POSTAL NEWS
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1. Health care costs are out of control

By Independent Press
November 24, 2009, 7:40AM

Letter to the editor from John A. Hirner

I feel that the cost of health care is out of control.

Health care insurance and health care cost are increasing at a rate of 6% to 8% per year. At these rates health care will double within 8 to 12 years depending on the overall rate of increase. This is way above the inflation rate of 2% to 4% per year.

Certainly the U.S. needs to get the cost under control and provide health care rather than emergency care. I do not believe that it should be the federal government controlling the health care for all of its citizens. Both the House and Senate bills do just that to provide universal health cares for all. Just look around at previous government controlled projects — National Parks, Amtrak, Public Radio, the Postal Service, Social Security and Medicare — with the excess over expenses going to the general fund. I do not feel safe with the federal government controlling health care.

The federal government should set regulations that will change people's culture and habits to lead healthy lives rather than give people services when they will not help themselves. The current bills being proposed give people services rather than change their culture.

How will the federal government fund universal health care starting in 2020 and succeeding 10-year periods? Will the cost continue to grow above $900 billion each succeeding period? Since there is no health care fund, except what is collected in taxes or obtained through public debt in the future 10-year periods. Will the federal government continue to obtain $500 billion from reduced Medicare expenditures to cover cost for the general public? How will inflation be handled? There could be a

problem in future 10-year periods should the U.S. have a yearly inflation rate — just 2% per year for 10 years equates to a 20% increase.

Since the U.S. current debt is about $11 trillion, will there be buyers for the addition U.S. health care debt, and at what price? Will taxes have to be increased to keep the borrowing within limits so the U.S. can sell its bonds?

By then the White House will have changed leaders and the current Congress members will be gone and health care cost will not be their problem. I would feel better if the White House, including the President and his family, and Congress had the same health care plan as the rest of the nation after they leave office. But I expect that the current proposed bills have excluded the White House and Congress.

I would hate to think that we are second class citizens like the serfs in the Middle Ages, whereas Congress and the President are the kings and queens with their staffs and advisors.
John A. Hirner Summit

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NOVEMBER 23, 2009, 6:00 A.M. ET

2. **Deutsche Post CEO Rules Out Need For Large Acquisitions**

FRANKFURT (Dow Jones)--Deutsche Post AG (DPW.XE) Chief Executive Frank Appel has said the company is well prepared for the year to come and doesn't require any large acquisitions or big improvement measures.

"We don't need any big measures to optimize the group," Appel said.

It's far more effective for Deutsche Post to ...

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3. **Russia's postal service to cut 33,000 jobs in 2010**

Nov 23, 2009, 9:36 GMT

Moscow - Russia's national postal service plans to slash 33,000 managerial jobs in the coming year as part of rationalization measures, the state news agency Ria Novosti reported Monday.

State-run Russian Post, which currently has 415,000 employees, has already cut nearly a third of its management positions in the first nine months of this year, according the report.

'Russian Post will continue to optimize the structure and number of its managers in 2010, with the aim of lowering costs and raising the effectiveness of the service,' the company announced.

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4. Economy, Internet mean lighter load for post office

By RICK MALWITZ • GANNETT NEW JERSEY • November 22, 2009

SOMERSET — Time was when someone said, "You've got mail" that meant a letter in an envelope with a stamp honoring a dead president or a state flower.

That is so last century.

Today, it could mean you received an e-mail, a text message or a tweet.

Last week, when Anthony Schulz's son celebrated his 13th birthday, he received exactly two birthday cards. "One from my mother and the other from my brother, who's older than me," Schulz said.

The rest of the greetings were in e-mails and text messages, according to Schulz, who winces at the thought.

Schulz, the postmaster in Hillsborough who has been temporarily assigned to be the officer-in-charge at the post office here, said the volume of mail is down in Somerset, as elsewhere.

"I still mail cards. I'm loyal to what I do," Schulz said.

Last week the U.S. Postal Service announced that it lost $3.8 billion in the fiscal year that ended Sept. 30. It delivered 26 billion fewer pieces of mail, a drop of 13 percent.

The volume of mail that passed through the Kilmer Processing and Distribution Center in Edison fell by 15 percent.

To stay afloat, the Postal Service has borrowed $10.2 billion from the federal government in recent years, approaching its $15 billion borrowing limit.

"We've been hit by a perfect storm," said Greg Frey, a spokesman for the Postal Service.

Communication habits have changed, what with the widespread use of e-mails and text messages, and the low cost of long-distance telephone calls. People are more apt to use the Internet to receive and pay bills online.

However, Frey said, the main reason for the decline in mail volume has been the weakened economy.

Through the first quarter of 2007, the volume of mail had increased in 10 of 12 quarters. Then, beginning in the second quarter of 2007, the volume has fallen in 10 straight quarters, with no end in sight to the decline.

