

Who is Stephen Crawford and How Will He Affect the Post Office?

By Clint Burelson

On 6/6/12, President Barack Obama nominated Stephen Crawford to be a member of the Board of Governors for the United States Postal Service for the remainder of the term ending in December 2015. The position was formerly held by Alan C. Kessler, who resigned amid controversy regarding the use of his influence on the Board to assist his business friends. The Senate must confirm the appointment of Crawford, although President Obama has the option of placing his nominee into position when the Senate is in recess. However, those expecting an appointment of a governor who will support the Post Office as a democratic institution, which will honor its mandate of providing affordable service to all its citizens, and good jobs for the country, may well be disappointed.

In late 2008, President-Elect Barack Obama named Stephen Crawford to his transition team for the United States Postal Service and Postal Regulatory Commission. Crawford's job was to review and make recommendations on policy regarding the two postal agencies. Most notably, Crawford, as a, "Special Supplemental Employee" for the USPS, wrote a report for the Postal Service entitled, "Towards a New Business Model for the United Postal Service," dated 10/5/09. Crawford's report provides insight in to how Crawford could potentially affect the Post Office if appointed to the Board of Governors.

Manipulating Postal Workers

In his report, Crawford reveals his business strategy for undermining postal workers as follows,

"As for employees, engage them in discussions of ways to improve operations. Once the level of trust is improved, ask them about work rules and the trade-offs among the values they place on various aspects of their jobs and the compensation for it. If collective bargaining agreements restrict such direct communications with employees, seek changes in them, offering in the process to share the findings with the unions. (I realize that it's easy for me to say that, much harder for management to do.)"

Crawford further explains the challenge for management in obtaining concessions from postal workers while appearing to act in their interests. Crawford states,

"The challenge for management is to continue to work well with its unions on further downsizing its workforce while obtaining reasonable concessions on wages, benefits, and work rules. In the past pressing for concessions has lead to breakdown in negotiations and thus binding arbitration as called for by the relevant laws. USPS management believes that binding arbitration tends to ratify the status quo, as arbitrators seek to balance the demands of the two parties"

Crawford also advises management on how to best respond to arguments for keeping living wage jobs at the Post Office. Crawford uses the large mailer argument in stating,

“Defenders of the status quo may point to the fact that the Postal Service is one of the last places where minority group members and those without a college degree can achieve a middle-class standard of living. The answer to such arguments is that if the public wants to subsidize a traditional postal service and its employees, it’s free to do so through tax-financed appropriations. If not, it needs to free management to press for adjustments the way the Big Three auto firms did with their unions. The argument here should emphasize the tension between providing universal service without subsidies AND paying premium compensation to a large workforce, noting that it’s hard enough for USPS to do either without raising prices faster than inflation, much less both, and that in a time of declining volume per delivery, something has to give.”

Although it goes against the expressed policy of the Post Office, the claim that the Postal Service should not consider the public interest is a common argument of the large mailers. In testimony to the President’s Commission on the Postal Service, magazine publisher Conde Nast (Glamour, Vogue, Golf Digest, more) argued that mailers should not have to pay for, “matters of public interest.” In written testimony, David Orlin, the Senior Vice President, Strategic Sourcing, for Conde Nast in a letter dated 2/10/03, stated,

“The USPS was meant to be self-sustaining with all costs born by its customer base. Its mandate was to break even over time. However, mailers should not be burdened with the cost for social purposes and/or matters of public interest. The Congress should pay for these types of costs if they deem it necessary for America.”

Time Warner (CNN, People magazine, etc.) in their comments to the President’s Commission also recommended eliminating the public interest in terms of postage rates. In their comments, submitted in early 2003, then AOL/Time Warner stated,

“Rates should be deaveraged and unbundled to reflect actual USPS costs of providing service.”

By, “deaveraging” the costs, Time Warner and other corporations want to further bring “market principles” into the Postal Service. Currently, “the greater good,” although greatly diminished, still prevail somewhat. For example, the cost of sending a letter across town helps cover the cost of sending a letter across the country. The costs are averaged out so that the system is affordable for everyone, everywhere. The averaging of the costs, making it affordable for the rural or poor citizen, in effect works to bind the nation together as originally intended when the Post Office was created.

