in the state. A year later FedEx was authorized by the Department of Transportation to become the sole air-cargo provider between the United States and China. The Senate hung around the Hill for two extra days in October 1996, shortly before the election (it had planned to recess), in order to insert an amendment that made it harder for labor unions to organize FedEx employees. (The Washington Post had reported as early as 1981 that “Smith and his company are fiercely antiunion.”) In order to please one of its most munificent benefactors the Senate inserted language in a bill which changed the law so that FedEx would fall under the Railway Labor Act, thereby forcing unions to organize FedEx as a single national bargaining unit as opposed to a collection of local ones, a more difficult task. “What happened here was just a blatant example of the power of their political efforts,” said Senator Paul Simon. “If the John Smith company came along and asked for the same thing it wouldn’t have a prayer.”

The corporation doesn’t limit its lobbying activities to giving generously to campaigns, it also provides various favors – it is well known on Capitol Hill for making corporate jets available to members of Congress. According to a FedEx spokeswoman, “We always get more requests than we can accommodate.” The Plain Dealer noted that prior to the 2004 election FedEx “lent its skybox at FedEx Field [the Washington Redskins’ home stadium] to Senate Majority Leader Bill Frist (R-Tenn.) so he could entertain donors to his political action committee.” The Center for Responsive Politics has concluded that FedEx’s lobbying efforts have been well rewarded: “the company has gotten unparalleled access to debates over international trade, tax cuts and rules that govern the business practices of its one-time competitor, the United States Postal Service.” CEO Frederick W. Smith co-hosted a $2,000-a-person fund-raiser with Vice President Dick Cheney for President Bush’s 2004 re-election campaign. President Bush was an old friend: he had
been Smith’s fraternity brother back in their college days together at Yale University.

UPS is also a major force on Capitol Hill. It ranks fifth among corporate political donors since 1989, and it gave a grand total of $2,649,247 during the 2004 election cycle. In 1980 a Senator’s aide told the Wall Street Journal, “I got a call from a local UPS manager in our home state saying he liked a certain version of the truck deregulation bill. That’s all it took. We were for it, too.” The Center for Public Integrity reports that UPS ranks first on postal issue lobbying; it spent a total of $14,182,000 to lobby the federal government between 1998 and 2004. UPS knows how to cultivate powerful allies: In 2000, in order to “reward” corporate donors and raise money for his Political Action Committee, the Washington Post reported that Rep. Tom DeLay (R-Texas) flew “more than 30 lobbyists to Las Vegas for a golf tournament and a round of partying” on a plane that had been contributed by UPS for the purpose. DeLay himself, “flew separately on a Federal Express corporate jet.” Micah L. Sifry and Nancy Watzman of Public Campaign cite UPS, “with its thousands of brown-uniformed employees lifting and straining all day,” as “one of the staunchest enemies” of proposed ergonomics regulations designed to reduce repetitive stress injuries in the workplace. UPS ranked first in money spent fighting the ergonomics standard, handing out $2,918,969 (Fedex was a close second at $2,578,978). Top recipients of UPS money in Congress were very supportive of the corporation’s position on the issue, and played a role in overturning the regulatory changes at the Occupational Safety and Health Administration. UPS’s CEO, Michael L. Eskew, is a member of the President’s Export Council. Eskew has declared that, “Removing restrictions to the free flow of goods, information and funds is critical to the world’s economic health and certainly to UPS as an enabler of global commerce.” Eskew “applauded” the signing of the U.S.-Chile Free Trade Agreement, which UPS had helped spearhead as a co-chair of the “U.S.-Chile FTA Business Coalition.” UPS – supported by FedEx – played a similar role in the passage of a recent free trade deal with Singapore. In short, UPS and FedEx are corporations with political interests that frequently align; and they have been aggressive and successful at promoting them.

UPS and FedEx have worked to keep the Postal Service’s offerings in the parcel and express delivery markets as noncompetitive as possible. They are committed to ensuring that the
Postal Service is not equipped to challenge their domination of these industries. The Center for Responsive Politics says of UPS and FedEx: “For years they have successfully opposed postal reform that would give the postal service easier access to the overnight, second-day and bulk-mail markets.”\textsuperscript{566} FedEx’s former lead lobbyist acknowledged the corporation wanted to “curb its [the Postal Service’s] intrusion into express delivery and other markets.”\textsuperscript{567} In 1996, FedEx, supported by UPS, went ballistic when “Priority Mail” experienced a strong increase in volume after an advertising campaign was launched promoting Priority Mail’s less expensive 2-3 day delivery service as an alternative to similar delivery products costing twice as much or more offered by FedEx and UPS. Seeking an injunction to stop the advertisements, FedEx filed a lawsuit in Federal District Court in its hometown of Memphis, Tennessee that accused the Service of “false advertising and unfair competition.”\textsuperscript{568} FedEx claimed that because it offered a money-back guarantee that it would deliver within the specified time frame, and the Postal Service did not (although Priority Mail does average two-three delivery days), the two products were not comparable. FedEx then began its own retaliatory advertising campaign featuring incompetent postal workers. The \textit{Washington Post} reported that CEO Frederick W. Smith denounced the Postal Service by calling its “ads ‘false and misleading’ and ‘an incredible overreach.’” He vowed to take his lawsuit to the Supreme Court, if necessary, and also urged Congress to force the Postal Service to stop making the claims.”\textsuperscript{569} “After the courts refused to outlaw the [Postal Service’s] ad campaign, the express mail companies went to their friends in Congress, who effectively tamed the competition,” writes Dean Baker, co-director of the Center for Economic and Policy Research.\textsuperscript{570} The Postal Service did pull its ads, but not before FedEx had responded to the new competition by cutting its price for two day delivery from $11.50 to $7.45. Priority Mail continues to be a successful service that provides revenues for covering the Postal Service’s institutional costs.

In 1997, when UPS, supported by FedEx, successfully blocked the expansion of the Postal Service’s Global Postal Link program – designed to help shippers’ parcels get through customs faster – the \textit{Wall Street Journal} reported that Congressional action against the program “testifies to UPS’s clout in the Republican-controlled Congress.”\textsuperscript{571} In rate cases pending before the Postal Rate Commission in 1998, the Association of Priority Mail Users stated that UPS “made three
proposals" that would have helped UPS’s competing product, but hurt Priority Mail’s customers, by adding “nearly $1.00 beyond the rate increases requested by the Postal Service to Priority Mail parcels utilizing electronic delivery confirmation.” Later that same year, UPS unsuccessfully contested Postal Rate Commission decisions regarding Parcel Post and Priority Mail in an effort to push their rates higher. The Association of Priority Mail Users stated: “the rate for an average piece of Priority Mail would increase 71 cents…. A successful UPS attack on parcel post rates would cause some, perhaps all, parcel post rates to increase sharply.” In 1999, UPS continued its offensive against the Postal Service by delivering packages to every member of Congress filled with materials denouncing the Postal Service, including “a 16-page booklet that compared the nation’s daily mail delivery service to the CIA.” Back in 2000, UPS filed testimony before the Postal Rate Commission “seeking a 40.3 percent increase to Priority Mail rates.” And in 2003, with Congress discussing postal reform, the Wall Street Journal reported that UPS “is expected to resist any proposed breaks on package deliveries” that would make the Postal Service more competitive.

A former UPS CEO stated at the National Press Club that the Postal Service “wouldn’t last one day in the free and open market of real competition.” The political efforts of UPS reveal that it is working hard to ensure that the Postal Service never has the opportunity to prove it wrong: UPS seeks to prevent the Service from becoming more competitive. The Atlanta Journal-Constitution reports, “Few legislative issues reveal UPS’ deal-making power more than the delivery service’s fight to keep the Postal Service out of the e-commerce market.” The corporation recommended that the Presidential Commission’s “focus ‘should be on what the mission of the current and future Postal Service should be.’” UPS’s CEO, Michael L. Eskew, then told the Commission that parcels “should not be part of the Postal Service’s core mission, or even its broader mission.” In making this statement he was simply reiterating a long-held position of the corporation. Back in 1977, a UPS director told an earlier postal commission that “parcels are not mail at all…. There is good reason to believe that they perhaps, shouldn’t be under the aegis of the Post Office at all.” FedEx has joined UPS’s efforts to remove the Postal Service as a competitor. Its CEO Frederick W. Smith has gone beyond advising the elimination of Parcel Post by suggesting that the Postal Service could “be wound down in an orderly manner as competitors are able to take over its functions.”
Smith has further proposed that, “Closing down the Postal Service, like any other government agency that has outlived its usefulness, is an option that ought to be considered seriously.” Not only should there be no “closing” of the Postal Service, but there are at least three very good reasons for the Service to make changes that will allow it to compete more effectively in the parcel and express markets: only the Postal Service provides universal service in these markets; given the unregulated oligopolies that currently dominate provision of these services it is in the interest of consumers for there to be more competition in these markets – not less; and the Postal Service should not forego revenues that could help it maintain universal service.

**UNIVERSAL DELIVERY SERVICE**

Frederick W. Smith has claimed, “The problem with the USPS’s vain attempts to compete in the express mail market is that there is not a shred of evidence that its entry into the field serves any public interests.” UPS maintains that, “No voids in service exist that necessitate government intervention in the express and package delivery market.” In reality, as the Parcel Shippers Association points out: “Only the Postal Service provides truly universal parcel delivery service: post office boxes, APO’s; FPO’s; Alaska; and Saturday delivery.” Shipping corporations, like UPS and FedEx, are not particularly interested in single-piece consumer parcel or express delivery service. It is not where the profits lie. They have imposed special fees and surcharges on deliveries to residential addresses and those places they have determined to be “remote.” The *Wall Street Journal* reports that “the number of ZIP Codes the carriers consider remote is swelling even as America is growing more urban.” UPS and FedEx both currently charge businesses $1.30 and residents $2.10 for delivery in these “remote” areas. Residents pay a higher fee even though the delivery cost associated with delivering to a residence in a rural area is not necessarily different from the cost of delivering to a business. Shipments to a majority of American ZIP Codes are now assessed surcharges by private carriers. And not all of these areas meet the definition of “remote” as it is commonly understood. In 2003, Rick Brooks reported in the *Wall Street Journal* that UPS “now charges extra for shipping to some homes in Santa Clarita, Calif., which was California’s sixth-fastest-growing city during the 1990s; about
161,000 people live there. FedEx Corp., meanwhile, applies
the markup to deliveries to two ZIP Codes in suburban
Atlanta.”588 In 2004, residents and businesses of Pasco,
Washington were shocked to learn that deliveries to their small
city of 32,066 were being assessed a “remote” delivery sur-
charge by UPS and FedEx. The basis for this surcharge was
transparently questionable, because the furthest any Pasco resi-
dent lived from the local UPS center was 8 1/4 miles.
Furthermore, their Tri-City neighbors in Kennewick and
Richland were not being charged the extra fee. City Manager
Gary Crutchfield called the surcharge “simple for them, painful
for us.”589

But Pasco’s residents look very fortunate indeed when com-
pared to the residents of areas of Hawaii, for example, who pay
FedEx an $11 delivery surcharge. In parts of Alaska residents
are charged $25 extra for shipping and receiving FedEx pack-
ages. (DHL charges even more: $35.00 extra for Alaska and
Hawaii.) Residential locations nationwide are being assessed a
special fee for delivery regardless of whether they are rural or
urban. UPS first introduced a residential surcharge in 1991,
because in comparison to businesses, residences generally are
more widely dispersed and generate less volume. FedEx cur-
rently charges $1.75 for delivering its “Home Delivery” prod-
uct and $2.10 for its “Ground” product line. A FedEx spokes-
woman explained the justification: “It costs us more to deliver
to residences … it was time to have a special surcharge.”590

Saturday delivery is another service that customers of private
shippers pay extra for: UPS and FedEx both charge an extra
$12.50. Conversely, the Postal Service does not charge any
additional surcharges for delivering to rural areas, residences, or
on Saturday. Additionally, the Postal Service’s package delivery
services include socially beneficial rate classes such as Library
Mail, Media Mail, and Free Mail Matter for the Blind and Other
Physically Handicapped Persons.

It is both more affordable and more convenient for millions
of Americans to use the Postal Service than private shipping cor-
porations that are not particularly interested in meeting their
parcel and express needs. Twenty-five years ago Everybody’s
Business reported, “UPS does little or nothing to solicit cus-
tomers.”591 Private shipping companies are still focused on
those segments of the parcel market that are most lucrative; they
are not primarily interested in serving individual customers.
The Postal Service charges rates for single-piece Parcel Post that
are often significantly lower than competitors’ prices (with their
insistence on making consumers pay for “out-of-the-ordinary” costs). Many small businesses benefit from the ability to ship single items affordably to customers nationwide. And thousands of communities that have post offices are located many miles from a FedEx or UPS retail location, or even a drop-box to place parcels for pick-up. In some areas people would have to drive fifty miles or more just to find a drop-box. The superior convenience and service provided by the Postal Service surely helps explain why the Postal Service handles almost 50 percent of parcels sent by infrequent shippers and has almost a 70 percent share of the “cash and carry” retail parcel market.

The difference in the service provided by the Postal Service and its corporate rivals is particularly apparent in rural areas. Dale A. Holton, president of the National Rural Letter Carriers’ Association, notes rural letter carriers each deliver “approximately 200 parcels a week – a higher number than you would find on some city routes because of where we deliver, the buying habits of our customers and the fact that, unlike our competitors, we have no surcharge for rural delivery.”

Carol Miller, the founder and executive director of the Frontier Education Center, lives in a rural area of New Mexico. “FedEx and UPS would prefer never to come,” she says, “and six to eight months out of the year they won’t even consider it.” In parts of Alaska anything and everything – including groceries – that can be sent Parcel Post is, making the Postal Service literally a lifeline for this part of the nation. For example, in the village of Sleetmute, Alaska, “There is no general store, so everything is shipped in from Anchorage.” Senator Ted Stevens (R-Alaska) has stated: “75 percent of the transportation of our goods is by air and that’s primarily by parcel post. The system that the Constitution guaranteed for post offices and post roads has real meaning in my state.”

Contrary to its corporate competitors’ assertions, the Postal Service provides necessary and valuable package and express delivery services to the American people. The Buffalo News has editorialized that “UPS officials claim private industry could provide the same type of universal service, but the argument that profit-driven private companies would be less inclined to service remote areas well is a valid one.” Private shipping corporations admit their lack of interest in residential delivery, particularly in rural areas, by using the Postal Service for this job. The Oregon Rural Letter Carriers’ Association explains:

Private mailers like Airborne Express only deliver packages that they can make a profit on. They bring their packages
that go to rural areas (that they can’t make money on) to the USPS for delivery because we provide service to everyone. Who would meet the needs of these people if all mail services were for profit only?\textsuperscript{599}

Using its “ability to zero in on the exact cost of delivery to any given destination,” UPS processes packages until they start to lose profitability, and at that point hands them over to the Postal Service for final delivery, taking advantage of the discount offered to package consolidators. The Postal Service is left with only the costly final delivery, and has lost out on the rest of the business. “We’ll get rural and anything they can’t make money on,” concluded a postal executive when informed of the practice.\textsuperscript{600}

The Postal Service injects some measure of much needed competition in these markets. In 1981 Frederick W. Smith remarked: “We are so much bigger than anybody else ... It would take a corporate behemoth to muscle its way into our business.”\textsuperscript{601} And FedEx has gained market share during the intervening years. UPS has proclaimed that it “believes the [Postal Service] should be subjected to the same antitrust scrutiny as the private-sector entities with which it competes.”\textsuperscript{602} The Postal Service is a regulated monopoly because it serves the public interest. UPS and FedEx do not – their purpose is to maximize profits. That is why these corporations are committed to surcharging those who incur “additional” costs. And given their combined hold of around 73 percent of the delivery market FedEx and UPS have not faced the anti-trust scrutiny one might expect.\textsuperscript{603} Historian Wayne E. Fuller wrote that before World War I “six companies controlled 90 per cent of all the express business in the nation,” presenting “no better example of monopoly in the country even in the age of monopolies.”\textsuperscript{604} It appears the industry is more monopolistic now than it was “in the age of monopolies.” According to Timothy J. May, general counsel of the Parcel Shippers Association, “Packages, defined as parcels weighing one pound or more, are 97% concentrated among four carriers.” The Postal Service has retained 18 percent of the one pound or more market. May states, “In the sub-market of ground parcel delivery, as opposed to expedited transportation, there is even more market dominance, with a 78% market share for UPS, and only 7% for the Postal Service.”\textsuperscript{605} Business Week reported in November 2005, that UPS and FedEx control 92 percent of the ground market.\textsuperscript{606} No wonder May believes that the Postal Service’s continuing presence in the package delivery market “is indispensa-
An anti-trust regulatory approach which gained ascendancy with the election of President Ronald Reagan called the “Chicago School” (in recognition of the university that spawned many of its most influential proponents) has abetted regulatory inaction. Rejecting government intervention in the marketplace, the Chicago School endorses a passive anti-trust policy, based on the proposition that the functioning of the “free” market itself makes anti-trust law effectively superfluous. “Anti-antitrusters,” writes economist James W. Brock, “thus condemn structural antitrust policy as just one more costly, counterproductive political interference with the beneficent functioning of free markets.”

Willard F. Mueller, professor of agricultural economics emeritus at the University of Wisconsin, calls attention to the fact that the Chicago School theory of anti-trust “tends to resolve all disputes concerning the intent and consequences of particular practices in favor of the businessmen making them [the practices].” John M. Connor, professor of agricultural economics at Purdue University, writes that under Reagan “the sizes of the two big federal antitrust agencies were cut substantially.” In 1996, economist Walter Adams stated: “Reagan and Bush subjected the antitrust laws to euthanasia.” Connor concludes, “the cuts imposed by the Reagan administration were concrete indicators of a desire for less aggressive enforcement of many areas of federal antitrust laws.” When recently confronted with UPS’s overwhelming share of the ground parcel delivery market, present postal governor James C. Miller III, the chairman of the Federal Trade Commission under Reagan, voiced Chicago School regulatory doctrine: “I’m not worried about UPS’s share of the market,” he said, “it’s a pretty open marketplace.” The Chicago School shows little concern for monopoly’s facility at transferring money from the consumer to the monopolist corporation, or for the inordinate social and political power associated with centralized economic power that is all too evident in the case of these big shipping corporations.

Despite theories that disregard the anti-competitive nature of market concentration, large consumers of shipping services are very much concerned about the impact of weak competition on their bottom lines, and are therefore keen to see the Postal Service continue delivering parcels. Former Postal Rate Commission Chairman A. Lee Fritschler observed in 1980: “Most shippers are very eager to see the Postal Service remain
in the business for an unusual reason … They want to maintain
competition in parcel shipping.”

In addition to competition from the Postal Service, FedEx and UPS may face some compe-
tition from their expanding German competitor DHL, which
recently purchased Airborne Express. FedEx and UPS are bat-
tling the incursions of DHL into the American market on patri-
otic grounds while, rather ironically, they are expanding global-
ly. In order to grease the wheels of its worldwide expansion
UPS has even filed suit against a national Post Office – Canada
Post – in its attempt to gobble up larger chunks of that foreign
market. Public Citizen reveals that UPS is using NAFTA to
argue “that because Canada Post provides public mail services
on a monopoly basis, it should not be permitted to offer inte-
grated parcel and courier services on a competitive basis.”
(The same logic could conceivably be applied to the U. S. Postal
Service’s parcel delivery business.) Even if DHL’s entrance into
the market proves successful, it would not eliminate the impor-
tance of the Postal Service’s presence in the market given its oli-
gopolistic nature. With FedEx and UPS introducing price
increases and surcharges in lock-step, it is not surprising that the
Parcel Shippers Association has declared, “There is a failure in
the private marketplace.”

Contrary to its corporate competitors’ claims, there are abundant good reasons for the
Postal Service to continue to offer package and parcel services.
Handcuffing the Postal Service

As opposed to shopping done in traditional retail stores, retail sales generated by the Internet – e-commerce – require shipment, and such sales have been growing rapidly. Investor’s Business Daily states that the Internet has “helped breathe new life into the direct mail-order retail business.”\footnote{618} Priority Mail, Express Mail, and Parcel Post already generate over ten percent of postal revenues annually and contribute billions of dollars to the Postal Service’s institutional costs.\footnote{619} Retail e-commerce still accounts for only approximately two percent of total retail sales, so there is plenty of room for continued growth.\footnote{620} The Postal Service brings great assets to this market: its delivery network and its post offices. The postal system’s tremendous reach has the potential to be a definite advantage in the future. However, efforts to make its existing shipping products more competitive and to introduce additional revenue generating services are both hindered by limitations that have been imposed on the Postal Service. But not all revenue-producing opportunities are good ideas. Advertisements on postal property risk undermining what is perhaps the Service’s most valuable asset – the trust of the American people.

COMPETING

FedEx’s chief economist announced shortly before Christmas 2004 that, “E-commerce sales are up 26 percent in 2004 and FedEx is riding this tide.”\footnote{621} Because the Postal Service accommodates residential users, it has maintained a sizable share of the single-piece parcel market generated by individual patrons. The majority of parcel shipments, however, are
generated by large organizations. And in order to compete for these shipments the Postal Service needs to be able to negotiate discounts. Robert Kuttner, co-editor of the American Prospect, states: “The Postal Service does compete with FedEx and UPS on courier services, but not fairly. Thanks to lobbying by FedEx and UPS, the Postal Service is prohibited from offering bulk rates, which skim off nearly all of the lucrative business market.” The Postal Service’s corporate competitors commonly offer discounts from published rates – at times on the spot. In order to remain competitive the U.S. Postal Service must have the ability to negotiate such discounts as well.

In 1996, U.S. News & World Report described the result of not being allowed to offer discounts: “the USPS is forbidden by law from lowering its prices to bid for competitive contracts. No wonder, then, that the government recently signed a five-year, $300 million contract with FedEx, which can deliver its overnight mail $3 cheaper per letter than its own 221-year-old Postal Service.” Discounts can be sizable: FedEx once gave the government “a 75 percent discount” on overnight mail. Bill McAllister reported in the Washington Post that publicity about the Postal Service’s failure to enter a bid to the General Services Administration (G.S.A.) was due to its inability to offer volume discounts, and “has been a continuing source of embarrassment to postal officials.” When “the service petitioned the Postal Rate Commission for authority to offer such discounts” in 1988, “The proposal was opposed by commercial overnight carriers, and the rate commission sided with the carriers, blocking discounting.” That year Airborne Express won the G.S.A. contract.

Postmaster General John E. Potter recently testified that “one would think that the Postal Service would be the provider of package services for the federal government. We simply are not because we can’t compete from a price standpoint. The published price that we have for packages is the same for one package as it is for a million packages.” Pro-privatization Board of Governors member James C. Miller III (who once proposed that UPS and Federal Express deliver the Postal Service’s packages) says, “UPS and FedEx have done a marvelous job. UPS has sort of pried USPS out of the package game.” But he adds, “I think the Postal Service should have some ability to compete.... I think the Postal Service ought to have the right to bid a lower price.” And G.S.A. contracts are only the tip of the iceberg. In 1996, “J.C. Penney Co. selected United Parcel Service over the Postal Service to deliver its pack-
ages—for $1 billion.” According to then-Postmaster General Marvin Runyon, the “agency lost the account because it cannot offer volume discounts on parcels.” The Postal Service is not as effective a competitor as it otherwise would be, because of its inability to offer discounts in a timely manner due to the lengthy process it must go through with the Postal Rate Commission.

The Postal Service is not known for being particularly responsive to potential new clients. Twenty years ago when “several companies … switched from Express Mail to a private carrier,” the Wall Street Journal reported that “nobody at the post office inquired to learn why.” A manager at a large organization who recently set up a contract with UPS to handle thousands of shipments each month says, “I made numerous calls to USPS and could not get an account rep. UPS was there in a heart beat.” While there still may be room for improvement, the Postal Service is stepping up its efforts to reach potential new customers. The Postal Service has developed a new program to spot and target potential customers called “Customer Connect,” which encourages letter carriers to identify small businesses that could be interested in hearing about USPS offerings. From its inception in mid-2003 through January 2006 the program generated $130 million of additional annual revenues. Richard Patton, a letter carrier in Albany, New York, solicited businesses located on his route. One switched $1.4 million of business to the Postal Service. “I know we took a good deal of business away from FedEx with this one,” said Patton.

The manager who chose UPS over the Postal Service also expressed frustration that, unlike UPS, the Service was unwilling to work with his organization to meet its needs. Specifically, “they were not willing to give us data on the shipments in the format we needed.” Clyde Prestowitz, president of the Economic Strategy Institute, writes, “Express companies have begun to take over the whole logistical function from their shipping clients.” Business Week reports that UPS manages a warehouse for Jockey International Inc., and “also handles Internet order fulfillment.” According to Business Week,
This example is not intended to suggest that the Postal Service should begin dressing teddy bears or repairing laptop computers. But new efforts to meet clients’ needs, when combined with advantages like six-times-a-week delivery to every residence in the country, and widespread availability to small businesses through thousands of post offices, could help generate new revenue.

Postmaster General John E. Potter says, “our goal is to make it as convenient as possible for people to use our package services.” The Postal Service has introduced new services like “Carrier Pickup,” which allows customers to schedule a package pickup the following delivery day. Pickup had been proposed before. In the late 1970s National Rural Letter Carriers’ Association President Lester F. Miller said,

The loss of parcel post business to private competitors is a source of great irritation to postal employees. We believe a valiant effort should be made by the U.S. Postal Service to recapture lost business by improving the service in every way possible. It is our observation that pickup service for parcels should be instituted for all postal customers.

The introduction of letter carrier pickup augments the Postal Service’s strength in areas such as the less than two-pound package market, where it already has a 36 percent share, and presents opportunities for a larger piece of other market segments. Further potential opportunities are presented by the development of the online retailer eBay, which has been an expanding revenue source due to the fact that Postal Service products are particularly attractive to the retailers and customers who use this website. Even without many of the advantages its competitors have enjoyed, the Postal Service has successfully demonstrated an ability to increase its parcel services’ revenues. New revenues from Priority Mail, Express Mail, and Parcel Post could help preserve the Postal Service’s ability to provide universal service.

MORE SERVICE

Post offices do not provide the range of products and services available at the UPS Store and FedEx Kinko’s. The Postal Service has sought to offer some of these services but, once again, has been prevented from offering services that patrons
would appreciate. In the mid-1970s the Postal Service was told to remove copy machines from post offices after “a lobbying effort from a trade association representing office equipment stores” who were “contending that the copiers were taking away some of their business.” Patrons were understandably not pleased with this decision. “Copiers are most convenient in post offices,” a spokeswoman for the National Consumers League stated, “because of their central location and because of the frequent need to mail whatever has been copied.” Not surprisingly, the Postal Service received “a heavy volume of complaints” from patrons about the removals. The copy machines were returned. But a policy was established that customers who needed to make “more than a few copies” were to be “directed to nearby commercial establishments.”

