

Even smart people can be dead wrong—and dangerous



As we all learned from the financial geniuses on Wall Street who helped crash the economy, smart people can be really wrong and really dangerous. That thought occurred to me when I read a quote from Jack Potter in *The Washington Post* on May 10. Asked in Nashville about the “savings” from delivery cutbacks, he said: “The value of going to four days—removing a second day—is even greater.” Presumably, three days would be even “better.” Jack Potter is a smart guy—but he is really playing with fire. His message to the mailing community seems to be: We are winding the Postal Service down; we don’t want your business; and you had better start looking elsewhere for alternatives.

As if to confirm this fear, one of the union headquarters’ staff members from Maryland came to me around the same time to report that his weekly issue of *The Economist* magazine arrived on a recent Saturday in a special wrapper. The wrapper announced that the magazine would soon shift to private delivery on Saturdays in anticipation of the end of six-day delivery from the United States Postal Service. Business calculations just like that are happening all across the country. The damage of the Postal Service’s plan to end Saturday delivery is already happening, **right now**, even before the Postal Regulatory Commission completes its review or Congress acts on the proposal.

A few days later we received a report from the Bloomberg news service announcing the decision of Time Warner Inc. to support five-day delivery, despite the fact that Saturday is the optimal delivery day for *Time*, its flagship weekly magazine. The story said that Postmaster General Potter invited the company’s CEO, Ann Moore, to his office to convince the publisher of 20 magazines to support his plan to axe Saturday delivery. “They came in and expressed some concerns,” Potter said. “I explained the economics and they quickly came around.”

Perhaps Time Warner will opt to use the same private companies hired by *The*

Economist to deliver their weekly magazines. Those private delivery companies, and others that will fill the void on Saturdays, will be happy to add deliveries of weekend advertising mail at the same time costing the Postal Service more business. Soon they’ll demand access to mailboxes on Saturdays—after all, the Postal Service won’t be using them.

Apparently, the “economics” Potter shared with Time Warner is the market research study conducted by a consultant in 2009. The company asked 50 mailers, how much they expected to mail over the next 10 years. Their pessimistic guesstimates, offered in the middle of the worst recession in 80 years, were quickly spun into a projected loss of \$238 billion over the next 10 years. Though Congress clearly views that estimate with skepticism, the Postal Service continues to use it as the basis for changing to weekday-only delivery. Never has such a thin reed of research been used to promote such a rash cut in service.

The USPS has been selling this story feverishly for the past three months. In fact, it has done little else over that time. It does not seem to have time to meet with NALC to discuss revenue generation. But it has plenty of time to conduct a media campaign in favor of its five-day plan. It has no time to educate the public or mobilize its customers to demand fairness from Congress on the financing of its future retiree health benefits. But it has plenty of time to lobby its customers to accept slower service.

Where is the USPS media campaign and special website on the \$75 billion pension overcharge and the need for pre-funding reform? I guess under the Postal Service’s special brand of “economics,” saving \$7.5 billion per year from such reform is worth less than the \$3 billion it can allegedly save by cutting service—a questionable claim given the growing evidence that eliminating Saturday delivery is already costing the Postal Service business and revenue.

Smart people can be dangerous indeed. That’s why we have to stop them. ✉