"The Internet has had a big effect on mail volume," said George Flood, the Postal Service's communications director for the region that includes New Jersey. "The real driver (in the decline) has been the economy."
"After 9/11 there was a decline. In 2003, 2004, 2005 and 2006 volume was going up while the Internet was growing. Then the economy (slump) happened," Flood said.

To pare costs, the Postal Service eliminated 40,000 jobs in the fiscal year. Since 1999, it has eliminated 160,000 jobs. On Friday, it announced it is considering the closure of 241 facilities.

It also is considering the elimination of Saturday mail delivery, which it predicted would save $3.5 billion annually. The Postal Regulatory Commission, a federal commission which oversees the Postal Service, estimated the savings would be $2 billion.

What the Postal Service will not do in 2010 is raise the rate of its first-class stamp, now 44 cents. "We realize our customers are facing the same economic challenges," said U.S. Postmaster General Potter, when he announced the price freeze.

The stamp is a relative bargain. The equivalent of a first-class stamp in Great Britain is 66 cents, in France 78 cents and in Japan 85 cents.

The Postal Service is not alone in the decline in its business. Revenues have declined by 11 percent at UPS and 21 percent at FedEx. "This is a difficult time for the industry as a whole," said Commissioner Ruth Goldway of the Postal Regulatory Commission during a U.S. Senate hearing.

Another delivery service, German-based DHL, abandoned the United States market this year.

The most significant drop in mail volume, according to Frey, has been with what the postal service calls first-class single-piece mail — a broad category which includes birthday cards, Christmas cards, letters from grandma and bills.

"The receipt of bills and the mailing of bills has changed dramatically in 10 years," Frey said.

Lisa Weland of Somerset has embraced the change. "Citibank kept sending letters encouraging me to go paperless. I finally did," said Weland, who pays most of her bills on line.

However, she is not entirely paperless. "I still mail birthday cards," she said.

Mike Natalicchio of Somerset calls himself a traditionalist. "I still mail checks to pay my bills. I know it's paid," Natalicchio said.
One of his concerns about paying online is concern of identity theft.

Schulz, the Hillsborough postmaster, also is involved with the Hillsborough Little League, which used to register players by mail. Now the process is done entirely online.

Among the other functions that can be done online today is the printing of tickets for sporting events and other entertainment.

Web sites have replaced catalogs once mailed by large chains. This year, J.C. Penney Inc. announced the fall-winter catalog will be its final catalog.

The catalog was first delivered in 1963 and was once as large as 1,500 pages, with as many as 14 million sent through the mail. The book has gone the way of the catalogs famously distributed by Montgomery Ward and Sears.

"Younger customers don't shop the big book," said Mike Boylson, J.C. Penney Inc.'s chief marketing officer.

While a telephone call or an e-mail is a handy way to communicate, it cannot match a personal letter for durability.

"People save letters," Schulz said. "There's something about being able to hold it in your hands that is special.

"We pay our bills online," said Diane Virgili of Milltown. "But we still send cards in the mail. There's nothing like going to a mailbox and opening a card addressed to you."

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5. Japan Prepares to Dip into Postal Savings, Insurance Funds

November 22, 2009
Analysis by: Daniel Lintz
Analysis of: Ordinary JGB Issuance To Exceed Y140tln In FY10
Published at: www.nni.nikkei.co.jp
Summary

Nikkei reports plans for the issuance of more than JPY 150 trillion in government bonds during Fiscal 2010, nearly 30% of GDP, including the rollover of JPY 100 trillion in existing debt plus new issuance of 44 trillion in JGBs and 10 trillion in Fiscal Investment and Loan Program (FILP) bonds. Actual issuance could easily exceed plans, however, due to declining tax revenues and blanket guarantees extended to troubled borrowers.

Analysis

Prime Minister Hatoyama has promised to cap issuance of new JGBs at JPY trillion yen in line with fiscal austerity measures outlined by the previous administration, but total issuance of government bonds in FY 2010 could well exceed the JPY 165 trillion record set in FY 2005 once FILP bond issuance is finalized.

Although Japan recorded annualized Real GDP growth of 4.8% for the Sept '09 quarter, State Minister for Administrative Reform Hon. Sengoku announced the tax revenue forecast of JPY 44 trillion had been revised downward to JPY 38 trillion. In keeping with the Prime Minister's promise, current budget requests of JPY 95 trillion, which do not reflect the impact of core DPJ promises to abolish roadway tolls, increase agricultural subsidies and provide monthly childcare allowances, must be slashed to JPY 82 trillion. Other unbudgeted expenses include blanket loan guarantees to Japan Airlines Corporation and struggling small and medium sized businesses.

