



Free Press Viewpoint

Post office needs realistic union deals

The U.S. Postal Service, losing business at a rapid clip to e-mail, private delivery services and poor or slow service, and bleeding cash in the recession, now wants to drop Saturday mail delivery to shore up its budget.

The service lost \$3.8 billion last year and claims it can save \$3 billion by ending Saturday delivery effective Oct. 1. Post offices and sorting centers would remain open, and trucks would make regular runs; only door-to-door delivery would end.

Postmaster General Jack Potter has been pushing to cut Saturday since last year, but Congress must approve any change in delivery by the government-controlled service. That may not be likely.

But why is the operation in so much trouble? Hasn't it always delivered the mail six days a week?

The answer to the second question is yes, but now its losses are mounting, and the service has run out of places to borrow to cover its deficit. It needs to cut costs, and soon. Cutting a day out of the delivery schedule, allowing a major reduction in the carrier force, may seem the easiest way to do that.

Experts say the postal budget is 80 percent labor, so any cuts have to come out of people. But postal unions are strong, influential in Washington, and they've negotiated some of the best contracts in the nation.

The average postal worker now reportedly makes \$75,000 a year, with the same pay rates in New York as in Oberlin. Average spending per employee is \$81,000 with generous benefits, reportedly about 30 percent more than private competitors.

It's unlikely that postal pay will be cut, and possibly unfair to current workers. However, the service could seek contracts similar to those in other industries which allow firms to hire new workers at more bearable rates.

The service would have lost \$7 billion last year had not Congress given it some breathing room on pensions. And pensions are a big issue. The service is the only government agency required to pay for its retirement benefits up front. Eliminating that rule would put the service in the black, at least for now. Ending Saturday mail would not.

Congress, faced with a potentially unpopular decision to eliminate a delivery day, might finally act on the pension issue. It has avoided doing anything for years, mostly because the money paid into this fund helps hold down the federal deficit — on paper. That is only an accounting issue, but in Washington, that means everything.

Another threat the service uses is to close more small-town post offices and lay off workers. Neither is popular.

Something has to give. Mr. Potter expects first-class mail to decline another 37 percent as more bills, letters, payments and documents shift to the Internet. Competitors are closing in on parcel business. The system could run out of cash.

Our view is that management and the unions need to get together, as in other industries, and rewrite their contracts. Congress should change the rules on pensions, because the mail is vital to our economy and our communities.

And we should keep Saturday delivery to maintain mail volume without scaring off even more business. Mailer groups, from newspapers to direct mail and catalog, agree. They say the savings aren't enough, and the damage potential is great.

The Postal Service just cannot save itself by cutting. It must be free to compete, and that includes better union contracts and an end to unreasonable pension payments, not the end of Saturday mail.

— Steve Haynes

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Squeak helps welcome spring

I picked up a new friend the other day. He's sort of short and has a bad case of bumpy skin; but he's a really nice guy. I call him Squeak. He's my first toad of spring.

Steve and I were out for a midnight walk last week. Sometimes that's the only time we can find to take the dog out and get both her and us some exercise.

It had rained, and as we passed under a streetlight, I noticed the grass beside the road moving. Since there was no wind, I bent over to take a look and there he was, hopping up on the curb.

I was wearing a light windbreaker, so I toad-napped him and tucked him in my pocket.

As we continued our walk, the toad, which was about the size of my fist, worked his way to the top of my pocket and squeaked at me.

He did this several times during the walk.

Each time I would gently push him back down into the pocket and he would squeak.

I've never heard a toad squeak before.

By the time we got home, Squeak had start-



Cynthia Haynes

• Open Season

ed to croak his mating call like a regular toad. My guess is he has just emerged from hibernation and hadn't found his voice yet.

When we got to our yard, Steve put the dog away and I tenderly put Squeak down in a flower bed that has plenty of foliage. I'm hoping he will transfer himself to the garden, but right now that's a pretty bare space for a toad, since it's been tilled but mostly not replanted.