Manipulating the Public

In addition, Crawford recommends that the Post Office offer free PO boxes to citizens as a substitute for delivery to their homes. Crawford suggests that frequency of delivery could be reduced to 3 to 5 times a week. More importantly, similar in nature to attempting to convincing workers to cut their own wages and benefits, Crawford implies that the Postal Service should manipulate the public to give up their accustomed service. Crawford states,

“The point here is to note the possibilities for encouraging public willingness to accept less frequent delivery, whether voluntary or not. That is more likely if they have attractive options.”

Reducing service to the public, as in reducing delivery frequency or consolidation, is another way of putting “market principles” or “business values” into what should be a public service. This strategy of reducing service to the general public is familiar for members of the community who have witnessed the seemingly deliberate short staffing of counter help at the Post Office and the signs directing customers to contract stations.

Corporate mailers want to see the USPS increase service and decrease postage rates to the high volume corporate mailers and decrease service and increase postage rates for the individual and small mailers. This makes it harder for individuals, small businesses, and non-profit organizations to conduct their business and express their views or mail products at affordable rates. Corporations and their allies purchase “experts” like Crawford to provide allegedly independent intellectual rationalizations for their actions.

Starving the Post Office

On the plus side, Crawford does recommend removing postage price caps as the Post Office has little control over costs given the obligation to deliver mail to everyone and rising fuel costs. The passage of the 2006 Postal Accountability and Enhancement Act (PAEA), was a big move that set up the “starvation” of funds we see today. There has been much talk of the PAEA requirement that mandated prefunding of retiree health benefits for employees who have not even been born. However, there has been relatively little discussion of the harmful price caps of PAEA. The PAEA prevents the USPS from raising postage rates faster than inflation. Any other business or organization would raise the cost of their service if costs such as fuel rose too high and the Postal Service did this prior to the passage of the 2006 PAEA.

The obvious and historical solution to the increased costs at the Post Office is to increase the revenue from postage. Of course the large mailers, which are led by the major banks, such as Bank of America, and media giants like Time Warner (CNN, etc.), have communicated to Congress, in advance, that increasing revenue through postage should be off the table.

In addition to the excessive prefunding requirement and the unrealistic price caps, the third main contribution to the financial “starvation” of the Post Office is the massive discounts to the large mailers. Although Crawford does not mention it directly, advertising mail is not paying their fair share due to heavy discounts. According to an article appearing on 10/11/2011 in the Wall Street Journal (a conservative business newspaper),

“First-class mail accounted for 50%, or \$34 billion, of the postal service’s total revenue in the 2010 fiscal year. Advertising mail had higher volumes but brought in \$17.3 billion, or only 26% of total revenue, due to hefty discounts and lower rates.”

Raising the rates on advertising mail, which already receives generous discounts, would be the legal, logical and equitable way of addressing the current lack of revenue. Absent revenue,

Crawford explains the only place to cut is labor, which Crawford, not surprisingly, recommends as part of “sharing the pain.”

An “Alternative Interpretation” of Pricing

Although Crawford’s gives plenty of issues to comment on, here is one last issue that also shows a willingness to undermine democratic principles of current postal policy. Crawford recommends,

Redefine “Uniform Prices”: A related issue is ‘uniform prices’. The current interpretation seems to that uniform means that postal rates must be the same for all letters, regardless of the distance they travel. That is bad business policy because efficient prices reflect real costs...This paper recommends an alternative interpretation, one that defines “uniform” as charging the same rate for the same distance traveled.”

As stated earlier, currently many costs are averaged so that every citizen can engage in communication and transactions with others in a secure and affordable manner. In contrast, Crawford recommends replacing democratic principles with business principles. Clearly, such changes would benefit the large corporations at the expense of small businesses, non-profit organizations, and individuals.

Existing law regarding Postal Policy is below and the reader can see the original democratic values underlying the Post Office, which Crawford and others are attempting to change. As it stands, existing postal policy is currently being ignored specifically in the case of postage rates, the closings of Post Offices, and the treatment of postal workers. The recommendations and actions of any nominee or member of the Board of Governors, Postal Regulatory Commission, officer of the Postal Service, member of Congress, or President of the United States can be compared with current postal policy.

Will President Obama Oversee the Dismantling of the Post Office?

Given Crawford’s time as part of President Obama’s transition team and his explicit Postal Service report, the president knew what he was getting when he nominated Crawford to be a member of the Board of Governors. Crawford’s employment history, experience running for elected office, federal contributions, and a short list of his publications are included below.

