

Trump proposes to privatize the US Postal Service

Hector Cordon**26 June 2018**

The Trump administration's Office of Management and Budget (OMB) released a proposal last week to restructure and then privatize the United States Postal Service (USPS). The proposal is part of a sweeping reorganization of multiple government agencies following a review ordered by Trump in March 2017 to "identify redundancies and streamline agencies."

Two months ago, Trump issued an executive order for a task force to investigate the operations and finances of the postal service, claiming USPS "was on an unsustainable financial path and must be restructured to prevent a taxpayer-funded bailout." The task force was ordered to outline so-called reforms, including "private ownership."

Long the dream of right-wing free market proponents, the carve up of the postal service would be a windfall for big investors. With nearly 650,000 employees, USPS would rank 99th in the world as a private sector company and 37th on the list of Fortune 500 companies, according to Fortune magazine. The White House said privatization could occur through an initial public offering or by sale to an existing company.

OMB's proposal calls for a two-stage process, beginning with an initial reorganization of the USPS "to return it to a sustainable business model or prepare it for future conversion...into a privately held corporation." The report cites the supposed success of the "European model" as its criterion. While privatization in Europe has indeed been successful for investors, it has led to rising costs and poorer service for consumers, and the deterioration of the conditions and benefits of European postal workers.

Germany's Deutsche Bundespost was privatized in 1995. The new Deutsche Post, which became a fully independent company in 2000, slashed costs and acquired package delivery company DHL, UK-based logistics company Excel and spread its operations across Europe, challenging public services like the UK's Royal Mail, which was itself privatized in 2013.

Last February, Deutsche Post workers struck over wages. This followed a four-week strike in 2015 against a

20-percent wage cut threatened by Deutsche Post through outsourcing its parcel delivery section. The Ver.di trade union—whose leaders occupy positions on the board of Deutsche Post—was able to sell-out the strike and impose terms favorable to Deutsche Post.

Privatization of the USPS would effectively end its universal service obligation to deliver mail to all residents and businesses in the US. The report calls for mail delivery on "fewer days per week and to more central locations (not door delivery)" in order to "substantially lower costs." In Germany, centralizing delivery has forced rural residents to travel as far as 20 kilometers (12.42 miles) in order to obtain their mail.

The plans represent an historic attack on over 600,000 postal workers, as well as 2.1 million federal career employees, who have also been targeted by the Trump administration's proposal.

Trump's assault on postal workers is not new. Every administration, going back to Democratic President Bill Clinton, who declared, "the end of the era of big government" in the 1990s, has sought to reduce the number of civilian government employees by parcelling off sections to private industry and contractors.

The first stage of Trump's restructuring plan is "aligning revenues and expenses to restore a sustainable business model," according to the proposal. In the context of ongoing cost-cutting and stepped-up competition, "aligning expenses" can only mean the gutting of postal workers' wages, pensions, health care and other benefits, along with wholesale job cuts. United Parcel Service (UPS), with a sizable and underpaid part-time workforce has just arrived at a handshake agreement with the Teamsters union to create a second tier of lower-paid drivers and to maintain poverty wages for its part-time workers.

Seattle-based Amazon, however, is placing the greatest pressure on all delivery organizations. According to logistics website *DC Velocity*, Amazon has "spent billions of dollars on planes, tractor-trailers, hubs, and fulfillment and distribution centers." Amazon is currently spending \$1.5

billion in Kentucky to construct its own cargo air hub employing 2,000 workers, a move that will put it in direct competition with UPS and FedEx. In 2016, Amazon abandoned its lease of 40 cargo planes after pilots struck for two weeks over understaffing that resulted in 8,000 emergency delivery flights, putting the pilots' lives in turmoil.

For the second quarter this year, the US Postal Service reported a net loss of \$1.3 billion. Despite an increase in parcel volume of five percent, USPS attributed some losses to "additional hours incurred to support the labor-intensive package business as well as contractual wage adjustments."

According to *Business Insider*, "One possible explanation for the wage jump is that the USPS is doing everything in its power to compete with Amazon—including offering workers more hours—at the expense of profitability" Declining mail volume, particularly in first class mail, has undermined the revenue base of the post office.

Profitability at the USPS has been crippled by a 2006 Postal Accountability and Enhancement Act passed under the Bush administration with support from Congressional Democrats. The law forces the post office to pre-fund its future retiree health care liabilities, roughly \$5.6 billion over ten years. No other government or private entity is required to pre-fund its retirees' health care costs. In 2011, the post office defaulted on the required \$5 billion payment. Since then, it has failed to pay \$33 billion of its pre-funding requirement. The ten-year prefunding law expired in 2017.

During the Obama administration, the post office floated a plan to severely downsize its workforce and break from the federal pension and health benefit programs in order to set up its own lower-cost system. The plan called for laying-off 120,000 workers and eliminating 100,000 jobs through attrition. While the four postal unions postured as determined opponents of such a bloodbath, their actual relationship to management was one of collusion. This was summed up by then Postmaster General Patrick Donahoe who told the *Washington Post*, "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."

The American Postal Workers Union (APWU) signed a contract that accepted Obama's two-year federal employees wage freeze and increasing employee contributions to health care plans, which have risen in each contract.

The protest of the APWU, the largest union in the post office, to Trump's proposals was notable for its timidity. The best it could do was to bluster, "This outrageous White House plan should be a wake-up call to every postal worker and APWU member. The threats of postal privatization, the threats to decent union jobs, the threats to good services, are

real."

The president of the National Association of Letter Carriers (NALC), Frederick Rolando, did no better, saying, "Now that we know that this administration and its Task Force will make recommendations on reforms to achieve OMB privatization goals, NALC will work tirelessly with other stakeholders and Congress to oppose this faulty privatization plan every step of the way to preserve this public institution, which is based in the Constitution."

The labor agreement covering more than 230,000 UPS workers is expiring on July 31. On September 20, the contract covering 200,000 APWU members at the postal service will expire. In addition, there is growing restiveness among brutally exploited Amazon workers. The struggles of all mail delivery and logistics workers must be united throughout the US and internationally.

Postal employees can only defend their jobs and rights by breaking with the APWU, NALC and the other postal unions, which seek to block a genuine struggle through diverting workers into fruitless appeals to the very Democratic Party politicians who have collaborated with Trump in implementing his reactionary anti-worker agenda.

USPS workers should build rank-and-file workplace committees to take the conduct of this struggle into their own hands and prepare industrial action to oppose the privatization plans, abolish two-tier wage and benefit schemes and fight to defend the jobs of all workers. This must be combined with a political counter-offensive to unite the entire working class against both big business parties and the capitalist profit system they defend.



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