



MOVING COMMUNICATION FORWARD



The EMA Wednesday Report

Wednesday, May 27, 2020

Four Page Issue

Good Morning/Good Afternoon:

Here is Wednesday report Number 12.

Commentary on the USPS from the Press..

Trump's Postal Service Feud Risks Riling Voters with Price Hikes

By Jordan Fabian | May 22, 2020, 4:00 AM ET *The Hill*

Donald Trump is escalating his long-running feud with the U.S. Postal Service, setting up a bitter political fight that could harm the president's standing with key voters ahead of November elections.

The partisan conflict centers on tens of billions of dollars postal leaders say they need to avert possible bankruptcy as soon as late September. Trump says the agency must first raise prices and cut costs.

The president's stance carries considerable political risks with millions more Americans and small businesses relying on home deliveries to keep goods flowing as strict social-distancing measures cripple economic activity. Democrats, large retailers, and other postal service advocates say raising shipping costs now would simply harm consumers and small businesses that are struggling to survive.

Trump has long railed against the Postal Service, accusing it of allowing drugs to be mailed into the U.S. from Mexico and China and for giving preferential rates to [Amazon Inc.](#), whose co-founder Jeff Bezos also owns the Washington Post, a frequent target of Trump's for its coverage of his presidency.

In April, Trump called the agency a "joke" and said he would not approve any rescue funds until it raised its prices.

[How Virus Inflamed U.S. Mail is Preexisting Condition: Quick Take](#)

"The post office, if they raised the price of a package by approximately four times, it would be a whole new ballgame," Trump said during the April 24 signing ceremony for a coronavirus relief package. "But they don't want to raise it because they don't want to insult Amazon."

[John McHugh](#), chairman of the Package Coalition that represents Amazon and other major shippers, said people in rural, remote and under-served areas would be hit harder by higher package rates because it is often the only package carrier that serves those places.

Not a 'Vote-Getter'

"Most of these people are Trump voters," said McHugh, a former Republican congressional representative from northern New York. "Why anyone on the Republican side of the aisle would want to bring the Postal Service close to a financial shutdown six to eight weeks out from the election and thinks that it's a vote-getter is beyond me."

Former Vice President [Joe Biden](#), the presumptive Democratic nominee, is already making it a campaign issue, tweeting this month: "the U.S. Postal Service is an essential pillar of American life. We simply cannot let Donald Trump destroy it."

[Read More: U.S. Postal Service Has Never Been More Important, or Endangered](#)

Postal leaders and their outside allies have made increasingly direct appeals for financial assistance in recent weeks. McHugh's coalition spent more than \$2 million this month on television and radio ads slamming Trump's proposal to raise package rates by 400% as "a massive package tax" that would jack up the price of mailing medicine and household goods.

An ad appeared on "Hannity," "Fox & Friends" and other Fox News programs the president is known to watch.

Yet Republican and Democratic lawmakers remain divided over whether the Postal Service should receive a taxpayer bailout as they fight over the size and scope of the next relief bill. Congress included a \$10 billion loan for the Postal Service in its last rescue package, but the money has been held up as the administration considers attaching strict terms in an attempt to force the agency to make changes sought by the president.

According to congressional officials, the administration wants changes in package pricing, management structure, and labor provisions -- moves that could cut costs, but that critics say would shrink the service's presence and benefit private competitors like [FedEx Corp.](#) and [United Parcel Service Inc.](#)

'They Don't Need' the Loan

Treasury Secretary Steven Mnuchin, on Thursday, said the Postal Service might not need the \$10 billion loan after all because of the increase in deliveries. The Treasury Department is in charge of negotiating the loan on behalf of the agency.

"The good news is, as of now, package deliveries are up over 50%," Mnuchin said during a virtual event hosted by The Hill. "As of now, they don't need to use the loan."

[Earlier: Mnuchin Says Postal Service May Not Need \\$10 Billion Virus Loan](#)

Representative [Carolyn Maloney](#), a New York Democrat who chairs the House Oversight Committee, shot back in a statement: "The Trump administration should stop trying to exploit the coronavirus crisis to essentially force the Postal Service out of business in order to achieve its longstanding dream of privatization."

The House passed a bill last week that would provide \$25 billion to the agency and curb the Treasury's power to impose tough terms on the \$10 billion loan.

Trump earlier this month selected Louis DeJoy, a North Carolina businessman and major Republican donor, as the next postmaster general. The decision raised concerns among Democrats and some stakeholders that the Postal Service could become politicized.

DeJoy's background is in logistics, but he has no experience working for the agency. He has a reputation as a tough businessman and a cost-cutter, according to a person close to the Republican National Committee, who said the Postal Service would likely be run more like a business under his leadership.

"I think people, in general, are worried and wary because of the president's outbursts about the Postal Service and the precarious position it finds itself in," said Art Sackler, manager of the Coalition for a 21st Century Postal Service. "A good deal of people are kind of waiting to see what they are going to get when Mr. DeJoy is handed the keys."

Union Stronghold

Democrats have positioned themselves as defenders of the Postal Service and believe the issue could give them a political edge in portraying Trump as an enemy of the working class. The service's 500,000-person workforce is second in size in the federal government only to the military and is one of the last union strongholds in the country.