In addition to his recent nomination of Crawford, President Obama has also nominated former governors James C. Miller III and Katherine Tobin to return to the Board. Both were shown to be very corporate friendly. President Obama’s nomination of Miller is of obvious concern. Miller has openly called for the privatization of the Postal Service and has played a key role in the dismantling that has occurred so far. All three candidates must still pass the Senate confirmation process.

It should be noted that President Obama is on record as supporting a reduction to 5 day mail delivery, the end of the social security supplement for FERS retirees, and the reduction of compensation to federal workers injured on the job.

Given the current nature of the debate over the Post Office, it is likely that President Obama will be the one to oversee the dismantling of the Post Office, one of the country's greatest democratic institutions, which has historically provided excellent service to customers, living wage jobs for the American people, and fostered democracy and open and secure exchange of information.

What Can be Done?

Rather than dismantle an important democratic infrastructure, reduce service, and eliminate living wage jobs, Congress and President Obama should address the root causes of the financial problems at the Post Office, which is a lack of revenue to cover reasonable costs. The revenue taken in by the Post Office could easily cover costs if one or more of the following actions were taken:

1. A realistic retiree healthcare prefunding requirement to correct the overly aggressive prefunding imposed by Congress in the 2006 PAEA. The current prefunding requirement requires prefunding for 75 years in advance and payable within a 10 year period. The cost to the Post Office is approximately 5.5 billion per year, which is about the yearly postal deficit.
2. The return of retirement fund overpayments. The Post Office has overpaid an estimated \$56 to \$85 billion to Civil Service Retirement Service (CSRS) and \$6.9 billion to Federal Employee Retirement System (FERS).
3. The elimination of postage price caps imposed by Congress in the 2006 PAEA. Postage was capped at the rate of inflation, but there are no caps on the costs such as fuel, which has risen much higher than the cost of inflation.
4. A reduction or elimination of excessive discounts benefiting large mailers. Large mailers pay as little as 8 cents per letter while citizens pay 45 cents to mail a letter. In addition to correcting the revenue problems, raising rates for large corporations would increase democracy. Time Warner and other large corporations have successfully convinced the Postal Regulatory Commission (PRC) to raise rates for postage on smaller periodicals, which has made it more expensive for regular people to express their views. Raising the rates on advertising mailings and lowering the rates for non-profits would increase the voice of the citizen in relation to the owners of corporations.
5. Proper pricing under existing rules. The Board of Governors and Postmaster General have not utilized their pricing powers under the law to secure available revenue. For example, the Postal Regulatory Commission (PRC) recently reported that, "Standard Mail Flats generated revenues \$643 million less than its attributable costs, yet the Postal Service has repeatedly failed to utilize existing pricing options to address this growing Standard Mail intra-class subsidy." In this case, the "Standard Mail" referred to, is advertising mail. A total of \$1.6 billion was lost in 2011 due to similar failure by the Postal Service to price according to existing law.

At the request of large corporations who use the Post Office, Congress and then President George Bush manufactured the financial "crisis" by passing the PAEA in 2006 that starved the

Post Office of revenue with the prefunding requirements and the postage caps. Congress and President Barack Obama could easily undo these damaging policies and restore the revenue. However, the problem is that the large corporations, who provide financial support for government representatives reelection campaigns, are in opposition to raising advertising mailing rates and are actively pushing for consolidations, closures, and service cuts to further increase profits and increase corporate control over the Post Office. As in other issues, Congress tends to side with the large corporations who make generous campaign contributions.

Postage rates should be set to encourage affordable communication and commerce for all Americans. The U.S. Constitution established post offices to serve all of the American public, not just corporate interests. Requiring large corporations to pay their share of postage rates will provide the revenue necessary for the Post Office to meet its costs and will restore the Post Office's historic role as a vital democratic institution for a democratic society.

Clint Burelson

About the Author

Clint Burelson is a postal worker living in Olympia, Washington. He serves as the local president of the Olympia Local of the American Postal Workers Union. He can be reached at clintburelson@comcast.net

Stephen Crawford Information

Employment History

<i>Years</i>	<i>Position</i>	<i>Employer</i>
1964 - 1967	Private/First Lieutenant in Vietnam	U.S. Army
1989 - 1990	Executive Director	Albert Einstein Institution
1991 - ?	Executive Director	Center for International and Security Studies
1997 - 2000	Executive Director	Governors' Workforce Investment Board for the State of Maryland
2000 - 2002	Vice President, Treasurer, and Board Secretary	National Policy Association
2002 - 2007	Director of Social, Economic and Workforce Programs	National Governors Association
2008 - 2009	Deputy Director	Metropolitan Policy Program at the Brookings Institution
2010 - 2011	Vice President for Policy & Research	Corporation for Enterprise Development (CFED)
2012	Research Professor	George Washington Institute of Public Policy at George Washington University

