

What is the USO? How has it traditionally been interpreted?

There seems to be a demand for it and proponents of “no monopoly protection” for USPS all want the USO.

Privatization is often criticized on the grounds that it would destroy the USO

POs argue competition will destroy the USO

Do we need the USO?

Do we want a very different PO?

- Uniformity on price
- Ubiquity
- Some uniformity on quality

Some go as far as to argue that it confers advantages on USO provider.

POs generally argue that it cannot continue without some form of protection.

Adverse selection problem.

Can it be retained and satisfy the three conditions without some form of explicit tax/subsidy or reserved area?

Experience in Sweden and NZ.

What effect does privatization have on the USO?

Is the USO worth retaining?

Proposal to confine USO confined to single piece

\$billions

Percentages

USPS Revenue

\$66.5

Single piece first class

\$21.5

Workshared

\$13.7

%Household to Household

7.3%

%Household to non-household

14.5%

% Non-household to Household

50.3%

% Non-household to Non-household

25.3