

Obama backs slashing of postal jobs and benefits

Hector Cordon
22 September 2011

President Obama on Monday outlined a plan to destroy tens of thousands of jobs at the United States Postal Service (USPS) and cut health and retirement benefits.

The proposals for “postal reform” were part of his \$3 trillion deficit reduction plan, which includes devastating cuts in Medicare and Medicaid. Obama called for giving “the USPS authority, which it has said it will exercise, to reduce mail delivery from six days to 5 days.”

In addition, federal contributions into the Retiree Health Benefit will be restructured and, what is termed a \$6.9 billion “surplus” in the retirement fund will be refunded to the government. Obama said this would save the Postal Service \$20 billion over several years and reduce the federal deficit by \$19 billion over 10 years.

Postmaster General Patrick Donahoe, in an appearance earlier this month before the Senate Homeland Security and Governmental Affairs Committee, requested legislation that would allow him to destroy 220,000 jobs, shred union contracts, close thousands of local post offices and end Saturday delivery.

Donahoe said the USPS faced the prospect of insolvency by the end of September, when it was expected to default on a \$5.5 billion payment to its retiree health care program, and a consequent shutdown of postal operations this winter. “Without legislative change this year,” Donahoe threatened, “the Postal Service faces default, as available liquidity at the end of this month will be insufficient to meet our financial obligations.” In a subsequent interview with the *New York Times*, Donahoe said a possible closure was delayed to next summer.

Additional proposed cutbacks include the closure or

consolidation of over 250 mail-processing facilities by 2013—over half of the total mail-processing plants, dramatically shrinking its transportation network—and a one-day delay in the processing of mail. Postal officials claim this will save \$3 billion per year. It had previously announced an ongoing review of 3,700 post offices that could be closed.

The Postal Service reported a net loss of \$8.5 billion for the 2010 fiscal year and projects a \$9 billion deficit for this fiscal year, which ends September 30. A \$15 billion line of credit from the Treasury will be tapped out by month’s end as well.

Since 2007 the Postal Service has been battered by the recession’s impact on mail volume and electronic communication and bill payment. Mail volume has fallen by 22 percent, or 43 billion pieces. The USPS career workforce has been slashed by 110,000 workers and its costs cut by \$12 billion. Since 2006, 186 facilities have been closed. The USPS currently employs 574,000 career employees.

In introducing his proposals Obama presented the deficit reduction plan as a “jobs creation” program. The cynicism of this remark can be measured by the amount of jobs lost due to ending Saturday delivery alone, estimated by the postal service to be 40,000.

In a white paper released at the beginning of August the Postal Service recommended establishing its own health benefit program. It maintained that such a change “would allow the Postal Service to fully incorporate private sector best practices, saving money while also providing comparable benefits to employees.” In other words, higher premiums and deductibles paid to a smaller group of health care providers.

The paper goes on to advocate the abandonment of the federal retirement programs the USPS currently

participates in. “[W]e believe the simplest and fairest method to the establishment of a Postal Service Retirement Plan is to withdraw our existing 480,000 annuitants and our 600,000 active employees from CSRS [Civil Service Retirement System] and FERS [Federal Employees Retirement System] and place them in a new Postal Service Retirement Program.”

The new program will terminate the defined benefits of the existing funds for new hires and replace them with a substandard defined contribution plan.

The white paper’s constant reference to “private sector best practices” begs the question: Are these proposals aimed at constructing a bridge to a privatized postal operation?

Countering Donahoe’s request for legislation to override the unions’ contractual restrictions on layoffs, the Obama administration instead is recommending that the postal service use some of the \$6.9 billion from the proposed pension refund to offer employees retirement incentives and buyouts.

Far from being a kinder alternative to outright layoffs, this is simply a calculated move by Obama to garner the support of the four postal unions in imposing brutal cuts on its members.

For their part, the unions have focused their opposition to the elimination of Saturday delivery and the loss of dues paying members. The ability of the Postal Service to wipe out hundreds of thousands of jobs, however, has depended on the collaboration of the unions. Donahoe paid tribute to the unions in an interview with the *Washington Post*, saying, “We’ve reduced headcount by 225,000 since the year 2000. There are very few labor unions in the world that wouldn’t be jumping up and down ranting and raving about that.”

Opposed to any struggle against the Obama administration, unions lobbied congress and called isolated—and quickly forgotten—local demonstrations. A joint national demonstration called for next week will simply provide a platform to various Democratic politicians.

The response of the American Postal Workers Union, the largest of the four postal unions, was to ignore Obama’s provocative attack. In an announcement, entitled, “APWU Praises Obama Effort, But Long-Term Solution is Needed,” it stated “We also will continue to work with the White House and legislators

in both houses of Congress to achieve financial stability for the Postal Service.”

A serious defense of jobs, working conditions and benefits must start with the construction of rank-and-file committees, independent of the unions, to wage an industrial and political struggle against the Obama administration and the profit system he defends.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact