

The US Postal Service (USPS): Issues in Governance

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Abstract: *Congressional oversight has hurt USPS in more than a couple of ways. The extravagant prefunding obligation in regard to retiree health benefits that is dragging USPS into the red is one egregious example. Congressional overreach in regard key business questions such as investment in technology, tariffs for various services and fees for stamps, new business collaborations, closure of offices and operations, appraisal of staff levels and so forth has handicapped USPS governance. It is unable to play its requisite role in US economy, and serve as a critical link in the nation's supply chain. Instead it is often on the brink of financial non-viability. This research paper critically examines the challenges and offers a solution package that enables USPS to play a catalyst role in US economy. It demands the repeal of the Postal Accountability and Enhancement Act (PAEA) 2006, that lets Congress be a hindrance in USPS governance.*

I. Introduction

Public sector organizations are generally founded on and funded by tax revenue and there is justifiable rigorous scrutiny of governance. Tax dollars cannot be frittered away or misallocated by them. There has to be sound deployment of funds, and the returns on investment should meet acceptable benchmarks even for socially influenced public sector units that are more dedicated to the public good than to the bottom line. The Post Office should have received more thought from researchers particularly so because of two reasons: a) Congressional overreach has handicapped USPS economically and has held back its progress. And b) Sound judgment has not played much of a role in decision-making affecting its technical and financial viability. This paper outlines the issues in viability arising out of neglect of economic and technological aspects, and lists plans and policies for making it easier for USPS play its effective role in US economy.

United States Postal Service (USPS), an American icon, had its origin way back in 1775 and is older than the Constitution. It does a crucial task in sustaining the integrity of the nation by connecting people with each other and with the economy. The gravely under-appreciated USPS network helps transact intra-national and global business in all spheres of human activity at a uniform price for all. This is the Universal Service Obligation (USO). Thanks partly to the worthy mission, and despite its legal monopoly status in certain areas of mail business, USPS faces an existential problem. USPS finds it hard to even breakeven like it is supposed to, but is deep in the red. As we shall see, not all of it is its own making, but finds itself in a “manufactured financial crisis.”^[1] Critics accuse “.....our elected representatives (in Congress) have steered the agency into a ditch.”^[2] The existentialist threat is also from the internet which has prompted some to talk derisively of snail mail, the core business of USPS. To survive as a requisite unit in the economy, USPS needs to draw on its strong points listed below.

II. Main Strengths

There are many notable facts about the Post Office that serve as its solid strengths and render it a “too big to fail” institution as evidenced in Table 1:

- The massive network of post offices all over urban and rural America consists of 31,662 postal-managed retail offices in every nook and corner of USA.
- It has 140 million residential delivery points and 13 million business delivery points, or a total of 153 million of them despite the decline in mail volume due to recession, and the adverse impact of the growth of disruptive and revolutionary technology of the internet in its social media aspects: Email, Facebook, Twitter, You Tube, What'sApp, and the like. And then there is an ever-declining long-distance telephone cost. Not out of the blue, First Class mail in which USPS is a legal monopoly, suffered under the onslaught of the internet, declining by 35% during 2004-13. However, the rate of decline is coming down in recent years.^[3]