While Squeak was the first toad I've seen this spring, I know the frogs are out in force.

When we get a chance to walk in the park, we can hear them singing. It's the song of spring as far as I'm concerned.

But silence comes as soon as the dog goes

down to the water for a drink and a dip — something she likes to do simultaneously.

You'd think a frog could tell the difference between a dog and a great blue heron, but I'm not complaining. A cautious frog is a safe frog, and a safe frog lives to sing another day. We hear their chorus start up as we leave the area.

Now I don't have to go to the park to hear the song of spring, though. Squeak serenades me.

On those nights when it is warm enough to have the window open, I can hear him calling other toads to come join him in the flower bed behind the yellow house. I sure hope that his friends hear and come calling.

Bird calls are all right in the morning, but at night, you can't beat the call of a herd of toads to signal that spring has come.

Cynthia Haynes, co-owner and chief financial officer of Nor'West Newspapers, writes this column weekly. Her pets include cats, toads and a praying mantis. Contact her at c.haynes@nwkansas.com

Local banks help our communities

With so much negative commentary about the banking industry, it's easy to miss the fact that over 325 traditional, federally-insured banks and their more than 14,000 employees are serving towns and cities across Kansas, all committed to helping their communities thrive.

Lending typically declines in recessions. Yes, there are individuals and businesses that have not been able to obtain a loan this year. That may be because their cash flow or collateral positions have changed. Or because bank examiners are looking more closely at every loan — especially ones involving real estate — which is what happens in every economic downturn.

Bankers are accustomed to close scrutiny. They expect examiners to analyze their operations based on standard banking principles, the most basic of which boils down to one question: "If I lend you this money, will you pay it back?"

Traditional bankers get paid when people repay their loans. But there was a different standard in play in the run-up to the housing collapse and subsequent economic meltdown. The vast majority of "subprime, no-doc" loans were made by companies outside of the traditional banking industry. These loans were originated by people with no stake in the transaction who were compensated on the basis of the number of deals done, not whether they would be repaid.

The Kansas Bankers Association and the country's state bankers associations believe

Other Opinions

• Chuck Stones Kansas Bankers

Congress should enact regulatory reforms, including the elimination of "too big to fail," determining a process for resolving institutions that pose the greatest risk to the economic system, and strengthening cross-agency oversight of financial institutions and markets so signs of risk can be identified and addressed at the earliest possible point. But it must be reform that is effective and does not impose crushing new and overreaching regulations at a time when traditional banks are helping their communities deal with a still-fragile economy.

The proposal for a new Consumer Financial Protection Agency — one more huge, expensive government operation — looms as the worst of both worlds, harming traditional banks while exempting from oversight many of the firms that were responsible for the toxic loans and need to be reined in. If reform punishes the good lenders — the ones at the heart of the nation's economic recovery — and lets the bad ones go untouched, our communities will pay the price.

In addition, the agency would actually hurt consumers. A study by David Evans and Josh-

ua Wright (Evans is a lecturer at University of Chicago Law School, executive director of the Jevons Institute for Competition Law and Economics, and visiting professor at University College London, and managing director, LECG. Wright is an assistant professor at the George Mason University Law School and Department of Economics) showed that:

"Under plausible yet conservative assumptions the agency would:

- Increase the interest rates consumers pay by at least 160 basis points.
- Reduce consumer borrowing by at least 2.1 percent.
- Reduce the net new jobs created in the economy by 4.3 percent."

The focus on the small number of bad actors has caused many to lose sight of the good that the banking industry, its 8,300 banks and millions of employees across the country are doing every day. We worry that the leadership many of these banks provide in towns and cities across the country through loans, volunteer service and investments is in jeopardy if financial reform is not done right.

We also worry what will happen to bank customers if the federal government decides to help them balance their checkbook. That's the kind of "consumer protection" that this country can't afford.

Chuck Stones of Topeka is president of the Kansas Bankers Association and a member of the Alliance of State Bankers Associations.

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