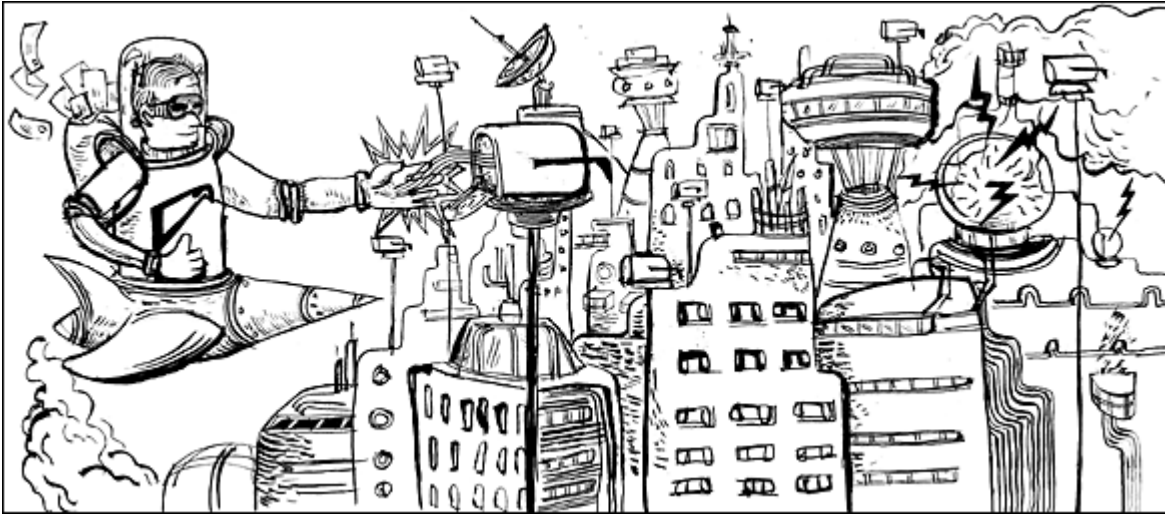


A Stamp for the Ages



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LAST week my colleagues and I on the Postal Rate Commission recommended approval of the United States Postal Service's request to raise the price of a first-class stamp to 39 cents from 37 cents, as part of a 5.4 percent overall rate increase, sometime early next year.

The negotiations during the rate review process yielded a promising development, one that's worth highlighting. The Postal Service promised the commission's Office of Consumer Advocate that it would immediately begin studying the idea of adopting "forever" or "perpetual" stamps.

What's a "forever stamp"? It's just what you think it would be: a stamp that could always be used for the first ounce of first-class postage - that is, most letters mailed by individuals.

It would be sold at the current price of a first-class stamp but would be good for first-class letter postage indefinitely.

Sound far-fetched? Well, 30 nations, including Britain, Finland, Israel, Belgium and Brazil, have used this kind of stamp. And the stamps make sense.

The main benefit for customers: no more last-minute time-consuming trips to the post office, joining the hordes to buy new higher-rate stamps or "make up" stamps to add to the old ones. Individuals might buy large quantities of forever stamps just before a rate increase, but would that be such a bad thing? After all, the Postal Service would get the use of the funds - the float - until the stamps are finally used. Postal clerks would make better use of their time than they would selling two-cent stamps.

What's more, a forever stamp would give the Postal Service an incentive to maximize the float by putting in place technological improvements that would keep its own costs - and the need for future rate increases - below the rate of inflation.

Would hoarding be a problem? Probably not. Business customers are unlikely to hoard stamps for the first-class letter rate because most send "work shared" mail at lower rates already; besides, most business mailers do not physically affix stamps to paper - they use preprinted or metered postage instead. Typical consumers are unlikely to hoard large quantities of forever stamps for obvious practical reasons. The average household spends about \$6 a month on postage. The public's primary concern is not price but convenience.

The Postal Service has signaled that it will ask for another rate increase next year, one that is probably even larger than this year's.

But, until now, it has resisted the forever stamp even though such a stamp would do a great deal to help consumers adjust to rate increases, as well as assisting the Postal Service in managing its budget and investing in improvements. In recent years the service has been working to shed its image as a stodgy, unresponsive government monopoly. I urge it to consider the forever stamp and adopt it as a pro-consumer, money-saving reform.

Ruth Y. Goldway is a commissioner on the Postal Rate Commission.