Table 1. USPS: Facts and Figures for a Decade

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Annual Revenue	\$67.8 B	\$67.3 B	\$65.2 B	\$65.7 B	\$67.1 B	\$68 B	\$74.9 B	\$74.7 B	\$72.7 B	\$69.9 B
Total Employees*	486,822	489,727	522,144	551,570	583,908	623,128	663,238	684,762	696,138	704,716
Total Mail Volume	155.4 B	158.4 B	159.9 B	168.3 B	170.9 B	176.7 B	202.7 B	212.2 B	213.1 B	211.7 B
First-Class Mail Volume	63.6 B	65.8 B	68.7 B	72.5 B	77.6 B	82.7 B	90.7 B	95.9 B	97.7 B	98.1 B
Delivery Points	153.9 M	152.9 M	152.1 M	151.5 M	150.9 M	150.1 M	149.2 M	148.0	146.2 M	144.3 M
Postal Retail Offices	31,662	31,702	31,857	31,900	32,028	32,552	32,549	32,169	32,583	32,355
Total Retail Customer Visits	948.7 M	989.1 M	986.2 M	1.02 B	1.06 B	1.12 B	1.16 B	1.18 B	1.24 B	1.23 B
Total Retail Revenue	\$19 B	\$18.3 B	\$17.5 B	\$16.9 B	\$17.5 B	\$17.7 B	\$18.7 B	\$18.5 B	\$17.8 B	\$17.3 B
Online Revenue – usps.com**	\$1 B	\$873.M	\$787 M	\$704 M	\$643 M	\$581 M	\$586 M	\$454 M	\$343 M	\$249 M
Online Customers	500 M	435.4 M	366.8 M	423.6 M	373.2 M	204.4 M	—	—	—	—
Total Vehicles	211,264	211,654	212,530	213,881	215,625	218,684	221,047	219,522	216,004	214,146

*Career employees as of February 17, 2015

**These figures are included in Alternate Access Revenue

(Edited version of USPS Table at <https://about.usps.com/who-we-are/postal-facts/decade-of-facts-and-figures.htm>)

- In spite of the internet-induced decline in mail volume, in 2014 USPS delivered 155,400 million pieces of mail or about 500 million pieces of mail each working day, albeit a good lot of “junk” material. The USPS “energizes an \$800 billion mailing industry that employs 8 million people.”^[4]
- It has the largest civilian fleet in the world: 211,264 vehicles. On the flip side every penny increase in gas price, increases fuel cost by millions of dollars.
- It has a workforce of 486,822 employees, proficient in carrying on the bread and butter business of USPS: picking up and delivering mail from anywhere and delivering it promptly. As recently as 2002, there were over 854,000 employees, larger than Delaware’s population.^[5]

III. Cost of Ending USPS Legal Monopoly

These strengths highlight the immensity of USPS. Not long ago it carried 40% of the world’s mail. In this sense too it is ‘too big to fail’, the largest of public sector enterprises, just like one of the large financial organizations rescued from insolvency by the Troubled Assets Relief Program (TARP). For the same reason, General Motors and Chrysler were rescued by special bankruptcy procedures. Likewise, a USPS breakdown would be disastrous to the US economy and should be averted.

On the far right of the ideological spectrum economists argue to end the legal monopoly of USPS and entertain possibilities of having an oligopoly in the mail-delivery business. Such an argument pays no heed to economies of scale that come with USPS size, and the disadvantages and costs of replicating USPS facilities. Also ignored is the fact that UPS, FedEx, DHL and others compete for the parcel business and have clawed out USPS territory as their market share.^[6] The Post Office has successfully fended off such competition through lower costs for equally prompt deliveries. The lower costs were accounted for by scale-related economies. In 2003 this was reported to be \$6 billion for USPS. The same study also estimated that USPS monopoly wage is higher by \$9 billion. It is possible that in view of the ascendancy of FedEx and UPS and their increasing wages, not to speak of higher productivity of USPS employees the monopoly wage may be almost zero or even negative. The hypothetical wage was figured by introducing the concept of wage premium or “the total amount by which postal wage exceeded wages for comparable jobs in the private sector.” This estimate is flawed for several reasons. First, the private sector wage was perhaps not the most representative wage, but one that prevailed at the lower end of the wage scale and may be for jobs that were not comparable. Also, the productivity factor perhaps was overlooked as shown in Table 2 evidencing that USPS has upended the competition in productivity.

