



January 24, 2005

An Open Letter to Congress: It's Time to Seriously Overhaul the U.S. Postal Service, Not Tweak It

Dear Member of Congress:

On behalf of the 350,000 members of the National Taxpayers Union (NTU), I write to offer our views concerning the universally recognized need to overhaul the United States Postal Service (USPS). Specifically, we urge you to exchange the tepid legislative proposals of the last Congress for a bolder initiative that would stop the USPS from engaging in non-core activities and develop the framework for complete privatization.

As you know, both houses of Congress unanimously passed postal reform bills out of committee in 2004. However, the legislation never made it to the floor because of differences among the USPS, Congress, and the Bush Administration over relatively minor pension accounting issues. Those issues pale in comparison to the \$70+ billion in unfunded liabilities and bleak prospects for long-term viability the USPS is presently facing. Thus, we believe it is time for Congress to entertain “bigger” ideas.

First, the USPS should be prohibited from engaging in or further expanding into non-core activities and markets where private options already exist. The USPS continues to justify these endeavors as part of an attempt to provide more services to customers. However, the reality is that the USPS is using these non-core functions to subsidize its government-granted monopoly over first-class mail deliveries in the United States. The “need” for this cross-subsidization is a result of inefficiency, excessive labor costs, and the reduced consumer appeal for the USPS’s monopoly-protected services in light of electronic alternatives. Even if this cross-subsidization were not taking place, it is still blatantly unfair for private companies (and their employees) to be forced into competing with a government entity that uses its status to capture customers.

We believe it worth noting that limiting the USPS to its original responsibility of providing universal service mail delivery is not a radical position. The President’s Commission on the United States Postal Service recently stated that “the solution clearly lies with focusing the Postal Service on its core value to the nation—delivering the mail—and recognizing that, as demand for that service contracts, perhaps the Postal Service should contract, as well.”

Second, it is time for Congress to seek the privatization of the USPS. Given that the United States is generally regarded to possess one of the freest economies in the world, it is perplexing that more centrally planned countries are the ones pursuing postal

privatization options. Germany, New Zealand, Sweden, Japan, South Africa, the Netherlands, and even the Philippines and Jordan have implemented or are considering some degree of privatization for mail services. For the United States to remain absent from this trend would be to betray our fundamentally American beliefs in a free and vibrant economy that we claim to uphold.

Furthermore, the recent elevation of James (Jim) Miller to the position of Chairman by a vote of his peers offers Congress a golden opportunity to put the privatization option at the top of the legislative agenda. Jim Miller, who has established a remarkably distinguished career in government, the private sector, and academia, has previously advocated and documented his belief in the need to privatize the USPS. Given that the Senate was aware of these views when it voted in November to confirm his nomination by President Bush to the Postal Board of Governors, we hope this indicates a willingness on the part of Congress to move the idea of postal privatization from the conceptual to the concrete.

Overhaul of the USPS is a top priority of the National Taxpayers Union and its 350,000 members. Thus, NTU would welcome the opportunity to work with you during the 109th Congress to enact legislation that would best serve consumers and taxpayers alike. That being said, legislation that masquerades itself as serious postal reform, but in reality offers little or no relief for consumers and taxpayers, will not be scored favorably in NTU's annual rating of Congress.

Sincerely,

A handwritten signature in black ink that reads "Tad DeHaven". The signature is written in a cursive style with a stylized initial "T" and "D".

Tad DeHaven
Economic Policy Analyst