

# POSTAL NEWS

No. 23/2010

Formulated by UNI-Japan Post in cooperation with UNI-Apro,  
ASPEK Indonesia and SPPI

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## 1. Privatize mail delivery

By George Berkin

March 09, 2010, 3:05PM

Should mail delivery be privatized? By way of analogy, consider this story from long ago.

As a server at a French café, I waited on a table of patrons who were more than a tad overweight, who spared neither expense nor calorie through multiple courses.

Then they ordered dessert, a sumptuous repast of chocolates, creams and pastries. And coffee, please, with cream – and sweet & low.

Those patrons came to mind when I read that the U.S. Postal Service, an overweight organization that is losing lots of money, wants to save a little cash by cutting out Saturday mail delivery.

Well, going from six-day to five-day mail would be a good place to start. (So would artificial sweeteners, for my hearty eaters.)

But in the same way that those hefty eaters could do with a more radical course of action (a full-fledged diet, for example) so too could mail service do with a radical plan of action – privatizing mail delivery.

Specifically, turn the U.S. Postal Service into a private corporation and take away its monopoly on delivering a letter to your mailbox.

Newly private, the company would be free to change things to improve efficiency. To pick but one small example, Saturday service could be dropped (a projected \$40 billion savings over 10 years) without having to wait for congressional approval. (For opposite view, see here.) (But the suggestion has been made before, see here.)

At the same time, open the mail delivery business to outside competitors. That would transform mail delivery service, much as the entrance of FedEx and UPS has transformed the package delivery business.

In addition to saving money, privatization would have another benefit. In this era of ever more government – think health care – solving the postal service’s red ink problem would strengthen public confidence in the private sector as a better way to help the economy.

The alternative is the status quo, which means losing money. How much money? In the most recent fiscal year, which ended Sept. 30, the postal service hemorrhaged \$3.8 billion, according to the Los Angeles Times. That deficit followed a \$7.8 billion loss over the two previous years.

That red ink is expected to get worse. The postal service is projected to post a \$238 billion loss over the next decade, according to a wire story in The Star-Ledger last week.

Why does the postal service lose so much money? One reason is that mail service is guaranteed to every location, including unprofitable (little-used) routes.

While the volume of “junk mail” has risen, the volume of first-class letters – more a money-maker – has declined in recent years, as e-mail has increasingly replaced “snail mail.”

“Please Mr. Postman look and see,” sang the Marvelettes, “if there’s a letter in your bag for me.” Unfortunately, that pop plea was made a half-century ago. These days, e-mail is quicker, easier – and maybe even more romantic (especially if you include a song as an “attachment.”)

But there is nothing romantic about the other root cause of the overly expensive postal service – too many workers, paid too much money.

Not long ago, for example, the postal service employed nearly 800,000 people. Wages are between 15 and 25 percent higher than those of comparable workers, economists say. A unionized workforce is a big reason for those high wages.

Would privatization in fact make the postal service profitable? And just how would privatizing the postal service make it profitable?

Freed from government control, a mail delivery business (or businesses) could respond to market signals to cut costs while providing service that customers would be willing to pay for.

Some of the improvements would extend changes already in place. Automation has already cut the manpower needed for efficient sorting. But wages and staffing levels would likely be cut. Because the company would be free of federal control, it would be less subject to the politics that now hinders moves toward economic efficiency.

And yes, some less profitable routes would receive less service – or might be forced to pay their actual costs. Because those routes are usually rural, that could only benefit mostly urban New Jersey.

Surely, transforming the postal service through privatization would be a sea change, echoing the loss of monopolies in the telecommunications and other businesses.

As things now stand, if the postal service continues to lose truck loads of money, postal officials may be tempted to ask for a massive taxpayer bailout.

What! Taxpayers to the rescue? It's possible. That sort of thing has happened before.

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## **2. Oops! Citibank prints 600,000 customer Social Security numbers on envelopes with tax info**

BY Samuel Goldsmith  
DAILY NEWS STAFF WRITER

Tuesday, March 9th 2010, 1:32 PM

The Citibank letters, sent via the U.S. Postal Service in January, had the Social Security numbers printed on the envelopes' lower edges.

Citibank mistakenly printed 600,000 customers' Social Security numbers on the envelopes containing their year end tax statements, the company acknowledged Tuesday.