During 1975-89 postal service productivity increased by 56% in contrast with a 18.4% productivity increase during the corresponding period in the business sector.^[7] USPS’ constant focus on efficiency is criticized: “The U.S. Post Office is the poster child for what goes wrong when all a company does is focus on efficiency. More, better, faster, cheaper is NOT enough to compete. Being operationally efficient, even low-cost, is not enough to succeed in fast shifting markets where customers have ever-growing and changing needs.”^[8]

The so called wage premium would of course vanish if the same postal delivery routes were thrown open to private sector units. But that would be a double jeopardy for USPS for obvious reasons. First, USPS would lose the scale-related advantages of the \$6 billion savings. Second, private companies would not want to pick routes that are uneconomical for want of mail volume. The losses on unprofitable routes of USPS, constituting ten percent of all routes were estimated at \$2.6 b in 1999. Competition would first go into the 90%

of other routes that are economical, and USPS would be stuck with the uneconomical 10%. And its cross-subsidy system (urban routes compensating for uneconomical rural routes) would not function, and/or such rural routes will not have postal service.

IV. Dismal Statistics – The Albatross Mandate

By the same token in sharp contrast to its strengths there are dismal statistics which seem to threaten its financial viability and even survival. The dismal statistics here are that despite the notable service to the nation over centuries as depicted by the numbers in the foregoing paragraphs, USPS has a negative net worth of \$35.9 billion, explained by the difference between \$22.6 b of assets and \$57.5 b of liabilities. If US Government capital contribution of \$3.132 b in 2012 is factored in, USPS assets would go up to \$25.786 b. (*USPS Annual Report 2012*)

The negative networth of about \$35.9 billion is the direct consequence of the US Congress enacting the Postal Accountability and Enhancement Act (PAEA 2006) mandating the USPS in 2006 to prepay in advance the present value of future retiree health care benefits. The total of the retiree benefits, much of it prepaid is \$32 billion, accounting for almost 90 percent of the negative networth. It also accounts for 80% of the losses during 2007-11. Without such handicaps USPS would be able to show at least operational profits such as \$611 million, like indeed it did during the same period. In the first quarter of FY 2013 USPS profits amounted to \$100 million. USPS knows to make profits and knows to stand on its feet, but for the albatross mandate from Congressional oversight. Postal employees' Retiree Health Care Fund (RHCF) prepayment that Congress mandated in 2006 amounts to \$5.5 billion every year. It compels USPS to contribute to the Fund some 75 years into the future even for employees not yet hired. There is no such legal requirement for other government (business) organizations like Amtrak and inconsistent with Generally Accepted Accounting Principles (GAAP).

Private companies do not prefund retiree health care, but set aside certain amount towards that future liability. Even if about 25 percent of the firms regard such retiree health benefits as a cost they do not provide for it some decades in advance so that it gets fully funded within in 10 years. Even when times are good, this is an ultra-conservative financial practice, but definitely not sound when finances are in doldrums, and when USPS contemplates compromising the quality of its service by eliminating Saturday services to save about \$2 billion. The Congressional mandate requires the USPS to overpay billions into a federal Fund at a time of its financial distress brought on by the mandate itself and secondly, by the disruptive technological trends in communications usurping territory that has always belonged to the Post Office. And yet, the situation need not at all be as dire as it reads. The health care benefit cost of retired postal workers was \$2.5 billion in 2012, and the USPS fell short of \$500 million.

The prepayment mandate is a red rag to independent observers also because the federal government itself does not prefund the future liability arising from its own retiree health care. When some \$45 billion is already sitting in the Fund, there was little justification for this mandate guaranteed to drive USPS into economic failure or the dismantling of its business. Before the mandate the Post Office was debt free, but after this, it is \$15 billion in debt. It is the present value of future retiree health benefits that is being funded and there is a possibility that inflation could reduce the Fund value by 10% or more. Against this one could entertain the possibility of reducing future health care costs through insistent prevention campaigns and lifestyle changes.

V. Deterministic Actuarial Model

Another fact underlying the excessive prepayment is the specious assumption that the retirees would all fall sick without exception according to a linear pattern, all at the same time, and incur the same health care expenses. In this Jeremiah's outlook, no one will even try to improve their health and well-being through precautionary methods, nor will anyone go for robust health all through one's life. This is a deterministic actuarial model not always valid. Financial decision-making regarding future liabilities cannot be based on such excessive provision for retiree health care claims. It may be necessary to revisit data regarding frequency, severity and amount of claims to ensure that there is no overestimation of the future risk.

