

AFD Ep 319 Links and Notes - Crisis on Infinite Post Office Boxes

- Overview of the current political crisis in 2020 and the past 17 years
 - What's going on now
 - <https://www.washingtonpost.com/business/2020/07/14/postal-service-trump-dejo-y-delay-mail/>
 - Steep drops in first-class and marketing mail (most profitable) while steep increases in parcels
 - Mnuchin wants to make aid conditional on the Treasury Department overseeing USPS operations
 - New postmaster general Louis DeJoy acting like USPS is a business, not a service
 - Cutting overtime
 - Delaying first class mail that arrives late at distribution centers
 - Reducing carriers' "park points": where carriers park the truck and walk to deliver mail before returning to their truck (this doesn't make sense in neighborhoods where boxes are on the house rather than at the end of a driveway); also an iconic picture of mail carriers/opportunity for carriers to interact with their community.
 - Many veterans/disabled people receive their meds by mail.
 - What was the reform in the early 2000s
 - https://en.wikipedia.org/wiki/Postal_Accountability_and_Enhancement_Act
 - Approved by a voice vote (!) during the lame duck session of the 109th Congress.
 - Between 2007 and 2016, the USPS lost \$62.4 billion; the [inspector general](#) of the USPS estimated that \$54.8 billion of that was due to prefunding retiree benefits.^[9]
 - By the end of 2019, the USPS had \$160.9 billion in debt, due to growth of the Internet, the [Great Recession](#), and prepaying for employee benefits as stipulated in PAEA.^[10] Mail volume decreased from 97 billion to 68 billion items from 2006 to 2012. The employee benefits cost the USPS about \$5.5 billion per year;^[11] USPS began defaulting on this payment in 2012.^[9] The [COVID-19 pandemic](#) further reduced income due to decreased demand in 2020.
 - <https://ips-dc.org/how-congress-manufactured-a-postal-crisis-and-how-to-fix-it/> (July 2019)
 - In 2006, Congress passed a law that imposed extraordinary costs on the U.S. Postal Service. The Postal Accountability and Enhancement Act (PAEA) required the USPS to create a \$72 billion fund to pay for the cost of its post-retirement health care costs, 75 years into the future. This burden applies to no other federal agency or private corporation.
 - If the costs of this retiree health care mandate were removed from the USPS financial statements, the Post Office would have reported operating profits in each of the last six years. This extraordinary mandate created a financial "crisis" that has been used to justify harmful service cuts and even calls for postal privatization. Additional cuts in service and privatization would be devastating for [millions of postal workers and customers](#).

IPS recommendations:

1. Repeal the prefunding mandate and allow USPS to use accumulated post-retirement reserves to fund future pay-as-you-go costs
2. Adopt generally accepted accounting principles (GAAP accounting as set forth by the Financial Accounting Standards Board) for determining USPS liabilities.
3. Medicare integration for future postal retirees
4. Eliminate the requirement to invest solely in Treasury bonds

H.R.2382/S2965 - USPS Fairness Act

House bill passed/Senate bill stuck in committee (Homeland Security and Governmental Affairs)

- Additional data tables:
 - <https://facts.usps.com/table-facts/>
 - <https://about.usps.com/who-we-are/postal-history/first-class-mail-since-1926.htm>
- 91% of Americans have a favorable view of USPS: <https://www.pewresearch.org/politics/2020/04/09/public-holds-broadly-favorable-views-of-many-federal-agencies-including-cdc-and-hhs/>
- 48% of the mail in the world is handled by USPS: <https://facts.usps.com/size-and-scope/>
- Social Benefits of the Postal Service: https://www.urban.org/research/publication/framework-considering-social-value-postal-services/view/full_report
 - Includes many of the expected benefits to individuals and businesses (social connection, baseline pricing, etc) but also has other significant benefits - including supporting logistics after a disaster and often being the first service to connect with victims.
 - “USPS is a leader in responding to disasters. Its address base enables government and other responders to find people (e.g., FEMA and the American Red Cross used the database after Katrina). USPS is a logistics company, more action-oriented than other federal agencies, and is accustomed to delivering every day.”
- History of the Post Office Department (renamed to USPS in 1970):
 - https://en.wikipedia.org/wiki/United_States_Post_Office_Department
 - Article 1 Section 8: “The Congress shall have Power ... To establish Post Offices and post Roads” (this was reinterpreted in 1838 to include railroads so that the federal government could provide financial support/incentives for building railroads, including eventually the transcontinental lines)
 - Pacific Railroad Act (July 1862) “AN ACT to aid in the construction of a railroad and telegraph line from the Missouri river to the Pacific Ocean, and to secure to the government the use of the same for postal, military, and other purposes...” (which was intended largely to replace the seaborne mail service to either side of what is now Panama as well as some emerging stagecoach service & the very short-lived Pony Express)
 - The role of the post office in American nationalism and political consolidation
 - Nationalism: Mail service connected non-elites over long distances for the first time, or at least allowed them to stay in touch, which was essential for a settle-colonial project expanding rapidly West and essential for developing a shared identity instead of purely regional or local identities.

