

# **APWU** CONGRESSIONAL TESTIMONY

**American  
Postal  
Workers  
Union,  
AFL-CIO**

**WILLIAM BURRUS**  
PRESIDENT

Before The

**SUBCOMMITTEE ON  
FEDERAL WORKFORCE, POSTAL SERVICE,  
AND THE DISTRICT OF COLUMBIA**

**HONORABLE DANNY K. DAVIS, CHAIRMAN**

**HOUSE OVERSIGHT AND GOVERNMENT REFORM  
COMMITTEE**

**“The Economics of Universal Mail Post - PAEA  
(Postal Accountability and Enhancement Act of 2006  
PL 109-435)”**

**TESTIMONY OF MYKE REID  
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Mr. Chairman and members of the Committee. I am Myke Reid, Legislative Director of the American Postal Workers Union, AFL-CIO the APWU. President William Burrus of the APWU could not be here this morning, so he asked me to present this testimony on his behalf, and on behalf of the APWU. Thank you for providing us an opportunity to testify on behalf of our more than 300,000 members.

This hearing is being held at a critical juncture in the history of the United States Postal Service. The recent enactment of the Postal Accountability and Enhancement Act (the PAEA) was intended by Congress to preserve and protect the Postal Service for the American People. Whether the Act will have its intended effect remains in doubt. Much depends on the dedication and commitment of the public servants, from rank-and-file postal workers to the Postmaster General, who are proud to provide the best postal service in the world to this country. Much also depends on you, Mr. Chairman, and on this Committee. The Postal Service needs your support.

According to a recent Ponemon Institute survey report, the United States Postal Service is the federal agency most trusted to preserve privacy. In a separate survey where respondents listed companies they trust, the Postal Service is ranked among the top 10. It also provides excellent service, as I am sure the Committee is aware. The latest performance scores for overnight mail showed a 96% on-time performance; for two-day deliveries, the score was 94%; and for three-day deliveries 92%. In the Chairman's home city of Chicago, the most recent scores were 95% for overnight, 94% for two-day, and 90% for three-day deliveries.

As we meet here today, there is an active and ongoing effort to dismantle the Postal Service as we know it, to privatize it, and to turn its work over to for-profit companies. These efforts are motivated by the profit motives of postal competitors and fueled by ideological arguments that are fundamentally hostile to government-provided services. Before I describe these privatization efforts more specifically, I want to emphasize that Congress has not changed or diluted the fundamental purpose and mission of the Postal Service.

When Congress enacted the Postal Reorganization Act of 1970, federal law had required for more than 100 years that letter mail be delivered anywhere in the country at a uniform rate. According to "The United States Postal Service An American History 1775-2002," uniform rates for letter mail within the United States were established by 1855. "The Act of March 3, 1863 ... based postage for a letter on its weight and eliminated all differences based on distance, thus providing universal service to customers no matter where they lived in the country." (*Id.* at 11) Free delivery services expanded rapidly from urban to rural areas until, by 1902, free urban and rural delivery at uniform rates had become a permanent service. (*Id.* at 20-24). And these policies were embodied in the Postal Reorganization Act of 1970 – the PRA.

It bears emphasis that the PRA of 1970 was *amended* by the Postal Accountability and Enhancement Act – it was not *repealed* as some seem to believe. The PAEA was passed after many years of congressional study and many different efforts to legislate change that were *not* enacted. Efforts to bring change included many congressional hearings and a substantial study and report by a presidential commission appointed by President George W. Bush. After all that effort and all that study, Congress most assuredly knew what it was doing; and Congress never considered changing the fundamental purpose and mission of the United States Postal Service.

Section 101 of the Postal Reorganization Act, as amended by the PAEA, still provides: “The United States Postal Service shall be operated as a basic and fundamental service provided to the people by the Government of the United States, authorized by the Constitution, created by Act of Congress, and supported by the people. The Postal Service shall have as its basic function the obligation to provide postal services to bind the Nation together through the personal, educational, literary, and business correspondence of the people. It shall provide prompt, reliable, and efficient services to patrons in all areas and shall render postal services to all communities. The costs of establishing and maintaining the Postal Service shall not be apportioned to impair the overall value of such service to the people.”

