

Dangerous USPS plan would ensure disaster



A few days before the postmaster general unveiled his seven-point “action plan” for the future last month, he gathered his team of high-priced consultants from McKinsey and Co. and briefed the presidents of the major unions and management associations on the rough outlines of the proposal he called “Ensuring a Viable Postal Service for America” (see pp. 6-15). Earlier, another group of high-priced consultants from the Boston Consulting Group had briefed us on their 10-year forecast of USPS mail volumes.

In many ways it was an impressive presentation and a thoughtful plan, with many things we can certainly support as we go forward.

Any member who has been paying attention over the past 18 months knows just how hard the NALC has been working to convince Congress and the Obama administration to help the Postal Service survive the national economic crisis by fixing the grossly unfair and onerous burden of pre-funding *future* retiree health benefits. So that idea being included in the plan was encouraging. And the Postal Service’s emphasis on seeking new freedoms to offer a broader range of products and services also was extremely encouraging—NALC is convinced we cannot downsize our way to health. We must find new revenue-generating uses for our unmatched last mile delivery network.

But two things about the plan are very disturbing. First is its reliance on a very speculative and dubious long-term economic and operational forecast of the Postal Service’s future business prospects. The USPS plan actually forecasts a \$238 billion loss over the next 10 years—if the Postal Service does nothing at all. That number was supposed to be shocking, and it is. But, of course the Postal Service is not going to do nothing in reaction—and Congress and the NALC are not going to do nothing, either. Besides, even the best Ivy League-trained economists find it impossible to forecast economic

growth or business activity six months from now, much less 10 years from now.

The consultants who did the forecasts for the USPS are serious people who did a serious job, but it doesn’t take a rocket scientist to know that surveying mailers in the midst of one of the deepest recessions in our nation’s history may not give you the most reliable results. Pessimism about the future is pervasive.

Don’t get me wrong; we know the score.

A lot of traditional mail is being displaced by electronic alternatives. Digital technology is transforming our business in dramatic ways. That’s why we are emphasizing revenue generation and innovation. But the simple fact is that nobody knows how much mail will come back when the economy starts growing again and the tens of millions of Americans who are unemployed or underemployed go back to work. Not McKinsey, not BCG, not the PMG. I warned the Postal Service that releasing such an alarming forecast would lead many to “throw in the towel” on the USPS—and sure enough there was a surge in editorials calling for privatizing the Postal Service or phasing it out altogether.

Of course, we know why the USPS published this frightening forecast. It wants to scare Congress (and maybe us) into a rash decision over the second thing I found so disturbing about the “action plan”—its call for the elimination of Saturday delivery and collections.

As I have argued in this space before, and as I argued in my recent letter to the membership ([available on nalc.org](http://available.on.nalc.org)), giving up six-day delivery would be a strategic blunder of historic proportions. It would start us down a slippery slope, pushing more mailers out of the system while inviting new competitors to offer Saturday services, who would then demand access to the mailbox and the end of the postal monopoly. That would not “ensure a viable postal service for America,” it would ensure a disaster. We are not going to let that happen. ☒