



National Association of Letter Carriers

Postal Regulatory Commission
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William H. Young
President

100 Indiana Ave., NW
Washington, DC
20001-2144
202.393.4695
www.nalc.org

STATEMENT OF

William H. Young, President

National Association of Letter Carriers, AFL-CIO

BEFORE THE POSTAL REGULATORY COMMISSION

July 10, 2008

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Good morning, Mr. Chairman and members of the Commission. My name is

Bill Young. I am President of the National Association of Letter Carriers.

NALC is the exclusive collective bargaining representative of 225,000 active

city carriers employed by the U.S. Postal Service in every city and town in

America. Six days a week, we deliver to tens of millions of citizens and

millions of businesses across America, providing the full range of postal

services.

Thanks for the opportunity to testify about the future of universal service.

NALC submitted extensive comments in response to your Order No. 71

related to this proceeding. As you will note in our comments, letter carriers

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play a critical role in all of the elements of universal service that are under study. Today, I'd like to focus on a few key points.

First, we urge the Commission to take an American approach to the issue of universal service. In Order 71, you appeared to place this study into the context of changes now underway in Europe, where the European Union has embarked on a plan to deregulate postal services and many governments have chosen to privatize their post offices.

But this model is entirely inappropriate for the United States, where we have adopted a different approach to universal service. Indeed, over the past decade or so, a parallel debate has gone on in the U.S. and Europe about the future of postal services. The E.U. decided to experiment with deregulation as it seeks to create a single market in all goods and services in its 25 member-states. In America, where postage rates are much lower and universal service is provided much more efficiently thanks to the extensive use of technology and sensible work-sharing by mailers, we decided to maintain universal service through a public enterprise financed with a limited, regulated monopoly.

Defining universal service or the universal service obligation in America is therefore a very different exercise than doing the same for Europe. It may make sense for European regulators to have a rigid and tightly defined definition of universal service, given the need to regulate competition and to level the playing field for dozens or even

hundreds of competitors. But a narrowly defined, inflexible definition of universal service does not make sense in the United States – at least not in the context of the new postal law, the Postal Accountability and Enhancement Act of 2006.

That new law maintains the USPS as a kind of public utility and modernizes the basic framework of the Postal Reorganization Act of 1970. The PAEA explicitly retained the PRA’s definition of the Postal Service’s core mission from Title 39, which is, I quote: “The Postal Service shall have as its basic function the obligation to provide postal services to bind the Nation together through the personal, educational, literary and business correspondence of the people. It shall provide prompt, reliable and efficient services to patrons in **all** areas and shall render postal services to **all** communities.” Unquote.

This core mission should shape your approach to this study. The U.S. has been well-served for decades by a flexible, evolutionary approach to universal service rooted in the deepest traditions of our democracy and changing with technological and market developments. We do not believe that the model of European deregulation is the right starting point for an examination of universal service. Given the poor results we have seen so far in Europe, as reported in our comments, the Commission should be especially cautious in this regard.

Second, the Commission should recognize that the Postal Service plays a critical role in the nation’s economic, social and political infrastructure and that the postal monopoly,

the mailbox statute and six-day delivery are essential elements to true universal service.

We believe that the current postal monopoly is critical to supporting the national infrastructure that promotes economic prosperity and guarantees a democratic society by ensuring equal access to all citizens. While academic models designed to minimize the value of universal service might suggest there is a better way to finance it, in practice the alternatives are often politically unsustainable and fail to take into account the transaction costs involved.

The Postal Service's exclusive access to American's mail boxes is equally critical. It assures the "privacy and integrity" of the mail that letter carriers guarantee every day. It is also vital to effectively enforcing the monopoly.

And six-day delivery is essential to meet the widely ranging needs of America's businesses and our nation's busy citizens. Not every American needs Saturday delivery, but millions of others rely on it. It should be preserved.

The postal monopoly keeps the overall cost of mailing letters for all mailers low by maximizing the Postal Service's economies of scale and scope; the mailbox statute prevents identity theft and preserves the trust people have in mail; and six-day delivery ensures every American business and household maximum flexibility for conducting their business through the Postal Service. As the comments you have received so far

make clear, these three elements of universal service not only have the overwhelming support of the nation's mailers, they are also strongly backed by the American people.

Finally, I urge the Commission to be careful about recommending major changes in either the definition of universal service or the extent of the postal monopoly on the basis of unreliable predictions about the future. Yes, the Internet is eliminating a lot of traditional mail, but it is also creating many new mail-based industries served by companies like eBay and NetFlix. And it is impossible to predict now the countless ways we will use the Postal Service in the future. Moreover, there is an extraordinary amount of change and innovation going on in the Postal Service right now as it seeks to adapt to the new postal law and to the changing needs of the American people. Continuity and stability in the legal framework governing the USPS is essential if the Postal Service is to succeed in adjusting to the Internet age.

Before you act, stop and think about what we have. No other institution has the ability to visit 145 million delivery points six days a week – it is a truly invaluable network which can be used in countless ways to enrich America's economy and our democracy. Our goal should be to maintain the only truly universal communications network we have in America. As have generations of Americans before us, we should strive to preserve universal postal services for the generations that follow us. It's part of the legacy of American democracy. Let's not waste it.