Unless one is talking of catastrophic events which have their own relatively low probabilities, other commonplace sickness such as high blood pressure, some types of cancer, nephrology-related problems, diabetes and so forth, which are stress-related and often correlate with obesity and overweight, can be anticipated and the retirees could be offered incentives and also assisted with prevention techniques. That could substantially slash retiree health care claims and costs. Mandated overpayments to the RHC Fund could be causing the moral hazard problem too, just as it has been proved that auto insurance emboldens or tempts drivers to speed or take other risks. Ironically, there are few rewards for responsible behavior in health care such as altering one's life style. There should even be an attractive rebate in health premiums. For instance, in Europe, regular practice of yoga for maintaining robust health earns rebate in premiums for health insurance. This is worth emulating by USPS and others not wanting deterministic health care events along today's linear pattern.

Just Try Breaking Even

The USPS was not specifically tasked to make profits, but be a socially responsible and viable organization for the greater good. Not surprisingly therefore, the USPS has not been a consummate business model. During fiscal year 2012 it had to contend with a loss of nothing less than \$15.9 billion, thanks to USPS' systemic and built-in imbalance in its revenues and expenditures with items like excessive contributions to the Postal Service Retiree Health Benefits Prepayment Fund which had accumulated to \$11.1 b by end of 2012. In order to minimize cash outflow, and increase cash liquidity for its growing business, USPS did not make this prepayment. This is a "manufactured financial crisis." Such funding payments should be more accurately figured and more reasonably scheduled without adversely impacting USPS finances. But Congress has been deaf to this counsel.

Inter-Firm Comparison

Inter-firm comparisons with Canada Post Group (which is a Crown Corporation owned by the Canadian Government), UPS, FedEx and the German DHL may not be very appropriate given the differences in ownership, management, business operations, business mission and orientation. Canada Post is downsizing and has given up Saturday delivery, and is planning deliveries on just 3 or 4 days a week. There is strong opposition to such curtailment of delivery days in the US from hundreds of influential publications, businesses and ebusinesses. Nonetheless, all four units are in the same business of carrying and delivering documents and parcels both nationally and globally. It may be hard to demarcate the particular overlap area of operation of the five, but analysis throws up surprising facts in Table 2. Given the limitations of such studies on account of different milieu in which each operates, analysis of data in Table 2 provides approximations, but are revealing.

The Post Office upends FedEx in Productivity!

Computations in Table 2 bring out the social responsibility dimension of USPS particularly compared to the other three entities. Mail delivered per employee is the largest at 254,372 pieces, way above Canada Group's 144, 118 which comes second in this category. However, in terms of revenue earned per employee, USPS' \$103, 657 is the lowest, followed by Canada Group's \$110, 294, UPS' 135,589 and FedEx's \$147, 241. Incidentally, FedEx has the lowest number of mail delivered: 8279 pieces per employee. What gives? FedEx carries mainly high-value consignments of materials and documents, and caters to society's upper crust customers and business with "third party logistics" in mail transportation, whereas USPS carries items like advertisement (junk) mail, and numerous low-value letters and consignments. USPS also delivers free mail for the blind such as 58 million pieces weighing 28 million pounds in 2012. About 15 to 20 percent of the routes that USPS operates mostly in rural area are uneconomical too. Now add to this medley of low revenue or no-revenue mail traffic, very low average charges or fares: 42 cents/piece for first class mail, 21 c for standard mail, 30 cents for shipping and packaging, \$3.04 for international mail, and 26 c for periodicals. Table 2 shows that FedEx collected \$60.83 per package delivered. So it is hard for USPS to balance books and break even.

Empirical data in Table 2 is illuminating in several ways. It provides information for an objective analysis of the finances of USPS. For example, a glance at the total assets (\$22.6 b) of USPS and of FedEx (\$29.9 b.) would impress the observer about the relative sophistication of FedEx assets, (such as fleet of Airbuses, Boeings and such other delivery-related equipment). It is possible that the older USPS is stuck with outdated equipment, buildings, less productive tools and machines, and that worn out assets are not being replaced in good time. But this notion is just that. The facts are otherwise although it could be undercapitalized.