(incomplete)

Running for Elected Office

<i>Year</i>	<i>Office</i>	<i>Election Results</i>
1994	Maryland House District 6	Lost Democratic Primary to Paul Muldowney
1996	Maryland House District 6	Won Democratic Primary, Lost to Republican Roscoe Bartlett
2000	Frederick County Board of Education	Won one of three open seats

(may be incomplete)

Contributions to Candidates

<i>Date</i>	<i>Amount</i>	<i>Candidate</i>	<i>Office</i>
4/5/00	\$250	Donald DeArmon	Maryland House District 6
9/10/08	\$250	Barack Obama	President
10/27/08	\$250	Barack Obama	President
10/21/11	\$250	Barack Obama	President
4/30/12	\$250	Barack Obama	President

(Federal Database only. State contributions not reviewed)

Books, Articles, Reports

Technical Workers in an Advanced Society: The work, careers and politics of French engineers by Stephen Crawford (1989) Book

Confessions of a Candidate: A Sociologist Runs for Congress, July/August 1995 Footnotes (American Sociologist Association)

Engineering Labour: Technical Workers in Comparative Perspective
Peter Meiksins (Author), Chris Smith (Author), Boel Berner (Author), Stephen Crawford (Author), Kees Gispens (Author), Kevin McCormick (Author), Peter Whalley (Author)

Towards a New Business Model for the United States Postal Service by Stephen Crawford, 10/5/09

“Rethinking Higher Education Business Models: Steps Toward a Disruptive Innovation Approach to Understanding and Improving Higher Education Outcomes by Robert Sheets, Stephen Crawford and Louis Soares (3/28/12) and is sponsored by the Center for American Progress and EDUCAUSE. In this article, Crawford and friends use their “disruptive innovation approach” to push privatization or outsourcing as they call it, for higher education. The article states,

“These innovative business models can be expanded even more by further outsourcing curriculum development through partnerships with other universities and colleges, content aggregators, and academic and professional publishers who are moving to provide “curriculum as a service.”

Harnessing the Power of Information Technology: Open Business Models in Higher Education by Robert G. Sheets and Stephen Crawford in Educause Review Mar/April 2012

(incomplete list)

United States Code (USC) – Title 39 – Postal Service - § 101. Postal Policy

- (a) The United States Postal Service shall be operated as a basic and fundamental service provided to the people by the Government of the United States, authorized by the Constitution, created by Act of Congress, and supported by the people. The Postal Service shall have as its basic function the obligation to provide postal services to bind the Nation together through the personal, educational, literary, and business correspondence of the people. It shall provide prompt, reliable, and efficient services to patrons in all areas and shall render postal services to all communities. The costs of establishing and maintaining the Postal Service shall not be apportioned to impair the overall value of such service to the people.
- (b) The Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining. No small post office shall be closed solely for operating at a deficit, it being the specific intent of the Congress that effective postal services be insured to residents of both urban and rural communities.
- (c) As an employer, the Postal Service shall achieve and maintain compensation for its officers and employees comparable to the rates and types of compensation paid in the private sector of the economy of the United States. It shall place particular emphasis upon opportunities for career advancements of all officers and employees and the achievement of worthwhile and satisfying careers in the service of the United States.
- (d) Postal rates shall be established to apportion the costs of all postal operations to all users of the mail on a fair and equitable basis.
- (e) In determining all policies for postal services, the Postal Service shall give the highest consideration to the requirement for the most expeditious collection, transportation, and delivery of important letter mail.
- (f) In selecting modes of transportation, the Postal Service shall give highest consideration to the prompt and economical delivery of all mail. Modern methods of transporting mail by containerization and programs designed to achieve overnight transportation to the destination of important letter mail to all parts of the Nation shall be a primary goal of postal operations.
- (g) In planning and building new postal facilities, the Postal Service shall emphasize the need for facilities and equipment designed to create desirable working conditions for its officers and employees, a maximum degree of convenience for efficient postal services, proper access to existing and future air and surface transportation facilities, and control of costs to the Postal Service.