“I think the Republicans and Trump are really misreading the public and they’re playing with fire here,” Representative [Gerry Connolly](#), a Virginia Democrat who chairs the House subcommittee overseeing the agency, said in an interview. “You play with that institution at your own peril.”

More than nine in 10 Americans view the Postal Service in a favorable light, according to a [Pew Research Center study](#) released in April, making it the most well-liked public agency in the country. A bipartisan poll commissioned by a union representing postal workers [showed](#) that 78% of voters support direct federal aid, while 22% favor a rate increase.

“President Trump supports our Postal Service and the hardworking men and women who work there and has vowed not to let the organization fail,” Trump campaign spokesman Ken Farnaso said in a statement. “The Postal Service has been taken advantage of for far too long. Corporations have to start paying their fair share instead of receiving below-market rates, which has robbed our taxpayers and hurts our economy.”

Biden’s campaign emailed supporters on May 10, asking them to sign a petition to “send a crystal clear message that we’re standing strong with the Postal Service,” citing Trump’s comments and the appointment of DeJoy as significant threats. Last month, Biden suggested Trump was attempting to bankrupt the Postal Service to cut off vote-by-mail in key states and “undermine” the 2020 election.

Trump has repeatedly stated without evidence that voting by mail is susceptible to widespread fraud, even threatening to [cut off funding](#) to the battleground states of Michigan and Nevada for mailing out absentee ballot applications to residents.

[Long-Term Plan](#)

The Postal Service has suffered from financial problems since well before the pandemic, losing billions of dollars per year going back a decade thanks to the declining popularity of mail and an obligation under a 2006 law to prepay retiree health benefits. Bipartisan bills to overhaul the agency’s finances have failed to gain traction on Capitol Hill.

“The need for a long-term plan is clear: Providing billions of dollars in emergency appropriations will only delay insolvency, not eliminate it,” House Oversight Committee ranking member [Jim Jordan](#) of Ohio wrote to outgoing Postmaster General Megan Brennan last month.

[Earlier: Trump Says ‘Joke’ Postal Service Should Boost Rates for Amazon](#)

Supporters of the service say that raising rates would only hurt it. Package shipments are one of its few remaining sources of profitability, and increasing prices could cause retailers to switch to UPS and FedEx. At the same time, Amazon has already created its own delivery network, shipping an estimated 3.5 billion parcels last year. That means it could skirt the damage from a rate hike while others pay the price.

Mailers said the Postal Service needs immediate assistance, and reforms can be addressed later.

“We certainly believe that there needs to be significant structural reform to allow the Postal Service to be sustainable,” said Rafe Morrissey, vice president of postal affairs at the Greeting Card Association. “But the economic impact has nothing to do with whether their pricing structure is appropriate or really any other issues that are important or significant.”

Latest from USPS...

USPS Friday Meeting

- Due to the Memorial Day Holiday, there will be no Monday meeting of our task force. However, you will see that we are meeting on Wednesday and Friday for next week only and after that on Monday and Friday only. Things are getting slightly better, so we need fewer task force meetings.
- Spot mail volumes were discussed. Overall mail volume is down 26 percent that is an improvement from the previous reporting period. We will see a steady improvement as more localities open up. Single piece first class is down 10.8 percent; Presort First is down 12.8

percent, and Marketing Mail is down 42 percent. Again, these are just spot reports and give you a general tendency of a class of mail; they are not meant to be a trend. Packaging is up 86 percent.

- Sale of postage stamps out of the center in Missouri continues to be strong. What they were selling in a month they are now selling in one week.
- The Board of Governors has released a new mission statement. We will get that to you shortly.

Latest from American Forest and Paper

AF&PA did not have a meeting this week due to the Memorial Day Holiday. They will resume their weekly meeting next Friday.

Latest from the Department of Homeland Security and FEMA

- There is an update to the Essential Industry's list, but it is only a few small changes, none of which affects our industry. They are just fine-tuning the list, and the latest list is on our website. There is also a list of revisions to loan procedures that have been released by the SBA.
- Air bridge shipments are slowing as the disease slows down and will shortly become sea bridge shipments. The federal stockpile of PPE will have to be replenished as all of the hot spots around the globe cool down.
- Our meetings will now focus on the clarification of new laws and tools to help shape businesses moving forward. They have moved to one day per week.

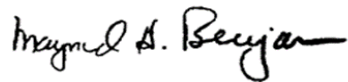
Legislation

The Heroes Act is now in the Senate, and chances are there will be a great deal of reshaping of this legislation before it moves forward. The Senate is torn between acting quickly and pulling together a different approach. We think that many Senator's will react to the numbers on the economy and want to increase the stimulus quickly.

Key Web Links...

- The EMA website at www.envelope.org has many cross-links to other sites and is the go-to page for our industry. We put new information on it every week so you can have access to other organizations that have the information you need.
- OSHA has some great information that all of you can use as you move to a wider opening in your state. You can access www.osha.gov for this information, and there is a cross-link to EMA's website.

Until Next Time,



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