America's Post Office Challenges the Digital Age

Try to think of good reasons why the U.S. Postal Service should be a government-owned monopoly. In reality, there are none.

The private sector has shown it's willing and able to provide delivery and communication services far more efficiently.

When the government set up the Post Office Department in 1789, communication between far-flung Americans was difficult, to say the least.

But a lot has changed in the past two centuries to make communication better. In the digital age, a government-owned postal service makes no economic sense.

Digital "communicators" will soon be so inexpensive that every American can afford one. Messages and documents will be sent for a fraction of a cent–compared with the 33 cents the Postal Service charges for first-class mail.

These devices will come in both wireless and wired models, but eventually wireless capability will be everywhere.

Screen technology is rapidly improving, too. In a few years, digital screens will offer higher resolution than high-quality printing, which means most people will prefer to read electronic screens rather than print.

Most of us already receive our really important and time-sensitive messages by phone, e-mail or fax, and our packages through Federal Express, United Parcel Service and the other private delivery services.

For those who still want first-class mail service, plenty of private companies stand ready to provide it.

The only reason they do not is that the Postal Service has a government-granted monopoly. Private companies are prohibited from charging anything less than twice the post office's price for the same service.

The folks who run the post office understand that their share of the communications and delivery pie is shrinking. Hence, they are looking for new products to offer. This would be just fine if the Postal Service were a private company competing on an equal footing with other private companies.

But unlike private companies, the Postal Service is exempt from federal, state and local taxes and fees. Likewise, most zoning laws are of no consequence to this monopoly, and it can ignore parking

tickets and vehicle licensing fees. The post office also has access to taxpayer- subsidized government credit and preferential customs agreements.

Meanwhile, most of the new products it is offering or has tried to offer are already being satisfactorily provided by private competitors.

Despite its monopoly advantages, the post office lost $85 million attempting to develop new products in 1995–97, according to the Government Accounting Office. If the post office had stuck to its slated mission, maybe its fees could have been lower.

In those areas where the Postal Service competes with the private sector in delivering packages and express letters, it has been soundly beaten (despite its government subsidies) by better managed and more efficiently operated companies like Federal Express and United Parcel Service.

Now, the Postal Service is trying to get into the electronic business of transferring money digitally. Since it will soon be (and in some cases already is) possible to transfer digital money over the Internet at almost no cost, one can safely predict this is another area in which the post office will fail.

Ideally, the Postal Service should be privatized, its monopoly abolished and its subsidies ended. Given its extensive infrastructure and name recognition, if well managed it ought to be able to compete with the existing private delivery companies.

Short of privatization, it should be strictly limited to delivering the mail and all of its subsidies ended. This, of course, would mean the Postal Service would become increasing irrelevant.

The nation will be better off when future generations of children are taken to the Postal Museum and ask, "Daddy, what was a post office?"

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