



COALITION FOR A
21st CENTURY
POSTAL SERVICE

The Hon. Steven Mnuchin
Secretary
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

September 12, 2018

Dear Mr. Secretary:

The Coalition for a 21st Century Postal Service (C21)¹ – which broadly represents the \$1.4 trillion business mailing industry and its suppliers, together sustaining some 7.5 million private sector jobs – trusts that the President’s Task Force on the Postal System will use the additional time afforded by the delay in releasing its findings to further study the financially ailing postal system and further contemplate both near and long-term solutions.

However, as the Task Force continues its work, the postal financial condition continues to deteriorate, putting millions of jobs throughout the country at risk. In our view, the situation is so precarious that a shorter-term solution has become imperative. Enactment of bipartisan postal reform legislation currently pending in the Senate (S. 2629), as well as in the House (HR 6076), would provide effective relief for USPS, and those millions of jobs that depend upon it, for several years at no cost to taxpayers. Importantly, it would also provide the breathing room for Congress to consider fully and choose, in an informed and deliberate way, to enact or not some or all of the Task Force’s recommendations.

We urge the Administration to support the foregoing bills and work toward their enactment before this Congress ends.

We also want to reiterate two major points we made to the Task Force: 1) wholesale privatization of the postal system would be a severe mistake; and 2) equally mistaken would be a recommendation to raise postage rates, for Market Dominant and/or Competitive products, to close the financial gap.

¹ The Coalition for a 21st Century Postal Service (C21) consists of public and private companies and industry associations representing newspapers, advertisers, catalogers, e-commerce, parcels, greeting cards, financial services, telecommunications, insurance, paper, printing, technology, envelope manufacturing, and mail services, which understand the essential role of USPS and want it sustained for the future. C21 broadly represents an industry generating \$1.4 trillion in sales and supporting 7.5 million private sector jobs, and supports both versions of the Postal Reform Act (S. 2629/H.R.6076), which would stabilize USPS in the short-to-medium term.

Privatization would be a major challenge to universal service, undermining equal mail and shipping treatment of all Americans, with a particularly ominous threat to rural service. Even leaving aside the major differences in mail volume and geography, privatization or corporatization undertaken by foreign postal administrations should not be transposed here. They generally took ten years to complete, raised prices and reduced service, and the governments absorbed unfunded legacy liabilities (in this country, that would be in the neighborhood of \$100 billion).

Increasing postal rates would be folly in an environment in which there are cheaper and reliable alternatives: for mailing, in the digital realm; and for packages, many private sector options. Mail has been steadily leaving the system without the spur of beyond-inflation increases. Larger increases will only speed and grow diversions out of the system. Packages have been almost the lone bright spot for the Postal Service, earning much-needed new revenues for the system. Raising rates for them may halt or even reverse this beneficial impact from e-commerce, as shippers find other options.

We respectfully urge you, Mr. Secretary, to keep these notes of caution in mind as the Task Force reaches its conclusions and makes its recommendations to the President and ultimately the Congress.

Thank you.

Sincerely,

A handwritten signature in cursive script, appearing to read "Arthur B. Sackler".

Arthur B. Sackler
Manager
Coalition for a 21st Century Postal Service

Cc: The Hon. Mick Mulvaney
Director, OMB

The Hon. Jeff T. H. Pon
Director, OPM

Mr. Kipp Kranebuhl
Assistant Secretary for Financial Institutions/Acting