In 1998, Postmaster General Marvin Runyon explained that patrons “don’t like to come in and have to buy a box from us … and then they have to wrap it … So, we started doing it.” The Postal Service had begun introduction of a “Pack-and-Send” service at selected post offices that gave patrons the option of having the post office prepare their parcels for shipment. “We’re trying to be customer-friendly and respond to what our customers want,” said Runyon. The new service provoked an outcry from the Mailboxes Etc. chain and other private packing stores, which successfully challenged the new service. “It’s something our customers are screaming at us to do,” said Runyon’s successor Postmaster General William J. Henderson. “I mean it’s obvious. If you take packages, you ought to provide customers with [packing services].” The private packing store operators claimed that it was unfair for a government agency to compete with them. “The fact is they’re competing with us,” replied Runyon, pointing out that the nation’s post offices had existed for centuries before packing stores came into existence. By arguing that the service had been priced too low, the packing stores successfully lobbied the Postal Rate Commission to allow the Postal Service to go forward with “Pack-and Send” only if it increased prices to non-competitive levels. It was not the first time that the Postal Service had been assailed for offering its patrons new postal related services.

Meanwhile, FedEx and UPS have aggressively been adding retail locations. UPS recently acquired the 3,400 location Mailboxes, Etc. chain, which it is re-branding as the UPS Store, and FedEx bought the over 1,200 store Kinko’s chain, which it is re-branding as FedEx Kinko’s. The Wall Street Journal
reports that DHL, FedEx, and UPS have all recently “made moves that sharply increase their presence in the lucrative niche of charging consumers to both pack and ship packages.” The article reports that the industry is particularly lucrative because, “Consumers lack the bargaining power of large corporations, meaning bigger profit margins for shippers.” Independent packing store owners anticipate stiff competition. When UPS bought Mailboxes, Etc. it offered re-branded UPS Stores “lower shipping costs they can pass on to customers,” an option “not available to small independent operators that use UPS and other carriers such as FedEx.” Independent packing store operators are alarmed about these new players. “I’m getting madder and madder about having to compete with the major carrier that owns the shop up the street,” said one.

The Postal Service has long been aware of the opportunities that developments in electronic communications offer, and it began looking into them during the early 1970s. In 1977, then-National Association of Letter Carriers President J. Joseph Vacca stated:

As I match the response – or lack of response – by the U.S. Postal Service to the electronic funds transmission systems and electronic message transmission systems technology and their similar lack of concern with the increasing resort by mailers to alternative message transmission and delivery systems, I am confirmed in my conviction that this newly assembled group of expert businessmen not only lack a commitment to service but they also lack the prime requisite of business, a will to compete. If they do not lack the will, then their failure to aggressively pursue mail business must be attributed to an unexpressed desire to preside over the demise of the U.S. Postal Service.

He encouraged the Postal Service to pursue the new technology and incorporate it under its “constitutional mandate.” “Failing such decision the present control of the people of the national network through the people’s Postal Service will be transferred from the people to corporation directors,” said Vacca. “Surely such a result will not be viewed as consistent with the public interest.” Benjamin F. Bailar, the Postmaster General at the time, evidently disagreed with Vacca’s assessment, as he made little effort to incorporate the new technology into the Service. (Bailar became the executive vice president of U.S. Gypsum Company upon leaving the Service. He believes, “It’s time to end the U.S. Postal Service monopoly on the handling of letter mail.”)
In the late 1990s, Postmaster General William J. Henderson observed that electronic communications “is just moving mail from hard copy to electronics…. It’s just an extension of creating universal service.” When a new secure Postal e-mail service – PosteCS – was unveiled in 1998, UPS, which had recently introduced its own secure e-mail service, filed a complaint with the Postal Rate Commission. “This is another example of how the Postal Service is illegally competing with the private sector,” claimed a UPS spokesman. More electronic services were introduced, including eBillPay, Mailing Online, Digital Certificate, and Electronic Postmark. “It’s part of the universal service mandate to be there for every citizen and business in every community - and that includes the online community,” said Greg Frey, a Postal Service spokesman. “Our mission is not stamps and envelopes; our mission is connecting the country together.” Not surprisingly, the President’s Commission recommended, “Leaving electronic products and services to … [the] private marketplace.” Predictably, the Postal Service was attacked for meddling in areas that the corporate sector thought it should automatically be awarded. The Postal Service faced further criticism because these new experimental services in fledgling markets were not immediately successful. In 2004, Postmaster General John E. Potter – who less than two years earlier had justifiably claimed, “We have been on the cutting edge of a lot of what has happened in America over the last 225 years” – told a Senate Committee: “We still have a mailing online, electronic presence … For all intents and purposes, everything else has either been eliminated, or the only thing that we will lend to any of these ventures is our brand identity.”

AUCTIONING AWAY TRUST

In the name of finding new revenues the Postal Service has recently offered its image and facilities for corporate advertisements. In 2001, the “Postal Ad Network” was introduced to sell advertising space on postal property. Unlike its ventures in electronic communications, the Service has continued its pursuit of these revenues. The corporate sector encourages this initiative, and the only complaints the Postal Service receives are from civic groups and individual postal patrons. There are no corporate sector lawsuits, and there is no corporate sector pressure to cease and desist from selling ads. “We’re looking for
every opportunity to find additional revenue streams,” said John Ward, vice president of core business marketing at the Postal Service. Apparently, undermining the integrity of the Postal Service as a public institution in the pursuit of slight new revenues is an opportunity that fits the bill.

Commercialization of postal property had been suggested before. The Service announced in 1981 “that it was considering the sale of commercial advertising space in post offices and on postal trucks, mailboxes and other postal property.” For a decade now the Postal Service has been distributing change of address packets filled with dozens of advertising inserts. (Recent versions are a “Home Depot” shade of orange. They include an AOL CD-ROM, in addition to two dozen other ad inserts.) The New York Times reported that the “Postal Ad Network” initiative sought to take advantage of the fact that, “Because of viewers’ ability to tune out and ‘zap’ TV commercials … advertisers are constantly trying to find where they can put ads that ambush consumers.” Our surroundings have become so cluttered with ads that advertisers are worried that it is becoming harder to grab the public’s attention to the degree that they once did, and as a result they are scouring all available spaces and moments for opportunities to commandeर our consciousness. And that is where the Postal Service has decided to intervene and offer them new ways to claim our attention, or better yet, demand it when there is no escape. Ward claimed patrons were “very enthusiastic” about the “idea of using Postal Service assets as an ad medium.” Notwithstanding his claim, people like Merri Dewinter of Mishawaka, Indiana object to the ads. “They’ve got the TV and newspapers and radio and billboards (for advertisements), that’s enough,” she said. In response to the “Postal Ad Network” the Omaha World Herald editorialized: “These days, it seems as though you can’t look or listen anywhere without being shilled for a product or a service, rather than having a moment’s peace. Please: no further contributions from the public sector to this growing harangue.” A trusted government institution selling itself to the highest bidder is a troubling prospect. “Ben Franklin must be weeping in his grave,” the World Herald stated. “Some things shouldn’t be for sale, and in our view this is one of them.”

The Postal Service has developed a particularly visible marketing arrangement with the movie studios Universal and DreamWorks. Billions of letters have been cancelled by postmarks advertising movies with slogans like “Happy Who-lidays” or “Greetings from Rodney and Fender,” as part of deals struck
between the Postal Service and the studios. Traditionally special cancellations had “featured holidays or health-related issues such as Breast Cancer Awareness Month,” but it seems that useful public service announcements were considered a waste when postmarks could be transformed into an item with commercial value.663

Apparently the “spirit” of postal employees is for sale too. While letters were being postmarked “Happy Who-lidays” a Postal spokesman declared: “Postal employees embody the spirit of Whoville and the Who-lidays.”664 Those who imagined that postal employees might possibly embody the spirit of public service and the higher value of binding the nation together were undoubtedly discouraged to hear this declaration that in fact they personify a synthetic advertising pitch generated by a corporation. Jane Mackie of Evanston, Illinois expressed her frustration in a letter to the Chicago Tribune: “Christmastime and crass commercialism are inseparable in the United States, but I find it offensive that I cannot send my grandmother a Christmas card without making her the subject of this marketing.”665 In return for advertising these films, the Postal Service is alluded to in them. Shrek 2 included the “Far Far Away Post Office”; How the Grinch Stole Christmas incorporated a character that worked at the “Whoville Post Office”; and Robots featured a talking mailbox. No money is exchanged, only reciprocal advertising is involved. It is all part of an ongoing promotional campaign with DreamWorks that aims to mold public perception of the Postal Service as cutting-edge.”666 The advertising campaigns have been thorough: In addition to the billions of postmark cancellations, movie ads have been placed throughout post offices nationwide. Prior to the Robots release, the Postal Bulletin instructed postmasters that in their post offices, “your lobby should be displaying the new refresh point-of-purchase (POP) kit elements – a standee and poster featuring the colorful characters from Robots,” which it helpfully reminded them “opens March 11.”667 Gary Ruskin, director of Commercial Alert, objects to the commercialization of the nation’s postal system. “It’s not the purpose of the federal government to get kids to nag and whine at their parents to take them to a movie,” he says.668

Post offices were once intended, in cities both large and small, to be architectural landmarks. With their often majestic staircases, high ceilings, and broad counters, they were impressive civic spaces and worthy representatives of the national government. In fact, James H. Bruns, director of the Smithsonian’s
National Postal Museum, writes “with the exception, perhaps of local places of worship and schools, the local post office has frequently been among the largest buildings and generally the most important cultural structure in town.” During the Great Depression many were decorated with artwork portraying American life and documenting important events in local and national history. According to Patricia Raynor of the National Postal Museum, this New Deal art provides “enduring images of the ‘American scene.’” She notes that post office murals were “a truly democratic art form” due to the fact that their placement in post offices made them “accessible to all people.” Karal Ann Marling, professor of art history at the University of Minnesota, adds that this artwork’s “primary function was to be liked by the American public.” “These murals and sculptures constitute a great national treasure,” states Bruns, “comprising a comprehensive public collection of artworks that portray the diverse culture and character of the American people during this period; and the buildings that house these works represent a valuable and important American asset.”

Now cookie-cutter post office buildings with their uniform grey layout are made to look vulgar and gaudy by the addition of corporate advertising pitches in an attempt to “mold public perception of the Postal Service as cutting-edge.” All this commercialism begs the question: will anyone in the future be able to sincerely refer to anything produced by the present focus on “corporate practices” as “a great national treasure”?

Further examples of creeping commercialism in the American postal system abound. It has offered “co-branding” opportunities that allow corporations to “get essentially free brand imaging” by placing their logos on “Priority Mail” envelopes. Advertisements on postal items are troubling, because they imply government sanctioning of corporations and their products. “What if the government is seen as tacitly endorsing a company that turns out to be a polluter or a monopolist?” asks Gary Ruskin. Perhaps the most disturbing example of postal commercialism involves the nation’s postage stamps. Almost half a century ago Postmaster General Arthur E. Summerfield declared: “the postage stamps of a nation are a picture gallery of its glories.” A few years ago an advertising executive stated, “the possibility of reaching the entire U.S. population with an advertisement on a postage stamp is a unique consideration.” Possibly under the impression that items like dog food, nail polish remover, and oil filters figure prominently in the pantheon of our national glories, Rep. Barry M. Goldwater, Jr. dusted off an old proposal to let corporations...
place advertisements on postage stamps in the early 1980s.\textsuperscript{677} His plan went nowhere; but recently USPS spokeswoman Joanne Veto announced that, in an effort “to make mail more interesting to consumers,” corporations will be allowed to place their logos on stamps. The \textit{Washington Post} reports: “Instead of flags, you can expect to see a company logo; instead of photos of famous Americans, you might see pictures of your local real estate agent.”\textsuperscript{678}

One of the Postal Service’s greatest assets is the trust of the American people. The Service has an excellent reputation. According to \textit{Government Executive},

\begin{quote}
People see USPS as dependable, a familiar face in an uncertain world … A study by the Ponemon Institute shows that Americans have more faith in the Postal Service to safeguard their personal information than any other federal agency, and more than other major delivery companies. In fact, the gap between the Postal Service and its competitors was the largest of any industry.\textsuperscript{679}
\end{quote}

Auctioning off this trust to the highest bidder is risking that valuable credibility in a short-sighted approach to revenue creation, because the Postal Service’s good name will only exist as long as people perceive it to embody higher values – like public service – which are above the commercial considerations that drive advertising. And the more that the Postal Service allows itself to be corrupted by commercialism, the more it looks like yet another commercial institution, and the less logic there is to maintaining its privileged status. Then again, maybe that’s the idea? Ruskin believes:

\begin{quote}
Public institutions exist for public purposes. They exist to promote the public good, and when there’s corporatization of public institutions, it ends up there being a tremendous number of conflicts of interest, and it ends up degrading public institutions and civic participation in the life of our nation.\textsuperscript{680}
\end{quote}

Instead of hawking products and further promoting commercialism, Ruskin thinks the Postal Service should remember its origins and rediscover the example of “voluntarism and community-building which was the hallmark of the first Postmaster General,” Benjamin Franklin.\textsuperscript{681}
THE FEDEX “DEAL”

It has been hard to miss one prominent Postal Service “co-branding” endeavor. In January 2001, the Service announced that it had entered into a contract with FedEx for the carriage of mail (particularly Express and Priority Mail) on FedEx planes. FedEx’s CEO Frederick W. Smith “had pressed a similar deal with several postmasters general in recent years, but it was ... Postmaster General William J. Henderson who accepted.” Henderson, who has written, “What the Postal Service needs now is nothing short of privatization,” declared the contract to be “a major step forward in the Postal Service’s increasing collaboration with private business.” In return for receiving about $6.3 billion over seven years, FedEx “agreed to use spare capacity on its aircraft to carry mail,” and also was allowed to place up to 10,000 FedEx drop boxes in front of, and sometimes inside, post offices nationwide. Depending on the number of boxes it placed FedEx would pay between $126 million and $232 million for this opportunity, and, according to the Journal of Commerce, the corporation expected “to produce approximately $900 million in increased drop box revenues” from the deal. It is interesting to note that the Postal Service eliminated 3,841, almost 30 percent, of its own Express Mail collection boxes from 2001 through 2004. “The U.S. Postal Service will gain a single air transportation provider for most of its Express and Priority Mail,” said Smith. “FedEx will gain an expanded retail network to grow our business.” “This alliance gives FedEx Express the opportunity to offer their customers the convenience of dropping their FedEx packages into drop boxes located outside our post offices,” declared a Postal Service spokesman. One postal official suggested that the FedEx boxes located outside post offices would bring the Postal Service new customers.

The contract was awarded to FedEx on a no-bid basis. Deputy Postmaster General John Nolan explained, “the federal agency did not need to seek competitive bids for the shipping because it has screened prospective airline carriers and FedEx ... came out on top.” Senator Russell Feingold (D-Wisconsin) observed:

In the past, Federal Express has used its clout with the Congress, so it’s fair to ask whether its powerful lobby paved the way for the strategic alliance with the U.S. Postal Service ... FedEx competitors, employees, and American
consumers are entitled to ask whether or not the deal is a good one for the country. The lack of openness in the decision-making process also is cause for concern.\footnote{689}

In June 2004, the Postal Service announced it had “selected FedEx Express to provide transportation and delivery for Global Express Guaranteed (GXG), the Postal Service’s premier, date-certain international delivery service to more than 190 countries.”\footnote{690} It also announced that “shipping labels and packages will carry Postal Service and FedEx logos,” making Global Express Guaranteed a clearly co-branded product.\footnote{691}

FedEx’s ground fleet and network helped keep the mail moving after the 2001 terrorist attacks when commercial air traffic was halted (Amtrak helped as well), but the FedEx contract has also eliminated advantages the Postal Service formerly held over FedEx in certain locations. “In some cases,” according to Cliff Guffey, executive vice president of the APWU, “we were able to get our Express Mail to recipients faster than the private delivery service. But these successes were negated when we contracted to fly our mail on FedEx planes – which slowed us down to their schedule.”\footnote{692} Aroostook County in northern Maine was upset to learn that the FedEx deal meant the end of overnight Express Mail service to the region. The \textit{Bangor Daily News} reported that the service was eliminated because the FedEx planes “could not be in Aroostook County in time for mail to be sorted and placed on USPS trucks for delivery.”\footnote{693} After pressure from Senator Olympia J. Snowe (R-Maine) the Service announced a new plan that would allow “more communities” to “gain access to overnight mail service,” although “there could be” other communities whose premium service is two-day delivery.\footnote{694} “We’ve always had to work a little harder up here to retain or attain anything,” said Roland Martin, the administrator of the County. “The fact of the matter is we have some real live, breathing people up here.”\footnote{695}

The delivery of packages and parcels has long been synonymous with the Postal Service. There are millions of Americans who benefit from this service. Contrary to the Postal Service’s competitors’ assertions, postal parcel and time-sensitive delivery services should not be jettisoned; rather they should be expanded and improved. There are other new offerings, directly relevant to its mission, which the Postal Service has sought to provide that would serve to increase what it can give the public. And both these areas present the possibility of increased revenues for the maintenance of universal service. But prospective competitors have acted to prevent the Postal Service from fur-
ther benefiting the nation as a whole. The corporate sector should not be permitted to undermine the broader public interest in order to further its own narrow self-interest.
Delivering Everyday Fair Wages

In the last few decades a series of economic changes have redefined what American workers can typically expect from their employers. Many workers have experienced a shift away from an employment model based on fair remuneration to a low-wage model. It was much more common in the past for workers to imagine that if they were employed full-time they would be part of the nation’s middle class. But this is no longer the case, as good paying, high union density manufacturing jobs have been exported in search of cheaper labor; the expansion of foreign trade has undercut the prices of products produced in the United States; the minimum wage has declined in real terms; the federal tax code has become less progressive; and an influx of cheap labor in the form of mass immigration has allowed employers to reduce wages in many communities and industries. The proliferation of fast food chains, discount retailers, and temporary employment services has created a whole new low-wage service sector economy. Pension plans have been terminated or depleted, health plans have been slashed, and wages have been cut. “The early 1970s were a turning point for corporate America,” writes John Sweeney, president of the AFL-CIO. “They decided to break their post war social contract with working America.” By the end of the 1990s author Kevin Phillips noted, “wage earners in the United States collectively ended the decade with less pension and health coverage as well as with the Industrial West’s least amount of vacation time … and shortest average notice of termination.” In this economic environment the Postal Service plays an important role in our country because it is a source of fair wages, good benefits, and stable employment. As America’s second largest civilian employer with over 700,000 employees, this model has
a positive impact on individuals, families, communities, and the nation as a whole. The postal workplace should not be idealized: it has its share of flaws, but in a climate where employers are increasingly unwilling to fairly compensate their employees at levels that were once considered American Standards, the Postal Service continues to be a source of middle-class jobs.

THE LOW-WAGE MODEL

Over the past thirty years average weekly earnings have actually fallen for the production and non-supervisory workers who account for over 80 percent of all workers. In 2003, average weekly earnings for production and non-supervisory workers were $519.56; when adjusted for inflation real average weekly earnings in 2003 dollars were $548.35 for these workers in 1972. A new low-wage economy is emerging that depends on paying employees little more than the minimum wage, and providing few to no benefits. This low-wage model has significant consequences not just for workers, but for their families, in part because “lower-wage jobs bring with them less or no paid leave and flexibility, and fewer or no supports for employees who need to care for children and elderly parents.”

The prime example of this new model is the one American civilian employer larger than the Postal Service – Wal-Mart. With well over one million employees working in more than 3,500 stores throughout the nation, Wal-Mart is an economic force whose influence is felt nationwide and extends internationally. Wal-Mart is representative of a new employment model that is in many ways the opposite of the Postal Service. Comparing the nation’s two largest civilian employers reveals two substantially different employer models, which illustrate the importance of an employer that continues to maintain equitable standards of employment.

The key to Wal-Mart’s employment model is maintaining a virulently anti-union shop and shifting the cost of its employees onto the communities where it operates. This transfer of costs allows Wal-Mart to keep its average wages low, between $7.50 and $8.50 an hour. War on Want reports that “Wal-Mart wages are well below the industry standard.” Wal-Mart is also loath to provide benefits for its employees. The company has a health care plan, but due to limited benefits, narrow eligibility, long waiting periods for eligibility, and costly premiums, combined with high deductibles, co-payments, and large gaps in
coverage, only “between 41 and 46 percent” of Wal-Mart workers are enrolled.\textsuperscript{701} Wal-Mart’s employee healthcare plan is simply not designed to be one that adequately serves workers. Wal-Mart does not improve when it comes to other traditional employer provided benefits like pensions. In fact, Wal-Mart does not offer pensions that guarantee workers fixed benefits. It offers a profit sharing plan and a 401(k) plan that it provided a total average employee contribution of only $440 towards in 2001.

Wal-Mart’s low wages and poor benefits do not only directly impact the individuals and families who work for Wal-Mart, because the actual cost of employment is shifted onto the communities as a whole where the stores are located. The \textit{New York Times} reports that an internal company memo acknowledged that “Wal-Mart has a significant percentage of associates [employees] and their children on public assistance.”\textsuperscript{702} According to a report issued by the U.C. Berkeley Labor Center, in California alone, “Reliance by Wal-Mart workers on public assistance programs … comes at a cost to taxpayers of an estimated $86 million annually,” because these working poor are forced to turn to public assistance programs to cover health and other expenses.\textsuperscript{703} Rep. Martin Olav Sabo (DFL-Minnesota) expressed a widely held belief when he stated that, “Full-time working Americans should make enough money to get by without government assistance.”\textsuperscript{704} But in the state of Georgia, “more than 10,000 children of Wal-Mart employees were enrolled in the state public health insurance program for children,” costing “federal and state taxpayers an estimated $6.6 million” in 2002.\textsuperscript{705} Susan Chambers, vice president for benefits for Wal-Mart, has herself written that “46 percent” of employees’ “children are either on Medicaid or are uninsured.”\textsuperscript{706} The U.C. Berkeley Labor Center states: “Wal-Mart workers’ reliance on public assistance due to substandard wages and benefits has become a form of indirect public assistance to the company.”\textsuperscript{707} A Congressional Staff report estimates that the total annual cost to federal taxpayers for each Wal-Mart employee amounts to “about $2,103.”\textsuperscript{708}

Wal-Mart maintains an absolute opposition to unions. Its workers are fed anti-union propaganda from the day they are hired – during training they watch a 16-minute anti-union video. In a document the company sent to its managers, Wal-Mart laid out its anti-union philosophy in no uncertain terms: “Wal-Mart is opposed to unionization of its associates. Any suggestion that the Company is neutral on the subject or that it
encourages associates to join labor organizations is not true.”

This document goes on to state: “Staying union free is a full-time commitment,” which, “must exist at all levels of management.” To this end, Wal-Mart maintains a “hotline” that managers are instructed to call if they suspect workers are organizing a union. Corporate headquarters regularly dispatches teams of union busters to stores around the country to intimidate employees whenever and wherever there is a hint of union activity.

Despite Wal-Mart’s intensely active on-going anti-union campaign there have been a few successful union organizing drives. In 2000, butchers in Jacksonville, Texas voted to unionize; “their department was simply eliminated,” and Wal-Mart started offering only pre-packaged meat in its stores. An entire Wal-Mart store in Jonquiere, Quebec was organized in February 2005; acting swiftly, on February 9th Wal-Mart made the determination to simply shut the store. A “chilling effect on the union” was evident in two union votes following the announcement that the Jonquiere store would be closed.

“They closed it to be a threat to other unions,” said Mayor Jean Tremblay. “We know that for Wal-Mart, Jonquiere is nothing. They wanted to close it to make a lesson to other Wal-Marts.” Wal-Mart’s reaction to the possibility of a union is further illustrated by their actions when a tire-and-lube shop in a Wal-Mart in Loveland, Colorado forced a vote on unionization. Wal-Mart responded by having “two or three anti-union people from Bentonville in the garage full time, showing anti-union videos and telling people that unions are bad.” An employee said, “The message we got was, ‘You’re a small bunch of guys, and you can stand out there and strike, and we’re going to replace you.’” Management also transferred in six new employees screened for their anti-union sentiments; the vote ended up going against the union. Unionization is so bitterly resisted by Wal-Mart because it would likely cut into the massive profits the company has amassed by, in part, underpaying its workforce. The corporation is making over $10 billion in profits annually, and it intends to hold onto every penny by continuing to aggressively combat any attempts by its employees to form unions, by continuing to transfer its employment costs to the larger society, and by continuing to utilize the low-wage model.

By altering the way that other companies treat their employees, Wal-Mart’s employment practices have widespread ramifications. If a business is competing against a company, in this
instance Wal-Mart, that is receiving subsidies, it will naturally act to receive similar subsidies. The “Wal-Mart effect” is triggering other employers to slash their wages and benefits in order to remain competitive by shifting their employment costs onto the larger society. In These Times reports that the need to compete with Wal-Mart, “helps hold down wages throughout the retail industry.” Wal-Mart represents a model of employment in which workers can expect to be chronically underpaid and to lack union representation. CNN anchor and longtime business reporter Lou Dobbs has recognized: “everyone acknowledges that almost every benefit that working men and women in this country enjoy is directly attributable to the efforts of labor organizations and unions.” Leo Hindery, Jr., the former CEO of AT&T Broadband, has concluded that Wal-Mart’s “nationally destabilizing business model is a dangerous detriment to América’s local and national economies and to the middle class.” The rise of the low-wage model is changing the nature of American society, and by advancing this model Wal-Mart plays a significant role in furthering this change.

In the post-World War II era America envisioned itself to be a middle class society, with, in the words of historian Lizabeth Cohen, a “commitment to deliver equality and democracy through mass prosperity.” Times have changed: The middle class nation is no longer so middle class. Greg Denier, a spokesman for the United Food and Commercial Workers, says, “There is a systematic ratcheting down of jobs that once could support a family.” American Standards are now in retreat, as the low-wage model displaces the idea that America is a middle-class nation. New York Times columnist Paul Krugman was born in 1953, and has observed this change firsthand. According to Krugman, “the America I grew up in – the America of the 1950’s and 1960’s – was a middle-class society, both in reality and in feel,” but, “The middle-class America of my youth was another country.”

