



Phillipe De Donder
Toulouse School of
Economics

Expanding Competition Risks Universal Service – *Viva La France!*

On Thursday, the Postal Regulatory Commission hosted a lecture by Professor Philippe De Donder of the National Centre for Scientific Research at the Toulouse School of Economics, in France. He is currently in the United States teaching, as a visiting Professor at Yale University. Ordinarily, my eyes would glaze over trying to follow economic algorithms and postulates, but I thought that the PRC program would not be so painful. After all, I could learn from a noted postal economist, pay a visit on some PRC friends, and brush up on my high school French. Prof. De Donder spoke in fluent English. So, two out of three isn't bad. The professor presented recent research regarding the postal monopoly, and how weakening the monopoly would impact the postal universal service obligation and postal customers.

During the decade preceding the enactment of postal reform legislation, postal policy wonks looked across the pond (i.e. the Atlantic Ocean) for inspiration in redesigning the U.S. Postal Service. Many postal observers were seduced by European efforts to "liberalize" the postal monopoly and open the postal market to for-profit competitors. Liberalization of the postal monopoly was being heralded by a number of "think tanks" and academics. They stridently believed that our homegrown postal model was deficient and hampered ideological governmental privatization efforts. Throughout the postal reform debate the pro-competition economists repeated the mantra that weakening the monopoly or outright repeal would be beneficial. They believed that competition for monopoly products and expanded access to the mailbox would not undermine universal service or discriminate against divergent classes of postal customers. Prof. De Donder's April 17 presentation calls into question the tenets of that belief.

De Donder concluded at one point in his presentation that when monopoly postal products are open to competition "household senders always suffer [emphasis added] from opening to competition." This conclusion has serious implications for Congress, if the body sought to legislate or permit broadened postal competition. Undermining residential mail service is not the path to re-election, nor is it good public policy. In addition, Prof. De Donder spoke about opening up access of the postal network to competitors, and providing an alternative to the U.S. Postal Service for delivery. De Donder suggested that "consumer welfare" (universal service) would have a varied effect in a more competitive system. However, he stated that permitting private sector competitors to bypass the postal delivery network would decrease consumer welfare (particularly in rural settings), could financially undermine postal finances, and would increase costs to rural delivery points. Consequently, in our view, this would not be an enterprising endeavor.

Is Lobbying Recession Proof?

After the November 1860 Presidential Election, some of our nation's first political job seekers stalked members of the incoming Lincoln Administration in the lobby of the Willard Hotel, a mere two blocks east of the White House. The location of their activity, the hotel "lobby," became the moniker of their trade. At that time, the Presidential Inauguration took place on March 4, more than four months after the election. Consequently, the President-elect spent the time between the election and the inauguration in the Willard, making him vulnerable and accessible to lobby-occupying individuals seeking federal appointments and favors. Twenty-first century lobbyists are a different breed than their Civil War era forerunners.

This past week, the Center for Responsive Politics reported that approximately \$2.79 billion was spent on lobbying the Federal government. This includes not only salaries, but ancillary and overhead costs related to lobbying. According to the Center, this number represents a 7.7%, or \$200 million increase over the previous year. The data indicated that the health industry topped all others in lobbying, with a tally of \$447 million. The finance, insurance and real estate sector won the silver medal at \$418.7 million. The single company which invested the most into its government relations shop was General Electric, who tipped the scales at \$23.6 million. You can view all the data at the Center's website, <http://www.opensecrets.org/lobbyists/>.

In 2007, postal related interests were not among the goliaths in lobbying network. Nonetheless Federal Express spent a respectable \$5.5 million on lobbying, while United Parcel Service trailed with less than half that amount at \$2.5 million. It is important to note that both FedEx and UPS promote issues other than postal ones before Congress and the Administration. For example, the air transport company and the trucking company have been battling over the different requirements that unions need to meet in order to organize the two companies. By the way, NAPUS filed its report with lobbying related expenses of \$158,000.



President Dale Goff
and Cong. Charlie
Melancon

Pelican State Primary Victory

Two weeks ago, the *eNAPUS Legislative & Political Bulletin* reported that NAPUS PAC has financially participated in a number of primary campaigns. Some are on behalf of GOP candidates and others on behalf of Democratic ones. Moreover, we referenced NAPUS' strong support of Louisiana State Senator Don Cazayoux in a runoff primary. The primary was conducted April 3 and Don won with a solid 57% of the vote. Consequently, on May 3, he will face his GOP opponent, former State Rep. Woody Jenkins, in a special election. A number of well-respected political observers now believe that Don Cazayoux is the favorite to succeed former Rep. Richard Baker (R-LA).

This week Dale had the opportunity to discuss Postmaster issues with Sen. Cazayoux at a Washington political event, at which the House Leadership attended. Consequently, Dale spent some time with House Speaker Nancy Pelosi (D-CA). In addition, the President Goff spoke at some length with House Oversight and Government Reform Committee members Chris Van Hollen (D-MD) and Paul Hodes (D-NH), House Appropriations Committee member John Olver (D-MA), and House Energy and Commerce Committee member Charlie Melancon (D-LA) about staffing issues at postal facilities.

**National Association of
Postmasters of the U.S.**

**8 Hebert Street
Alexandria, VA 22305**

**Tel. 703-683-9027
Fax. 703-683-0923**

www.napus.org