Apparently, without the critics in Congress or in the management profession noticing it, Table 2 shows USPS is doing a competent job in terms of mail delivered even with outdated assets.

Table 2: Inter-Firm Comparison of Key Financials for 2014

Currencies In millions	USPS	UPS	FedEx	Canada Post Group (Can. \$)	German DPDHL (€m)
Total Revenue (TR)	67,830	58,232	45,567	7,982	58,646
Total Operating Expenses	73,178	53,264	41,752	7,683	55,686
Net Operating Profit (Loss)	-5,348	4,968	3,815	299	2,960
Total Assets (TA)	22,962	35,471	33,070	7584	36,979
TR/TA turnover (times)	2.954	1.642	1.378	1.052	1.586
Total Liabilities	68,293	9,864	20,014	1,134	27,399
Net Worth	-45,331	25,607	13,056	6,450	9,580
Margin (Net Op. Profit/TR) as %	-7.9	8.53	8.37	3.75	5.05
Return on TA Percent	-23.29	14.0	11.54	3.94	8.00
Revenue per Employee	13,933	14,664	15,189	110,861	13,820
Average Daily Mail Delivered Bln	160 bn.	4.6 bn	3.97	9.13	Na
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Per billion dollar of assets employed, mail delivered is 7.1 billion pieces for USPS, but it is much less for FedEx at 80.3 million pieces, leaving no doubts about asset use or productivity. In terms of revenue earned per unit of capital (\$ 1b.) FedEx falls way behind USPS with \$1.42 b. compared to USPS' \$2.88 b, just 50% of USPS' capital productivity. Despite such creditable productivity performance it is undercapitalized, and USPS is in urgent need of more investment in its facilities/equipment to continue to stay a cut above the competition.

VI. Cabined, Cribbed and Confined

FedEx enjoys smoother decision-making apparatus and implementation compared to bureaucratic Government intervention in USPS. At least till recently FedEx Founder, Chairman and CEO were one and the same, Frederick W. Smith making it easy to make decisions and implementing them. USPS' CEO Equivalent, Post-Master General Megan Brennan does not enjoy that freedom to make decisions and implement them.

In 2001 FedEx secured a \$9 billion contract with USPS "to transport all of the post office's overnight and express deliveries." Had there been enough investments in USPS, the Post Office could have its own fleet of aircraft. However, with 628 aircraft and about 94 on order, FedEx obviously enjoys scale-related economies and perhaps it is economical to hire FedEx than to own one's own fleet. USPS being such a massive organization, if not cabined, cribbed and confined, should be able to be self-contained, and minimize outsourcing any service. Steve Hutkins (2011) states: "And rather than rationalizing the downsizing by pointing to "excess capacity," the Postal Service should reduce its outsourcing to private companies (which now get \$12 billion worth of business). Much of that work could be done by postal employees."^[9]

If cut loose from its government umbilical cord and run like a business, it can give FedEx, UPS and others a run for their money considering that the same business model, sans the inflexible hide-bound decision-making apparatus, works well for the competition. Evidence? FedEx quarterly profits are between \$400-500 million and of UPS around \$725 million. USPS too has operational profits. The lobby-controlled Congress directly and through the GAO (Government Accountability Office) prevents USPS making field-relevant budget-driven pricing decisions, deployment of funds for expansion or cost cutting, and for future obligations to employees such as for health benefits, pensions and so forth. USPS decision to virtually cancel the February 2013 proposition to end Saturday mail delivery like in Canada, effective August 2013 is an example. There is difficult doubt that "It is the fault of Congress that the U.S.P.S. is in dire financial straits and as long as Congress insists on approving Donahoe's (Brennan's predecessor) requests, the postal agency will continue down a path to total failure. Congress needs to get out of determining how the organization operates and allow it to act like a real business."^[10] And here is another: "The Postal Accountability and Enhancement Act of 2006 (P.A.E.A.) makes it very difficult for the Postal Service to raise rates (beyond an adjustment for inflation)."^[11] Despite cogent logic, the Congress continues to be insensitive to issues affecting USPS. It is time to axe the PAEA.

