



AMERICANS FOR TAX REFORM

POSTAL NEWSLETTER

October 1, 2004

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President

Administration May Oppose Postal “Reform” Legislation

Rumors swirled this week that the White House has told congressional leaders that it would strongly oppose the Postal Accountability and Enhancement Act, should it come to the floor. Postcom reported this rumor, and the National Association of Letter Carriers (NALC) instructed members to tell Congress to “remove the White House block” on the legislation, through its e-Activist network.

The bills, reported out of the Senate Governmental Affairs and House Government Reform committees earlier this year, mark the first major postal reform legislation since the Postal Reorganization Act of 1970, which established the modern United States Postal Service. Unfortunately, many believe that legislation ultimately did more harm than good in creating a business-government hybrid with the worst of both worlds.

There are indications the current legislation, if enacted, would have a similar effect, giving the USPS greater flexibility to raise rates while failing to restrict the agency to its core mission and control its costs.

One particularly troublesome aspect of the legislation is that it would grant the USPS so-called “pricing flexibility,” streamlining the process for raising postage rates. Given the USPS’ proclivity for raising rates to fund its ill-advised business ventures and soaring costs, it seems like making it easier for them to raise rates might not be the best course of action.

One version of the legislation would also provide a guaranteed seat for the labor unions on the Postal Board of Governors. With an approximately 700,000-strong unionized workforce (larger than any two branches of the United States military), it’s a cinch that this move will ensure against any real efficiency or cost-cutting on the part of the agency.

The legislation also fails to restrict the USPS to its core mission of delivering the mail, instead leaving it open to engage in “activities ancillary thereto,” which will no doubt include continuing to compete with the private sector on a multitude of issues.

One positive in the legislation is it moves the burden for paying retirement benefits related to the military service of its employees back to the Treasury, without which postage rates might see a double-digit increase in 2006.

The White House has not come out publicly either for or against the current postal reform legislation, but with the clock ticking to the election and congressional adjournment for the year, time is running out for passing the legislation in this Congress. With comprehensive postal reform legislation averaging every 30 years or so, perhaps the White House is holding out for real reform.

Citizen Outreach Calls For Postal Privatization

Chuck Muth, president of Citizen Outreach, in an op-ed called for privatization of the U.S. Postal Service, pointing out that ratepayers were looking at an increase in 2006 whether postal “reform” legislation passed this year or not.

Pointing out that paper mail was on life support and was being kept alive only by bulk mailers, Muth called first-class mail delivery by the USPS a “sick horse.”

“Even the most aggressive postal ‘reform’ plan being considered by Congress continues to protect the USPS monopoly over YOUR mailbox – no matter how bad or expensive it is,” said Muth.

Pointing out that even Jordan is moving towards privatizing its mail delivery system, Muth observed that the American Postal Workers Union (APWU) suffered from a “myopia” in that it continues to fight tooth and nail against any privatization of the USPS, when a private, employee-owned postal service would “provide stock ownership to current union workers whose financial future would no longer be controlled by bull-headed union bosses and mush-headed government bureaucrats.”

Muth gave examples of the extremes the unions will go to to ensure not even cooperative competition, much less privatization, for the U.S. Postal Service, demonstrating the stranglehold the postal unions have on the American taxpayer. Meanwhile, some in Congress want to give the unions a permanent seat on the Postal Board of Governors.