I mentioned a few minutes ago that there are ongoing efforts to privatize the United States Postal Service. One of the forms those efforts are taking is a purported study of the Universal Service Obligation of the Postal Service. Regrettably, it seems that the study of the Universal Service Obligation is being treated as an exercise in economics rather than an examination of public policy. But the United States Congress, not economists, has determined and will determine the policy of the United States Postal Service.

After all the study and work by Congress that led to the passage of the PAEA, Congress left in place the fundamental requirement, which is also stated in Section 101 of the Act, that: “The Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining. No small post office shall be closed solely for operating at a deficit, it being the specific intent of the Congress that effective postal services be insured to residents of both urban and rural communities.”

There are both rural and urban areas of this country where people are heavily dependent on the United States Postal Service. There are segments of our population – the less affluent, the less educated, the economically disadvantaged, many among the elderly, and those in rural or inner city urban areas – for whom universal postal services at uniform rates remain critically important. Public policy, not economics, dictates that these people must be served. It is still “the specific intent of Congress” stated in the law, “that effective postal services be insured to residents of both urban and rural areas.”

Again, I want to emphasize that Congress has not changed the fundamental purpose and mission of the Postal Service. The law, in Section 403, still requires that the Postal Service “receive, transmit, and deliver throughout the United States, its territories and possessions ... written and printed matter, parcels, and like materials ...” and that the Postal Service “serve as nearly as practicable the entire population of the United States.”

This is the public policy of the United States established by Congress and written clearly into the law. This policy must not, and will not, be made subject to economic theories that focus on the financial advantage of businesses rather than on the welfare of the people who depend on postal services.

I am very concerned about the direction being taken by the Postal Regulatory Commission, which has undertaken, through private contractors, to study the Postal Service’s Universal Service Obligation. My concern is that the PRC has selected as its contractors people who are on record as favoring privatization and as believing that the postal monopoly is not needed. One of these individuals is someone who has written extensively on postal topics, including presenting testimony before the presidential commission. He also prepared a controversial “analysis” of the PAEA that has been widely criticized. In his testimony before the presidential commission, he characterized the postal monopoly as having “insidious effects” stating that the postal monopoly:

- Makes the Postal Service a victim
- Corrodes labor relations
- Intimidates customers
- Excuses endless political interference from members of Congress; and
- Is the “chain that binds the Postal Service hand and foot.”

These views are wrong – and extreme. I will not even bother to rebut them, for they speak for themselves. My reason for restating them here is that I want to make sure that the Committee is aware that these are the views of one of the two principal contractors selected by the PRC to help prepare its report on the Universal Service Obligation. The other principal contractor selected by the PRC is also on record as favoring dismantling the postal monopoly.

It is my understanding that real-life experience in the United Kingdom is providing a useful real-life counterpoint to the pseudo-economic analysis being offered by those who want to dismantle the postal monopoly. According to a recent report by the BBC, a government-sponsored report on the effects of the dismantling of the postal monopoly in the United Kingdom will show that, while large commercial enterprises have benefited, there have been no benefits for individuals or small businesses; and changes must be made to maintain the viability of

universal service. These are precisely the effects, and precisely the problems, the American Postal Workers Union has been warning about in its presentations to the presidential commission, to Congress, and to the PRC.

Unfortunately, it seems clear to us that the PRC, instead of selecting reputable and unbiased academic experts to present a well-rounded analysis of the Universal Service Obligation, has chosen individuals who are already on record as hostile to the postal monopoly and hostile to uniform rates. Any fair analysis of Universal Service would have to include pros and cons for the consideration of congressional policy makers. There are certainly credible differing views among economists and other postal analysts on the issues surrounding Universal Service.

Surveying this situation reminds me of Harry Truman's famous attitude towards economists. He quipped that "if you laid all the economists in Washington end to end, they would still point in all directions." The PRC may be following another aphorism attributed to Truman, that to get policy direction he intended to get himself a one-armed economist. The point of this observation is the point I made a few minutes ago. The issue of the Universal Service Obligation is a public policy issue; it cannot and should not be driven solely by economists of any political stripe or of all political stripes.

The Postal Service belongs to the American people. It is a fundamental service provided to the American people. The Universal Service Obligation is a public policy, not an economic analysis. I am confident that this Committee, and this Congress, will demand that it remain so.

In closing, I want to thank the committee for providing the APWU this opportunity to testify about important issues arising under the PAEA. We hope that our testimony will assist the committee in determining what needs to be done to protect and preserve the Postal Service for all Americans.

I will be happy to respond to any questions the Committee may have.