

**Rebuttal Comments on
Reforming
the United States Postal Service
for the
President's Commission on the U.S. Postal Service**

Submitted by
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On behalf of the Small Business Survival Committee (SBSC), I would like to file this rebuttal to a portion of the comments filed with the President's Commission on the United States Postal Service by the National Federation of Independent Business (NFIB).

The NFIB's Dan Danner, Senior Vice President for Federal Public Policy, stated: "In order to raise additional revenue to keep mailing costs as low as possible for small firm owners, NFIB encourages USPS to become a competitive provider of global mailing services to the fullest extent possible. Many of these services are already provided by private companies, and there is no reason why the USPS should not compete with these firms."

SBSC does not support allowing the United States Postal Service as a "commercial government enterprise" expanding into areas of the marketplace already served by private-sector firms. Damage likely would be inflicted on both the taxpayers and many private-sector businesses.

Allowing the Postal Service to expand its mission to compete with private-sector firms would quite likely generate additional losses and bigger taxpayer bailouts since the Postal Service has exhibited absolutely no ability over the years to keep costs under control.

At the same times, as pointed out in SBSC's comments filed on February 12, 2003, "There is no market failure when it comes to, for example, package delivery and

related business services, and therefore, no reason for government, through the Postal Service, to get involved in such ventures – other than mission creep, which often plagues government. Meanwhile, this mission creep, which already has a long track record in the Post Office, poses real threats to private-sector businesses. After all, the Postal Service could use its first-class mail monopoly and its monopoly on access to residential and business mailboxes to cross-subsidize these other ventures. In fact, the Postal Service would seek greater freedom to set prices under this ‘commercial government enterprise’ structure. Also, the Postal Service has advantages that private businesses do not, such as access to low-interest loans from the government and not having to pay most taxes. The Postal Service as a ‘commercial government enterprise’ could play a clear role in damaging many businesses, including putting many out of business.”

By utilizing its unique advantages to “compete” in the marketplace, the Postal Service could reduce overall competition, and thereby hurt businesses of all types and sizes.

As SBSC concluded before: “In the end, the work of this Commission should be to provide real solutions to the fundamental problems faced with the U.S. Postal Service. The only substantive and lasting solution is full-scale privatization. The worst option would be to empower the Postal Service to expand its business while still part of the federal government. That is no solution. Instead, it is a recipe for disaster.”

Raymond J. Keating serves as chief economist for the Small Business Survival Committee. He is the author of hundreds of booklets, studies, and articles. Keating's latest book is *U.S. by the Numbers: Figuring What's Left, Right, and Wrong with America State by State* (Capitol Books, 2000).

The Small Business Survival Committee (SBSC) is a nonpartisan, nonprofit small business advocacy group with over 70,000 members across the nation. For more information, please visit SBSC's website at www.sbsc.org.