(Note for the notes PDF only: Remember that at the time in places like Europe, many people spoke totally different dialects within a country the same size or smaller and had much more localized identities that were only beginning to take on truly national characteristics.) Mail service was instrumental in facilitating the propaganda of the frontier life and appeals/advertising for people to move or invest there, as well as keeping them supplied with merchant goods. Mail service also facilitated military control between the frontier and periphery over large geographical areas, particularly before the advent of telegraphs.

- Political consolidation: Party identity could be formed within and across sections with the rise of “national” newspapers delivered over long distances by mail services and parties could support themselves by controlling patronage jobs of federal postal employees. In 1883, the Pendleton Act finally replaced postal patronage partly because unqualified people with no postal experience were pretty terrible for the postal system
- Railway Post Offices (RPOs) were rolling postal offices that could both pick up in each town en route and sort mail while traveling so that it did not have to be routed to central processing facilities:

https://en.wikipedia.org/wiki/Railway_post_office

- Mail had been carried by train in Britain since the 1830s and for some time informally or semi-formally in the US not long after, but dedicated mail cars were introduced in the US in 1862 and the rolling mail-sorting cars were devised in the US in 1864, apparently by a postal worker, who realized it could be handled more efficiently along the intermediate route, rather than just shipping long-distance mail like it was freight.
- Mail handling became a prestige (money-losing) business for American railroads. Per “The Road of the Century” by Alvin F. Harlow (1947): Railroads like the New York Central and Pennsylvania began running postal cars (or even full postal trains) for the US Postal Service at a revenue loss (especially being on the hook for maintenance costs), especially compared to private express delivery services who also shipped with them. (pp.294-295) - [from wiki:] For a couple decades, you could spot a mail car easily as a gleaming white car, but they were eventually painted to match the railroad’s colors.
- The high speed mail sack grabbers were patented in 1867 so that local mail could be picked up without stopping the train as it passed through the station at 70 miles per hour or more.
- Mail cars also had a slot on the side for people to drop off mail when the train was stopped at a station.
- Between 1942 and 1977, the USPS phased out rail mail cars, particularly after regional machine sorting centers were established. In 1967, USPS ended other contracts for rail transport of mail, opting for air mail and trucking instead. Sometimes after the 1970s, bulk/commercial/catalog type mail was shipped as freight by rail between processing centers because it was so heavy. Also the USPS had previously had some postal boats under the aegis of their rail program for delivery to rural lake or river communities and this ended in 1978. Air mail had been taken over from

the Army back in 1918, and it was used to drop payloads locally, much like tossing mail out of moving trains, but by the 1970s, air was used simply as a freight transport method for mail instead. On a previous episode we talked about the US government's huge investment in airfield and air navigation infrastructure across the country in relation to the post.