The letters, sent via the U.S. Postal Service in January, had the numbers printed on the envelopes' lower edges.

Citibank called the flap a "processing error" in a Feb. 16 letter to affected customers and promised it wouldn't happen again.

"We believe there is little or no risk to you," the letter reads.

"However, we wanted to bring this to your attention, apologize and confirm that changes have been made for all future mailings."

The bank is offering affected customers a free 180-day credit monitoring service to make sure no fraudulent activity comes from the exposed personal information.

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### **3. Postal coda**

Tuesday, March 9, 2010

Delivery cutbacks and other ideas for improving the U.S. Postal Service's dismal finances would only keep the doomed agency on artificial life support longer -- and at exorbitant cost. What's needed aren't such half-measures but flat-out privatization.

Expected to lose \$7 billion and be \$13.2 billion in debt by Sept. 30 -- and to run a \$238 billion deficit by 2020 -- the postal service has been rendered obsolete by technology. Americans increasingly prefer electronic correspondence and bill-paying -- and private-sector package delivery -- over what the "post office" offers.

The postal service's day has passed. UPS and FedEx show the way forward. The service should be sold to the highest bidder.

Market forces then would do what the postal service's bureaucratic management, entrenched union work force and political overseers won't. To cite just one example, reducing the service's number of retail locations -- more than triple the number run by the uber-ubiquitous Starbucks -- certainly would be better for taxpayers and the economy.

Debating whether to cut postal delivery to five or three days a week is like debating which chair offers the best view from the deck of the Titanic. Better to scuttle this shipwreck and call in a private salvage operation.

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### **4. Is 5-day delivery really a remedy for the U.S. Postal Service?**

4:54 PM Tuesday, March 9, 2010

Re online story, "Plan to cut Saturday home delivery would affect about 2,000 area postal workers," March 3: The Postmaster General is compensated about \$800,000 a year, yet no mention to cut that salary. There are probably other people in the postal division who have extremely inflated salaries that could be cut.

I embrace the idea. I don't want to receive bills on Saturday anyway. Load up on Forever stamps, because postage will continue to rise.

It would make more sense to cut out a Wednesday or Thursday so there won't be a two-day gap. But my guess is that the USPS is hoping for as much unnecessary inconvenience as possible to get people to ask to get them more funding.

That's right, charge more (taxes and rate increases) and decrease service (ration, eliminate). If you like the post office, you'll really love Obamacare.

Privatize the postal service and then watch the level of service offered to their customers improve.

## 5. Census "heads up" prompts questions

As "Census Day" approaches, the U.S. Census Bureau has come under fire for some of its edgier attempts to encourage people to respond to its mailings, and now, some have begun to take umbrage with standard technique - the advance letter.

On National Review's The Corner, John J. Miller questions the mailing itself while Bill S. on RedState writes, "I'm having a difficult time deciding if this letter is: 1. Supposed to be helpful or informative in some way. 2. A joke. 3. Some sort of Obama stimulus plan for the postal workers. 4. My imagination."

But to those in the survey research world, including the Census Bureau's new director, Robert M. Groves, the letters are standard operating procedure. The bulk of the research on the topic finds that advance letters explaining the purpose and benefits of survey research improve response rates.

For an effort like the Census, which attempts to contact more than a hundred million households, the educated bet is that the cost of postage and printing for the preliminary letters saves subsequent future outlays in sending Census workers to follow-up with those who don't return the questionnaires.

The Bureau's announcement of the letters puts a dollar amount on response rates, "Census Bureau research shows that reaching out to respondents with an advance letter and reminder postcard if necessary can boost census mail-back rates and save money. For every 1 percent increase in households that respond by mail, taxpayers save about \$85 million in operational costs associated with census takers going door to door to follow up with households that did not mail back the form."

The Bureau says that research on such advance letters used during the 2000 head count finds they increase participation by about 6 percentage points. Groves writes in defense of the letters, "The research is clear that the advance letter can save money for all of us."

Groves himself literally wrote the book on this. In the oft-used text "Survey Nonresponse," edited by Groves and several other prominent survey researchers, he writes of advance letters: "[i]t has become commonplace in face-to-face surveys to mail a letter to the sample household that alerts the unit to the upcoming call. From a theoretical perspective, this design feature can be used to manipulate a variety of influences known to affect survey participation."

By Jennifer Agiesta | March 9, 2010; 1:26 PM ET