AMERICAN STANDARDS

Postal employees work in an institution that contrasts greatly with Wal-Mart’s “everyday low-wages” approach, and, like Wal-Mart, as a large employer the Postal Service’s fair remuneration model has broader consequences too. Despite overall trends in the economy away from traditionally American Standards of employment, employees at the Postal Service con-
continue to be able to earn a middle-class living standard. In 2002, the median annual earnings of these postal employees ranged from $38,150 for mail sorters, processors, and processing machine operators, to $39,530 for mail carriers and $39,700 for clerks. Postal employees also receive the kind of benefits that American employers traditionally offered their employees. They are covered by the Federal Employees Health Benefits Program, which allows federal employees to choose from the widest selection of health plans in the country, and they receive a defined benefit pension plan. The low-wage model’s creep, however, is evident at the Postal Service as well. There is a larger trend that was identified in *U.S. News & World Report* as “a new corporate reality,” where “cost-cutting companies reduce wage-and-benefit expenses, avoid labor protection laws and increase flexibility by hiring temporary and part-time workers.” A recent story in the *Wall Street Journal* reports that throughout the economy, “The use of full-time seasonal employees is expanding.... In some cases, workers who want full-time work can only find seasonal or temporary opportunities.” Economist David M. Gordon has charged that “millions of workers have been pushed out of full-time work against their wills.” The Service employs temporary workers called “casuals.” At the Postal Service “casuals” can make up to $15 an hour and are “supposed to be supplemental workers who help out during busy periods.” But some of them will work for years at a time with no vacation days, health insurance, or pensions. The vast bulk of postal employees are permanent however: At the close of 2004 the Postal Service employed 20,529 casuals as compared to over 700,000 career employees.

The Postal Service has also encouraged the introduction of the low-wage model into its operations through the back door by facilitating the establishment of “pre-sort” bureaus. Through discounts for bundling mail based on its destination and attaching bar-codes to it before presenting it in bulk to the Postal Service, companies that specialize in sorting mail for bulk mail clients have grown and prospered since the establishment of discounts in 1976. Pre-sort bureaus profit from charging a small fee of one or two pennies per piece for picking up customers’ mail, sorting it, and then handing it over to the Postal Service. Part of their ability to pass sizable discounts along to their customers results from pooling the mail of a number of different customers, thereby qualifying for a larger discount than would otherwise have been possible. The largest of these operations is a branch of Pitney-Bowes called PSI Group. It employs over 2,500 people in 30 locations where 7.6 billion
pieces of mail were handled in 2004. William Burrus, president of the American Postal Workers Union, reveals that in some instances these pre-sort bureaus will “go throughout the mailing community and combine mail until it reaches the 250,000 threshold,” at which point it qualifies for a major discount. If this mail has already been metered the pre-sort bureau or the mailers will then go to the Postal Service and ask for “a rebate check making up the difference between the consolidator rate and the mail that was metered already.” Through the Freedom of Information Act his union discovered that during 2004 the Postal Service handed out $182 million worth of checks to mailers who qualified for deeper discounts after pooling their mail. As Burrus says, “the loser in consolidation is the Postal Service because they lose the revenue.”

The pre-sort bureaus employ a low-wage workforce that drives the industry and enables it to make handsome profits. Beginning with hand sorters who could “usually be had for the minimum wage,” the industry has increasingly introduced automation, but retained the core of its business model – a low-wage workforce. Sarah F. Ryan, a labor studies faculty member at Evergreen State College, claims that in the industry, “the evidence is overwhelming that wages are very low and the industry boasts that it pays far below wages paid to USPS workers for virtually identical work.” Robert C. Williamson of the National Association of Presort Mailers once testified to Congress that Postal Service “wage rates [are] more than 4 times that paid workers in the private sector.” Ryan provides substantiation of Williamson’s claim that pre-sort bureaus pay their employees low wages. “Seattle, Washington presorts were reported paying $4.25 per hour in 1992 and $5.25 to $7 by 1994. The March 27, 1995 issue of Business Mailers Review reported presort wages in the range of $5 to $7.50 per hour.” In 2001, the New York Times reported that in a large shop on Long Island “wages start at $6.75 an hour” and “people will work as much as 84 hours a week in 12-hour shifts.” Not surprisingly, the workforce for such low wages and long hours “is about 90 percent foreign born.” Ryan also reveals that these operations will work to maintain the low-wage model by keeping unions out. “In Seattle,” according to Ryan, “the APWU and Teamsters organized a union at PSI, but PSI held them off and workers never got a contract.” Although the Postal Service itself pays its full-time employees fair wages, through offering deep presort discounts it has created the pre-sort industry, and this industry utilizes the low-wage model. Advocates of dismantling the Postal Service through privatiza-
tion and deregulation would like to see the Postal Service itself employ the low-wage model much more fully. Bert Ely at the Cato Institute has stated: “part-time employees should be used to a much greater extent.” They want a postal system possessing a singular “efficiency”: low-wage workers.

Postal employees’ high level of unionization serves as a major divergence from the low-wage model and is a significant reason for their middle-class earnings. Around 90 percent of all postal employees are members of the American Postal Workers Union, National Association of Letter Carriers, National Rural Letter Carriers Association, or National Postal Mail Handlers Union. These unions all began as associations that could lobby Congress and the Post Office Department but had no collective bargaining rights. Following a major postal strike in 1970 and reorganization of the Post Office Department into the Postal Service through the Postal Reorganization Act of 1970 (PRA) workers won collective bargaining rights. Prior to the passage of the PRA postal workers had been underpaid; “many held second jobs” and “some full-time postal workers were eligible for supplementary welfare benefits.” The PRA increased postal wages and instituted a collective bargaining process that improved postal wages and working conditions. William H. Young, president of the National Association of Letter Carriers, outlines the product of post-reorganization labor relations:

The real wages of postal employees (adjusted for inflation) have remained essentially level since the passage of the PRA. Objective, verifiable gains in labor productivity (36 percent according to the Bureau of Labor Statistics) have more than paid for the wage increases received by postal employees. And there has been no disruption of service in more than 30 years.

There have been complaints from some quarters that postal workers have done too well under the present arrangement; and as a result, in the words of James Bovard of Cato, “the Postal Service overpays most of its workers.” Bovard has referred to postal workers as “overpaid and underworked,” and written that they hold “lifetime overpaid jobs.” Rep. Michael Pence (R-Indiana) is concerned about postal workers receiving “lucrative health and life insurance benefits.” AEI’s Rick Geddes writes of “the substantial wage premium obtained by postal workers.” It is self-evident to those who believe that workers entrusted with the delivery of the U.S. Mail should not earn a middle class living standard that assertions of postal employees being “over-paid” are correct. James C. Miller III once stated
in a Cato Institute publication that “Postal workers are paid far more than is necessary to retain their services.” \textsuperscript{743} “Take the kind of measures economists would use in something like this: Quit rates, long queues to get into the Postal Service,” says Miller. “That will tell you something.” \textsuperscript{744} Former Postmaster General Anthony M. Frank said, “When Jim Miller talks about privatization, he means union busting. The Postal Service pays its people $15 an hour, plus another $5 in benefits. Miller would pay them entry level wages of $4 to $6.” \textsuperscript{745} However, affirming Young’s conclusion, the National Postal Mail Handlers Union points out that “postal wages have increased only gradually, and in aggregate less than the rate of inflation measured by the Consumer Price Index or general wage costs in the American economy as measured by the Employment Cost Index.” \textsuperscript{746} And these claims are supported by the research of Joel Popkin, an economist retained by the APWU, who has demonstrated that postal employees’ “real wages have been virtually flat since the PRA became the law in the early 1970s.” \textsuperscript{747}

Postal employment further departs from the model of finding the lowest cost labor possible by its tradition of recognizing the sacrifices of those who serve our nation in the armed forces. The National Postal Museum states that after the Civil War the new Free City Delivery system “provided employment for Civil War veterans as letter carriers.” \textsuperscript{748} At the time of passage of the Veterans’ Preference Act in 1944, President Franklin D. Roosevelt stated: “I believe that the Federal Government, functioning in its capacity as an employer, should take the lead in assuring those who are in the armed services that when they return special consideration will be given to them in their efforts to obtain employment.” \textsuperscript{749} Veterans receive preference points on their passing postal exam score, which gives them special consideration when they are looking for employment. The importance of veterans preference is indicated by the resolution at the American Legion’s 2004 National Convention “That The American Legion strongly support veterans preference in federal, state, and local government, as provided by a grateful nation, and oppose any and all efforts to reduce this Preference.” \textsuperscript{750} At the end of 2001, almost a third of postal employees were veterans – approximately 235,985, including 77,521 with disabilities. \textsuperscript{751} The representation of veterans in the Postal Service is significantly higher than their less than 10 percent representation in the civilian workforce as a whole. \textsuperscript{752}
A further advantage of postal employees earning middle-class wages and benefits is that they demonstrate real dedication to their chosen career. In the low-wage model employees are unlikely to stick around. The documentary film *Store Wars* reveals that in the case of Wal-Mart, “The rapid turnover - 70 percent of employees leave within the first year - is attributed to a lack of recognition and inadequate pay, according to a survey Wal-Mart conducted.” This high rate of employee turnover at Wal-Mart provides a startling contrast to the ability of the Postal Service to retain its employees. Most postal employees make a thirty-year commitment to the Service. Even the corporate-dominated President’s Commission had to admit that, “In 2002, less than 1.5% of bargaining unit employees resigned before they retired, a ‘quit rate’ that is lower than the rate for most private firms in America.” The ability of the Postal Service to retain its employees indicates that they are committed to their jobs.

And it is in our national interest for postal employees to have a high degree of dedication to their jobs, because they are entrusted with the nation’s mail. One of the most important services the government provides is enabling people to communicate, regardless of their geographic location or their ability to access the Internet. Americans expect that the mail will be moved efficiently, and the Postal Service has proven its ability to make this happen. The *Christian Science Monitor* recently reported that the U.S. Postal Service, “ranks well among other countries in terms of reliability and competence.” It is highly unlikely that replacing fairly compensated postal employees with low-wage workers will bring an added dedication to the job that will improve service. During 2001’s anthrax scare Senator Barbara Mikulski (D-Maryland) stated:

I really want to compliment the nation’s postal workers for staying on the job. We see them out there every day. The post offices are open. The mail is being delivered ... I just really want to congratulate them for their steadfastness, their loyalty, their bravery, and really their patriotism.

Don’t we want the best most committed postal employees possible? In the wake of 2001’s terrorist attacks the *New York Daily News* editorialized: “Airport security is not a game for minimum-wage, poorly educated clock watchers.” Responding to what was a general consensus about the impor-
tance of security, airport screeners were nationalized under the auspices of the Transportation Security Administration. The *Christian Science Monitor* reported that this represented a significant changing of the guard: “Old screeners typically received little more than minimum-wage pay – and few benefits. This led to turnover rates of up to 120 percent per year. New screeners get an average of $23,600 to $35,400 – plus full health-care coverage, life insurance, and paid vacation.” 758 It would be hard to argue that travelers are not safer when screeners are better paid and the government handles security.

Billions of pieces of mail containing such private information as financial and health records, identification numbers and passwords, checks and bills, and a host of other items we want to remain secure and confidential, pass through the postal system each year. There is a general, well-founded confidence that these items will reach their destination without having been tampered with. Given the wealth of personal information that postal employees handle on a daily basis, introducing underpaid employees is an idea with potentially serious repercussions. Employees who are treated fairly are likely to be better qualified and more committed. In 2000, the San Francisco International Airport introduced a “quality standards program” that included requiring employers at the airport to pay employees a minimum of $10 an hour with health benefits ($11.25 without). According to research led by University of California, Berkeley economics professor Michael Reich, “employers reported improvements in overall job performance and reported greater ease in recruiting more skilled applicants.” 759

INEQUALITY

The low-wage model has been a major factor driving a national “increase in inequality such that the gap between the incomes of the well-off and those of everyone else is larger now than at any point in the postwar period.” 760 The President’s Commission on the Postal Service’s Report includes a chapter titled “Building a 21st Century Postal Service Workforce.” This chapter makes an assertion that the Commission evidently finds troubling: That postal compensation has been “maintained at the generous levels in place when the 1970 Act became law.” 761 The Commission claimed that, although “it is not the Commission’s intent to lower the real wages of existing employees,” it would like to see “corrective action” that would “create
a two-tiered system” with reduced real wages for new hires. The Commission would like to see the “outdated” compensation that it clearly views as overly “generous” reduced, in order to bring the Postal Service’s employment practices into the “21st Century.” On the other hand, the Commission advocates “repeal of the Federal salary cap as it applies to the Postal Service (currently $171,900),” in order to “establish rates of pay for top Postal Service officers and employees that are competitive with the private sector.”

The Commission seeks to bring the Postal Service into line with the great divergence between the earnings of workers and executives that characterizes the last few decades. University of California, Berkeley economics professor Emmanuel Saez’s research demonstrates that “since the late 1970’s,” there has been “a surge in top wages and salaries” and an “explosion of executive compensation,” which has diverted an increasing share of income to the highest income bracket. Lucian Bebchuk and Yaniv Grinstein, Harvard and Cornell University professors respectively, have discovered that, “The aggregate compensation paid by public firms to their top-five executives was about 10.3% of the aggregate net income of these firms during 2001-2003, up from about 4.8% during 1993-1995.” Income inequality has increased at an astounding rate to the point where United for a Fair Economy and the Institute for Policy Studies report that in 2004 Chief Executive Officers made 431 times more than the average worker. In the 1990s alone, before adjusting for inflation, “CEOs saw their pay rise by more than 500%, while the pay of the average worker increased less than 40%.” Only back “in the ‘60s … the salary of a CEO of a Fortune 500 corporation was about 13 times the salary of an average worker in that same company.”

The Commission is apparently troubled by the “outdated” practices of the Postal Service which contradict increasing disparity in earnings, and would like to remedy the situation by getting the Service to mirror the larger trend toward ever greater inequality between worker and executive compensation.

The general consensus that inequality is rising dangerously in America is borne out by stories in newspapers and magazines reporting statistics such as, “those at the very top, the richest 1 percent, hold 30 percent of the nation’s wealth,” and, “The rich-poor gap has doubled in 21 years and now is at its widest since 1929.” This rising inequality is a troubling trend, and its impact is felt by all of us. Not only does inequality pose seri-
ous ethical dilemmas, societies riddled with inequality experience economic problems as a consequence of the underutilization of resources and the diversion of resources from productive purposes that inequality fosters. Cornell economics professor Robert H. Frank notes that “a burgeoning empirical literature has found a negative correlation between various measures of income equality and economic growth in cross-national data.”

The eminent economic historian R. H. Tawney once observed:

As long as a minority has so large an income that part of it ... must be spent on trivialities, so long will part of the human energy and mechanical equipment of the nation be diverted from serious work, which enriches it, to making trivialities, which impoverishes it, since they can only be made at the cost of making other things.

A further consequence of inequality is the undermining of democracy itself. A witness to an earlier era of rising inequality, Supreme Court Justice Louis D. Brandeis, famously stated: “We can either have democracy in this country or we can have great wealth concentrated in the hands of a few. But we can’t have both.” The American Political Science Association’s Taskforce on Inequality and American Democracy recently warned: “Our country’s ideals of equal citizenship and responsive government may be under growing threat in an era of persistent and rising inequalities.” It is in our national interest to promote equality; and the employment model the Postal Service has fashioned in partnership with postal unions, in addition to benefiting children whose parents earn a decent income and communities that gain from the presence of productively employed residents, profits the nation as a whole by upholding the principle of equality and the importance of American Standards.
Preserving the People’s Post Office
The Postal Service is in the unique position of operating physical facilities in thousands of communities across the nation. Postmasters recognize and are eager to take advantage of the potential opportunities post offices offer. Bob Levi at the National Association of Postmasters of the United States (NAPUS) thinks that the Postal Service “should use post offices to expand services available to the community.” After all, as he states, “they present an extraordinary opportunity.” Steve D. LeNoir, president of the National League of Postmasters, says, “through our post offices we have an infrastructure that no one else has, and I truly think that we have underutilized the infrastructure we have in place.” While post offices provide the standard postal services, they also present the prospect of offering Americans more. Post offices could become portals providing access to government at the local, state, and national levels. They could help our nation bridge the digital divide as well. And the postal network provides unique potential for assisting homeland security and disaster relief efforts.

The National Postal Museum states that over the course of the postal system’s history, “because of the universal role of the post office in people’s lives, the federal government has long used post offices to reach citizens and communicate with them on a variety of subjects.” Whenever the federal government wants to communicate with its citizens,” former Assistant Postmaster General Gerald Cullinan observed, “it turns to the post office, which has become a kind of clearinghouse of American democracy.” This proud tradition is one that Steve D. LeNoir would like to see extended. He has a suggestion: “let’s work to make them [post offices] not only a lifeline to customers but a positive link to government at all levels.”
Post offices are currently offering government services, such as passport services, applications for social security cards, draft registration forms, Duck Stamps, and tax forms. Semi-postals, stamps with a surcharge provided to various causes in addition to the postage, can also be purchased at post offices. Patrons appreciate these services; when passport services began to be offered at Big Flats, New York’s post office its postmaster said, “this addition to our services should be a real asset to the community.” LeNoir proposes that post offices should offer hunting and fishing licenses, Passport photos, student loan applications, and voter registration forms.

LeNoir has further suggested that post offices could begin to play a role in helping to provide access to health care services, particularly in rural areas. Selected post offices would become “administering offices for the Medicare/Medicaid program. These offices could maintain a supply of equipment used by Medicare patients.” Many small towns lack pharmacies, so residents receive their prescriptions through the mail. But leaving prescriptions in mailboxes risks damaging the contents due to the possible effects of unfavorable weather conditions. Carol Miller, director of the Frontier Education Center, states that her community in New Mexico lost its post office in 1995, and therefore it also lost P.O. box service. The mail is now delivered to a cluster box unit that is exposed to the elements. She says, “medications can be out there in freezing weather, or in the heat, they can get wet, or be stolen.” Many towns without pharmacies, however, do have a post office. A solution LeNoir has proposed is “holding the medicine for pickup at the Post Office [which] could prevent its exposure to adverse weather conditions.”

The government provides a wide range of services and documents, but unfortunately the public is not always aware of the full spectrum of government offerings. The post office would be the perfect location to make forms and information available to citizens for items ranging from U.S. Mint products to the specialized information found in the many publications released by the Government Printing Office (G.P.O.). The G.P.O., not without some controversy, began closing its retail locations in major cities in 2001 because its customers increasingly used the World Wide Web to find and purchase materials. However, G.P.O. “best sellers” could be made available at selected post offices, as could catalogs listing its full range of products for those who lack Internet access. The post office has been well known for posting “FBI Most Wanted” posters and missing
children posters; in the same tradition AMBER Alert could be introduced. And awareness about various consumer fraud schemes could be distributed to the public as well. Back in 1994, Postmaster General Marvin Runyon told the House that:

The National Performance Review team has asked us to take an important step in providing electronic information to the public on behalf of the federal government. We are working with other organizations to develop an interactive information kiosk. This will provide a platform that can be used by other federal agencies to serve all their customers, including those who may have no other access to electronic communication.

Maybe our lobbies could serve as “on-ramps,” providing access to anyone who wants to be on the electronic super-highway. A number of agencies are currently experimenting with electronic transfer of benefits. Perhaps we can help customers use “smart cards” – similar to bank or credit cards, but carrying a personalized microchip – to access information and obtain services from the federal government through lobby kiosks.785

Runyon’s vision of using the Postal Service to improve citizen access to government services and electronic information has not become a reality. Making the national government more accessible to its citizens is a mission the Founding Fathers foresaw for the Service. However, post offices’ tremendous potential to make this happen is not being fully realized, because providing access to government services, including electronic services, is not being actively pursued as an integral role of the nation’s post offices.

Efforts to use post offices to make government more accessible need not be limited to the national government. Citizens are affected by government at the state and local levels as well, and have an interest in their workings and the services they provide. All levels of government are now offering websites. On the local level web sites allow “residents to do everything from look up meeting agendas and garbage collection days to pay parking tickets and property tax bills.”786 Millions of Americans lack access to these electronic services, however, because the digital divide remains very much a reality. Some municipalities offer public access points to the services they offer online, such as Fairfax County, Virginia, which has 26 public kiosks that help “Residents to conduct business with the government at convenient locations and times.”787 According to the Milwaukee
Journal Sentinel, “More people might soon be looking for government to provide not only Internet sites, but also Internet access in public areas.”

The Buffalo News has editorialized: “It is vitally important that we bridge the digital divide, and provide children and adults in rural and poor urban areas access to the technology that will enhance their lives.”

Over ten years ago Runyon stated: “The Postal Service can and should make a contribution to this effort to provide new communications service. We have much to offer.” The Postal Service could be working to help Americans bridge the digital divide by providing Internet access in post offices. Public libraries are common sources of public Internet access. The New York Times reports that, “Roughly 98 percent of all computers with free public Internet access in New York City are in the public libraries.” Demand for public Internet access in libraries can lead to long lines and restrictive time limits on browsing the Web. According to Binta Cisse of the DC Library Renaissance Project: “In Washington, D.C.’s public libraries, depending on the time of day and the branch location, I have had to wait anywhere from 5 minutes to 3 hours to access the Internet” Post offices that introduce public computers with e-mail and Internet access would be providing the public with additional terminals in more locations. Surely the public would appreciate the government playing a more active role in furthering the dissemination of knowledge by providing public Internet access. Additionally, “USPS” e-mail accounts could be offered to interested patrons. Vincent Palladino, former president of the National Association of Postal Supervisors, recommended to the President’s Commission that the Postal Service offer “conferral and coordination of standard email addresses, corresponding roughly to home and business addresses, to better serve customers, reduce ‘spam’ and fraudulent use of the internet, and provide for greater efficiencies in the management of the internet.” Offering postal electronic services would further public interest objectives, particularly in low-income and rural areas, and be consistent with the Service’s historical mandate to disseminate news and information for the benefit of the public.

Telephone booths have been disappearing from their locations on city streets and public buildings as cellular telephone use increases. The drop in pay phones has been precipitous. “The Federal Communications Commission estimates there are 1.5 million pay phones in the United States. That’s down from 2.6 million in 1998.” This development “raises serious con-
cerns for the almost 6 million Americans who don’t have a telephone in their home. For many of them, the local pay phone is the only phone.” 795 Many people cannot depend on a steady income high enough to feel confident that they will be able to pay a monthly telephone bill. As a result they go without home telephone service, and must rely on the diminishing number of pay phones available to the public. Public safety concerns exist for those Americans who lack home telephone service and are finding it harder to find a pay phone to use. The New York Daily News reports that public pay phones provide “the only 911 service available on the street,” and the Morning Call reports that pay phones “provide a lifeline to emergency services and toll-free hotlines.” 796 The number of homes without phone service is particularly high in certain areas. According to the St. Louis Post-Dispatch: “In Scott County, Miss., the least wired county in the least wired state, nearly one of every six households is without telephone service.” 797 The American Public Communications Council estimates that in poor urban neighborhoods “25 percent of households don’t have phone service.” 798 If the post office became a location that could be depended on for access to pay phones people lacking home telephone service and others seeking a pay phone would have a place they could reliably expect to find one, thereby providing a useful communications service to the public.

NATIONAL SECURITY

Recent events have greatly heightened the nation’s awareness of homeland security and disaster preparedness and response considerations. President Dwight D. Eisenhower promoted the interstate highway system during the Cold War as a means to move military equipment and personnel around the nation swiftly and efficiently. In his 1955 State of the Union Address, President Eisenhower stated: “A modern, efficient highway system is essential to meet the needs of our growing population, our expanding economy, and our national security.” 799 Tom Ridge, the nation’s first Secretary of Homeland Security, has called, “The postal system … every much a part of this country as our national highway system.” 800 Given the new realization of the threat posed by biological and other forms of terrorism, the postal system’s importance to homeland security may serve a role in the 21st century comparable to the one the interstate highway system was designed to serve in the 20th century.
“What is not appreciated about the U.S. Postal Service,” says William Burrus, president of the APWU, “is that we provide government access to the home of American citizens six days a week.”

“I think this low-tech network is a really good back-up to have,” says Postal Rate Commissioner Ruth Y. Goldway. “Especially if the planes can’t run and the cell phones aren’t working.”

The interstates were constructed, in part, to allow the nation to mobilize in order to defend locations under attack; the postal system has the infrastructure to play a similar role, by delivering emergency materials in response to community disasters and emergencies. For example, you cannot e-mail the anthrax antidote Ciprofloxacin Hydrochloride – Cipro. As Senator Patty Murray (D-Washington) has observed:

Our Postal Service is a critical standing army that touches all American households in all congressional districts six days a week, no matter how rural, how isolated, or how poor those households may be. We should take great care before we sacrifice this ready and able federal force. We can’t envision today every reason why we may need them in the future. After all, before September 11th, 2001, we never envisioned the need for our Postal Service to perhaps deliver emergency vaccines in the event of a biological emergency.

This new awareness of the postal system’s importance has brought new recognition of the Postal Service’s potential as an asset to homeland security efforts.

The Postal Service operates a network of post offices found throughout the nation in population centers of all sizes, which serve as outposts of the national government, and present a unique opportunity to coordinate homeland security efforts should a situation arise that would require such actions. Steve D. LeNoir recently testified:

We could serve the new Department of Homeland Security (DHS) as information centers, meeting places, storage centers for emergency items, or however deemed necessary by any of the agencies of DHS. We currently have Homeland Security information in our postal lobbies, but there is an even greater role that we could be playing.

During the Cold War post offices were designated as places where government employees in the vicinity could report for assignment in the event of a national emergency. Former Postmaster General William F. Bolger wrote in 1982:
Because the Postal Service is the only Government agency that reaches into every city and hamlet, we have been given responsibility for endeavoring to help reunite families separated by enemy attack or natural disaster … there are broadly two kinds of activities that would be our primary concern, to the extent possible, at a time when all normal functions of society are likely to be greatly disrupted: providing assistance and some sense of security.\textsuperscript{805}

Recent events have demonstrated that these activities have perhaps more relevance and importance today than they did during the Cold War.

Along with its recommendations that the Postal Service “constructively address the fact that many of the nation’s post offices are no longer necessary,” the President’s Commission on the Postal Service also addressed “back-end” postal facilities, such as its processing, distribution, and bulk mail centers.\textsuperscript{806} It determined that “the Postal Service can ill afford its legacy network,” and therefore concluded that “many facilities could be consolidated or closed.”\textsuperscript{807} Rep. Paul E. Kanjorski (D-Pennsylvania) has suggested that consolidating the postal network may present unanticipated problems. During a Congressional hearing he stated that plans to centralize mail-processing centers by consolidating them could increase the scale of any disruption in the system.

