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WILL THE PRESIDENT'S COMMISSION ON THE U.S. POSTAL SERVICE DO ITS JOB?

By Murray Comarow

The Postal Service is in trouble, and that may have grave consequences for a sizable chunk of our already shaky economy. More than nine million people work in the mailing industry. Of these, less than one out of ten work directly for the Postal Service. The mailing industry includes printers, publishers, paper and envelope manufacturers, direct marketers, and more. It makes up almost nine percent of the gross national product.

The Postal Service is in trouble because mail volume and revenue have dropped and continue to drop. Since the law requires the Postal Service to break even, raising rates will drive even more users out of the system, accelerating the loss of revenue. Some of our leading businesses depend on the mail, magazines and small newspapers, for example. AOL-Time Warner spends \$700,000,000 a year on mail; L.L. Bean spends \$70,000,000. Many Mom and Pop stores, too small to use newspaper ads, rely exclusively on advertising mail.

The Postal Service is in trouble because its governing statute deprives it of basic management authority. While Congress demands that it function like a business, it has little control over prices and wages. The Postal Rate Commission's five presidential appointees "recommend" prices to the nine presidentially-appointed governors of the Postal Service. Those nine can reject the Postal Rate Commission's recommendation only if they are unanimous. That has happened only two or three times in the last three decades. Wages are set by an arbitrator, or under threat of arbitration. Arbitrators are not responsible for management or cost control. This is unique in our federal system.

This is not news; Congress has tried to deal with the situation for the last ten years, but has been unable to build a consensus among the mailers, the four main postal unions, and competitors such as the United Parcel Service and the Newspaper Association of America. Nor is there pressure from the public for postal reform. A nationwide consumer survey of June 9, 2003 by Peter D. Hart Research Associates revealed that 78 percent of the public have positive feelings about their postal service, "identical to their feelings" toward the United Parcel Service and Federal Express.

Given a decade of legislative gridlock, President Bush was implored to establish a presidential commission by many mailers and by the Postal Service's nine governors. It is well known that many—perhaps most—commissions fail. Some fail because their make-up is fatally flawed. Some are created only to relieve political pressure, and fail by design. Yet some succeed, and a review of prior commissions back to the Brownlow group in 1937 yields the characteristics of successful commissions.

- They confront a current or impending social/economic/political problem which the normal legislative process apparently cannot handle.
- They have real support by the president, by a fair number of affected groups, and at least some of the media.
- They are composed of objective, highly respected people who do not have close ties to any of the affected groups; appointing postal union or postal industry leaders would be fatal, as in the case of the 1976 postal commission.
- They are prepared personally to follow up their recommendations, and convince decision-makers to act.
- They are supported by a high quality professional staff; the notion of ten wise individuals brainstorming their way to a solution is illusory.
- They agree to a sensible deadline, usually a year.

President Bush finally heeded the postal governors and stakeholders, and established the “President’s Commission on the United States Postal Service” by executive order on December 11, 2002. It has been holding public hearings and individual commissioners have made themselves available to the various interests.

I have long advocated such a commission, and I applauded its creation, although my February 20, 2003 testimony before that body expressed concern and mystification about the reasons for its limited staff resources and its July 31 deadline. I now have an additional concern. Based upon hearings and conversations with individual commissioners, most observers predict that the commission may decide not to tackle some basic issues on the theory that serious structural changes will not be enacted. If that turns out to be the case, it will be a sad day for stakeholders and for the public.

This “realistic” approach would echo long-standing minimalist tactics of the Postal Service and most mailers. One can find some justification for such timidity. Postal officials and big mailers say, “Suppose I come out in favor of abolishing arbitration and the Postal Rate Commission. I still need to work with the unions and the PRC.” (Postmaster General John E. Potter, however, astonished the postal community recently by proposing that the Board of Governors set rates.) Or they say, “Of course governors should have experience in large companies or similar bodies but I’m not about to antagonize the Board.” Or, “Nonprofits are too strong to tangle with.”

A commission has no such barriers. It should set aside political “reality” for several reasons. First, it is not its job to make political judgments. Second, it may be wrong. I was involved in two efforts which culminated in the Postal Reorganization Act of 1970 and the creation of the Environmental Protection Agency. In both cases, the punditocracy said there was no chance of success. Some of my friends, wise and seasoned in the ways of Washington, ridiculed me and the two commissions I served for our quixotic quest. They ate crow.

Presidential commissions are usually established when the normative political process fails to deal with a significant public issue. That has certainly been the case with respect to postal reform. Commissions are expected to set aside their political biases and personal preferences and examine the evidence for or against change with scrupulous objectivity. Members' reputations and the fact that they have no stake in the outcome lend credibility, the gold standard in searching for the optimum approach in resolving complex social/political conundrums.

Unlike presidential or congressional candidates, commissions are not seeking reelection or campaign funds. They are not restrained by existing law; in fact, it is often their duty to recommend statutory changes. Nor should commissioners be concerned with maintaining good relations with the federal work force or with the interest groups that may be affected by their recommendations. They are not there to represent or protect any of these groups. Their polestar, their organizing principle, should be the public interest, no more and no less.

If the commission sees its role as being "realistic" evaluators of what is politically attainable, I suggest that this misconceives and distorts its unique and powerful role. It is not hard to understand why results-oriented men and women want their recommendations acted upon. "Why should we waste our time proposing changes which will be dead on arrival?" Nevertheless, that would be the wrong approach.

Even assuming that bold recommendations for basic reform are not likely to be enacted in the short term, there is value in placing such issues on the public agenda. They would attract supporters and opponents and begin a spirited debate. That is good in a democracy. Comptroller General David M. Walker recently gave the postal commission a specific set of comments, including his view that fundamental changes are needed to the Postal Service's business model, its regulatory and legislative underpinning, and its governance. He is dead on.

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