VII. Solutions Package for Refurbishing Financial Soundness

Even with all its drawbacks USPS can be a self-supporting business model if its independence as a separate business entity is restored, and like in the case of the Canada Group it is permitted to maintain a safe distance from Government, and management is by objectives (MBO). Congress to this day disrupts USPS finances. Even now (2015) it ignores the overpayments to the Retiree Health Care Fund instead of cancelling much of it. The Carper-Cohen Bill number 1486 introduced in Congress "to improve, sustain, and transform the USPS" takes no notice of the need to rationalize the prepayments.

The following remedial package could help put USPS on the path of a self-sustaining viability:

- Changes to laws that govern USPS should be made and the umbilical cord with Congress be snapped, and the decision-making authority should vest fully with the USPS Board of Governors. The provisions of the Postal Accountability and Enhancement Act 2006 do permit annual rate adjustments, contracts negotiation, and ploughing back profits. When it comes to business dynamics, somehow these provisions are sterile. Activate them to USPS' advantage or better still repeal PAEA.

The vast network of USPS offices all over America in both urban and rural areas should be pressed into service and at least a small fraction of 629,000 USPS personnel in the country should be trained to accept fixed deposits for fixed terms of 6 months or longer paying a competitive interest rate.

- USPS should be permitted to invest such amounts in bonds or secured loans fetching at least 7 to 8 percent as interest earned, somewhat emulating the 3:6:3 banking model of accepting deposits at 3%, lending out at 6% and enjoying an operating profit of 3%. At the least, the erstwhile Postal Savings Certificates and Savings Bonds established in 1911, but discarded in April 1966 could be revived making sure that the interest rates are marginally higher than those of Credit Unions. In view of the enviable repute of Post

Offices for integrity, security, nation-wide spread and convenience, together with competitive interest rates there would be a sizable cash inflow in the form of fixed or savings deposits. In Britain and India savings schemes of this kind are a success. The New Zealand Post office pays taxes and dividends to the Government which owns it fully.

In Britain the Post Office will soon offer current accounts and start financial business. It has more branch office network larger than all the banks combined. Such services would be secure, everywhere, and transparent. They may even offer better interest rates whether on deposits or on loans, not being interested in as fat a margin as banks wish to have. The conventional 3:6:3 banking business formula is a doable formula for the USPS too. It is working in India and other countries too. Post offices in India are hardly a one-trick pony when it comes to operations. They are virtual banks and replicate many functions of banks, besides normal postal business, including money order facility. They offer a high 9.5% or even more interest on fixed deposits and offer fixed deposit pass books.^[12]

Financial business that may be tried by USPS need not be an identical with that of its British counterpart. It could be even different such as serving out commercial banks. Current deposit holders with Hong Kong Shanghai Bank Corporation (HSBC) can now walk into any British Post Office and access their accounts, and perhaps carry out a limited number of banking transactions. This is a particularly opportune time for USPS to undertake such functions given the closures of hundreds of bank branches to cut costs. Considering that 28 percent of Americans are either unbanked or underbanked and therefore may be vulnerable to predatory financial practices, the Roosevelt Institute has recommended that USPS should be allowed to issue 'post card' debit cards with low fees and high protective underpinnings.^[13]