Clearly, the Government will need to tap the Fiscal Investment and Loan Program (FILP) in order to bridge the ever widening fiscal deficit. Sometimes referred to as "Japan's Second Budget", FILP loan requests are compiled by the Ministry of Finance in tandem with ordinary budget requests. Funding for FILP loans comes primarily from the JPY 300 trillion on deposit in postal savings accounts and assets held in trust for the "Kanpo" postal life insurance scheme. The appointment of former MOF budget director Jiro Saito as President of Japan Post Holdings should facilitate smooth cooperation with the Ministry of Finance in this regard.

The importance of the FILP program to public finance had decreased over the past decade in line with fiscal reforms and the postal privatization, but a reversal in that trend may be underfoot. New issuance of FILP bonds has fallen nearly 40% from a peak of JPY 40.5 trillion in FY'96 to just JPY 15.9 trillion in FY'09. Likewise, the total balance of loans outstanding has fallen more than 50% from a peak of JPY 417.8 trillion in FY'00 to just JPY 205.2 trillion in FY'09. New issuance of FILP bonds in FY'09 showed the first increase in a decade, rising to JPY 15.9 trillion from JPY 13.9 trillion in the previous year. If nothing can be done to curb spending, new issuance of FILP bonds will almost certainly exceed the initial forecast of JPY 10 trillion, perhaps rising to JPY 25 trillion or more in FY'10.

Skeptics need only look back to the last change of government in the mid-1990's, when Hon. Ichiro Ozawa and former National Budget Director Jiro Saito worked hand in hand in leveraging the FILP program to finance a wide array of public works

construction projects. Market watchers should not discount comments by the State Minister for Postal Services and Financial Affairs, Hon. Shizuka Kamei, who had served as Construction Minister in the past, to the effect that the Bank of Japan "should not be totally independent". Perhaps that's because monetary and interest rate policy affects bond yields, which constitute a major public expenditure incurred by the Ministry of Finance.

Certainly, the global financial crisis dictates unprecedented measures to stimulate domestic demand and broader economic activity. But, let's hope that the DPJ led Government will avoid the temptation to backtrack completely on progress toward fiscal and financial market reforms achieved over the past decade.

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6. Japan may use postal savings for rural firms-media

Sat Nov 21, 2009 12:35am EST

TOKYO, Nov 21 (Reuters) - Japan's government and ruling parties are considering using money from state-owned Japan Post's [JP.UL] massive savings and insurance units to make loans to regional businesses, a Japanese newspaper said on Saturday.

Japan Post Bank and Japan Post Insurance together hold around 300 trillion yen ($3,376 billion) in assets, a large portion of which is held in Japanese government bonds (JGBs).

The government and ruling parties are considering setting up regional investment funds with money from Japan Post, the government and municipalities, as well as regional banks, the Sankei Shimbun said.

Such funds would invest or lend money to regional firms, mutual funds that invest in such businesses, and to other privately-placed regional funds, Sankei said.

The new regional investment funds would solicit investment from regional financial institutions, so as not to take business away from them, the newspaper said.

"We will push this forward in a cooperative, rather than competitive manner," Sankei quoted a source at the People's New Party, a smaller member of the ruling coalition, as saying.

The report did not mention any figures regarding the possible size of the investment funds, or how much Japan Post Bank and Japan Post Insurance may invest.

Sankei said some within the ruling coalition were cautious about the idea, since it could take business away from regional banks and may also lead to concerns about the stable absorption of JGBs and spur a rise in long-term interest rates.

The 10-year JGB yield hit a five-month high of 1.485 percent JP10YTN=JBTC earlier this month, hurt by concerns about the size of possible debt issuance later this fiscal year and in the next fiscal year.

The investment stance of Japan Post's banking unit has been in the spotlight after Yoshifumi Nishikawa resigned as Japan Post president under government pressure in October, and was succeeded by a former Ministry of Finance bureaucrat.

That change in personnel has stirred market speculation that the government's sway over Japan Post Bank would increase, although some market players have speculated that such a rise in influence could prompt Japan Post Bank to lend more support to the JGB market rather than conduct any shift away from JGBs. ($1 = 88.86 Yen)
(Reporting by Masayuki Kitano; Editing by Sugita Katyal)

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7. The U.S. Postal Service, may lose $7.8 billion has closed to 241.

By Chris Kahn

Ap Energy Writer
Updated: 11/20/2009 05:04:24 PM MST

Post Offices » The U.S. Postal Service, which may lose $7.8 billion this year, has cut the number of offices and branches that could be closed to 241. An original list of potential closures included 3,600 of the Postal Service's 37,000 post offices, branches and stations. The agency also has asked Congress for permission to eliminate Saturday delivery and to change a pre-payment requirement for retirement benefits. Postmaster General John Potter said these moves

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