If they’re [postal users] merged in with another million or two million, if there is a biological attack it affects the mail of three million people rather than one million people. It could have a tremendous economic impact – your theory of concentration and centralization. Now, I understand in pre-bioterrorism that may have been good business. I’m not certain that total centralization is not something that should be reexamined, restudied and perhaps doesn’t lend itself to the best judgment at this time; not only considering anthrax, but any other biological problem, or any problem that we may have in the future.\textsuperscript{808}

Not only could centralization increase the scale of any disruption, it could also reduce the system’s ability to facilitate communication and distribute necessary items in event of a disaster. Recently, in the name of increasing efficiency, the Postal Service has targeted a number of postal facilities for closure. There seems to be an impulse to move mail processing from smaller to larger plants. However, the G.A.O. attests: “According to the managers, small plants are more efficient than large plants
because operations at small plants are not as complex as operations at larger plants.”

Following the terrorist attacks in 2001, the Postal Service’s role in helping assist efforts to mitigate damage and keep the country operating during a national emergency is being brought up to date. In 2004, Postmaster General John E. Potter told the Congress: “the Postal Service’s efforts to contribute to homeland security were advanced by a joint agreement with the Department of Health and Human Services and the Department of Homeland Security. In the event of a catastrophic biological incident, our letter carriers would voluntarily deliver antibiotics to affected Americans.” The Postal Service stated that the Department of Health and Human Services and the Department of Homeland Security approached it “because of its extensive delivery reach and the trust Americans in every community have in their letter carriers.” The Postal Service has worked with the National Association of Letter Carriers (NALC) and the National Rural Letter Carriers’ Association to develop a “delivery plan” that “would supplement the public health system in the event of a catastrophic emergency.”

A new program coordinated by the Centers for Disease Control and Prevention has “set aside $12 million for the United States Postal Service to recruit, train, and equip volunteer mail carriers to deliver drugs from the strategic national stockpile, the country’s emergency supply of drugs and medical equipment.” The president of NALC, William H. Young, said:

Letter carriers deliver mail six days a week, in every state, every city and every neighborhood in America and with that we develop a close attachment to the families we serve. In the event of a dangerous bioterrorist attack, we consider it essential to help our postal customers protect their health. We all hope that such an incident never occurs, but if needed I am confident that members of NALC would regard this volunteer activity as a patriotic duty not only for their friends and neighbors, but for the nation as a whole.

Health and Human Services Secretary Mike Leavitt recently stated, “In the event of a flu pandemic or a bioterrorism attack, drugs in the future could arrive via door-to-door postal carriers.” “Let’s look at this as an asset greater than delivering hard copy mail,” says Potter. “Using volunteer letter carriers we can deliver medication to every household in a city in hours.”

A precedent to the postal system playing such a role exists in the early years of the Post Office. In the second decade of the nine-
teenth century Congress granted a Dr. James Smith the right to send smallpox vaccine free through the mail. Over the program’s nine-year duration Smith vaccinated up to 100,000 people with the assistance of postmasters.816

In 2005, the devastation of Hurricane Katrina prompted attorney David P. Hendel, a postal contracting specialist, to point out that the Postal Service can aid disaster relief efforts. “The Postal Service already is a disaster relief agency,” he states. Hendel writes:

Stories abound of letter carriers bringing water and needed supplies to disaster victims, and even saving victims … Just think what we could do if the federal government worked with the Postal Service ahead of time to prepare it for a life-saving and supporting role. All the major assets are already in place. We just need a little bit of planning and preparedness … Once the immediate event was over, USPS delivery vehicles and material handling equipment could be used to speed supplies to where they were needed.

The Postal Service would also be invaluable in supporting recovery efforts for disasters that strike without advance warning. No matter where an event occurs, we know there is a postal facility nearby. These facilities could store equipment that would be needed for immediate response and support, such as communication equipment, generators, bio-hazard protection, and other supplies that rescuers might need immediately.817

Bob Levi at NAPUS says that post offices can serve “as conduits and, God forbid, a place where community members know they can go to get information or materials after a disaster.”818

Efforts to utilize postal workers and facilities to assist the communities they serve need not be confined to situations surrounding national emergencies. Other nations have successfully utilized their postal workforce to improve the lives of their citizens in arenas outside of the functions we are familiar with postal workers officially performing in this country. The International Herald Tribune reports that in Japan many postal workers “volunteer for a program in which older resident fly yellow flags to signal that all is well. No flag and the postman makes a housecall. Postmen call for ambulances, report potholes and traffic accidents and have rudimentary fire fighting skills.”819 Although American postal workers commonly perform many of these functions, this important role can go unacknowledged because it is not institutionalized. There are
instances when postal workers have even been penalized for performing these services in their community. In 2005, Dajuan Weems, a letter carrier in Hillside, New Jersey, had stopped to talk with a friend while he was out on his route when he noticed a couple who had just entered their home run out screaming, as another man ran out the back door. Weems and his friend chased after the man, who had just stolen jewelry and tools from the home. They pursued the man for three minutes before they finally “caught and tackled him at a laundromat, pinning him down until police arrived and made an arrest.”

“The two citizens did a great job,” said Hillside Police Lieutenant David Drescher. “Weems knew the people, heard them scream and ran to their aid.” However, Weems reported: “My supervisor wrote me up for that. My union representative supported what I did, but the supervisor gave me a letter of warning.”

With American postal workers frequently keeping an eye on senior citizens, extinguishing fires, apprehending criminals, and providing other services to the community, it would seem sensible for these actions to be institutionally recognized through the establishment of a voluntary program like the one in Japan. With thousands of post offices offering opportunities for enhanced public service, it makes sense to develop their potential. A narrow conception of what activities constitute the proper functions of the Postal Service, and its facilities and employees, can produce situations where employees are actually penalized for helping the community. Postmaster General John E. Potter believes that postal employees should be recognized for going the extra mile, not reprimanded. “Whenever I see a story where it looks like postal management is being unreasonable,” he says, “I get right after them.” Institutionalization of these functions would make such situations much less likely. Those who strive at all times and in all places to limit the Service to its “core mission of delivering mail” are short-changing the American public. We collectively own an institution which could be furthering the public welfare by giving the American people more, without departing from such traditional functions as delivering mail and parcels to our homes and operating post offices for our convenience.
Although millions of residential postal patrons collectively own the Postal Service, they do not have a seat at the table when it comes to making important postal decisions. The Postal Service claims to represent their interests through an internal branch – the Office of the Consumer Advocate. Adequate representation for the average postal patron, however, is not going to be sufficiently forthcoming from within the Postal Service itself. A long-proposed organization called the Post Office Consumer Action Group (POCAG) is designed to help individual users band together for greater participation in the shaping of national and local postal policies, thereby establishing a solution to consumers’ inadequate representation.

It is important for residential postal patrons to have their own organization that allows them to pool their resources so they can have their own full-time advocates, economists, researchers, organizers, and lobbyists, which would enable the public, like the big mailing and shipping companies, to play an active role in the formulation of postal policy. POCAG would be an independent, non-profit, national association that would provide a needed voice for individual consumers.

Currently, existing mechanisms for consumer action on postal issues are limited. Residential patrons do not have real representation when important postal issues are brought before Congress, the Postal Rate Commission (PRC), and the Postal Service itself. The issues the PRC deals with are vitally important to postal consumers; however, developing meaningful testimony for the PRC is difficult without substantial monetary resources (interested parties can spend over a million dollars arguing rate cases) and extensive postal knowledge (rate-making cases can get very technical). Corporate interests generally
dominate PRC hearings, and their interests are regularly opposed to those of the individual postal patron. POCAG would rectify this situation by providing the resources and necessary expertise to give postal patrons the sustained representation they deserve at these hearings. As Richard D. Parker, a law professor at Harvard University, has written: “Government must not only be responsible to ordinary people. That is not enough. It, above all, must be responsive to them – not just occasionally, but systematically responsive.”

CHECK-OFFS

POCAG is a concept that traces its origins back to consumer advocate Ralph Nader’s initial promotion of the consumer check-off mechanism in October 1974 as a means for consumers to pool their collective power. Nader realized that consumers were consistently at a disadvantage when it came to influencing political decisions affecting them, because corporate interests had well-funded, highly organized lobbying apparatuses working hard on their behalf, and consumers did not. As Senator Robert C. Byrd (D-West Virginia) has pointed out, “One-person, one-vote does not apply when the great body of citizens is under-represented in the halls of Congress compared to the well-financed highly organized special interest group.” In addition to a general need for consumer organization, the effectiveness of those groups that did exist was undermined by a lack of funding, since “most citizen groups” were “not able to hire even a single full-time staff member.” Nader promoted check-off programs as a simple, straightforward means for consumers to organize and fund their own advocacy groups. Participants must “check-off” their willingness to participate on something like a monthly utility bill, tax form, or insurance premium bill, thereby agreeing to join and pay a small amount to fund the organization. Nader outlined the following benefits to consumer check-off groups:

They do not create a government agency, they do not burden the taxpayer, they are privately funded, their membership is voluntary to the consumer, the organization is accountable to its dues-paying members who elect the Council of Directors, and there is a full-time staff possessing the requisite skill for consumer organization and representation.
And when thousands of people collectively agree to pay say $10 or $20 toward a consumer check-off group the organization can marshal significant resources.

Check-offs had been in existence well before Nader envisioned them as a means to fund consumer advocacy. In the early twentieth century labor leader John L. Lewis promoted the check-off as a convenient way for the United Mine Workers to collect its membership dues. According to Lewis, the mine worker who had already become “accustomed to paying religious offerings, as well as other forms of indebtedness by the check-off model, simply appropriated it as a dues paying medium in meeting his obligations to his union.” The check-off is now the accepted way to collect union dues. There are currently numerous other examples of check-off programs in practice, including charitable payroll deductions such as the Combined Federal Campaign, and the Presidential Election Campaign Fund on federal income tax returns. The check-off is so widely employed because it provides an effective means for individuals to voluntarily join together for the purpose of taking collective action.

CUBS

Citizens’ Utility Boards (CUBs) provide the example of a consumer check-off with the most relevance to postal patrons. CUBs were first proposed in legislative detail in a 1976 law review article, which noted: “democratic theory suggests that all interests affected by regulatory agency decisions be given the opportunity to present their views for consideration during the decision-making process. In practice, however, this opportunity generally has been denied to residential utility consumers.” CUBs have been advocated as a remedy to this lack of consumer representation. Existing CUBs represent electric, gas, and telephone utility consumers before state regulatory boards and legislatures, thus ensuring consumers’ views are heard. They are voluntarily funded by utility consumers who respond to inserts enclosed with their utility bills informing them about the formation of the CUB. Those consumers who choose to join the CUB, by paying as little as $10 or $15, get to vote for its governing board. The board then hires a staff to advocate on behalf of its members. CUBs’ democratic structure and operation keeps them accountable to their membership.
In 1980, the first CUB was established in Wisconsin after the state legislature passed legislation requiring Wisconsin utilities to include CUB inserts with their bills. Within two years, 64,000 residential utility consumers had joined the new organization. The Wisconsin CUB quickly experienced a major success when, in 1983, it “was instrumental in saving consumers $40 million in a Wisconsin Power and Light rate case.” By 1984 it had “saved Wisconsin ratepayers $100 for every $1 invested in membership fees.” CUBs have also been established on a statewide basis in Illinois, Oregon, and New York, and on a local basis in San Diego. By uniting the collective power of consumers CUB members have reaped the benefits of an impressive list of achievements. In Oregon, the CUB won a $164 million telephone rate reduction in 1987 and stopped a $140 million telephone rate hike in 1997. In 1993, Illinois CUB won a $1.3 billion refund through direct negotiation from Commonwealth Edison. The utility was overcharging its customers for excess generating capacity of its nuclear plants. Illinois CUB’s executive director Martin Cohen says, “we’ve had a significant effect on every major issue that’s come down the pike.” His contention is backed up by the Illinois Commerce Commission’s approval of an estimate that CUB has saved the state’s electric, gas, and telephone consumers a total of more than $5 billion since its initial establishment over twenty years ago. Cohen points out that this impressive achievement has been accomplished “with a small staff and budget,” and he believes this number would be “substantially larger” if all the benefits were included that “would not happen for consumers if CUB had not been on their side.” The city of Rockford, Illinois agrees with Cohen’s assessment, because when it proclaimed May 17, 2004, as “CUB Day,” its proclamation honored CUB for having “saved consumers more than $10 billion by blocking rate hikes and winning consumer refunds from natural gas, electricity and telephone monopolies.”

CUBs have also acted on issues affecting their members’ lives which relate to the industries they watchdog, such as the public’s interest in having a clean environment. Oregon CUB states its belief in the need “for clean and efficient energy alternatives.” In 2002, Illinois CUB joined with environmental groups in response to concerns that utilities’ environmentally friendly “green” power was not what it claimed to be, and helped produce “a ‘green power’ standard to provide consumers and electricity suppliers with a consistent understanding of what constitutes environmentally preferable power.”
Oregon CUB further demonstrated the ability, and willingness, of CUBs to reach out to other groups in order to better advocate for consumers when it helped form the Fair and Clean Energy Coalition in 1999. At the time, a corporation that would soon be forever linked with corporate crime – Enron Corporation – was pushing a radical deregulation scheme for Oregon that would have sold off the generating assets of Portland General Electric, Oregon’s largest utility, and forced everyone into the electricity market even though there was no retail market for electricity. “We did a lot of coalition building,” says CUB’s executive director Bob Jenks, “senior groups, faith groups, neighborhood groups, environmental groups.”

Over 100 civic groups were eventually members of the coalition. Enron’s proposal was defeated before the Oregon Public Utility Commission and the state legislature. Oregon CUB predicts that, if approved, deregulation would have added over $1 billion to consumers’ electricity rates during the energy crisis two years later, because default rates would have been based on futures contracts, which topped out at over 30 cents/kwh. Fortunately, Oregon CUB and its coalition partners helped prevent such an excessive rate increase from occurring.

CUBs also promote civic engagement by making consumers more aware of their rights as consumers, and therefore more likely to act to protect those rights. By encouraging civic participation and volunteerism, and by disseminating important consumer information in an accessible manner that consumers can use, they help people become more effective citizens and better consumer advocates. Within its first decade of existence Illinois CUB’s former executive director Susan Stewart could claim: “We’re organizing consumers to more actively participate both in the legislative process as well as the regulatory process, explaining to them how they can use their organized numbers to advance their agenda or make their agenda something that legislators or the Commission will sit up and notice.” Her statement was substantiated by the fact that CUB obtained 250,000 petition signatures in opposition to a rate increase, and turned out 1,000 members for a rally at the state capital in Springfield. The organization has an e-mail “Action Network” and produces regular “Legislative Roundups” on current issues to supplement its more traditional communications with members. Martin Cohen states that Illinois CUB employs a variety of means “to make sure consumers get the highest quality and lowest price service from energy and tele-com providers.”
Consumers are appreciative of the work that CUBs do on their behalf. A resident of La Mesa, California thanked UCAN (San Diego’s CUB) “for all you do on behalf of us little people,” and a Santee resident said, “Your organization is a blessing to San Diego County residents.” Edward B. Bodge of National City sent the following note to UCAN:

You are doing a public service that no one else is doing, with thoroughness, efficiency and obvious clarity of purpose. I not only applaud your efforts, but I am grateful for your successes in forcing political and business entities to serve their customers, not gouge them.  

Illinois CUB has received similar praise from its members: “I thank God for CUB!,” says Nanette Richardson of Chicago, “now I won’t have to be working two jobs to pay my utilities.” “If you are having phone or utility bill problems, call CUB,” advise Donna and Carroll Dunlap, “they can help.” It is not only the residents of areas served by CUBs who understand and appreciate the difference these organizations make; their elected representatives do as well. The Mayor of Chicago, Richard M. Daley, claims, “The hard work that CUB has done in ensuring that utility customers are accountable to our citizens and in giving ratepayers a voice in the decisions that affect them have provided concrete benefits to the people of our state.” Senator Barack Obama (D-Illinois) states, “Illinois consumers are fortunate to have CUB fight on their behalf.”

POCAG

Like CUBs, POCAG would be a bona fide consumer advocacy organization; it would give postal patrons nationwide the same degree of representation that CUBs have given utility consumers on the state and local levels where they have been established. POCAG was first proposed by Ralph Nader in a letter he sent to then-Postmaster General William F. Bolger in December 1980. The principle which lies at the root of the POCAG concept is the belief that individual citizen consumers deserve their own organization. POCAG is a practical solution devised from an understanding that postal patrons can organize to achieve adequate representation by pooling their collective power. Economist Albert O. Hirschman has stated: “Often it is possible to create entirely new channels of communication for groups, such as consumers, which have had notorious difficul-
ties in making their voices heard, in comparison to other interest groups.”

POCAG would be an independent non-profit organization democratically run by a member elected board. The board would set policy and overall organizational plans and goals, oversee the organization, and hire a staff to take care of daily operations. The staff would be dedicated to full-time advocacy on behalf of postal consumers. During PRC hearings citizen consumers would finally have a representative looking out for their interests. The Postal Board of Governors would deal with an organized group that could truly claim to represent postal patrons. And there would be an organization representing constituents’ interests that could testify on postal issues before Congress. POCAG would also serve as a resource that postal patrons could turn to for assistance with local issues they might face, such as the closing of a post office. Ralph Nader has summarized the benefits of the organization: “POCAG would provide a needed voice for residential postal consumers and make the Postal Service more open and responsive.”

The present lack of consumer participation in postal affairs was made blatantly obvious when the Presidential Commission on the United States Postal Service made sweeping recommendations to drastically restructure the Postal Service. The Commission invited testimony from dozens of business representatives, while only three individual witnesses who even claimed to speak for consumers were heard from. The conclusions of the Commission’s Report that post offices are not really necessary, that universal service does not actually mean providing every American with the same degree of service, and that the Postal Service should reduce the services it offers, demonstrate that residential patrons were not only underrepresented during its deliberations, but were seen to be so lacking in resources and power that the Commission felt it had a free hand to make recommendations detrimental to their interests. Phil Tabbita at the APWU said:

APWU has been critical of the Commission’s hearing process because it focused on the business side of the Postal Service with little input from associations representing consumer groups and recipients of mail. The focus was on mailers, suppliers, management, and employees. Consequently many recommendations strike the wrong balance between service to the public and the business interests of large mailers.

Patrons deserve to be adequately represented when any discussions about the future of the Postal Service take place, and
POCAG would provide an advocacy organization with the resources and standing to provide them with that voice. Joan Claybrook, the president of Public Citizen, says:

As things stand now corporations exert too much influence at the Postal Service, and patrons are paying the price. There is no legitimate reason that the public should continue to be denied the opportunity to have their voice heard loud and clear by the top level postal officials. The Postal Service would be more responsive and accountable if its patrons had their own POCAG. POCAG provides an ideal means for postal consumers to be influential and sure the issues they are concerned about are addressed. It could effectively push the Postal Service to improve its service and become more consumer-friendly.853

“I endorse it [POCAG] wholeheartedly,” says William Burrus, president of the APWU. “The American public needs a voice…. There is nobody to speak for the average citizen. The public needs an advocate to speak on their behalf in terms of costs and service.”854 “Other postal stakeholders – businesses and third class mailers and their ilk – are well organized,” says Ed Mierzwinski, consumer program director at U.S. PIRG, “why not residential postal users too? Consumers deserve real representation so postal service and rates remain fair. POCAG would give consumers the power they lack and the ability to make consumer voices heard in postal decision-making.”855

The major impediment to making POCAG a reality is reaching inexpensively in postal context the over 200 million Americans who use the Postal Service. Such a large, diverse, and diffuse group of consumers is very difficult just to contact, much less organize. Postal consumers do not have any regular on-going communication with the postal service like monthly bills or annual forms to “piggyback” on, so bill inserts or form check-offs as a funding mechanism will not work in this instance. Fortunately, the Postal Service is the one institution in the nation that does communicate with every household in the nation on a regular basis – six days a week. The solution is for the Postal Service to authorize letter carriers to deliver a postcard to residential addresses twice a year informing them of POCAG and providing them with the opportunity to become members of the organization. Ralph Nader has suggested that they could carry a message something like this:

We are always trying to improve our service. But we know we don’t have all the willpower and ideas to make our serv-
ice as good as it can be. We think you should have an opportunity, in an organized fashion, to be part of a voluntary association that deals with complaints, postal policies, and postage rates, and that regularly convenes with service managers to evaluate service quality. If you’re interested, send an annual membership fee of $10. You will then have an opportunity to elect a board of directors that will establish an office, hire staff, and set the policies of your organization.

The number of people choosing to join POCAG could be in the millions, as the past experience of CUBs suggests that response rates to an initial mailing might reach two percent. Based on the support CUBs have received, it can be safely assumed that POCAG would attain the membership support necessary to fund an effective consumer advocate for postal patrons nationwide, with regional and national offices.

Support for the concept amongst politicians in Washington, D.C., however, has proven to be limited. The Reagan Administration opposed legislation to establish POCAG by requiring biannual solicitations. And thus far the Postal Service itself has been unwilling to support POCAG. A series of Postmaster Generals presented with the idea rejected it: William F. Bolger, Anthony M. Frank, Marvin Runyon, and Preston R. Tisch all flatly rejected the concept. They did not offer reasons for their lack of support that were grounded in justifiable concerns that POCAG would not benefit consumers. Instead, they offered a number of assertions that do not stand up under scrutiny, and merely serve to shield the fact that top Postal Service management, sharing a sentiment common to top management generally, does not want an institution that would give its patrons a voice about how it operates, or the ability to restrain management’s dominant hand. The great sociologist Max Weber noted: “Bureaucratic administration always tends to exclude the public, to hide its knowledge and action from criticism as well as it can.” The public’s ownership of the Postal Service makes such a state of affairs problematic, to say the least.

Postal management has claimed POCAG is unnecessary because they represent the consumer, which makes actual consumer representation through its patrons’ own organization unnecessary. This position belies the fact that consumers have consistently found that having their own organizations provide advocacy is far preferable to relying on corporations (government or non-government), which have their own agendas, to
“do the right thing.” The fact that consumers understand the importance of representing themselves through their own organizations is demonstrated by the millions of people who belong to Consumers Union and other consumer groups like CUBs. Well-financed corporate interests do not sit by idly and hope that the Postal Service will look out for them; they actively work to influence it directly, as well as through Congress and the PRC. As the investigative journalists at the Center for Public Integrity have observed: “Poor and middle-class taxpayers are not organized en masse as an interest group. They do not have a telegenic spokesperson omnipresent in national news media coverage. They possess neither the carefully marshaled information nor the access to influence policymakers.”

The Postal Service has also used the issue of the expense involved in mailing the postcards necessary to get POCAG up and running to oppose the concept. Postmaster General Anthony M. Frank claimed in 1991 that mailing the postcards “would cost us more than $40 million.” His calculation was apparently based on multiplying the full-price of mailing a postcard by the total number of households in the nation. (At the very least he might have offered a bulk-mailing discount.) His estimate was not only wildly exaggerated, but disingenuous. Postcards making the public aware of POCAG would not be sent through the mail as if they were picture postcards mailed to friends and relatives by vacationers. They would be delivered by letter carriers while they make their regular rounds; all the Postal Service would have to do is instruct letter carriers to distribute postcards publicizing POCAG as they deliver the rest of the mail. The costs involved would be minimal to a $70 billion annual operation like the U. S. Postal Service. In 1990, a year before the Postal Service claimed the POCAG mailing would cost $40 million, “the Postal Service conducted a similar mailing to every household in the country to deliver a guide to addressing letters. The cost of that mailing, including the printing of the guide, was under $3 million.” The Office of Inspector General of the U.S. Postal Service estimates that the Postal Service spent “about $2.5 million during 2000 and spring 2001” to attend the National Postal Forum, a trade show for the Postal Service and large mailers. And given the fact that the Service spends tens of millions of dollars advertising itself every year, an investment of a few million dollars to estab-
lish an organization that could help improve its image and provide consistent input from patrons on how to improve the Service would be money well spent. It can even be seen as good advertising by a patron-friendly Postal Service.

In fact, the Postal Service frequently distributes elaborately designed postcards and other mail on postal issues to households across the nation. Such mailings include items informing patrons about how to properly address a letter, how to ship eBay items from the post office, how to participate in NALC’s annual food drive, new business services like “B Line,” promotions for renting post office boxes, and the “Shipping and Mailing Holiday Guide” that was received by every residential postal user prior to Christmas in 2004 and 2005. In February 2006, the Postal Service actually established an ongoing series of communications with all residential addresses nationwide when it began delivering the first in a series of postcards featuring the comic strip character “Cathy,” which are designed to promote postal services to its 120 million residential patrons. Rod DeVar, national manager of advertising and promotions at USPS, claims that the idea was “to take more of a customer-service approach and offer simple messages on a monthly basis.”

Surely “more of a customer-service approach” should involve empowering residential postal patrons by printing and delivering postcards that would present them with the opportunity to establish their own POCAG.

Postmaster General Anthony M. Frank once suggested that POCAG would somehow be unduly influenced by Ralph Nader because he advocates its establishment. The experience of existing CUBs proves the contention that organizations advocated by Nader are controlled by him to be unfounded. He has long advocated the establishment of CUBs, but he has no control over those that have been established. POCAG would operate just as they do: Members would elect a board of directors who would govern POCAG and be accountable to its membership. The organization would be autonomous and independent. The organization as proposed is specifically designed by its charter and bylaws to prevent any single individual from controlling POCAG. A further objection to POCAG was offered by Postmaster General William F. Bolger. He claimed that delivering the cards for POCAG “would constitute a form of Federal financial assistance to a private organization that I may not properly provide.” In fact, as Joseph W. Belluck, an attorney and a lecturer at the State University of New York at Buffalo School of Law, points out, “It [POCAG]
would not be just another private nonprofit organization,”
because POCAG, “would focus solely on representing residen-
tial postal users.” Moreover, he adds that “because the delivery
of POCAG invitations would be based on its status as a repre-
sentative of residential postal users, other nonprofit organiza-
tions would have no claim to the same privilege.”

One can only assume that Postal Service management’s
resistance to an organized consumer group is based on the very
fact that POCAG would be autonomous and independent. The
Postal Service seems to view a legitimate consumer organization
with apprehension, possibly out of a fear that it might be able
to influence postal operations. These managers forget the fact
that the American people own the Postal Service, and, as its
owners, citizen-consumers have every right to demand their
own organization that will represent their own interests and
articulate their own vision of what the Service should be. As
Rep. Patsy Mink once remarked: “All Americans need and
depend on postal service, and it belongs to us – not some face-
less board members in a corporation.”

The Postal Service plays a central role in American life, and it should make every
effort possible to provide top-notch service to the American
people. By investing a few million dollars the Postal Service
would facilitate the establishment of an organization that could
reduce its advertising budget and make its hefty consulting fees
on consumer issues largely superfluous, because a self-funded
organization would be available that would provide a superb
means for the Postal Service to get feedback on both what it is
doing right, and how and where it can improve. Civic leader
John W. Gardner wrote: “I would lay it down as a basic princi-
ple of human organization that the individuals who hold the
reins of power in any enterprise cannot trust themselves to be
adequately self-critical.”

