Modernizing the Postal System

by OSCAR B. JOHANNSEN

WE CAN send men to the moon, we can span the continent in five hours, but we cannot deliver a letter fifteen miles from New York City in one day. Why? Because our postal service is a government monopoly.

So deplorable has the service become that the government is even willing to engage a non-profit corporation to carry the mail and to operate on business principles except that it would be owned by the government. This move could be expected to take the post office out of politics, and if Congress approves, it will be a major milestone, for it was precisely because this department was so convenient a means for rewarding the party faithful that it became a government monopoly.

Up to about 1860, private companies were permitted to carry mail. Their competitiveness forced the post office to adopt many of the improvements in service which the private entrepreneurs introduced. For example, in 1845, before the invention of envelopes, when letters were simply folded and addressed, the charge for postage was 8¢ a sheet. When the private dispatch companies reduced this rate and even allowed additional sheets to be sent for the same lower rate, Congress was forced to slash the post office department's rates.

As such competition from private outfits continued the postal department was in danger of being put out of business, so the politicoes made it a federal monopoly. Naturally, with the elimination of the spur of private competition, the service entered upon a dreary record characterized by obsolete equipment, poor management and inefficiency. The few attempts at modernization, such as development of automatic machinery for stamping mail, came from private firms. But there is precious little mechanized equipment of any kind. In fact the investment is less than $2500 net in fixed assets per employee. Compare this with the communications utility which has invested $35,630. Even the merchandizing industry spends $2,835.

Postmaster-General Winton M. Blount claims that to enter the postal service as an employee is to enter the eighteenth century, with hand labor, little or no need of training, poor working conditions and few chances of advancement.

While a non-profit corporation would be an obvious improvement, it is far from being the best solution, and it has little chance of success. There will be opposition from the postal workers' unions and from Congressmen who will not want to lose the franking privilege permitting them to use the mails without charge.

A better solution is to depend on private enterprise and the free market. The government's service could be diminished gradually over a period of five to ten years, during which time private companies could be established. However, opposition from postal employees' unions would probably preclude this, and a more reasonable approach would be to permit the present setup to continue but without its monopoly. Any carrier willing to deliver letters or packages should be permitted to do so. This would make a noticeable difference in a short time. Without its special privileges the government would have to meet the service level of private enterprise or go out of the postal business.

Public power enthusiasts have argued in favor of the TVA on the basis that the government's entry into the electric generating business would provide means of policing private public utilities by setting a standard against which private companies could be judged. If that can be claimed as valid reasoning, why not turn it around and use private postal companies as a standard for policing the postal service?

It is not difficult to deliver letters, and yet the federal government has made a mess of it. Our nation is itself the finest example of the superiority of private enterprise and initiative. Operating, for the most part, under the principles of free enterprise, we produced goods and services at remarkably low prices. If we want our postal service to enter the twentieth century, let's permit it to operate freely under private enterprise. Then the postman may be ringing several times a day, and delivery will be prompt as it is now in most European cities and countries.

"A Gift to Titleholders"

From California, Florida and doubtless every other state, cries are going up from overburdened taxpayers. Meanwhile "tax reform or tax relief" is promised by legislators who usually mean they are looking for ways to find new ones. The fact that an ever increasing amount of property is untaxed makes many taxpayers weary.

A California state senator has prepared a "tax reform" bill which he says responds to this need. It would slash property tax by a "healthy 52 percent" by making the state assume all local education and county welfare costs, including general relief. It also limits property tax revenue to 1.5 percent of full cash value, and requires assessment at full cash value.

It "reforms" the sales tax base by reducing the state tax from 4 to 3 percent, eliminating all existing sales tax exemptions except food and gasoline, and taxing general and utility services. It exempts retailers, wholesalers and manufacturers from the sales and use tax and abolishes the inventory tax. This is to encourage business development.

It enacts a 50 percent surtax with 33 percent forgiveness on net personal income tax and increases the bank and corporation tax rate from 7 to 10 percent. New taxes to be enacted would be a 1 cent tax on credit card transactions, 1 percent on all securities traded, manufacturing and wholesaling, contracting and real estate transfers, a 3 percent tax on agriculture and services, including utilities, and a 3 percent severance tax on oil, gas, mineral, fish and timber.

All this is designed to save homeowners an estimated $2.6 billion in property taxes if adopted this year. Favorable reaction has been noted from private citizens and especially business groups who state that tax restrictions in California have caused many potential investors to settle in nearby states.

W. E. Pereira quickly challenged this bill and told the senator it was a gift to titleholders of land in California. In the "saving" of $2.6 billion in "property taxes" he does not separate land values from other "property." The unseparated land values escaping taxation, capitalized at the going rate of interest, mean a vast increase in land prices. And how can anyone rationalize that vast increases in land prices are good for business, he asked.