



AMERICANS FOR TAX REFORM

POSTAL NEWSLETTER

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President

Union Boss Nominated to PRC

The independent Postal Rate Commission could become much less independent in the near future. The Commission, which is charged with oversight of the USPS' monopoly operations such as rate changes and office closings, is prescribed by law to be independent of the agency itself. However, a Democratic nominee to the Commission could set a new precedent by ending that independence.

Mr. Dawn Tisdale, a former postmaster and labor boss, has been nominated to one of the Democratic slots on the Commission. His nomination has been championed by Senate minority leader Tom Daschle (D-SD) and Rep. Eddie Bernice Johnson (D-TX), who also recently requested the United Nations to monitor the 2004 election.

In the last two years a presidential commission has acknowledged the need for cutting the postal workforce, closing offices and curbing the USPS chronic cross-subsidization of competitive products through incessant postage rate increases, and Congress has focused on the need for comprehensive postal reform for the first time in thirty-four years. Meanwhile, the Senate Governmental Affairs Committee has reported out the first ever nomination of a former postal employee and labor union boss, a guaranteed vote against office closings and for rate increases.

The law requires a party balance on the commission giving the President's party a one-seat majority. The minority party seats are customarily chosen by minority leaders in Congress. The Tisdale nomination has been placed on the Senate's executive calendar, and could receive a vote at any time.

Postal "Reform" Delayed Until at least September

There had been rumblings that the House of Representatives might consider H.R. 4341, the so-called Postal Accountability and Enhancement Act, this week, but now it appears House action will be delayed until at least September. The Senate also expects no action before the fall.

The bill, and its Senate companion S. 2468 are the first attempts to overhaul the USPS since 1970, when Congress passed the Postal Reorganization Act.

While momentum for postal reform has been strong since President Bush created a commission to study reform in 2002, the current proposed legislation would in many ways exacerbate the problems it was written to address.

The legislation would grant the USPS so-called "pricing flexibility," which would streamline the process for rate changes. Given the USPS addiction to spending money and cross-subsidizing ventures into competitive markets, this means it will be easier for the USPS to raise rates to cover its extravagant misadventures. Ideally, one would think it should be harder, not easier, for the USPS to raise rates.

The legislation also does not include anything to encourage the USPS to control personnel costs. Currently a whopping 75% of operations costs go to the USPS' mostly unionized workforce. The same goes for encouraging the USPS to close inefficient post offices.

Perhaps the worst flaw in the legislation is that it works from a faulty premise: that the USPS is a business. The USPS is a government agency, enjoying protections from tax exemptions to immunity from federal antitrust laws that no private company could dream of. Of course, a criminally-enforced monopoly doesn't hurt either. To pretend that the USPS is simply another business competing in the market is absurd. A private business has to work within the law and worry about losing customers to a competitor providing the same service. Federal law protects the USPS from having to worry about losing any customers to another mail carrier.

If Congress' current version of "reform" becomes law, it won't be long before another president is forming a commission to study reform and head off the very train wreck the USPS now faces.

Unfortunately, real reform may not be able to wait another thirty-four years.