Marketing Stamps

- USPS should begin to market special personalized or tailor-made stamps at locations such as grocery stores, malls and marts where the buyers are. The landmark projective technique study that USPS undertook was helpful in spreading the word through an ad campaign that it is not "sissy" as children in the 8-13 age group seemed to believe to collect stamps as a hobby.^[14] It should keep in mind the dynamics and flux of the market place and be the first to cater to a new need arising out of a market shift. Focusing on speed, low costs and efficiency alone may not be enough to defend its market share of the non-monopoly parcel business.^[15] This is particularly valid in the case of savings schemes mentioned above.
- During the 2012 London Olympics the British Post Office came out with gold medalist prints which boosted its profits significantly. The USPS too has its own Earth Day sales of stamps, \$30 tote bag (not very competitive!) and several other pricey items. It has more: wedding stamps and personalized stamps, gifts, fun stuff and collectibles. The only problem is there is hardly any strategic marketing like in the case of a Wal-Mart or Macy. Not many people come to know about them. It can perhaps expand its "Grandest Things" series of earthscapes and landscapes. It could also take advantage of all that is good and great in American culture: individual sports events such as auto racing, marathon races, US Open Tennis, college basketball, professional football such as super bowl, NFL and AFL championships, boxing and wrestling and scores of such events. It could even honor world events and personalities. Imagine how many millions of stamps of Pope Francis it could sell at his inaugural or on his recent visit to the US. The same is true of the Nobel Laureates every year or of the Academy (Oscar) Award winners or the latest exploits of the Mars Explorer!

Facilitating Foreign Trade

- USPS should train small businesses in foreign trade of exports and imports through its offices resulting in significant increase in higher-value foreign transactions. How about some free training courses on exports through the post office of special items of interest every where? If it does not find anything of interest, it could make educative stamps like for example of important formulas in mathematics, physics, chemistry or any other. A stamp of the chemical periodic table of the elements is an example. The opportunities here to boost USPS bottom line in its monopoly business are virtually endless particularly when it can start marketing its products like a Wal-Mart or Target at any location where people gather in large numbers, or even from online stores like Amazon.Com.
- Diversification of mail business into higher value parcels should sizably contribute to the bottom line. The average revenue from First Class mail is 42 cents as noted earlier, whereas from international mail it is eight times more. Tentative estimates show that FedEx has average revenue of over \$60 per package. Email servicing could fetch USPS estimated revenue of \$250 million. Unless USPS learns to appreciate the shifting market trends, it cannot win back the parcel business from the competition, nor can it diversify. It

can expand market offerings by studying what individuals and businesses need through basic research. FedEx took over Kinko to offer office facilities besides simple copying service. USPS could test market such facilities at some of its branches in business districts and residential areas, and analyze the data. There is bound to be a need for such office space in growing urban areas, university towns, and near courts of justice, and others.

VIII. Conclusions

This paper has explained the twin existential threats to USPS and has listed its strengths. The harm done to USPS finances and viability by Congressional oversight and mandates has been delineated. Empirical evidence has been processed to show the erroneous information about its efficiency and productivity. This study finally presents a package of solutions, in particular the repeal of PAEA 2006, to bring USPS back to robust viability as a requisite organization. It is also time to restart the Postal Savings Certificate and financial business to exploit the synergy of America-wide post office network, especially in unbanked areas together with USPS' reputation as a reliable institution with built-in security for financial transactions.

State-owned enterprises generally have below-par returns on investment, and in USPS case negative returns. Sufficient evidence has been adduced to show the unflattering financial results are because of inconsiderate if not reckless interference in USPS governance by Congressional oversight authority. Several harmful decisions relating to the finances of the Post Office such as prepayment to the Retirement Health Care Benefits Fund, diversification in financial transactions, closure of underused facilities, offices and others have been thrust on the Post Office in disregard to the adverse impact on USPS bottom line. USPS should wrest control and turn things around.

Second, in order to prevent the internet wreck its snail mail business, USPS needs to embrace the new electronic technology and get the better of its competition in IT. It may have the know-how but does not seem to have the determination and fortitude to take the risks. Here again when it comes to the internet USPS needs to swim with the current and make the most of it. And profitability areas in IT for USPS have been identified, including using IT to reinforce its current business in stamps and participating in social media to further USPS business,

Third, there are untapped business opportunities in its monopoly area of first class mail and stamps. Stamps tailored for different occasions or custom-made for individuals and their special days and events need further exploitation. Marketing as if it were the Wal-Mart of stamps and mailing would help improve profitability and more than break even.

When the pistons are firing on all cylinders, USPS can have a better income (revenue) statement than most of its competition. This can be done even while being a socially responsible unit that fulfills its mission as a universal service organization (USO), a rare requisite unit, yet unique and really rewarding to all stakeholders.

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