




Obama Goes Postal, Lands in Dead-Letter Office: Caroline Baum

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Commentary by Caroline Baum



Aug. 18 (Bloomberg) -- "UPS and FedEx are doing just fine. It's the Post Office that's always having problems." -- **Barack Obama**, Aug. 11, 2009

No institution has been the butt of more government-inefficiency jokes than the U.S. Postal Service. Maybe the Department of Motor Vehicles.

The only way the post office can stay in business is its government subsidy. The USPS lost \$2.4 billion in the quarter ended in June and projects a net loss of \$7 billion in fiscal 2009, outstanding debt of more than \$10 billion and a cash shortfall of \$1 billion. It was moved to intensive care -- the Government Accountability Office's list of "high risk" cases -- last month and told to shape up. (It must be the only entity that hasn't cashed in on TARP!)

That didn't stop President Barack Obama from holding up the post office as an example at a town hall meeting in Portsmouth, New Hampshire, last week.

When Obama compared the post office to UPS and FedEx, he was clearly hoping to assuage voter concerns about a public health-care option undercutting and eliminating private insurance.

What he did instead was conjure up visions of long lines and interminable waits. Why do we need or want a health-care system that works like the post office?

What's more, if the **USPS** is struggling to compete with private companies, as Obama implied, why introduce a government health-care option that would operate at the same disadvantage?

Obama Unscripted

These are just two of the questions someone listening to the president's health-insurance reform roadshow might want to ask.

Impromptu Obamanomics is getting scarier by the day. For all the president's touted intelligence, his un-teleprompted comments reveal a basic misunderstanding of capitalist principles.

For example, asked at the Portsmouth town hall how private insurance companies can compete with the government, the president **said** the following:

"If the private insurance companies are providing a good bargain, and if the public option has to be self-sustaining -- meaning taxpayers aren't subsidizing it, but it has to run on charging premiums and providing good services and a good network of doctors, just like any other private insurer would do -- then I think private insurers should be able to compete."

Self-sustaining? The public option? What has Obama been doing during those daily 40-minute

economic briefings coordinated by uber-economic-adviser, **Larry Summers?**

Capitalism Explained

Government programs aren't self-sustaining by definition. They're subsidized by the taxpayer. If they were self-financed, we'd be off the hook.

Llewellyn Rockwell Jr., chairman of the Ludwig von Mises Institute in Auburn, Alabama, and editor of LewRockwell.com, put it this way in an Aug. 13 commentary on **Mises.org**:

"The only reason for a government service is precisely to provide financial support for an operation that is otherwise unsustainable, or else there would be no point in the government's involvement at all."

Rockwell sees no "economic reason for a government postal system" and would abolish it.

Of course, there's the small matter of the U.S. Constitution. **Article 1, Section 8**, grants Congress the power "to establish Post Offices and Post Roads." A series of subsequent statutes gave the USPS a **monopoly** in the delivery of first-class mail. Congress thought that without such protection, private carriers would cherry-pick the high-profit routes and leave money-losing deliveries in remote areas to the post office. (In those days, the USPS covered most of its expenses with revenue.)

Less Bad Option

It was only through exemptions in the law that private carriers, such as **UPS** and FedEx, were allowed to compete in the delivery of overnight mail.

Short of a constitutional amendment or a waiver from Congress, we are stuck with the USPS.

But back to our storyline. Everyone makes a mistake or flubs a line when asked questions on the spot, including the president of the United States. We can overlook run-on sentences, subject and verb tense disagreement, even a memory lapse when it comes to facts and figures.

The proliferation of Obama's gaffes and non sequiturs on health care has exceeded the allowable limit. He has failed repeatedly to explain how the government will provide more (health care) for less (money). He has failed to explain why increased demand for medical services without a concomitant increase in supply won't lead to rationing by government bureaucrats as opposed to the market. And he has failed to explain why a Medicare-like model is desirable when Medicare itself is going broke.

The public is left with one of two unsettling conclusions: Either the president doesn't understand the health-insurance reform **plans** working their way through Congress, or he understands both the plans and the implications and is being untruthful about the impact.

Neither option is good; ignorance is clearly preferable to the alternative.

(**Caroline Baum**, author of "Just What I Said," is a Bloomberg News columnist. The opinions expressed are her own.)

To contact the writer of this column: Caroline Baum in New York at cabaum@bloomberg.net.

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