POCAG would give the Postal
Service a direct pipeline both to and from the people it serves,
on the national level and regionally, providing for frank and
honest dialogue between the Service and its patrons. The result
would be a more patron friendly Postal Service. Postal manage-
ment frequently talks about its efforts to give the big mailing
corporations “value-added” services; POCAG would help the
Postal Service add value to the service it provides to almost 300
million Americans.
Postal Savings

Post offices could play an important role in bridging the “banking divide.” The Postal Service’s provision of money orders already fulfills an important financial service; introduced in 1864, they helped to meet “the demand for a convenient means whereby Union soldiers and their families could exchange money.” But most Americans are probably unaware that for over half a century – from 1911 to 1966 – the Post Office operated a postal savings system. The System provided Americans with a simple savings account that they accessed at post offices which had been designated as postal savings depositories. Postal banks of various sorts are common services still offered by many national post offices around the world. In Western European countries and Japan citizens who live in rural areas – that have post offices but are unserved by banks – and those of modest means commonly avail themselves of postal banking services. An article on Japan’s postal savings bank in the Washington Post explains, “When Satoko Masuda, an 82-year-old widow, needs some cash, she doesn’t go to the bank. She rings up Kazuaki Iemoto, the postmaster of this small farming village. Early the next morning, ‘before I am even out of bed, he stops by to pick up my passbook…. Later that day, he returns with the money.’ Postmaster General John E. Potter told a Senate Committee in 2004, “I wish we could get back into it. If you look at foreign posts, many of them are getting into the banking business, because they have retail outlets in these small communities.” There is a lot to be said in favor of the Postal Service reentering the banking business. It is after all a service the Postal Service has provided in the past; it could develop into a source of revenues to help provide universal service; and it could help achieve an important public good – the
extension of banking services to the millions of people who are currently “unbanked.”

MEETING A NEED

Much of the original impetus to operate a postal savings system in this country came from a wish to extend opportunities for thrift in the form of savings accounts to populations that were not being served by banks. Immigrants, rural residents, and the working class were commonly cited by postal savings’ proponents as potential beneficiaries of postal banks. Senator Paul S. Sarbanes (D-Maryland) has called attention to the fact that at the present time “millions of Americans are ‘unbanked’ and must rely on high-cost financial services to conduct everyday transactions like paying bills.”875 Over the past few decades, the nation has witnessed a rise in the number of unbanked persons – those who lack financial services available to the general population – to the point where University of Michigan law professor Michael S. Barr estimates that “over 8.4 million families earning under $25,000 per year – do not have either a checking or savings account. Most of the unbanked are low-income: 83% of the unbanked earn under $25,000 per year.”876 Being unbanked impairs people’s ability to save, and forces them to pay high fees for basic financial services at gouging “fringe banks” – check cashing outlets, pawn shops, and payday loan operations – that do not offer products which let families save and grow their assets. The U.S. Treasury has found that “fringe banking” services can eat up a large chunk of a low-income earners’ paycheck: “a worker earning $12,000 annually pays about $250 [a week’s wages] of that to cash pay checks at a check cashing store, not including additional fees for money orders or wire transfers.”877 And the interest rates on payday loans can commonly exceed 500 percent a year.878

Professor Barr points out that “low-income families need to save to cushion themselves against personal economic crises such as injury or loss of a job, and for key life events, such as buying a home, sending their children to college, or entering old age.”879 A Federal Reserve Board Survey revealed, “Only 30% of the unbanked had any savings, and most of those who did had their savings in cash, jewelry, or gold.”880 There is evidence that simply having a bank account significantly increases the likelihood of saving. According to a report issued by the Woodstock Institute, “Forty-one percent of banked families
with incomes between $15,000 and $31,000 save regularly, compared to only 13 percent of nonbanked families with the same earnings." The Office of the Comptroller of the Currency did a survey which suggested that since “even when controlling for income, banked individuals were more likely to save regularly than unbanked individuals with similar household incomes … it is possible that having a bank account does increase saving, at least for some of the unbanked.” The Chicago Tribune has reported: “studies show that consumers with bank accounts are at least twice as likely to save money each month compared with their unbanked peers.” The ability to accumulate some margin of liquid savings is indispensable to successfully weathering life’s ups and downs. Moreover, savings are a necessary prerequisite if one is to be able to make important investments in one’s own, and one’s family’s, future. Providing alternatives to “fringe banks” presents an opportunity to accomplish worthy public interest objectives.

“Fringe banks” have grown in leaps and bounds since the late 1970s and early 1980s, largely as a result of a sharp increase in the number of unbanked households. In Swarthmore College economics professor John P. Caskey’s opinion, the ranks of the unbanked have grown as a “result of many socioeconomic and regulatory changes that reduced the ability of many households to save and increased the cost of maintaining deposit accounts with small balances.” But the end result, according to Robert D. Manning, a professor at the Rochester Institute of Technology, has been that “rapidly rising bank fees … and minimum account balances together with the closing of full-service bank branches – especially in the central city – are sharply reducing the availability and desirability of basic financial services of first-tier banks for low-income families and new immigrants.” Economist Gary A. Dymski notes that those with lower incomes were further squeezed out of the financial mainstream when traditional banks moved “into ‘consumer banking’ – that is, into the aggressive pursuit of upscale customers,” a “strategic shift [that] gathered force with banking deregulation in the mid-1980s.” While they are taking pains to reach out to affluent customers, banks are increasingly reluctant to provide basic accounts to lower-income customers because such products are not where the big profitability lies. Their perspective is reflected in a statement by the founder of First Manhattan Group, a financial services consulting firm, who claimed, “Typically, 50 percent or more of bank customers are unprofitable, with half of those being way underwater.” In fact, a story that appeared in the Buffalo News reveals that
“bigger banks are so good at knowing whether customers are making or losing them money that with a glance at a computer screen, a teller can read a customer’s worth to the bank when he steps up to the counter.”

Jake Lewis, a long-time staff member on the Banking, Finance, and Urban Affairs Committee of the U.S. House of Representatives currently on staff at the Center for Study of Responsive Law, says, “banks, frankly, don’t want these low- and middle- income people’s accounts. They have complained bitterly about riff-raff in their lobbies crowding out the ‘good’ customers.”

Lower income customers understand that they are not welcome: “They just put that fear in your heart…. It kinda scares you to walk in that door,” as one woman put it.

Even though check cashing outlets charge high fees, many lower income people are unable to escape their grasp because, due to their low incomes, they find it difficult to accumulate enough savings to make the initial deposit necessary to establish an account at a bank. And many banks actively work to keep such customers out of their lobbies by eliminating accounts with low balance requirements, and by introducing more, and higher, fees. In 2001, on average banks required a minimum balance of $96.89 just to open a passbook savings account, $105.37 to open a statement savings account, and $157.86 and $184.42 minimum balances respectively to avoid account maintenance fees. A Federal Reserve study reveals the impact high costs have on potential savers who are low- and moderate-income:

The majority of LMI [low- and moderate-income] respondents cited costs as their main reason for not having a savings account. More than four times the number of LMI respondents answered ‘costs’ than the next most-cited reason, ‘did not need or want one.’ The lowest-income respondents were more likely to give costs as a reason relative to moderate income respondents.

The study goes on to explain that of those low- and moderate-income people who keep a savings account but have had difficulty managing it, 80 percent have reported the aspect they find most difficult is maintaining the minimum balance.

The Buffalo News has editorialized: “Fees for automatic teller machines and other services have proliferated, while banks’ cost savings from computerization and automation don’t seem to have been passed on to customers.” Banks have even begun to charge non-account holders for cashing payroll checks drawn
The consumer group U.S. PIRG believes that the rise in fees and the increasing complexity of the fee system have created a burdensome and consumer-unfriendly banking system that places huge costs on the middle class and prices lower-income people out of the federally-insured banking market. For these consumers, the only alternative may be even higher-priced check cashing stores.

Low income wage earners living paycheck-to-paycheck cannot afford to make a minor mistake, such as a small overdraft (which currently averages a fee of $28.57), that could result in being slammed with steep banking fees. As a result, they turn to check cashing outlets, and even pay-day loans, because bank fees can actually end up being more expensive than the exorbitant rates these fringe banks charge. Jake Lewis says:

If a low-income borrower makes a small mistake and writes two small checks for groceries and gasoline – $15 and $20 – that exceed their balance by two or three dollars, that could mean $60 out the window on overdraft charges. Figure the interest on that and it can far exceed the pay-day loaners. And banks will line up the checks putting a large check up front so it is paid and then assures that the series of small checks will produce $30 fees each. It is very easy for a low-income customer to lose hundreds of dollars in fees for a minor error.

Lower income people also avoid banks because they do not want to become ensnared in their complicated fee structures. They would prefer to deal with a fringe bank where the costs are more understandable and upfront.

Not only are banks nickel-and-diming customers, particularly those with small accounts, but they are also, quite independently of interest rate fluctuations, keeping deposit rates on their basic passbook savings accounts low, thereby reducing small savers’ opportunities to accumulate savings. Bankrate.com reported toward the end of 2004: “Savings account holders get no respect. While other fixed-income vehicles are seeing interest rates creep upward, the returns on savings accounts keep dropping.... Most financial institutions apparently see little reason to raise rates on savings accounts.”

Robert D. Auerbach, a professor of public affairs at the University of Texas and a specialist in money and banking, says:

Parallel action similar to prime rate pricing and the effect of increased concentration in banking has reduced rates for
savings accounts to the point where they have no relation with market rates. The nation’s primary regulator of banking, the Federal Reserve, is extremely derelict for not doing a great deal of research in this area and the reason is the Fed is not independent from the banks it regulates. Banks understand that only limited options are available to small savers, and have taken advantage of this situation by paying abysmally low rates of interest on savings accounts, which makes it even more difficult for small savers to grow their savings. Banks just are not interested in providing financial services to lower-income consumers, which leaves them easy prey for “fringe banks” that do not require a minimum balance or create the risk of being slammed with unanticipated fees. And many unbanked individuals cannot even open a basic savings account because over 90 percent of banks routinely use credit scoring systems, like ChexSystems to bar families from becoming customers, even from opening savings accounts which pose minimal, if any, credit risks. The Orlando Sentinel has editorialized: “The result is a scandalous, two-tiered financial system – one for the haves, another for the have-nots. And the have-nots, who can afford it the least, wind up paying the most.”

The savings and loan scandals that looted small savings in the late 1980s and early 1990s further compromises the industry’s credibility. Between 1986 and 1989, the Federal Home Loan Bank Board was forced to close almost 300 savings and loans whose deposits had been insured by the Federal Savings and Loan Insurance Corporation (FSLIC). The cost of these failures – paying off depositors and claims as well as a myriad of lawsuits – are estimated to have cost the national government – American taxpayers – more than $500 billion. And some financial experts are convinced the $500 billion figure underestimates the actual costs. Prior to the failure of the federally insured institutions, failures of state chartered and insured savings and loans in states like Maryland and Ohio had forced legislatures to vote hundreds of millions of dollars to pay off depositors and meet the cost of closing those institutions. In 1992 Lester C. Thurow, professor of economics at the Massachusetts Institute of Technology, wrote: “If the banking system had not been bailed out by government, panic would have set in as individuals lost their savings accounts, and a repeat of the Great Depression would probably now be under way.”
“Since 1970,” writes sociologist William Julius Wilson, “the population in high-poverty metropolitan neighborhoods – be they black ghettos, Latino barrios, or white slums – grew by 92 percent.” According to Robert Manning these neighborhoods are often short of bank branches as a result of, “Industry consolidation in the 1980s and early 1990s” that led to a “withdrawal of first-tier banks from low-income and minority (especially urban) communities.” Gary Dymski points out that this situation was exacerbated by the fact that “bank branches cluster in some locations while avoiding others, including lower-income and minority areas.” Deregulation sped up the pace of bank consolidation and allowed banks to act on the always present incentive to close unprofitable branches, which became more pressing in a deregulated banking environment, particularly, according to journalist Louis Jacobson, since regulators “began to welcome policies favoring locations in affluent areas because they helped raise bank profitability.” A Federal Reserve Study discovered that “despite little changes in the overall number of bank branches, the number of branches in inner-city neighborhoods declined 21 percent from 1975 to 1995.” Check cashing outlet owners themselves state that “many customers use CCOs [check cashing outlets] because they find the locations and business hours more convenient than those of banks.” Joyce Stanley, a community activist in Boston, says, “The check-cashing stores have been here for residents when banks wouldn’t come into our neighborhoods.”

The national average of bank branches per person is approximately “one branch for every 3,300 people,” and this number varies “among specific U.S. markets…. Los Angeles, for example, has one branch for every 5,521 people, while Pittsburgh has one for every 2,605.” Comparing the South Bronx, where there are 20,812 people per branch, with Manhattan, where there are only 2,934 per branch, reveals the degree to which certain inner-city neighborhoods are underserved by banks. The California Reinvestment Coalition recently reported:

The wealthy City of Piedmont (10,952) is half the size of the nearby neighborhood of West Oakland (19,684) while its household income ($134,270) is more than four times that of West Oakland ($27,545). Piedmont has three bank branches and no check cashers. West Oakland has no bank branches and three check cashers.

The Los Angeles City Council did a study that “found that in a 40-square-mile region of South Central Los Angeles, 133 check-cashers and only 19 banks served 587,000 people in...

And Professor Michael S. Barr has testified that “Similar patterns persist for ATM’s. For example, in New York and Los Angeles, there are nearly twice as many ATM’s per capita in middle-income zip codes as there are in low-income zip codes.” “We see banks closing up in the inner city and being replaced by these parasitical financial institutions,” said Jonathan I. Lange, lead organizer of Baltimoreans United for Leadership Development. “It’s one more example of the poor paying more for services.”

A story in the San Francisco Chronicle a few years ago reported that “Poor and rural communities have long struggled to keep bank branches.” Some rural areas have seen their bank branches disappear, and “as banks move out of rural areas, alternative financial services move in.” In North Carolina, the number of bank branches in the thirty-six most economically distressed rural counties declined from 1996-2000, while, over this same time period, the number of bank branches increased in all other counties. A Community Reinvestment Association of North Carolina study “examining bank branch closings and openings from 1996 to 2000” discovered that

Poor, rural North Carolina counties had a significantly higher rate of decline of branches per resident. Nineteen rural counties had a ratio of bank branches per 10,000 residents that is at least 25 percent lower than the state average. Although the number of bank branches statewide grew by 4.5 percent between 1996 and 2000, the poorest 36 counties had an aggregate net loss of bank branches despite population gains.

The number of check cashing outlets increased “more rapidly” in these same economically distressed counties over this time period than they did in other North Carolina counties.

A recent study of bank consolidation in rural Pennsylvania undertaken by members of the Department of Agricultural Economics and Rural Sociology at Penn State found that “while all rural counties had at least one FDIC establishment in 2003, nearly half of all rural counties had fewer institutions with a presence in 2003 than 1994.” In 1997, the residents of Brandywine, Maryland (population 1,400) were justifiably “upset” after being informed that their community’s only bank was going to be closed, particularly since “The nearest branch in Prince George’s [county] is about 10 miles to the north.” The Washington Post reported, “Brandywine residents want to
maintain a service that, for most people, is as vital as a grocery store or post office.” There are entire counties, almost entirely located in the West, that have no, zero, FDIC institutions within their borders. Bonnie Johnson, a resident of the small town of Lucerne, California, says: “There are no services. There isn’t a bank branch because it’s felt there aren’t enough people to support it.” A dearth of banking options in rural America becomes acutely apparent in the most low population areas and on some Indian Reservations. For example an estimated 180,000 Navahos reside on a reservation approximately the size of West Virginia in the four corners area of the southwest. Chester Carol, former chairman of the National American Indian Housing Council, states, “we have just four full-service bank branches and a few ATMs on the reservation.” Many of our most rural states have some of the lowest number of residents served per postal retail facility, including Alaska with 2,111, Vermont with 2,003, West Virginia with 2,166, and South Dakota with 1,873.

THE POSTAL SAVINGS SYSTEM

A story in the Chicago Tribune reported: “Life would be considerably easier for Pearlene Levingston if she had a bank nearby. One morning each month, Levingston rushes to the post office to pick up her Social Security check, then hurries to a local currency exchange [check cashing outlet].” “I’d prefer to have more banks,” she told the reporter. Professor Caskey calls check cashing outlets a “uniquely American phenomenon,” one of the reasons being that “outside of the United States, post offices commonly serve as low-cost convenient deposit institutions for moderate-income households, raising the percentage of the population who have deposit accounts.” Establishing a postal savings system featuring accounts designed to meet the needs of lower-income Americans would certainly present an opportunity to improve the lives of individuals like Levingston. The fact that “across income ranges, being banked is highly correlated with saving,” places a postal savings program in the spirit of Postmaster General Benjamin Franklin, who coined the phrase, “A penny saved is two pence clear,” and advised, “For Age and Want save while you may; No morning sun will last the day.” It would also revive the tradition established by the original Postal Savings System of providing a basic savings vehicle to the American people in order to reach groups and com-
communities that are underserved by the banking industry.

At the time of the System’s establishment it was recognized that many rural areas were not served by depository institutions, and that many banks existing in cities were not interested in serving the working class. In 1908, Woodrow Wilson stated: “The banks are in fact singularly remote from the people. They are particularly remote from the farmer.” There was also a burgeoning immigrant population that not only was ignored by banks, but was often distrustful of them. These immigrants did, however, often have extensive experience with postal banks, and were therefore thought to be likely to use them. The foreign-born population proved to be perhaps the single largest users of the Postal Savings System after its establishment in 1911. A postal savings system was resisted successfully by the banking industry for many years. But following a banking panic in 1907, the fortunes of politics turned against the bankers and in favor of the progressives and populists who advocated the system’s establishment. The bankers did, however, see that the System was made noncompetitive by placing a low deposit limit on accounts and instituting an inflexible interest rate that also happened to be the lowest in the world.

Following World War II the banking industry and its political allies stepped up their opposition to the System with renewed energy. They claimed that while there had once been a justification for Postal Savings, that time had passed because immigration was no longer a major factor in American life, and banks now served larger areas of the country and wider sectors of the population. Moreover, Postal Savings’ interest rate was so low that its users would be well advised to deposit their money elsewhere – banks. Rep. Edward J. Derwinski, at the time the president and former CEO of a savings and loan association, claimed, “All sections of the country now have private financial institutions ready and willing to serve the savings needs of the general public.” Such justifications for discontinuing the System did not go undisputed. Sidney A. Goodman, the president of the National Postal Union, pointed out that “there must be many in less populated areas attracted by availability and the more convenient hours of post offices as against banks…. [And] there are sections in metropolitan areas where minority groups predominate, but banks are much less available.” Goodman concluded that terminating the Postal Savings System “would have the Government turn its back on moral and civic responsibility.”

Postal Savings’ opponents also claimed that since deposits
were falling, the System would soon start losing money – an assertion that Rep. Arnold Olsen called a “farce.” He asked: “How can they lose money, when they are borrowing a half-billion dollars at 2 percent interest?” Not surprisingly, the bankers did not suggest allowing the System to increase its interest rate or deposit limit in order to reverse the decline in deposits; instead, they suggested eliminating Postal Savings. Of course they ignored the fact that the Post Office had terminated publicity for the Postal Savings System, an action which was presumably not encouraging additional deposits. Individuals like the future president of Western Bancorporation, Assistant Postmaster General Maurice Stans, were making decisions inside the Post Office at the time, and Rep. Charles O. Porter was prompted to state: “I have a feeling that the Post Office Department has tried to diminish the postal savings, not tried to promote it, has actually been trying to kill it.” There was an ongoing campaign against the Postal Savings System in Congress, and its continued survival became an uphill struggle. Its termination did not happen overnight; after all, as Rep. Porter put it, eliminating the system was “too brazen an attempt to make the bankers happy.” But in 1966 the banking industry won, and Postal Savings came to an end.\footnote{928}

Time has revealed the assertions of Postal Savings’ opponents to be incorrect. Postal Savings had not become superfluous; if it had there would not currently be millions of Americans who are in need of banking services. Today, the nation’s post offices are still a network which serves thousands of communities the banking industry has neglected. Boise County, Idaho (population 7,236, almost 2,000 square miles) is served by post offices but zero banks; Shannon County, South Dakota (population 13,209 – more than half living below the poverty line – over 2,000 square miles), the site of the Pine Ridge Reservation, is served by seven post offices but zero banks; Zip Code 19143 in West Philadelphia (population 71,169) is served by the post office, at least five check cashing outlets, and zero banks.

According to Peter Tufano and Daniel Schneider at Harvard University’s business school, it is presently “profitable to sell low income families credit cards, sub-prime loans, pay-day loans or check cashing services [however] there is no rush to offer them savings products. A not insubstantial number of them may have prior credit records that lead depository institutions to bar them from opening even savings accounts.”\footnote{929} Instead of attempting to reach the unbanked with traditional banking products some banks are actually getting into the “fringe bank-
Banking giants [are] betting they can boost profits … by expanding into these underserved neighborhoods. But rather than opening new branches, many financial institutions are jumping into the check-cashing business themselves. Wells Fargo, the state’s No. 2 bank, is teaming with the nation’s pawnshop king to roll out hundreds of check-cashing automated teller machines this year.\textsuperscript{930}

And the California Reinvestment Coalition reports that:

Bank of California has its own check cashing outlet, 15 offices of Cash & Save, as well as a partnership with Nix Check Cashing which has 59 outlets, all of them in the Los Angeles area. Banco Popular’s subsidiary Popular Cash Express has 55 outlets almost all of which are in the Los Angeles area also.\textsuperscript{931}

The circumstances making the Postal Savings System a service that benefited many Americans in the early twentieth century are largely present in the early twenty-first century: namely, banks do not care to serve a sizable section of the American public. Their lack of interest is demonstrated by not offering accounts that appeal to lower-income groups and not locating branches in many areas.

Having a bank account is key if people are going to be able to convert their income into cash, make payments, and accumulate savings. Despite the importance of making bank accounts widely available, Professor Barr writes, “Existing banking products are often not designed to meet the needs of the poor, and few banks compete with alternative financial services providers for low-income customers, particularly in low-income neighborhoods.”\textsuperscript{932} Through the provision of money orders and money transfer services the Postal Service already meets some financial needs.\textsuperscript{933} The Postal Service issues close to $30 billion worth of money orders annually, and through “Sure Money” (Dinero Seguro) the Postal Service helps foreign-born workers send money home to Latin America. In 2004, the \textit{Dallas Morning News} reported that $16 billion is transferred between the United States and Mexico each year, however, “exchange-rate losses and fees whittle away the amount of money that actually reaches Mexico.” The \textit{Morning News} surveyed a number of options and found that for money transfer services, “the low-cost operator turned out to be Uncle Sam, with wire transfers by the U.S. Postal Service.”\textsuperscript{934} In order to better reach people
lacking access to financial services a postal savings system should offer other services that the unbanked commonly use, such as those check cashing outlets generally offer, including check cashing, pre-paid phone cards, stamped envelopes, fax transmissions, notary services, and copy machines. Professor Caskey believes that in order to tap the financial services market for the unbanked it is important to offer reasonably priced check cashing services. And it is not as if the check cashing services “fringe banks” provide generally have a high degree of risk associated with them. Professor Caskey writes that “many CCOs cash only paychecks issued by local or national employers and checks issued by government agencies.”

Additionally, Postal Savings should offer, “Deposit accounts designed to help people accumulate savings,” such as a “low-cost low-minimum balance savings account,” and savings-building accounts modeled on traditional “Christmas Club” accounts where deposits are made on a regular basis and the money is set aside, unavailable for access until a designated time. Christopher Tan, a senior consultant for ShoreBank Advisory Services who specializes in developing strategies to reach the low-income and unbanked, says, “you have to be more flexible than other institutions in regard to minimum balance requirements.” Professor Barr has suggested, “debit based accounts that can’t be overdrawn; not checking accounts, debit based accounts.” A postal account could entitle its holder to a set number of pre-authorized payments, with no opportunity to overdraft, and special discounted rates on money orders that would help patrons make payments to third-parties such as utilities and landlords, without obliging the System to take on the risk and expenses associated with providing checking accounts. For consumers, the overdraft protection is particularly important, according to Jean Ann Fox, the Consumer Federation of America’s director of consumer protection, since, “banks are increasingly allowing consumers to unwittingly overdraw their accounts and then hitting them with hidden fees.”

Joy Cousminer, president of Bethex Federal Credit Union (a small low-income community development credit union in the Bronx), suggests that incentives, possibly not even monetary ones, offered to people when they reach certain savings thresholds would encourage people to save, and therefore help to create, and retain, larger deposit accounts.

Many unbanked people would feel comfortable banking at the post office because they use them for other purposes on a regular basis. Joy Cousminer says that the post office in the
Bronx neighborhood near the credit union office “is never empty; in poor neighborhoods a lot of people go to the post office.” In a 2001 Federal Reserve Survey, 23 percent of the unbanked said they did not use banks because they did not like dealing with them. Those who do not trust and do not feel welcome at banks may feel quite differently about the post office. Having the option of “banking” at the post office would diminish the barriers of comfort and trust that deter many people from using banks. And the appeal of these accounts would not be limited solely to the unbanked; others would certainly find such a service to be a welcome addition to their local post office. A special children’s account could be offered which would help kids acquire basic financial literacy at an early age. The Postal Service already has an extensive infrastructure in many underserved communities; this resource would be well utilized by offering financial services that are specifically designed to meet the needs of Americans who are not served by financial institutions.

A postal savings system would be likely to be self-supporting, and would hold the potential of additional revenues for the Service. “Realistically, even serving just low-income, currently unbanked people,” says Jonathan Brown, director of financial research at Essential Information, “it is reasonable to assume that the System would break even.” Jake Lewis points out that “low-income citizens don’t always remain low-income,” so that an account holds the potential to gain profitability over time, especially when it presents individuals with an opportunity to begin a savings program that can conceivably help them to improve their economic situation. Joy Cousminer says that her credit union is “really low-income, but I’m amazed how many people have $1,000 or more in their accounts.” The fact that an extensive infrastructure is already in place would reduce the costs associated with both the initial establishment of the System and its continued operation, making it more likely to not only break even but also become a revenue source. U.S. PIRG’s Consumer Program Director Ed Mierzwinski says that “in addition to the fact that the post offices are already there, there is a lot of ‘turn-key’ software available for running small banks.” Cousminer has years of experience in the credit union movement, and says, “well-managed, it’s likely that it could break even and make money. The real question is how much money?” It is really impossible to say given the unique and untested nature of this opportunity. The specific services and the locations they were offered in would largely determine the System’s profitability. Postal banks in other parts of the
world often offer a wide range of financial services, which are significant revenue sources. As *European Banker* reported in April 2005, “Financial Services can make a significant contribution to postal services operators’ income. This ranges from less than 10 percent in Denmark, Norway, Portugal and Spain, between 18 percent and 25 percent in France, Germany, Ireland, Poland, and Switzerland, and rises to around 45 percent in Italy and Russia.”