- Comstock Laws of 1873: https://en.wikipedia.org/wiki/Comstock_laws
- **the official 2020 self-history of the USPS:**
<https://about.usps.com/publications/pub100.pdf>
 - Doorstep delivery in cities with high (profitable) volumes of local mail began in 1863 after it had been demonstrated in Britain that free doorstep delivery actually encouraged higher usage of the postal system and thus generated more revenues than it cost to provide delivery beyond the post office, where previously people had to pick up their mail. (Plus, Union soldiers were sending mail to be paid upon delivery by the recipient.) Mailboxes at home did not arise until 1912, so mail carriers had to circle back until someone was home before they could deliver. Doorstep delivery after 1863 also included multiple deliveries per day to business districts because mail was time-sensitive for businesses and this was the Second Industrial Revolution when (as we talked about on a recent episode of the show) the paperwork revolution had begun with the rise of cheap wood-fiber manufactured paper and cheaper means of writing. This continued until the 1920s when a process of scaling back on and off over several decades reduced the number of deliveries to businesses and residences. Multiple deliveries were gone by the 1990s. But there was often public backlash to service cuts prompting quick presidential or congressional action to remedy the situation.
 - Rural Free Delivery (RFD) extended free doorstep delivery to rural areas in 1899, after nearly a decade of controversy & debate on the idea, because it was expensive and did not pay for itself, unlike urban delivery where local volume generated enough postage volume to cover costs. The rural service led to the creation of Postmaster-General-approved mailboxes before they were introduced in cities. Rural service was also the initial model deployed in early suburbs. In 1910, a narrow majority of the US population lived in rural areas.
 - In 1890, the Post Office delivered over 4 billion pieces of mail. In 2000, it delivered 207.9 billion pieces. In 2019, it was down to 142.6 billion.
 - Developed zipcode system in 1963 to more efficiently sort the higher volume of mail
- **US Postal Strike of March 1970 and renaming the Post Office Dept:**
https://en.wikipedia.org/wiki/U.S._postal_strike_of_1970 Eight-day strike; largest wildcat strike in U.S. history. Wages were low, benefits were poor, and working conditions were bad. [APWU](#) president Moe Biller described Manhattan (New York City) post offices as like "dungeons," dirty, stifling, too hot in summer, and too cold in winter. Immediate cause was a wage increase of only 4% for Post Office workers, but Congress gave themselves a 41% increase. Ended when Nixon deployed nearly 20,000 troops to deliver mail. Led to postal worker union consolidation in 1971 and new bargaining rights (wages, benefits,

working conditions, still not the right to strike) via the Postal Reorganization Act of August 1970. https://en.wikipedia.org/wiki/Postal_Reorganization_Act Act also disbanded the USPOD, which was part of the cabinet and created the [United States Postal Service](#), a [corporation](#)-like independent agency with an [official monopoly](#) on the delivery of [mail](#) in the [United States](#). President [Richard Nixon](#) signed the Act in law on August 12, 1970.

- Nov 2017 / Aug 2014 episodes of our show re postal banking: <http://arsenalfordemocracy.com/2017/11/21/nov-21-2017-arsenal-for-democracy-ep-204/> 20-40% of Americans have to rely on check-cashing or payday-lending services. Postal banking could use existing infrastructure and economies of scale to offer affordable banking services, and can reach people who don't have access to standard banking accounts.
 - From 1911 to 1967, we had postal savings banking [see history PDF above] Started to help immigrants used to postal savings accounts in their home countries, people who didn't have faith in banks, and to provide convenient depositories for working people.
 - Minimum deposit of \$1, maximum balance of \$500, excluding interest.
 - Deposits were slow at first, but by 1929, \$153 million was on deposit. Savings spurted to \$1.2 billion during the 1930s and jumped again during World War II, peaking in 1947 at almost \$3.4 billion.
 - On April 27, 1966, the Post Office Department stopped accepting deposits to existing accounts, refused to open new accounts, and cut off interest payments as the annual anniversary date of existing accounts came up. When the system ended officially July 1, 1967, about \$50 million in the unclaimed deposits of more than 600,000 depositors was turned over to the U.S. Treasury Department to be held in trust indefinitely.
 - "By 1934, postal banks had *\$1.2 billion* in assets—about 10 percent of the entire commercial banking system—as small savers fled failing banks to the safety of a government-backed institution. And this trend might have continued if President Franklin Delano Roosevelt didn't have broader banking reform in mind. But Roosevelt chose the FDIC over postal banking as a way of stabilizing things. Paradoxically, the same Roosevelt who forged an unprecedented expansion of the federal government during the New Deal would choose a bank-funded insurance scheme as opposed to a public banking system."
(<https://slate.com/news-and-politics/2014/08/postal-banking-already-worked-in-the-usa-and-it-will-work-again.html>)