EXTENSIONS OF REMARKS

PRIVATIZE THE U.S. POSTAL SERVICE

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 22, 1997

Mr. CRANE. Mr. Speaker, remember that old excuse ''the check is in the mail''? In days gone by, that excuse could be used more easily than today because no other options were available to pay bills or to send written messages. With the telecommunications, computer, and information technology revolution, however, there are a variety of options at the public's fingertips to send documents and payments, such as e-mail, electronic financial transfers, and facsimile transmissions. As these technological advancements are used more routinely in everyday life, it is putting increased downward pressure on the U.S. Postal Service's [USPS] revenue stream. Unless we take action to unleash the Postal Service from its current restraints, it is likely to become, to the 21st century, what the horse drawn carriage became to the 20th century.

It is clear that we live in a rapidly changing world. In recent years, we have witnessed an explosion of technological innovations that have enabled people to do much more at home and at work faster than they ever could before. In today's highly competitive global economy, those who can do more, faster, have an edge over their competition. And so, market forces drive the computer and information technology revolution to continue to surpass previous limitations and speeds. As the world continues to seek ways of getting the job done more efficiently, traditional mailbox delivery service is being left behind. In fact, in a 1995 speech, Postmaster General Marvin Runyon said that the legislative framework governing the USPS is no longer in tune with the Nation's long-term postal needs. A major reason cited by the Postmaster General was the competition the USPS is facing from e-mail, electronic financial transfers, and fax machines. He went on to point out that the USPS had already lost 35 percent of its financial mail in the previous 5 years and 33 percent of its business mail to alternative forms of communication and transmission.

Even the Federal Government has recognized the advantages of alternative methods of making payments and issuing benefits. By the end of 1999, the U.S. Department of the Treasury plans to collect $1 trillion in tax payments via computers. Already, the Treasury Department says that 55 percent of all payments made by the Federal Government are now sent electronically. In less than 2 years, all current and future Social Security beneficiaries will have their money directly deposited into their bank accounts. The savings to the taxpayers from these electronic transfers become apparent when you consider that it costs the Government 43 cents to send a payment by check versus 2 cents per payment to send funds electronically. In the economy overall, a recent study, by Arthur D. Little, forecast that by the year 2000, electronic correspondence and transactions may overtake traditional mail in market share. Clearly, fundamental change is necessary to enable the USPS to adapt and compete in a rapidly changing environment.

Generally speaking, I am convinced that the vast majority of USPS employees are conscientious, hard-working individuals, who want to provide competitive, top notch service. For the most part, the problem is not so much with them as it is with the system in which they have to work. Put simply, the system lacks the incentives necessary to bring about the gains in productivity and customer service that are essential for the USPS to live up to the public's expectations and needs. For one thing, the USPS is insulated against competition in the delivery of first-class mail, which means customers need not be won over, but can be taken for granted. For another, it is subsidized by the Federal Government, through its ability to borrow from the Federal Treasury when it loses money and the fact that it does not have to pay taxes, which means there is less pressure to be efficient. A third reason lies in the fact that the USPS does not have to operate under any bottom-line incentives, such as a profit motive, which serve as the underlining motivator in making private companies so productive.

For this reason, I am reintroducing legislation today which would convert the USPS into a totally private corporation owned by postal employees. My bill calls for this transition to be implemented over a 5-year period, after which the USPS' current monopoly over the delivery of first class mail would end. To make the prospects for success of the new private corporation even more likely and attractive, my legislation calls for the cost-free transfer of the assets held by the USPS to the employee-owned corporation. Not only would a privatized Postal Service inherit a tremendous infrastructure advantage to assist in this transition, it would be free to develop entirely new products and services quickly to respond to market needs and demands. Moreover, as owners of the Postal Service, the employees would benefit from having a stake in the corporations success and profitability.

In the past, the major objection that the USPS has raised to privatization and the repeal of its monopoly has been that it would result, allegedly, in cream skimming by USPS competitors of metropolitan areas, leaving the USPS with the financially troublesome prospect of being left with only rural and bulk mail to deliver. However, the logic behind such an argument overlooks the significance of the telecommunications and computer revolution underway. With the rapid growth in the use of facsimile machines, modems, internet, electronic mail, the truth is the USPS is more likely to be left with rural and bulk mail to deliver if it does not privatize than if it does. For this reason, I hope that the fine men and women of the USPS might seriously consider this proposal and examine its merits. I hope, too, that my colleagues might join me in this effort because only by keeping up with the times and the competition can the USPS hope to thrive in the future.

BUDGET DEAL BAD FOR EVERYONE

HON. BILL McCOLLUM

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 22, 1997

Mr. MCCOLLUM. Mr. Speaker, with all due respect to the Republican leadership and many of my colleagues who earnestly and sincerely worked on and believe in the recently passed budget bill, I voted against it because as a conservative Republican I believe it is a terribly flawed product.

Incredibly, this budget will produce for fiscal year 1998 a $70 billion, or 4.3-percent spending increase from 1997, which is a bigger increase than Democratic Congresses passed in fiscal years 1993, 1994, or 1995. It is $5 billion more than even President Clinton requested.

As for the long haul in getting to balance by the year 2002, spending will rise from $1.6 trillion to $1.9 trillion. The assumption of this budget is that Federal tax receipts will rise from $1.5 trillion in 1997 to $1.9 trillion in 2002. Sure enough, this would make a balanced budget, but it would be a budget balanced by a huge increase in spending and an even bigger increase in taxes taken from the American people. I am for a balanced budget, but how it's balanced is as important as getting to balance.

The accompanying May 22, 1997, editorial of the Wall Street Journal and the op-ed piece by James K. Glassman that I am entering into the RECORD show in great detail just how bad this budget is. The Journal editorial points out that the budget dealmakers have agreed to continue through 2002 the rule that requires any tax cuts be offset by either tax increases or cuts in entitlements; they can't be offset by cuts in discretionary spending. As the Journal states: ''the practical effect of this is to make future tax cuts all but impossible as a political matter.''

Considered in this light, the minor tax adjustments that have been called cuts in this budget are simply not worth the price being paid. Congress should be eliminating the tax on capital gains and the estate taxes altogether. Because of the practical difficulty of doing this in the immediate future, prior to this budget deal Republicans had called for a reduction in the capital gains tax rate to a level of about 20 percent, an increase in the estate tax exemption from $600,000 to $1.2 million, and a $500 per child tax credit. It appears highly unlikely that anything approaching these adjustments can be made under the budget deal, and even if it were, the price being paid is still too high.

When it was first announced, the Republican leadership's principle selling point was