**SAVINGS BONDS**

Post offices could further assist small savers by resuming the sale of U. S. Treasury Savings Bonds, a savings vehicle that has long provided even the smallest saver with a safe means to build assets. Commencing with their initial introduction in 1935, they were “tailored to the needs of the small saver.” Peter Tufano and Daniel Schneider state that

Old-fashioned U. S. savings bonds offer an investment without any risk of principal loss due to credit or interest rate moves, while providing a competitive rate of return with no fees. Bonds can be bought in small denominations, rather than requiring waiting until the saver has amassed enough money to meet some financial institution’s minimum investment requirements.

Best-selling financial advisor Andrew Tobias has written, “Savings bonds are a slow but steady way to build assets, designed to meet the needs of the smallest saver.” Tobias has also pointed out that “banks aren’t crazy about savings bonds,” which isn’t surprising since, as *USA Today* reports, “Banks don’t make much money selling Savings Bonds.” When they were first introduced, Savings Bonds were only available directly from the U.S. Treasurer and at the nation’s post offices. Today, Tufano and Schneider reveal, “there are still more than 40,000 locations at which individuals can purchase savings bonds, these are now exclusively financial institutions. Post Offices, the original distribution mode for baby bonds, no longer retail bonds. This shift is of particular concern to low-income small investors.” Banks’ lack of interest in serving low-income Americans has curtailed these people’s ability to participate in the program. Awareness of the opportunity for small savers offered by Savings Bonds has recently been further hampered because, as Tufano and Schneider write: “In 2003, Congress
eliminated the entire advertising budget for the savings bond program."948 When you eliminate service, support, and promotion,” said Bob Sudderth in Northern California’s Savings Bond office, “the program withers and dies.”949 Post offices could offer accessible retail outlets for a program that offers small savers an opportunity to build assets and “take stock in America.” Tufano and Schneider believe that post offices “could again serve as an ideal location for the sale of savings bonds.”950

Having access to basic banking services is a necessity in today’s world, as is the ability to accumulate some margin of savings. The banking industry, however, shows little interest in serving millions of people. Where the banks won’t serve the government can, and should. The nation’s post offices are a valuable national resource that could be used to help improve the lives of Americans by once again offering a postal savings system. “Postal savings would be helpful,” says Carol Miller, executive director of the Frontier Education Center. “It would be great for rural communities.”951 Christopher Tan calls the idea “a solid proposal that has the potential to address a real need.”952 “I think it’s a great idea,” says Joy Cousminer. “I definitely think there are a lot of people who would be interested in an account at the post office.”953 “A postal savings system could extend vital financial services to underserved consumers,” says Ed Mierzwinski. “Many working class consumers have been purposely ignored and others have been gouged by our federally-insured and taxpayer-subsidized but still over-priced banking system.”954 Rep. Norman E. D’Amours, former chairman of the National Credit Union Administration, says simply, “I think it’s a wonderful idea.”955 Postmaster General John E. Potter says, “I think for underserved communities we could be a banking center. We’re trusted; we have a financial presence and the physical presence to provide services. We could do this independently or in conjunction with a commercial entity.”956 A postal savings system established to serve the American People, particularly those who can most benefit from the government’s help, would be in the public interest and in the best spirit of our national heritage.
Postal Restructurings

The ideal of disinterested leaders serving the larger public interest has a long tradition in our country, finding early expression in a man whose actions retain great symbolic importance – George Washington. Winston Churchill observed: “George Washington holds one of the proudest titles that history can bestow. He was the Father of his Nation.”957 Gordon S. Wood, professor of history at Brown University, explains that when Washington resigned command of the Continental Army, his actions reflected the disinterested ideal. “He was trying to live up to the age’s image of a classical disinterested patriot who devotes his life to his country.”958 Over a century later, Progressive Era reformers believed in the ability of trained experts to use their expertise for the benefit of the overall public good, not personal, group, sectional, or class interests. Author John B. Judis has written that during this era there was an elite of “politicians, bankers, businessmen, lawyers, and intellectuals who devoted themselves in a disinterested manner to reconciling the interests of different groups and classes.”959 The presidential commission emerged from this period as a means of signifying that policy issues had been placed above politics. While Judis apparently believes that it is possible for a disinterested elite to address policy matters in a generally neutral manner, he has come to the conclusion that by-and-large a “replacement of a public-spirited elite with a narrowly self-interested one has occurred.”960 Without people to exercise “public-spirited” leadership, supposedly non-politicized commissions become a farce.

In 1967, the Kappel Commission (named in honor of its chairman the chairman of AT&T) was appointed to “determine and report upon the feasibility and desirability of a transfer of
the postal service from the Post Office Department to a Government corporation." This Commission, which prominently featured corporate executives, came to the conclusion that such a transferal was feasible and desirable. They drew up a blueprint for a government corporation run by a body very similar to their own, although they included the caveat that, "The possibility remains of private ownership at some future time." Henceforth, a presidentially appointed "Board of Governors" would set postal policies instead of Congress. Part of the impetus for this change came from a belief in the desirability of removing "politics" from the Post Office. John T. Tierney, a former professor of political science at Boston College, writes that "reorganization’s advocates repeatedly portrayed a postal system on the verge of collapse and claimed that the best way to save it was to ‘take politics out of the system’ and infuse it with private business management techniques." Patronage in the form of postmaster appointments was indeed ended, but other patronage remained. A Congressional subcommittee’s investigation into the first bonds issued by the new "non-political" Postal Service found that Dillon, Read & Company received a portion of the business as a result of its connections in the White House. And appointments to the Board of Governors are political in nature – they do not fit an ideal of disinterestedness. Individuals with allegiances to the corporate sector, who therefore frequently possess particular political biases on pertinent postal issues and pre-determined ideas about what an enterprise should be and how it should operate, often opposed to a service orientation, have typically been nominees. At the time of the Reorganization Act, Rep. H. R. Gross stated, "For the first time ever we will have a bureaucratic head of a major Government service, appointed by and serving at the pleasure of a politically-oriented parttime commission." Rep. Jim Wright called the "grandiose slogan of ‘taking the Post Office out of politics’ … a hoax and a fraud.” Two decades after reorganization, the Kappel Commission’s own executive director, Murray Comarow, acknowledged, “The appointment of some Governors appears to have been politically motivated.”

Currently, the vice chair of the Board of Governors is corporate lawyer Alan C. Kessler (who represented GAF Corp. in a class action suit brought against the billion dollar corporation by over 35,000 plaintiffs exposed to the carcinogen asbestos). Kessler is a Democratic Party donor, fundraiser, and presidential convention delegate. He also served as finance vice chair of the Democratic National Committee. A Clinton appointee, Kessler
was a member of the Clinton-Gore transition team, as well as national vice chair for Gore 2000. Bush nominee Katherine C. Tobin has a background in market research. She has been senior director of research at Catalyst (an organization promoting the advancement of women in business), a consultant to IBM, and a manager in product development at Hewlett-Packard. Republican members include John S. Gardner, a Bush donor who was a speechwriter in the Reagan Administration, assistant director of research for Bush-Quayle ’88, special assistant to President George H. W. Bush, and deputy staff secretary and deputy assistant to President George W. Bush. Gardner spent time between Bush Administrations as a research analyst at Charles Schwab & Co., and as vice president for federal government affairs at AT&T. Bush donor Louis J. Giuliano was chairman and CEO of ITT Industries, Inc. He is a senior advisor to the Carlyle Group, an investment bank, and former vice chairman of the National Defense Industrial Association, a defense industry association that promotes “partnerships” between corporations and government. Businesswoman Carolyn L. Gallagher is a Bush donor and serial appointee, including to the President’s Commission on the Postal Service. Nominee Mickey D. Barnett is a GOP fundraiser, donor, and presidential convention delegate. He is a former New Mexico state senator, former national committeeman for the Republican Party of New Mexico, and former head of the Republican Party of Bernalillo County, New Mexico. In his capacity as a lawyer, Barnett demanded a recount in New Mexico after the 2000 presidential election on behalf of Republican Party officials. Barnett has lobbied for gambling interests, for the pay-day loan industry, for the largest owner and operator of privatized prisons in the nation, and for electric and telephone deregulation in New Mexico. He has also intervened on behalf of the National Right to Work Foundation in a casino unionization case.

In January 2005, James C. Miller III became the Board’s chairman. He was perhaps most notably director of the Office of Management and Budget under President Ronald Reagan. Former City of New York public advocate Mark Green once called Miller “a pro-corporate cheerleader.” Miller has held a series of positions at pro-corporate “think-tanks” including the American Enterprise Institute, Citizens for a Sound Economy, the Center for Study of Public Choice at George Mason University, and the Hoover Institution. He has been an unremitting advocate of a corporatist formula for “cost-benefit analysis,” where, in the words of corporate watchdogs Russell Mokhiber and Robert Weissman, “countless positive regula-
tions [are] discarded or revised based on pseudo-scientific conclusions that the cost to corporations would be greater than the public benefit.”

During Miller’s time in the Reagan Administration he was well known for wearing neckties decorated with Adam Smith’s profile. Smith referred to the “Post-office” as, “a mercantile project well calculated for being managed by a government.” Miller, however, has advocated postal privatization for years. He once said: “There is no reason why the Postal Service should remain part of the U.S. government and no good reason why it should enjoy a monopoly over the delivery of letter mail.”

According to Miller: “The subsidy from urban to rural users arises primarily because the Postal Service charges the same rate for all first-class mail, regardless of the distance the mail travels and the costs of delivering it. Some first-class mail is therefore overpriced and some is underpriced.”

This conclusion demonstrates an opposition to the basic principles that allow for universal service.

Miller has also promoted the deregulation of postal services, pronouncing that “some believe the antitrust laws are the Magna Carta of our marketplace.” This is a statement that he appears to have applied specifically to the Postal Service, since it fits incongruously with a man who has consistently advocated relaxing the anti-trust laws. Only a few short years before his appointment to the Board of Governors, Miller reaffirmed his view that “there really is something policy-makers can do about the Postal Service: repeal the private express statutes, abolish the Postal Rate Commission, and give the enterprise over to private ownership.” Former Postmaster General Anthony M. Frank once stated: “Jim Miller makes his living off of doing this [proposing privatization]…. His ideas – if you can call them ideas – are not worth dignifying with a discussion.” Miller himself admits to being taken aback when he was asked to serve on the Board of Governors. “When I got the call from the White House I said, ‘do you know who you’re talking to?’” “I haven’t changed anything about my views,” affirms Miller. “I don’t see any fallacy in the logic I proposed before.”

The fact that he is now the chairman of the Board of Governors speaks volumes about the nature of these appointments.

A Postal Rate Commission (PRC) to review changes in rates and fees was another outgrowth of the Reorganization Act. Like the Board of Governors, its members are appointed by the President and confirmed by the Senate. It is also a body whose members exhibit definite political biases and opinions on what
the Postal Service should be that stand to benefit certain groups. Its chairman, George A. Omas, worked for Republican Congressmen and is a member of the board of governors of the National Republican Club of Capitol Hill. Omas declares that “no one has been made worse off” due to pre-sorting discounts. Fellow commissioner Tony Hammond worked in direct marketing and was director of campaign operations at the Republican National Committee in 1988. He has been RNC regional field representative in the Great Lakes Region and the Southern Region, and was executive director, as well as finance director, of the Missouri Republican Party. Hammond has said: “I think the work of the President’s Commission laid a solid foundation in their recommendations for Congressional action.” The term of Dana B. Covington – who ran for Congress in Mississippi as a Republican in 1996, and then went to work for the National Republican Congressional Committee – expired in October 2005, creating a vacancy on the PRC.

The Democratic commissioners include Dawn Tisdale, a former postmaster, and Ruth Y. Goldway, the former mayor of Santa Monica, California. Goldway has been an outspoken advocate of postal privatization. She has declared: “Privatization introduces new incentives for efficiency.” Therefore, according to Goldway, “To make the Postal Service truly efficient, it eventually needs to lose its monopoly protections and be privatized.” Economist Frederick C. Thayer, however, has pointed out that “the ability of a private corporation to make a profit tells us nothing of its efficiency, but demonstrates only that it can set prices high enough to cover any and all inefficiencies.” And Nobel Prize winning economist Joseph E. Stiglitz wrote over ten years ago that “knocking the post office is part of a deep-rooted suspicion about the inefficiencies of government.” “The post office,” Stiglitz stresses, “has become an American leader in productivity gains. Clearly, if led and managed appropriately, a government agency is no barrier to dramatic gains in productivity.” Furthermore, efficiency as it relates to the Postal Service should mean efficient operations within the bounds of being a service agency that provides universal service to the American people, not a circumscribed view of efficiency that sets narrow commercial model parameters that are not applicable to the Postal Service.

“Taking the politics out of the Postal Service” by placing its management under the auspices of the Board of Governors, and its postage rates under the guidance of the Postal Rate Commission, has not created non-politicized governance in the
public interest free from the influence of political commitments and ideology that benefits particular special interests. “The Postal Rate Commission is absolutely advocating for large mailers,” says William Burrus, president of the APWU. “There is a revolving door from the Rate Commission to companies legislating prices…. The Rate Commission is an arm of the major mailers.” The members of these two bodies inevitably have their own biases and political beliefs, and their very selection for appointment is based on ideological considerations.

ACCOUNTABILITY

The creation of a government corporation has made the Postal Service less accountable to the public, because its workings have been further obscured from citizen inquiry, and public scrutiny and debate. John T. Tierney has written that the reorganization which turned the Post Office Department into the USPS “was essentially an attempt to secure managerial autonomy.” A few years after reorganization, when time had begun to make its effects apparent, Donald N. Ledbetter, president of the National Association of Postal Supervisors, said, “The present Governors, though appointed by the President and confirmed by the Senate, are answerable apparently to no one.” Rep. James M. Hanley wanted to have the Postmaster General appointed by the President and confirmed by the Senate, in order to “restore the principle of accountability to the people which I believe has been lost under the current system.”

Reforms ostensibly designed to make things less politicized commonly involve removing political power from elected representatives, and putting it in the hands of an unelected group that is no less political than its predecessors, just less accountable, and more responsive to constituencies that are smaller, more powerful, and better organized. The elimination of political patronage from the Service in no way required eliminating the political influence of the citizenry, which is, after all, politics in the best sense. If the patronage issue in regard to postmaster appointments was considered to be a problem the issue could have been solved directly by civil service requirements; instead, the issue was used in 1970 as an excuse for reorganization. And, judging from the makeup of the postal governing bodies, elimination of patronage has not occurred. What has happened is organized corporate interests gaining clout, while the public at large remains unorganized, and therefore
receives little representation on postal issues. Not only is the present structure a problem, the lack of consumer organization must be rectified through the creation of an organization like POCAG if the public is to have an opportunity to assert the influence that its ownership of the Postal Service implies.

The nature of a government corporation like the Postal Service poses fundamental problems. In this particular instance it is a service-providing agency that has schizophrenically been told by Congress to meet the needs of their constituents by retaining some measure of a public service philosophy, while simultaneously also being instructed to fit its operations into the “businesslike” practices that many members promote for government services. Ronald C. Moe of the Library of Congress’ Congressional Research Service has testified:

The mission of governmental agencies and private corporations are inherently different and often in conflict. The purpose of a government agency and its management is to implement the laws and policies set by Congress. These laws and policies may or may not include values determined principally by the market place. Thus, the mission of the Air Force is to insure the national security of the nation, not the maximization of equity return to private corporations involved in commercial space satellite activities. There is an irreconcilable nature to these fundamentally different missions that is not likely to be resolved by the creation of some mixed, quasi entity intended to satisfy both parties.985

The Postal Service, like the military, is a service provided by the government to the citizens of the nation. And providing a service is different from running a business. There is a different calculus involved, different values. A private corporation exists to generate profits, end of story.986 Making money, however, is not the purpose of a service-providing agency. The internationally recognized educator, botanist, and horticulturist Liberty Hyde Bailey once wrote: “The activity of accumulation, which is the guiding principle in business, is not the motive of public service.”987 Generating profit is not why the Postal Service was founded, and has not been its purpose. “I have always felt that the word service in the name implies just that,” Rep. Don Fuqua has testified. “We don’t look upon our fire department or our police department or other services to turn a profit. We look at them to provide a service.”988 The current arrangement of providing a service in a “businesslike” manner while acceding to demands from corporate sector postal users to help increase
their profits, and being prevented from pursuing revenues in related services, is an ultimately untenable balancing act. Something has to give. It is predictable, particularly given the present biases of the postal governing bodies, that the mission being jettisoned is providing residential patrons with the services they have traditionally expected. After all, their interests conflict with those of the powerful corporate sector, and they are not organized effectively to advance their interests.

Risa L. Lieberwitz, a law professor at Cornell University, writes that a “spectrum” of enterprises exist that range from governmental institutions to for-profit businesses. “Institutions at the public pole are democratic structures that provide goods and services in the public interest,” she explains, “for-profit institutions function through unilateral managerial decision-making to promote their profit-making goals.”

The conception of the Postal Service as a business and not a service, currently being hammered home as an idea whose time has arrived, stems from corporatist ideology. The drive to wrest even more control of the Postal Service from the public, and its representatives in Congress, is illustrated by the President’s Commission’s recommendation to establish a “Postal Regulatory Board” that would serve the purpose of centralizing power over the institution in the hands of a few individuals with minimal external oversight. The Commission recommended that those who comprise the Postal Regulatory Board “should have significant financial and business expertise and experience managing major corporate enterprises and other large organizations.” Postmaster General John E. Potter says, “I have a lot of concerns about the Postal Regulatory Board.” James C. Miller III identifies “the Regulatory Board” as “a bit of an overreach.”

Potter has testified: “The Commission’s recommendations on rate setting would remove the determination of how much money is needed to run the nation’s postal system from the operators – those with the day-to-day responsibility of running the postal system – and transfer it to the proposed Postal Regulatory Board.” William Burrus, president of the APWU, says,

Postal reform is about holding down costs. The Postal Regulatory Board is intended to take away the discretion of postal management and put in the hands of political appointees the legal right to constrain costs … postal management will have no influence on future Postal Service
costs, including the network, employees, and delivery costs. In addition, the Postal Regulatory Board would have the power to not only alter the monopoly, but also the universal service obligation, effectively removing issues that are central to the future of the Postal Service from the realm of public policy. Commission co-chairman James A. Johnson stated: “we recommend authorizing the Postal Regulatory Board to review the scope of the monopoly on a periodic basis to see whether it can be narrowed.” Potter has testified: “a Postal Regulatory Board, as envisioned by the Commission, can revisit the vital national issues of the postal monopoly and universal service. From the perspective of the Postal Service, these are clearly issues of broad public policy. They are not regulatory issues.”

The Commission also envisioned a new Board of Governors that would be more analogous to a corporate board. “In terms of the corporate style board of directors,” said Johnson, “our feeling was that this was primarily a business like function as opposed to a public policy like function.” Miller says, “I think that the Board ought to be given the kind of flexibility that the board of a major business has to run the enterprise as a business.” Much of the talk about “flexibility” and “business practices” simply reveals a desire on the part of the corporate sector and its ideological allies to move the context in which postal officials operate closer to the for-profit pole and away from the public pole. The assertion that, because of technological developments and present economic conditions, there needs to be a consolidation of the corporate model within the Postal Service serves as a convenient justification for an ideological agenda of organizing the Service on corporate values of centralized managerial control and profit maximization, instead of its traditional public interest mission.

Currently pending postal legislation introduces, with modifications, the Postal Regulatory Board concept developed by the Commission under the name “Postal Regulatory Commission.” The Postal Service would be required to focus on its “core mission” of delivering mail, and the legislation features a provision instituting a process for testing new services that would allow the Postal Regulatory Commission to approve or disapprove the introduction of any product. The present rate-making process would be replaced by a rate-cap system pegged to inflation. Another provision requires a study of universal service – including its cost. Jerry Cerasale at the Direct Marketing Association calls the legislation “a positive step on the road to postal
reform.” He says, “we simply can’t wait any longer to give the Postal Service the flexibility it needs to operate competitively in the 21st century.”

The USPS opposed the bill, claiming that it “grants a new Postal Regulatory Commission broad new authority to override practically any operational decisions the Postal Service makes.” Seven of the nine members of the President’s Commission pronounced publicly that the legislation doesn’t go far enough, stating in a letter that the USPS “must have a greater ability to reduce costs.” On the other hand, Burrus believes the “intent of postal reform supporters has been to control costs at the expense of service to the American public,” and that major mailers are pushing a regulatory body with greater power because they “are unconvinced that postal management will take the steps necessary to reduce costs – including labor costs – without outside intervention.” There is disagreement between postal unions about the legislation. Burrus claims that its enactment would “be more harmful than continuing operations under the current law,” while the National Association of Letter Carriers’ president, William H. Young, states the legislation not only “will protect the collective bargaining rights of the men and women we represent,” but will also present “marketing and pricing flexibility to enable the Postal Service to compete successfully in the Internet Age.”

The legislation includes important provisions releasing $3 billion of overpayments to the Civil Service Retirement System and returning military retirement obligations to the Treasury. These financial provisions would remove a financial burden unique to the Postal Service among federal agencies, and are supported by postal employee groups, major mailers, and the Postal Service. Burrus calls the financial provisions “the saving grace of the proposed legislation.” There have been intimations, however, that these provisions could ultimately lead to a White House veto.

In order for the Postal Service to fulfill its public service mission, postal reform efforts should focus on trying to prudently enhance services to the American people. However, there is a movement toward rolling back universal service by drawing down the postal infrastructure universal service requires, and challenging the continuation of such mainstays as uniform rates and six-day delivery, that has an underlying corporatist basis. Over thirty years ago retired postal employee Leon Samis wrote: “The crux to the problem lies in the determination of two questions: Shall the post office be operated as a service to the
American people, as has been proclaimed periodically by Congress, or shall it serve as a business enterprise with a profit motive? Corporations see a $70 billion a year operation and they want to divert it for their own benefit. The American people own the Service, and they are, therefore, entitled to be deliberatively and deeply involved in any process initiated by corporatist efforts to dismantle it. Those who make the decisions on these matters appear to hold a general belief that citizens have no real role to play in decision-making processes that would transform their Postal Service. This exclusion of millions of the Service’s owners from its governance is the situation that most urgently cries out for reform. Steps to change the mission of the Service should not be made by a small collection of interest groups while America’s citizens are excluded from the decision-making process, as is currently happening.

Reforming the Postal Service in the public interest will necessitate refocusing it on its broader service mission, which would entail a more open and democratic governance structure that recognizes the inherently political nature of a large organization with numerous interested stakeholders. Such a change in governance would allow postal administration to be entrenched on the public end of the corporate/public spectrum. Pulitzer Prize winning journalist David Broder has written of 

The ‘temple’ model of democracy – the appealing but unreal notion that lawmakers should be like high priests, untouched by personal, private or political relations with those affected by the laws they pass. But legislators and mayors and governors and presidents do not live in a vacuum; they are subjected to all kinds of influence, including, ultimately, the sanction of voter approval or disapproval.

The postal governing bodies entrusted with overseeing the nation’s postal system are not composed of “high priests”; they do not exist in a “vacuum”; and they are subject to “influence”; but when it comes to influencing them the deck is largely stacked against the citizenry who are effectively lacking organized representation, or “ultimately” any “sanction.” Citizens would gain a greater chance of having an opportunity to influence the Postal Service if Congress was in control, not an unelected, unaccountable, collection of political appointees. To the government, individuals are citizens and constituents, who present the possibility of joining with others to gain greater voice, but to corporations, we are just another dollar of revenue dwarfed by the magnitude of so many other dollars, with no
recognized claim to be heard, and liable to be denied service at any time. At the time of reorganization Rep. Patsy Mink stated, “decisions on what services to offer and what rates to charge will be made by administrators not responsible to the people and instead meeting behind closed corporate board rooms.”

Six years after reorganization, longtime Washington Post reporter Morton Mintz and antitrust attorney Jerry S. Cohen concluded: “under the old system, postal revenues went into the Treasury. Congress – 535 bosses – then annually appropriated monies needed by the Post Office Department. Whatever may be said of it, the system at least had some residual potential for accountability,” while the reorganized USPS had “near-zero accountability.”

The early American Congress recognized the problems inherent in delegating postal policy. Postal historian Wayne E. Fuller writes that Congress’ position on the subject of the establishment of mail routes was that to “delegate the power to establish post roads to the postmaster general” could have meant “the people’s wishes might be ignored.” Congress wanted to “retain this power” so that “the people, who best knew over what roads the mails should be carried would have a voice in their establishment.”

The Postal Service would have greater public accountability if Congress openly formulated postal policies instead of the political appointees, with emerging hidden agendas, who serve on its governing bodies. “The Post Office is so much the people’s business,” argued former Assistant Postmaster General Gerald Cullinan, “that it always should be immediately supervised by the people’s elected representatives.”

Ideally, the Postal Service would become, once more, a service branch of the U.S. government. But the most immediate need is to provide postal patrons with their own organized voice. That is a must. An effective consumer group is required if average postal patrons are to have any real potential to influence postal policy. That is why the establishment of POCAG, with millions of members and supporters, is so important, because it offers some hope for injecting a healthy dose of democracy into postal decision making. The move toward centralized corporate sector management must be reversed if the Postal Service is to serve the public interest first.

