



Written by [Bruce Walker](#) on July 21, 2011

No Saturday Mail Any More?

The Constitution and the early organization of the federal executive branch properly limited the scope of government activities to a few areas. Education was left to the states or to individual Americans. The Northwest Ordinances, originally adopted under the Articles of Confederation, did set aside some land for the support of education, but that was minimal and that was all. Energy, which then meant wood, coal, and water power, was entirely in the hands of private citizens and companies. No funds were used to fight a “war on terror” or to spy on other nations or to try to bribe other nations with foreign aid. America participated in no international organizations at all.



Welfare did exist, but not public welfare, and what public help for the poor government gave came from state, county, or city governments. There was no such thing as drug enforcement (although taxes were imposed on alcohol) and no warning labels required on tobacco. Public health, like public welfare, existed at the local level and it was typically confined to matters such as quarantine of infectious diseases.

Transportation systems existed, of course, and the federal government was involved in the building and maintenance of postal roads, but there were also many private turnpikes and when government built canals, such as the Erie Canal in New York, “Clinton’s Folly” was constructed using state, not federal, funds for a project which generated revenue.

One of the few areas of federal activity was the establishment and operation of a postal system, and the Postmaster General was a very important federal official. This constitutionally-sanctioned, income-generating operation ought to be the federal government at its most efficient and most economical. Perhaps it is, but that only emphasized just how bloated and inefficient that the federal government has become that Postmaster General Patrick Donahoe has said that [Saturday deliveries may soon end](#) and that within 15 years there may be postal deliveries only three days a week.

He bases that projection on the \$8.3 billion loss that the Postal Service operated at this year. “On September 30, 2011, I won’t be able to pay my bills. ... At some point, we’ll have to move to three days a week of mail delivery, possibly in 15 years.” Not surprisingly, one of the big ticket items that the Postal Service is grappling to pay is a \$5.5 billion payment due September 30 to cover future retirees’ health benefits. Ending Saturday deliveries, Donahoe said, would save \$3.1 billion a year.

Predictably, the Postal Service cites email and other electronic communications as the big obstacles. But interestingly, the class of mail in which emails are in closest competition, the inexpensive and no frills standard mail, has been relatively stable in volume. During the mid-2000s this sort of mail actually peaked in volume, surpassing levels in the early part of the decade. The year 2007 was the high water mark, with 103.5 billion of these forms of mail delivered. The Post Office had to compete with the



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telegraph once, too. Businesses always have to compete with not only with each other but with change in the business environment.

This sort of explanation also does not explain why firms such as UPS and FedEx continue to be profitable operations. These companies have to drive much farther between deliveries because, unlike the Postal Service, private companies must respond to specific customer requests for delivery. These companies compete with email, just as successful private retail firms compete with Internet sales of goods. Technological information requires that private corporations continually update their business operations, and these companies do so profitably.

Actually, the annual revenue for the Postal Service has been reasonably stable over the last decade. [Revenue in 2010 was higher](#) than in 2009 or for that matter in 2001. The number of delivery routes and retail offices, by contrast, has shrunk. Postal rates, as everyone knows, have pushed this rise in revenue and, of course, have driven some people to use other means of corresponding (as any business executive would have predicted).

The Postal Service delivered 78.2 billion pieces of first class mail in 2010. That remains an enormous volume of business. In competition with private firms, the Postal Service also has name recognition, familiarity with those Americans who are older and may not use Internet services, and special niches (such as service of legal process by certified mail).

Why is the Postal Service, which used to deliver mail twice a day, now musing about delivering mail only three times a week? Explanations commonly offered are that government operations are also relatively inefficient compared with the private sector, and the Postal Service is a federal government operation.



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