

## LIBERTY PARK INN®

*A Syndicated Column*

*Name: US Postal Service Default*

*By: David Henry © 2012*

“Hey, David,” Julie asked. “What do you think about the Post Office default?”

“What are you talking about,” Julie? “Is the Post Office in default?”

Julie replied. “Yes, the Postal Service just defaulted on a \$5.5 billion payment to the health benefits fund for future employees on August 1st. And they are poised to default on a second \$5.6 billion payment at the end of September.”

“Really,” I replied? “I knew that times were tough financially but I didn’t know it was that bad. How in the world did this happen?”

“Well, first class mail volume has dropped 25% since 2006 and is expected to drop even further,” Julie replied, “and we all know about the new ways to communicate that have developed in the last few decades, such as faxes, emails and text messages.”

“I sure do,” I replied. “These new devices save me a lot of time and money. I like them.”

Julie continued, “Banks are also promoting electronic payments. And the federal government itself is planning to stop sending paper checks for social security recipients next year. All these things have reduced the amount of mail that is sent through the post office. And that decline means there is less revenue to support the functions of the Post Office. They are currently losing about \$25 million per day.”

“So will we stop getting our mail,” I asked? “I mean I really like these new devices, but there are some things that just have to go through the regular mail. For example court subpoenas.”

“That’s true,” Julie answered. “But although a Postal Service default is embarrassing, it’s unlikely to have any other effect. For right now they do have the money to continue delivering the mail.”

“I wonder,” I mused, “could it be that the Postal Service leaders are secretly

protesting what they see as unreasonable requirements placed upon them by Congress?”

“That’s possible,” Julie replied. “It certainly is true that most regular businesses are not required to provide health insurance for employees they don’t have yet. So the required payments could actually be unreasonable.”

“So what is Congress planning on doing about it,” I asked.

“Well,” Julie replied, “Pelosi made a statement that the Republicans have ‘shown no interest in offering meaningful solutions?’”

“What do you think about that,” I asked?

“I think she’s just blowing smoke,” Julie replied. “My guess is that nobody in either party really wants to deal with this issue until after the next election. This one is a real political hot potato.”

“So what can we do,” I asked?

Julie answered, “Originally the Postal Service considered closing low revenue offices in rural areas to save money, but there was significant public opposition. So instead they cut down the hours of operation at those locations.”

“I guess shorter operating hours could help,” I replied, “but it could also cause problems for people who cannot get there during the reduced hours of operation. But, on the other hand, I don’t think it would be a good idea to close down the rural locations. I think people in rural areas especially need the availability of mail service. I mean they can dig their own wells and they can put in their own septic systems and other things, but communicating with people far away is something that an individual cannot do by himself.”

“True,” Julie responded. “Perhaps this is one reason our founding fathers made the Postal Service a federal government task. They could have let mail delivery be handled by the private sector, but they apparently felt this was one function that should not be operated for profit. So the constitution authorizes Congress to establish Post Offices and Post Roads.”

“Perhaps,” I suggested, “we could reduce the service for homes to three days a week, but have a separate delivery schedule for large businesses with heavy volume that rely upon the post office on a daily basis.”

“That is a good idea,” Julie replied. “During the time of Abraham Lincoln mail only arrived once a week.”

“I wouldn’t mind getting my mail fewer times each week,” I replied.

“Another possibility,” Julie added, “might be to give people in rural areas a free post office box if they will come to the post office and pick up their own mail.”

“Yes. That could help,” I responded.

Julie added, “I looked on the internet and found some very interesting comments about this matter. One person said they thought the taxpayers should help fund the Postal Service operation. Historically the Postal Service has not received any taxpayer support. But that’s not law.”

I replied thoughtfully, “If the post office is authorized by the constitution. Would it be wrong for the taxpayers to partially fund it? I mean, the federal government is using our tax dollars to fund all kinds of other things that were not authorized in the constitution and some things that were not even permitted in the constitution. Would it be wrong for the Postal Service to be taxpayer funded too?”

“I don’t know,” Julie replied, “but it might be interesting to find out.”

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The author believes there will never come a time when we do not need the US Postal Service. There are certainly some things that can be done to cut costs and we should do those things. But there is no constitutional reason to require the Postal Service to make a profit.

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