The manner in which the postal system is financed warrants further consideration. The USPS has been placed in the unenviable position of being pressed to walk a fine break-even line. This approach has negatively impacted the Postal Service’s ability to improve existing services and to secure adequate revenues
for future needs. Former USPS Chief Financial Officer Michael J. Riley has stated: “The Postal Service has been scrimping on capital spending for its entire life. By focusing excessively on short term cost reductions while absorbing costs that Congress continued to legislate, it allowed facilities to deteriorate and the infrastructure to become outdated.”1010 And when the Postal Service does successfully earn a surplus instead of running a deficit, those revenues may not be made available for improving the Service. According to Riley:

In 1998, the lobbyists for many large mailing companies, hoping to delay implementation of the recently recommended rate increase, argued that the Postal Service was earning too much profit … Despite the fact that the recommended increase averaged only 1.2 percent per year, was far below inflation, and was designed to cover necessary and needed increases in spending, the lobbyists prevailed and the increase was delayed. The Governors voted to delay the increase to 1999.1011

The Service requires revenues sufficient to cover necessary capital and other improvements that will allow it to meet its universal service obligation. The USPS has faced recurring funding problems and shortfalls. Many interested parties advocate giving the Postal Service the ability to earn a surplus instead of operating under a break-even mandate. Profits would presumably give the Service revenues that could be used to maintain and extend postal services. The possibility of augmenting the system with taxpayer allocations – like other government services receive – in order to maintain and improve universal service should not be arbitrarily ruled out.1012 Universal service is too important to be left to chance. Taxpayer subsidies to the Postal Service were phased out between reorganization and 1984. In 1981, Rep. William D. Ford, then chairman of the House Post Office and Civil Service Committee, stated:

I don’t believe these are subsidies to the Postal Service at all. They are services paid for from the General Treasury to be performed by the Postal Service on behalf of the American citizen. The same way as we pay from the General Treasury for services to be performed by any other department of Government.1013

The Postal Service still has the ability to request $450 million a year from Congress to help pay for the cost of providing universal service. (Of course, whether the current Republican Congress would make these funds available is another question
entirely.) Back in 1981, when the Postal Service was announcing its intentions to reject these funds, Norman Halliday, a former assistant postmaster general, remarked, “The Postal Service has this old feeling that the more money you get from Congress, the more control Congress gets over your operations.”

Numerous government subsidies exist for corporations; they are commonly referred to as “corporate welfare.” Jill Lancelot, president of Taxpayers for Common Sense, has testified: “In recent decades we have witnessed an extraordinary giveaway of billions of taxpayers’ hard-earned dollars through what can only be termed ‘corporate welfare.’” Ralph Nader, a longtime crusader against these handouts, states: “Corporate welfare programs siphon funds from appropriate public investments, subsidize companies ripping minerals from federal lands, enable pharmaceutical companies to gouge consumers, perpetuate anti-competitive oligopolistic markets, injure our national security, and weaken our democracy.” A postal subsidy would be a subsidy paid for by the citizen-taxpayer that would actually benefit citizen-taxpayers. Nader has written:

In a government replete with subsidies by the many for the few … a postal subsidy by the many for the many is shunned. Quantitatively, the postal subsidy is miniscule compared with the special interest subsidies to industry and commerce in this country. But philosophically it is taboo.

It is worth noting that there were only thirteen years between 1851 and 1968 when the service-oriented Post Office Department did not require a Congressional subsidy. Former National Rural Letter Carriers’ Association President Lester F. Miller pointed out that “the U.S. Postal Service is a Government service. What other Government service is expected to be self-sufficient?”

The Postal Service has operated without a Congressional subsidy for two decades. Furthermore, the USPS recently became debt free for the first time since reorganization. One has to wonder, however, how those who have seen their service reduced – through closing post offices, eliminating door delivery and collection boxes, etc. – view the situation. “There is just not a way,” observed Gerald Cullinan, “to give the American people the kind of service they deserve at rates they can afford to pay without an annual subsidy out of general taxation.” The crucial question to be answered regarding a postal subsidy
is: does the Postal Service exist to serve the American people, or does it exist to achieve financial objectives? But Congressional appropriations are an issue that is properly resolved through a healthy democratic process, which would require a change in present postal policy making, by ending unaccountable governance, and therefore administration, and introducing real citizen representation.

Former Postmaster General Anthony M. Frank stated: “the U.S. Postal Service is a legitimate and necessary public institution that serves an important social function as a binding, unifying force in our national life.”

Bill Schaefer, a resident of Bethesda, Maryland, believes that “no matter how much we have e-mail and FedEx and bulk mail, the Postal Service should be accessible for everybody.”

The Postal Service is part of our “commonwealth” – that shared heritage we collectively use and own – which includes such resources as public lands and the natural resources they contain, public knowledge not privatized by copyrighting, civic institutions, and the public airwaves. J. Joseph Vacca, past president of the National Association of Letter Carriers, once cogently stated that “the national Postal Service is a national resource of the entire people; an instrument of their polity.”

We have a responsibility to be its custodians so that future generations will also have use of it. Corporate interests are currently engaged in a massive undertaking: The privatization of the great American commonwealth. Author David Bollier writes, “resources that Americans own as a People ... are increasingly being taken over by private business interests. These appropriations of common assets are siphoning revenues from the public treasury, shifting ownership and control from public to private interests, and eroding democratic processes and shared cultural values.”

The Postal Service is yet another component of our commonwealth that is in their sights.

We as a people have inherited the Post Office, an institution that was established by our Founding Fathers on the eve of the Revolutionary War for the purpose of helping forge and unite a new nation. In 1998, before stepping down, Postmaster General Marvin Runyon outlined the role he saw the Postal Service playing in the year 2020:

The trends of today make it clear that fragmenting forces will grow. America will experience a rapid growth in ethnic and cultural diversity, with it will come the rise of multiple languages. There’ll be economic divisions marked by widening gaps between the have and have nots, and to
these we can add to fragmentation of the family, the generation gap, and the growing loss of shared experience and expectation …

We need only look to our neighbor to the north to see the problems caused by competing languages. We can look to Bosnia to see how ethnic and cultural differences can divide a nation. And we can look to the streets of America to see the awful toll that economic degradation takes on a significant segment of our society.

Yet as I look out to 2020, I see a growing array of forces with the power to drive us apart, to weaken our union. So, I think we must ask ourselves, what are the forces that will bind us together. Let me name one – the United States Postal Service.

There may be some in this audience who regard that as an overstatement. Well, I beg to differ. Just look at our history. The founding fathers named Ben Franklin, the first postmaster general even before they declared independence. They realized that a national mail system was a prerequisite for binding 13 far flung colonies into a single nation.

In retrospect, it was a highly effective strategy. Over the years, the nation’s mail followed America literally wherever it went. Down valleys and over mountains, through the city streets and into the sprawling frontier. Across rivers, and even oceans our borders stretched from coast-to-coast and beyond.

For more than two centuries, the mail has united us during times of social upheaval, economic change and world war. Suburban, urban and rural, north, south, east and west; the mail has been an enduring shared experience binding us together. The mail has united us during times of social upheaval, economic change and world war. Suburban, urban and rural, north, south, east and west; the mail has been an enduring shared experience binding us together.

Will the Postal Service survive to fulfill these functions? Will it exist to serve the American people? Is it possible that we will allow an essential service and a legacy handed down to us generation after generation from our nation’s founding to be apprehended by the corporate sector and distorted into serving the purposes of corporate power instead of the uncompromised needs of the American people? Or will we become citizens worthy of our custodianship of this great American institution and decisively and creatively reclaim our commonwealth?
Global Postal “Brands”?

The omnipresence of corporate power is exerting tremendous pressure on enterprises, such as the U.S. Postal Service, which do not exist purely to serve profit maximizing objectives, to transform themselves into entities that are constructed to serve the paramount goal of meeting market imperatives. This situation is making it easier for corporatists to mold the Postal Service into an entity that conforms to their worldview. A lack of real citizen representation combined with inordinate corporate influence has been primarily responsible for advancing the corporate agenda in regards to the U.S. Postal Service up to this point, and ultimately the future of the Service could be determined entirely outside of our democratic structures and national borders. Worldwide, significant changes are being pressed upon the postal sector: “As Tim Walsh has written, the traditional international postal world was one of inter-state cooperation. The new globalized world sees ... the replacement of the postal ‘flag’ by the postal ‘brand,’ and the intensification of international postal competition.”

Current trends and actions present the possibility that in the future the postal sector could be dominated by a handful of transnational corporations operating on a global basis. Professor Robert M. Campbell has written, “National governments no longer seem to be in control of this process, which they have abdicated to the major players and the market.”

The race is on, as national posts try to best position themselves in preparation for a liberalized global postal market. The Postal Record reports that in 2005, the 25-nation European Union proposed that the GATS be expanded to cover postal services and that WTO members embrace a set of rules covering postal services world-
wide. These measures would effectively commit national
governments to open their postal markets to competition
over time … In the United States, that would eventually
require our government to abolish the USPS monopoly on
letter mail.1028

Transferring decisions about America’s postal services from the
national government to the WTO would spell the end to any
institution with legitimate claim to represent the higher values
that our Post Office has always stood for, such as “binding the
nation together,” because as Rich Trumka, secretary-treasurer
of the AFL-CIO, has said, “The WTO is made to serve corpo-
rations.”1029 Lori Wallach, director of Public Citizen’s Global
Trade Watch, explains that when the WTO was established,

The basic idea was to fence in the range of government
action so as to establish a single global market with uniform
rules. Human beings are either labor or consumers … To
exploit these human and natural resources most efficiently,
all barriers breaking up this single world market must be
eliminated … Yet, what the corporate interests saw as mar-
ket “fragmentation” is the diversity of policies, values, cul-
tures and law that one would consider the blessing of
democracy. The WTO was to be a body that would be
biased towards promoting commerce over other values.1030

According to Wallach and Michelle Sforza, “the emerging sys-
tem favors huge multinational companies and the wealthiest few
in developed and developing countries.”1031 Therefore, as the
National Association of Letter Carriers states, “it’s not surpris-
ing that the drive to put postal services before the WTO is being
led by multinational delivery companies (UPS, DHL, FedEx),
which see an opportunity to increase their slice of the $900 bil-
lion U.S. mailing industry pie.”1032

If American postal services are turned over to secretive,
undemocratic supranational entities like the WTO, there is little
doubt that the non-market derived mission the Postal Service
received at its inception will have little or no opportunity to sur-
vive. Any and all postal functions that are not a direct out-
growth of the market are on the chopping block, and that
means that instead of being committed to the mission of pro-
viding universal service, in the future postal services could be
about maximizing profits, which would mean that the public
service philosophy would not be a value we witness and experi-
ence everyday, it would become something we can only read
about.
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72 A Short History, 179.
73 Smithsonian Institution, “Moving the Mail,” Online Exhibit of the National Postal Museum, http://www.postalmuseum.si.edu/exhibits/2c3c_1950-1986.html
75 John T. Tierney, *Postal Reorganization: Managing the Public’s Business* (Boston:
79 Unmailable, 190. Ashby Smith, president of the National Alliance of Postal and Federal Employees, stated: “What we have opposed, what we still oppose is a disposition to divest the postal service of its service aspect and to treat it as a commercial operation. What we have rejected and what we still reject is the totally unproved assumption that men trained in big business, where the emphasis is on profit-making, can operate this billion-dollar enterprise in the interest of the general public if only they are left free from interference by meddling, self-seeking Congressmen, who, after all, were sent to Washington to protect the public interest, and are removable if they fail to do so” (Sarah F. Ryan, “Understanding Postal Privatization: Corporations, Unions, and the ‘Public Interest’” (master’s thesis, Rutgers University, 1999), 51).
81 The American Mail, 341.
84 The American Mail, 331-2.
87 Spreading the News, 39-40.
88 In the 1987 film Wall Street, investment banker Gordon Gekko (Michael Douglas) made the following statement: “Greed is good, greed simplifies, greed clarifies, greed in all of its forms makes the marketplace work.”
91 Daniel B. Klein, “To Resolve Junk Mail, Junk Monopoly,” Cato Institute, 12 July
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92 Rick Geddes, remarks to the American Enterprise Institute, March 17, 2003, Washington, D.C.
96 Heritage Foundation Commentary, September 18, 2003.
97 Senate Committee on Governmental Affairs, Postal Reform: Sustaining the 9 Million Jobs in the $900 Billion Mailing Industry (Day 2), 108th Cong., second session, 11 March 2004. Fred Smith’s views on the postal monopoly appear to have changed over the last few years. In 1998 he said, “if you were to have an elimination of the postal monopoly what you probably would have, and the Postal Service for many years has said this and I wouldn’t disagree with it, you could very probably have cream skimming going on where you’d have private delivery services in New York City that would come in and do the very dense areas and the Postal Service would have to take the stuff to Alaska. That’s the rationale for the monopoly, and I think there’s a lot of merit to that obviously” (Fred Smith, address to the Cato Institute, December 2, 1998, Washington, D.C.).
98 “Privatization” is commonly used to describe a process in which publicly owned entities come to be owned by the corporate sector. A more accurate term might be “corporatization.”
107 Interview, July 22, 2005.
108 The American Mail, 150.

111 Robert H. Cohen the former director of the Postal Rate Commission’s Office of Rates, Analysis and Planning has claimed: “there is no cross-subsidy between rural and urban delivery. Thus, we don’t need a monopoly to pay for universal service” (Robert H. Cohen, remarks to the Graphics Communication Association Conference, December 7, 2000, Chicago). But according to Marshall Kolin and Edward J. Smith, economic researchers at the Postal Service, “When the Census Bureau’s rural distinction is applied to those routes which are contractually rural, we learn … that routes with 100 percent rural resident appear [to] make an average contribution to institutional costs slightly more that one third as great as those routes with no rural residents. The former routes also appear to be more than eight times as likely to yield a negative contribution to institutional costs” (Emerging Competition in Postal and Delivery Services, 175). Even Chicago School economist Milton Friedman once stated: “local delivery subsidizes mail for remote areas” (Milton Friedman, An Economist’s Protest: Columns in Political Economy (Glen Ridge, N.J.: T. Horton, 1975), 287). Cohen has acknowledged that even when employing his own methodology to make these judgments, “There is a loss on serving the least densely populated quintile of rural routes” (Robert H. Cohen et al., “Rural delivery and the universal service obligation: a quantitative investigation,” in Regulation and the Nature of Postal and Delivery Services, Michael A. Crew and Paul R. Kleindorfer, eds. (Kluwer Academic Publishers, 1993). He also writes that, “If the universal service requirement were eliminated, the absence of political pressure would allow the closing of many small post offices outright” (Robert H. Cohen et al., “A Cost Comparison of Serving Rural and Urban Areas in the United States,” Office of Technical Analysis and Planning Postal Rate Commission, 20 April 1993, 20, http://www.prc.gov/tsp/28/CostComparision.pdf). Cohen claims that the examples of UPS and FedEx demonstrate that universal service would continue to be provided in the absence of a monopoly (he concedes that they do not deliver in areas such as northern Alaska). However, these corporations either do not serve, or serve in an abridged manner, large areas of the country, and they have added fees and surcharges to areas it is more expensive to serve. As the Parcel Shippers Association states, “Only the Postal Service provides truly universal parcel delivery service…. Unlike some of its competitors, it does not penalize parcel deliveries to your home with a hefty surcharge; it does not hide from, but welcomes at one of forty thousand post offices, the ordinary citizen with one package to send” (Timothy J. May, “Parcel Shippers Association Comments to the President’s Commission on the United States Postal Service,” 3-4). Cohen’s definition of “universal service” appears to be that one can receive some form of mail service if one is willing and able to pay a high enough price for such service. Cohen does acknowledge that, “Many city and rural routes are unprofitable, however. Thus, a plausible argument remains that in order to provide universal service, at uniform prices, a monopoly is needed to allow cross subsidy of unprofitable routes by profitable ones” (Robert H. Cohen et al., “Universal Service without a Monopoly,” in Current Directions in Postal Reform, Michael A. Crew and Paul R. Kleindorfer, eds. (Boston: Kluwer Academic Publishers, 2000). Business school professors Michael A. Crew and Paul R. Kleindorfer point out “that
the USO [universal service obligation] is not called an obligation for no reason.” “The USO is a major burden on USPS and most POs worldwide,” they state, “It is basically an obligation to provide extensive cross subsidies between high cost and low cost routes or areas. Absent regulator intervention, a private company could not sustain such an obligation because competitors would undercut it in the low cost areas and routes, leaving it with no margin to support its high cost areas” (Michael. A. Crew and Paul. R. Kleindorfer, “Developing Policies for the Future of the United States Postal Service,” http://www.aei.org/docLib/20030421_Crew.pdf).

Economists Michael D. Bradley and Jeff Colvin “conclude that competition targeted at the Postal Service’s highest contribution mail plus the Postal Service’s requirement to fully maintain the delivery network could lead to losses up to $17.2 billion, potentially undermining universal service if not the viability of the Postal Service” (USPS, Transformation Plan, April 2002, U-9, http://www.usps.com/strategicdirection/transform.htm). The American Postal Workers Union state that during his tenure at the Postal Rate Commission they “considered Cohen’s positions to be one-sided and pro large mailer,” and that, “Mr. Cohen’s move to the private sector has not kept him from advocating the position of the large mailers” (“Worksharing Advocate Ignores the Facts,” APWU Web News Article #29-05, 7 July 2005).


115 U.S. Post Office Department Annual Report 1890, 9. It is relevant to note that profit seeking power companies ignored rural communities for decades. Finally, during the 1930’s, the newly established Rural Electrification Administration sent organizers out to help get electric cooperatives up and running. As Rep. Jerry Voorhis wrote: “What the profit motive couldn’t or wouldn’t do the service motive and the mutual-aid motive did do” (Jerry Voorhis, American Cooperatives: Where they come from, What they do, Where they are going (New York: Harper, 1961), 54). Don Ingle of Cinergy Corp. recently stated that “when his company no longer had an obligation to serve, it would focus on customers who gave the targeted rate of return” (Glenn English, “Commentary,” Rural Electric Magazine 62, no. 10 (July 2004): 8).

116 The American Mail, 163.

117 Spreading the News, 54.

118 Ibid., 53.

119 The American Mail, 163.

120 Ibid., 164.


126 After interviewing influential Chicago School economist Milton Friedman, author Joel Bakan wrote that Friedman believes, “Nothing but the most basic functions—the judicial system, the armed forces, and relief of the most extreme cases of poverty … should be within government’s control.” Bakan adds that William Niskanen, chairman of the Cato Institute, “believes that ‘there are very few functions’—the only one he could think of was the military—that should remain in the public sphere. And Michael Walker, an economist who heads the Fraser Institute, Cato’s Canadian partner, responded with an enthusiastic ‘Absolutely’ when asked whether he believed every square inch of the planet should be under private control” (Joel Bakan, The Corporation: The Pathological Pursuit of Profit and Power (New York: Free Press, 2004), 113-4). There are instances where even the one exception Niskanen cited – the military – is being privatized (Ann Scott Tyson, “Private firms take on more military tasks,” Christian Science Monitor, 2 April 2004; Barry Yeoman, “Soldiers of Good Fortune,” Mother Jones, June 2003).


133 Grover Norquist to Dennis Hastert, June 1, 2005, http://www.atr.org/content/pdf/2005/jun/060105lt-hr22.pdf

134 Mother Jones, January/February 2004.


136 Paul Hawken, Justice for Sale: Shortchanging the Public Interest for Private Gain (Washington, D.C.: Alliance for Justice, 1994), 23. According to the Alliance for Justice, Olin funded law and economics because “they believed it held real potential for promoting corporate interests and enhancing corporate profits” (ibid.)
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139 George Priest, “Socialism, Eastern Europe and the Question of the Postal Monopoly” in Governing the Postal Service, 50.
140 Ibid., 51-2.
141 Ibid., 51.
143 Interview, July 21, 2005.
144 An Economist’s Protest, 287.
145 Saving the Mail, 103.
149 Donald Bartlett and James Steele, America What Went Wrong? (Kansas City: Andrews and McMeel, 1992), 109.
155 The Bigness Complex, 216.
158 There is even the Southwest Airlines phenomenon. Beginning as a regional airline – and operating without many of the legacy costs the major airlines contend with – Southwest often flies into secondary airports and has expanded nationally, while in the process managing to realize profits for its shareholders, treat its employees well, and offer low-cost fares (“What Makes Southwest Airlines Fly?,” Knowledge@Wharton, 23 April 2003, http://knowledge.wharton.upenn.edu/index.cfm?fa=viewfeature&id=753).
159 The Bigness Complex, 220.
161 Consumer Reports, July 2002, 32.
167 Editorial, *Bismarck Tribune*, 30 June 2004, 6A.
176 Interview, March 28, 2005.
179 *Opening the Post*, 68.
180 Interview, March 30, 2005.
188 Norway Post, “Norway Post open to competition, but on equal terms,” press
190 Nina Berglund, “Postal service eyes major cuts,” Aftenposten, 21 February 2006.
193 Postal Mission, XIV Inter-American Congress, August 20-23, 1996, p. 34.
195 “Privatizing the Post: The World Bank’s Role in the Americas.”
206 Opening the Post, 6.
207 Saving the Mail, 21.
208 Peter J. Ferrera, “Postal Service Problems: The Need to Free the Mail” in Last Monopoly, 28.
209 Michael A. Crew and Paul R. Kleindorfer, “Privatizing the U.S. Postal Service” in Mail@the Millennium, 158.
213 “Our Opinion,” Great Falls Tribune, 8 August 2003, 8A.
214 The Politics of Postal Transformation, 52.
217 Ibid., 1.
218 History of the United States Post Office to the Year 1829, 169.


224 *Spreading the News*, 161, 162.


227 Amy E. Bowen, “Proposal to close rural post offices raise hackles,” *Central Wisconsin Sunday*, 17 August 2003, 1A.

228 Editorial, “Post offices are vital to rural communities,” *The Herald-Dispatch* (Huntington, WV), 2 August 2003, 6A.

229 Katie Porterfield, “Rural post offices deliver more than mail,” *Montgomery Advertiser*, 21 March 2006.


235 Whitney Ross, “Small-town post office important to residents,” *Chronicle-Tribune* (Marion, IN), 2 February 2005, 5A.


240 Heath Druzin, “Rural post offices may be at risk,” *The Union*, 17 July 2003.


244 The value of the nation’s post offices … in monetary terms to the corporate sector has not been overlooked. AEI’s Rick Geddes has suggested that the Postal Service “could also sell valuable downtown properties” (Saving the Mail, 124). The Commission recommended that “the Postal Service obtain an independent appraisal of the current market value of its major real estate holdings,” and stated that “the Postal Service’s real estate portfolio” was “a possible candidate for the Commission’s recommendation to outsource critical support functions to expert, outside professionals” (Embracing the Future, 98).


248 Embracing the Future, 83.


250 Interview, May 18, 2005


256 “Remarks by John E. Potter to the President’s Commission on the U.S. Postal Service,” 29 May 2003, 2.

257 Interview, July 21, 2005.

258 Interview, July 29, 2005.


260 Report of the Commission on Postal Service, vol. 3b, 1397. It should also be noted that revenues are not credited to the post office of delivery. A post office could be the location of routes delivering millions of pieces of mail annually to the residents it serves, thereby indirectly generating substantial revenues, but if there are no major sources of outgoing mail in the area the post office can still appear to be unprofitable. Levi estimates that “around three-fourths of postal facilities are not profitable, but that’s not a true valuation of their worth, for example in Silver Spring, Maryland there are an extraordinary number of delivery points but no major mailer” (Interview, February 3, 2005).


263 U.S. Senator Byron Dorgan holds hearing on the financial state of the postal service, November 8, 2001.
264 Interview, July 21, 2005.
268 Laura Skaggs and Kennedy Lawson Smith, “Wait a Minute, Mr. Postman!,” Main Street, April 1997, 2.
269 Anne Haddad, “Downtown will not get post office,” Baltimore Sun, 29 November 1999, 1B.
270 Time, February 24, 1997.
282 Ibid., 73
286 “Small Town of Castine, Maine, Fights the Postal Service to Keep Their Post Office Where It Is,” This Morning, CBS News, 14 January 1997.
290 John E. Potter to Dennis Pratt, July 28, 2005.
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296 Bill Michelmore, “Postal carriers to start Alert Program in Falls,” *Buffalo News*, 18 February 2006.
300 *Postal Record*, January 2005, 25.
302 *Postal Record*, January 2005, 27.
303 *Postal Record*, May 2005, 19.
305 “Proud to Serve,” *Postal Record* 117, no. 6 (June 2004): 32.
308 *Cong. Rec.*, 26 July 2005: H6477
309 Interview, February 3, 2005.
312 *Washington*, 262.
314 *The American Mail*, 112.
315 *Spreading the News*, 38.
321 Interview, March 30, 2005.
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1512.
325 House Committee on Government Reform, Special Panel on Postal Oversight, Answering the Administration’s Call for Postal Reform – Pt. III, 108th Cong., second session, 11 February 2004.
328 Interview, July 12, 2005.
332 U.S. Senator Byron Dorgan holds hearing on the financial state of the postal service, November 8, 2001.
339 In 2006, mail continued to be delivered, but Western Union quietly discontinued its telegraph service.
341 The Postal Precipice, 100.

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346 Knowledge@Wharton, April 11, 2001.
348 San Jose Mercury News, April 18, 2005.
349 Ibid.
352 Mike Wendland, “Before e-mail, letters were grace notes,” Detroit Free Press, 18 March 2004.
355 Kevin Kidder, “Old-Fashioned Letters Outclass E-mail,” Columbus Dispatch, 18 August 2001, 14C.
370 “Agreement on Changes in Business Mail Reached by Postal Service, Users’
371 *The Postal Precipice*, 250-1.
375 Interview, July 19, 2005.
376 Ibid.
381 *The Postal Precipice*, 245.
383 *The Postal Precipice*, 244.
384 Interview, July 19, 2005.
385 *Transformation Plan*, 17.
390 Ibid., x.
391 Ibid., v.
394 AOL Time Warner, “Comments to President’s Commission,” 2.
396 Mailing Industry CEO Council, “Comments to the President’s Commission on the United States Postal Service.”
397 *Chief Executive*, April 2005.
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400 Mailing Industry Task Force, “Mailing Industry Task Force - Fall 2003 Update.”
403 The Service’s Strategy for Realigning Its Mail Processing Infrastructure Lacks Clarity, Criteria, and Accountability, 23-4.
405 Embracing the Future, 12, 75.
406 Ibid, 16.
407 Ibid, 54.
409 Embracing the Future, 76, 84.
410 Ibid., 25.
412 Embracing the Future, 21.
414 U.S. Senator Byron Dorgan holds hearing on the financial state of the postal service, November 8, 2001.
416 Interview, July 28, 2005.
418 “Rural Areas and the Internet,” 8.
419 A Nation Online: Entering the Broadband Age, 5.
426 The Postal Age.


Bo Petersen, “Postal cutbacks in Flower Town don’t leave a sweet smell,” Post and Courier, Final Edition, 26 February 2003, 1B.


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The Postal Precipice, 320.


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USPS Publication 100, 22.
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457 Ibid.
468 Orlando Sentinel, March 15, 2005.
470 Adam Playford, “Durham residents want mail delivery to door to continue,” Herald-Sun, 11 July 2005.
471 Matt King, “‘Do not dismount,’” The Dispatch, 30 May 2005.
472 Ibid.
476 Pennie Boyett, “No easy answer to mailbox bashing,” Arlington Morning News, 27 November 1998, 1C.
477 Adam Playford, “Durham residents want mail delivery to door to continue,” Herald-Sun, 11 July 2005.
483 Interview, July 21, 2005.
485 David Hasemyer, “‘Nor gloom of night'? Not quite,” San Diego Union-Tribune, 18 December 2005.
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518 Saving the Mail, 124
519 RFD, 203.
520 Ibid., 202.
523 Smithsonian Institution, “Customers and Communities,” Online Exhibit of the National Postal Museum, http://www.postalmuseum.si.edu/exhibits/2b2f_parcel.html
526 The Service’s strategy for realigning, 16.
528 Ibid., 5.
529 The American Postal Worker, May/June 2005.
533 USPS Publication 100, 29.
535 The American Postal Worker, May/June 2005.
536 Pricing Postal Service in a Competitive Environment, 26.
537 Ibid.
540 Ibid.
541 House Committee on Government Operations, Government Information, Justice, and Agriculture Subcommittee, Hearings, U.S. Postal Service Diversification Into Nonmail Activities, 102nd Cong., first session, 13 June and 17 July 1991

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545 Ibid., 161.
556 Center for Responsive Politics, “FedEx.”
565 The Postal Service cannot lobby Congressional members to vote for or against legislation. It is also prohibited from contributing to Congress via PACs.
566 Center for Responsive Politics, “United Parcel Service.”
567 James W. Brosnan and Anna Byrd Davis, “FedEx powers up for fight in Congress, Postal Service a major target,” Commercial Appeal, 28 December 1996,
574 Rebecca Carr, “UPS delivers forceful blow to Postal Service overhaul,” Atlanta Journal Constitution, 16 July 2000, 7F.
577 James Kelley, remarks at the National Press Club, April 14, 1998, Washington, D.C.
580 Mike Eskew, “Written Statement of Mike Eskew Chairman and CEO UPS Before the President’s Commission on the Postal Service,” 20 February 2003.
586 “Parcel Shippers Association Comments to the President’s Commission on the United States Postal Service,” 3. APOs and FPOs are Military Post Office Zip Codes. APOs are Army/Air Force Post Offices. FPOs are Fleet Post Offices.
588 Ibid.
594 Interview, July 19, 2005.
599 Oregon Rural Letter Carriers’ Association to President’s Commission, February 7, 2003. And there are items that private shippers refuse to handle outright that the Postal Service is willing to, like coins sent by individual collectors. Private shippers are, however, willing to cut deals with large shippers of collectible coins like Shop at Home TV (Jennifer Liberto, “FedEx policy leaves coin collector fuming,” *St. Petersburg Times*, 15 September 2003, 7).
605 *Answering the Administration’s Call for Postal Reform – Pt. III*, 537.
607 *Answering the Administration’s Call for Postal Reform – Pt. III*, 537.
611 *Multinational Monitor* 17, no. 6 (1996).
612 *Global Price Fixing*, 507.
613 Interview, July 22, 2005.
616 “Parcel Shippers Association Response to Assertions and Recommendations made by United Parcel Service to the President’s Commission on the United States Postal Service,” 5. On January 3, 2005, UPS and FedEx both increased their sur-
charges for “rural” businesses and residences by 25 cents to $1.25 and $2.00 respectively. And both increased the average cost of ground delivery shipments by 2.9 percent (Paul J. Lim, “Get ready for pricier mail,” USNews.com, 24 November 2004, http://www.usnews.com/usnews/biztech/buzz/archive/buzz041124.htm).

617 Interview, July 21, 2005.
624 U.S. Postal Service Diversification Into Nonmail Activities, 21.
626 Bill McAllister, “USPS Misses Out on Government Contract,” Washington Post, 2 September 1988, A19. Federal Express and UPS both opposed the Postal Service’s proposal to offer volume discounts similar to their own. The PRC sided with the Postal Service’s competitors, expressing concern that volume discounts on Express Mail would constitute “undue or unreasonable discrimination among mailers and undue or unreasonable preference to a mailer” (Postal Rate Commission, Opinion & Recommended Decision, vol. 1, Docket No. R87-1, p. 747).
635 Interview, July 21, 2005.
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638 The National Association of Postmasters of the United States has recommended introduction of “a competitive Package Services ‘Parcel Post’ flat rate that would be zone-neutral and include insurance up to $50” (NAPUS National Convention, “NAPUS Policy,” Sept. 1, 2004, 19). Instead of making innovative efforts to make Parcel Post more valuable to patrons, however, it appears that postal officials have recently sought to discourage use of Parcel Post by directing postal clerks to steer patrons towards more expensive options. A post office operations manager e-mailed other managers:

As you are aware, we’ve messaged strongly for close to a year that the term ‘Parcel Post’ not be offered by the Retail Associate. While we are doing better with offering Express and Priority Mail, we continue to throw in Parcel Post. Please remind your Managers/Postmasters that not offering Parcel Post will increase revenue and improve customer satisfaction.

The American Postal Workers Union (APWU) states: “The APWU understands that this policy can lead to increased revenue, but to insist it also increases customer satisfaction is unrealistic.” According to the APWU:

We think it’s a very simple issue: The U.S. Postal Service has a form of service known as Parcel Post. The American public likes and even asks for this service; the Postal Rate Commission determines the cost of the service; and the U.S. Congress expects that this service will be offered to postal consumers (“Duplicitous Sales Practices Hurt Everyone,” The American Postal Worker 35, no. 6 (Nov./Dec. 2005).

As a letter sent to the Postmaster General by consumer advocate Ralph Nader put it: “To state the obvious: in numerous instances not offering Parcel Post constitutes bad customer service, because very often customers’ budgets and time-frames for delivery make Parcel Post the service that would best meet their needs” (Ralph Nader to John E. Potter, November 30, 2005).

640 Ibid.
642 Marvin Runyon, speech before the National Press Club, April 14, 1998, Washington, D.C.
647 Frank Green, “Mail Boxes Etc. re-branding by UPS upsets independents,” San Diego Union-Tribune, 14 February 2003, C-1.
648 Ibid.
650 Ibid., 1279.
651 Benjamin F. Bailar, “End the Postal Service monopoly on delivering first-class mail,” *USA Today*, 10 July 1991, 10A.
653 Scott Thurston, “Post office’s e-mail service illegal competitor, UPS says,” *Atlanta Journal-Constitution*, 7 October 1998, 06F. Competitors have repeatedly argued that the Postal Service uses monopoly revenues to subsidize its competitive offerings, and that it benefits “unfairly” from its government status because, among other things, it is not required to pay for license plates or parking tickets. Similarly, UPS is presently alleging that Canada Post is in violation of NAFTA’s Chapter 11 because it “abuses its special monopoly status as Canada’s first class mail delivery service by utilizing its infrastructure to ‘cross-subsidize’ its parcel and courier services” (“NAFTA’s Threat to Sovereignty and Democracy: The Record of NAFTA Chapter 11 Investor Cases 1994-2005,” 45). Postmaster General John E. Potter has testified that “the Postal Service’s monopoly on letter mail does not subsidize competitive products…. I would point out, too, that in 2003, our competitive products, Express Mail, Priority Mail and Package Services contributed $2.5 billion to system costs…. The Postal Service is prohibited by law from cross-subsidization. Period” (*The Postal Service in Crisis: A Joint Hearing on Principles for Meaningful Reform*, March 23, 2004). Bob Krause, a vice president at the agency, once said, “We expect to hear from FedEx and UPS every time we create an offer that has value in the marketplace” (William Armbruster, “Post office to transmit e-documents securely,” *Journal of Commerce*, 14 February 2000, 1).
655 Embracing the Future, 27.
660 Ibid.
661 Yonika Willis, “‘Robots’ to show up on U.S. mail to promote services,” *South Bend Tribune*, 11 March 2005, A1.
663 *South Bend Tribune*, March 11, 2005.


672 *Great American Post Offices*, 97.


686 Ibid.


692 *The American Postal Worker*, May/June 2005.


695 Ibid.
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710 Ibid., 7.
716 Ibid.
718 Lou Dobbs, *Exporting America: Why Corporate Greed Is Shipping American Jobs Overseas* (New York: Warner Books, 2004), 145. David Broder of the *Washington Post* has noted a “steady weakening of organized labor.” He recalls that unions were “at the forefront of battles for aid to education, civil rights, housing programs and a host of other social causes important to the whole community.” Broder states: “I suspect the country will continue to pay a price – and not just union families – until labor regains a place at the economic and political table” (David S. Broder, “The Price of Labor’s Decline,” *Washington Post*, 9 September 2004, A27).
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728 Interview, July 19, 2005.
731 House Committee on Government Reform and Oversight, Subcommittee on the Postal Service, Robert Williamson executive director on behalf of the National Association of Presort Mailers, 104th Cong., first session, 14 June 1995.
734 Interview, March 3, 2005.
735 Bert Ely, “Privatizing the Postal Service: Why Do It; How to Do it” in Free the Mail, 122.
736 Working-Class New York, 248.
737 The PRA also created a statute requiring postal wages be comparable to wages of workers performing comparable work outside of government service.
744 Interview, July 22, 2005.
745 Sharon Bernstein, “Viewpoints: Should We Privatize the Postal Service?,” Los Angeles Times, 1 April 1990, D9.
746 NPMHU, “Rebuttal Submission to the Commission on the Postal Service,” 3.
748 Illustrated Guide to the National Postal Museum, 21.
754 Embracing the Future, 109.
756 U.S. Senator Byron Dorgan holds hearing on the financial state of the postal service, November 8, 2001.
761 Embracing the Future, 117.
762 Ibid., 123.
763 Commission members have been well compensated by their employers. Co-chairman James A. Johnson received a $966,000 salary and $1,932,000 bonus in 1998 while he was the CEO of Fannie Mae. The previous year he had “received $5,441,232 in salary, bonuses, stock options and other compensation” (Greg Farrell, “Report accuses Fannie Mae of deception,” USA Today, 22 September 2004; Ralph Nader, Cutting Corporate Welfare (Seven Stories: New York, 2000), 98). The Commission’s other co-chairman Harry J. Pearce received total compensation of $6,947,001 as a vice president at General Motors in 1999 (“Michigan’s Fortunate 50,” Detroit News, 16 April 2000). In 2003, James R. Wright received a salary of $645,000, a bonus of $762,000, stock awards of $346,000, and other compensation of $806,532 as CEO of PanAmSat Corp. (PanAmSat Corporation, Annual report on form 10-k for fiscal year ended Dec. 31, 2003, p. 5). Richard C. Levin received $654,452 as Yale University’s president during the 2002-2003 school year (Julianne Basinger, “Closing In on $1-Million,” The Chronicle of Higher Education, 14 November 2003).
764 Embracing the Future, 132.
770 Although the Commission’s recommendations have not been acted on yet, postal management has rewarded itself by giving away very liberal moving allowances to attract and retain “talent.” In 2000 it was revealed that the Postal Service “spent $142,311 to move one executive 10 miles and $105,817 to move another one 30 miles” (Stephen Barr, “Local Moves for 2 Postal Officials Cost $248,128,” Washington Post, 14 April 2000, A01). Senator Charles E. Grassley (R-Iowa) sent a letter to the Postmaster General in May 2005, in which he expressed dismay that when such generous awards are made, “employees are not required to show that they actually incurred any expenses” (Charles Grassley to John E. Potter, May 3, 2005). The Postal Service has responded to criticism by capping these awards. Under newly adopted guidelines the limit for senior postal officials “would slightly exceed $6,300” (Larry Margasak, “Postal Service cuts executive move policy,” Seattle Post-Intelligencer, 1 November 2005).  
774 Taskforce on Inequality and American Democracy, “American Democracy in an Age of Rising Inequality,” 2004, 1.  
775 Interview, May 18, 2005.  
776 Interview, July 21, 2005.  
777 Smithsonian Institution, “Customers and Communities,” Exhibit.  
779 Steve D. LeNoir, “To the President’s Commission on the U.S. Postal Service,” 4 April 2003.  
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781 “Post office can put stamp on your travel plans,” Star-Gazette, 6 June 2004, 2C.  
782 “To the President’s Commission on the U.S. Postal Service.”  
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784 Answering the Administration’s Call for Postal Reform, Pr. II, February 5, 2004.  
785 House Committee on Post Office and Civil Service, Marvin Runyon Postmaster General, 103rd Cong., second session, 14 April 1994.  
786 Amy Rinard, “Government Web sites getting sophisticated; But many taxpayers lack Internet access,” Milwaukee Journal Sentinel, 16 December 2001, 2Z.  
787 Fairfax County, Virginia, “Information Kiosks,” http://www.co.fairfax.va.us/
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794 Mark Feeney, “Pay phones have become an old-fashioned hang-up,” Boston Globe, 6 September 2004.
798 Morning Call, March 18, 2001.
801 Interview, July 19, 2005.
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806 Embracing the Future, 81.
807 Ibid., 10, 12.
809 The Service’s Strategy for Realigning Its Mail Processing Infrastructure Lacks Clarity, Criteria, and Accountability, 28.
811 “USPS carriers may deliver medicine in event of catastrophic incident,” USPS Newsbreak a.m., February 18, 2004.
814 “Postal Service may deliver drugs in case of pandemic, official says,” Billings Gazette, 3 August 2005.
815 Interview, July 21, 2005.
816 Spreading the News, 155.
818 Interview, July 29, 2005.
819 Ken Belson, “Fate of Japan reform? It may be in the mail,” International Herald Tribune, 5 July 2002, 1.
820 “Proud to Serve,” Postal Record 118, no. 6 (June 2005): 17.
822 Ibid.
823 Interview, July 21, 2005.
824 The Postal Precipice, 509.
831 Banding Together, 29.
834 Ibid., 32.
835 Ibid., 33.
837 Interview, February 24, 2005.
839 Interview, February 24, 2005.
843 Interview, February 22, 2005.
844 Citizens Utility Boards, 43.
845 Ibid., 44.
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847 Interview, February 24, 2005.
848 UCAN, “Member Testimonials,” http://www.ucan.org/join/member_testimonials.htm
849 Citizens’ Utility Board, “What people say about CUBs.”
851 Ralph Nader to President’s Commission, July 26, 2003.
852 Phil Tabbita, address to the American Enterprise Institute “Perspectives on the President’s Commission,” September 26, 2003, Washington, D.C.
853 E-mail to author July 17, 2005.
854 Interview, July 19, 2005.
855 E-mail to author, August 1, 2005.
858 *The Ralph Nader Reader*, 226-27.
861 *The Ralph Nader Reader*, 72.
865 Ira Teinowitz, “‘Cathy,’ ‘Dilbert’ Shill for Postal Service,” *AdAge.com*, 14 February 2006.
866 Anthony M. Frank to Ralph Nader.
867 *The Postal Precipice*, 511.
868 42 *Buffalo Law Review* 253, 293.
871 The credit union movement has historically played an important role in extending financial services to a wider segment of the population. Community development credit unions in particular seek to serve low-income people and communities. However, Norman E. D’Amours, former U.S. Congressman and chairman of the National Credit Union Administration, has warned about a “drift toward a bank-like structure.” He has stated: “I believe credit unions of all sizes and of differing memberships need to decide whether they wish to remain involved in the historical, philosophical and statutory mission of reaching out to people of small means” (Norman
872 A Short History, 92.
873 Sandra Sugawara, “In Japan, the Check’s In the Mail,” Washington Post, 11 March 1997, C01.
879 21 Yale Journal on Regulation 121, 136.
889 Interview, June 20, 2005.
891 Board of Governors of the Federal Reserve System, “Annual Report to the Congress on Retail Fees and Service of Depository Institutions,” June 2002, 5. The banking industry’s promotion of ATM surcharges (the fees they charge non-customers to use their ATM machines) provides a further illustration of a new fee introduced by banks that make basic financial services more expensive to consumers. Surcharges allow banks to receive two fees for a single ATM transaction; one is the bank-to-bank fee that is designed to cover the transactions costs, and even give a profit to the bank owning the ATM, the other is an additional surcharge for the same transaction. Iowa had banned surcharges, but the ban was lifted in 2002 after banks

897 Interview, July 8, 2005.
899 Interview, July 15, 2005.
902 Modeled on the successful “CUB” concept, Financial Consumer Associations would provide an independent, non-governmental, voluntary watchdog of consumers’ financial services interests. They would allow financial consumers to join together in order to form their own action group. Financial Consumer Associations would represent consumers “before regulatory agencies, legislative bodies, the courts and in negotiations with financial service providers.” For more information see: http://www.nader.org/nader_letter/fcas.html and http://www.csrl.org/modellaws/fca.html. And/or write to: The FCA Project, P.O. Box 19405, Washington, D.C. 20036.
904 William Julius Wilson, The Bridge Over the Racial Divide: Rising Inequality and Coalition Politics (Berkeley: University of California Press, 1999), 35.
905 Credit Card Nation, 198.
906 The Bank Merger Wave, 20.
909 Fringe Banking, 73.
916 Greg Garland, “Payday loans exact high ‘fees’ from the desperate,” *Baltimore Sun*, 19 September 1999, 1A.
924 Postal Service Needs to Clearly Communicate How Postal Service May Be Affected By Its Retail Optimization Plans, 42-3.
926 *Fringe Banking*, 34-5.
932 21 *Yale Journal on Regulation* 121, 237.
933 It is worth noting that the unbanked have used postal money orders as a non-cash means to store value because money orders can be replaced if they are lost or stolen.
937 Interview, July 25, 2005.
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939 Interview, June 29, 2005.
940 Interview, July 13, 2005.
941 Interview, June 24, 2005.
942 Interview, June 29, 2005.
943 “Post offices target key role in financial services delivery,” European Banker, 30 April 2005, 9.
951 Interview, July 19, 2005.
952 Interview, July 25, 2005.
953 Interview, July 13, 2005.
954 Interview, July 25, 2005.
955 Interview, July 13, 2005.
956 Interview, July 21, 2005.
959 The Paradox of American Democracy, 236.
961 President’s Commission on Postal Organization, Towards postal excellence; the report (Washington: GPO, 1968), 195.
962 Ibid., 2.
963 Postal Reorganization, 19.
966 U.S. Postal Service Diversification Into Nonmail Activities, 110.
967 Ronald Brownstein and Nina Easton, Reagan’s Ruling Class: Portraits of the President’s Top One Hundred Officials (Washington: Presidential Accountability Group, 1982), 424.
972 Sharon Bernstein, “Viewpoints: Should We Privatize the Postal Service,” Los Angeles Times, 1 April 1990, D9.
974 Los Angeles Times, April 1, 1990.
975 Interview, July 22, 2005.
976 George A. Omas, remarks before the National Association of Presort Mailers, September 25, 1999, Chicago.
980 Joseph E. Stiglitz, Economics (New York: W. W. Norton, 1993), 188.
981 Interview, July 19, 2005. Phil Tabbita at the APWU gives the example of former PRC chairman Edward J. Glieman. After leaving the PRC, “He went immediately to work as a consultant on postal issues landing clients that regularly intervene in matters before the PRC. Former Commission staff not only work for mailers, but testify in PRC proceedings on behalf of mailers” (Interview, July 20, 2005).
982 Postal Reorganization, 24.
985 House Committee on Science, Subcommittee on Space and Aeronautics, Commercial Space Launch Ranges, 106th Cong., second session, 28 September 2000.
986 Economist John Kenneth Galbraith notes: “the modern corporation has power to select its goals. And this power does not disappear when its spokesmen, following the advice of economic traditionalists, proclaim that their only purpose is profits. Power can be used to pursue profits. It can also be used to pursue other goals.” (John Kenneth Galbraith, The New Industrial State (Boston: Houghton Mifflin Company, 1978), 134). The performance of public service obligations is not a goal that private corporations are disposed to pursue.
990 Embracing the Future, 44.
991 Interview, July 21, 2005.
992 Interview, July 22, 2005.
993 House Committee on Government Reform, Special Panel on Postal Oversight, Answering the Administration’s Call for Postal Reform – Pt. I, 108th Cong., second session, 28 January 2004.
994 Interview, July 19, 2005.
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996 Answering the Administration’s Call for Postal Reform – Pt. I, 28 January 2004.
998 Interview, July 22, 2005.
1008 The American Mail, 44-5.
1009 The Post Office Department, 248.
1011 Ibid., 9.
1012 A special allocation devoted solely to subsidizing those areas of the Postal Service that are not profitable presents the dilemma of creating a “red-headed step child” within the Postal Service, that could effectively create a two-tiered system, one for unprofitable services that would be clearly delineated and seen as a side-line that is peripheral and burdensome, and another handling the profitable aspects of the operation. Such a situation would lay the groundwork for cutting out the cross-subsidy that has been the primary means of paying for universal service, because mailers would claim new justification for more vociferously demanding a “bottom-up” pricing approach, so that in time appropriations would be financing an ever larger share of the operation. And the argument would inevitably be made “why not privatize the profitable end of the Service entirely?” An appropriation made to the Service as a whole, with the agreement that providing universal service is its core mission, not a peripheral operation it is forced to perform, seems to be the preferable approach. The public would need to remain vigilant, however, in order to ensure that any such appropriations are applied to maintaining services to the American people and do not become yet another opportunity for corporate welfare.
1013 The Postal Precipice, 482.
1014 Ibid., 121.
1016 Cutting Corporate Welfare. 13.
1017 Ralph Nader, “Preface,” in The Postal Precipice, xii.
1018 The American Mail, 66.
1020 The United States Postal Service, 256.
1021 Anthony M. Frank, “Efficiency, Yes; Balkanization, No,” in *Free the Mail*, 47.
1023 *Report of the Commission on Postal Service*, vol. 3b, 1268.
1025 Marvin Runyon, speech April 14, 1998.
1026 *The Politics of Postal Transformation*, 432
1027 Ibid., 446.
A Note About the Cover

The image of Benjamin Franklin featured on the cover is one of four first-class commemorative postage stamps that were released in 2006 to honor the 300th anniversary of Franklin's birthday -- January 17, 1706.

The U.S. Postal Service issued the following descriptions of the commemorative stamps:

Benjamin Franklin, Printer

The image of the stamp honoring Franklin as a printer includes a portrait of him in a printer's smock by illustrator Michael Dooling; a copy of the Pennsylvania Gazette dated Sept. 25 through Oct. 2, 1729; the front of the 1733 edition of "Poor Richard's Almanack"; and a five-pound currency note printed by Franklin in 1760. The text on the back of the stamp sheet reads:

From his childhood apprenticeship in Boston to his career in Philadelphia as an adult, Benjamin Franklin enjoyed a lifelong association with printing. In addition to the Pennsylvania Gazette and "Poor Richard's Almanack," his presses also printed a wide range of materials, such as government pamphlets, religious tracts, currency and books.

Benjamin Franklin, Scientist

The stamp image honoring Franklin as a scientist includes a whimsical 19th-century Currier and Ives lithograph depicting Franklin and his son performing the legendary electricity experiment with a kite; a page from Franklin's 1769 volume "Experiments and Observations on Electricity" depicting water spouts and a "magic square"; a schematic drawing of Franklin's "three-wheeled clock" from the late 18th-century book "Select Mechanical Exercises" by James Ferguson; and a depiction of Franklin at a writing desk from a mural by Charles Elliott Mills at the Benjamin Franklin Institute of Technology in Boston, MA. The text on the back of the stamp sheet reads:

Remembered for the pursuits he called "philosophical amusements," Benjamin Franklin was intensely curious about natural phenomena. His observations and experi-
ments in areas such as electricity and meteorology resulted in interesting inventions, including a heating stove, the lightning rod and an early electrical battery.

B. Free Franklin, Postmaster

The Continental Congress appointed Franklin as the first United States Postmaster General of the organization known today as the United States Postal Service. The stamp honoring Franklin as a postmaster includes a graphic device used by the "Boston Post-Boy" newspaper during the middle of the eighteenth century; a colonial postal cover from Marlboro, MD., on a 1775 letter to Philadelphia; a colonial-era date postmark; and a late 18th-century painting of Franklin by Charles Wilson Peale after a portrait by David Martin.

Text across the bottom of the stamp reads "B. Free Franklin, Postmaster," a reference to Franklin's personal franking signature. The text on the back of the stamp sheet reads: Benjamin Franklin was vital to the organization of the American postal system, serving as postmaster of Philadelphia and a Deputy Postmaster for the American colonies before being appointed Postmaster General by the Continental Congress in 1775. He marked postage-free letters with his unique personal signature: "B. Free Franklin."

Benjamin Franklin, Statesman

The stamp honoring Franklin as a statesman includes a detail from John Trumbull's famous painting of the signing of the Declaration of Independence, painted between 1786 and 1819; a copy of Franklin's 1754 "Join or Die" political cartoon urging colonial unity; the top of a printed copy of the Declaration of Independence; a pastel portrait of Franklin by Joseph-Siffred Duplessis, painted during the 1780s; and the French side of the 1778 Treaty of Alliance with France, which was negotiated and signed by Franklin. The text on the back of the stamp sheet reads:

Deeply involved in politics and civic life, Benjamin Franklin served in the Continental Congress and signed both the Declaration of Independence and the Constitution. Often considered America's first diplomat, Franklin negotiated an alliance with France and helped to secure a peace treaty with Great Britain.
About the Author

Christopher W. Shaw is a project director at the Center for Study of Responsive Law. He received his A.B. from Cornell University, and is a graduate student at the University of California at Berkeley. Shaw has done work on issues related to the privatization of government services, health and safety regulations, and electoral reform. The Center is a nonprofit organization, founded by Ralph Nader in 1968. The Center supports and conducts a wide variety of research and educational projects to encourage the political, economic and social institutions of this country to be more aware of the needs of the citizen-consumer.
“This book highlights what Middle America already knows: the post office is the core of the community in rural areas and provides an anchor for many of our small towns. Christopher Shaw speaks for the millions of Americans who live in those rural places.”

— Senator Byron L. Dorgan, North Dakota

“The US Postal Service is a little like Social Security. It works because it serves everyone, regardless of status or income …. Try to hand it over to private business interests and a popular firestorm is sure to follow. This book is a warning bell for citizens.”

— William Greider, Washington correspondent for The Nation, and author of The Soul of Capitalism: Opening Paths to a Moral Economy

“Christopher Shaw’s readable and important book about the Postal Service, … not only dissects how corporate mailers dominate our current postal system, but recommends how consumers can regain a voice in its future direction by joining together in a simple way.”

— Joan Claybrook, president of Public Citizen

“Such farsighted leaders as Benjamin Franklin created our universal postal service for the Common Good of all Americans. But – Lookout America! – here comes a cabal of greedheads and boneheads to plunder and corporatize this essential public resource. Shaw’s book alerts us to this thievery, and shows us how to stop it.”

— Jim Hightower, publisher of Hightower Lowdown

“This book should be essential reading for anyone who thinks that privatizing the postal service is a good idea, or that privatization of public services always leads to gains in efficiency.”

— Dean Baker, Co-Director of the Center for Economic and Policy Research
PRESERVING THE PEOPLE’S POST OFFICE