

WHY THE POSTAL SERVICE IS LOSING MONEY

The NY Times recently reported that the US Postal Service lost \$2 billion this past quarter. The article blamed the loss on the congressional requirement that the Postal Service pay \$5 billion into a future retiree health care fund. Though it made money from package delivery contracts with FedEx and UPS, first class mail volume was down.

Of course first class mail volume is down. Blame e-mail. Why bother taking out pen and paper and writing a letter which requires finding and addressing an envelope, pasting a stamp on the envelope and bringing it to the mail box, when you can sit at your computer, type your letter and the e-mail address, hit send, and whoosh, your letter will be received in minutes. My guess is that greeting card sales, along with the stamps to send them, are down as well, for the same reason.

Now for the real reason why the postal service is losing money:

When I was a kid, I was introduced to stamp collecting. It was a wonderful way to learn geography, and many stamps were works of art. I began filling up my stamp album with stamps from all over the world. However, by the time I was 11 or 12, I started to specialize in American stamps. First, cancelled stamps, but then a collector, Mr. Sunshine, who lived in my apartment house, revealed to me two secrets about how to make a lot of money collecting American stamps: buy first day covers, and plate blocks.

First day covers were cancelled by the US Postal Service on the first day of issue, and in the city where the new commemorative stamp was issued. Collectors purchased a specially printed envelope for that stamp, self-addressed it, and mailed it to the post office issuing the new stamp. It was then canceled and mailed back to you. I must have done this for at least 10-15 years, and I put away my first day covers in a special place, since they were going to be very valuable. The Postal Service made money by selling first day cover envelopes, the stamps collectors put on the envelopes in which the first day cover envelopes were enclosed, and the first day of issue stamps. Once I stopped saving first day covers, I suspected the post office would start losing money.

Plate blocks were an even better investment. Whenever a new commemorative was issued, I would go to my neighborhood post office and buy a sheet. (I should point out that we collectors called unused stamps “mint stamps.”) For years, a first class stamp cost three cents, and with 50 stamps on a sheet, that would be \$1.50. I had to buy the whole sheet. On one corner of the sheet—lower left, lower right, upper left, or upper right—there would be a number imprinted. I would remove the four stamps with the number, and place it in a special “US Standard Pocket Stamp File” which I purchased at a hobby store specializing in stamps. Gimbels Department Store had a very good department for stamp collectors, and I bought many pocket stamp files there. Collectors had to be very careful. Your hands had to be dry. You had to make sure you did not tear the stamps, or store them near heat, humidity or dampness. You were advised to keep your stamps in the driest, coolest part of your home.

I collected hundreds and hundreds of plate blocks, as the price of a block of four stamps went from 12 cents, to 24 cents, 32 cents, 60 cents, 72 cents, 88 cents, \$1.16. The last batch of plate blocks that I collected were 32 cent stamps which cost me \$1.28, when I retired in 1997. I put my plate blocks and first day covers in a safe deposit box. I had to protect my investment. They were worth a lot of money. These days, the price of a first class stamp is 49 cents, but you can't tell that from the stamp, because they all say "Forever." Go figure.

When the time came for me to collect my fortune, I looked around for a buyer: Other collectors, dealers, auction houses, E-bay. I learned that, like the sale of most commodities, it is governed by the law of supply and demand. With regard to plate blocks, there was too much supply, and no demand. There were tens of thousands of people like myself who had the same idea, and no one interested in buying first day covers or plate blocks these days.

There were a few dealers willing to do me a favor, and take the stamps off my hands for 90 cents on the dollar. Seems Mr. Sunshine steered me wrong. If I had taken the money that I invested in plate blocks and put it in a savings bank, it would have doubled or tripled through the magic of compound interest. If I had put that money in a piggy bank, I would have at least have gotten back 100 cents on the dollar.

So what have I decided to do? To put the stamps where they belong—on envelopes and packages. And that is causing the US Postal Service trouble. For the last several years, I have not bought a single postage stamp, and I used to be a very good customer. I knew all the postal clerks at the Brookline Village post office. These days, I cover letters and packages that with lots of old commemoratives. I still know the clerks, and they are fascinated. They had never seen such stamps. My son David has expressed regret that I am parting with a piece of history, but what is the alternative?

It takes time licking them; today's stamps are self-adhering. And totaling them, since most of my stamps are low denomination. When I bring in letters and packages to the post office, the clerk frequently calls over other clerks to admire a particularly unusual stamp. They lovingly hand cancel my stamps, and have long ago stopped asking if I wanted to buy stamps. True, it is challenging getting enough stamps to total 49 cents, and they pretty much covers the entire envelope. It will take me years before I use up all my stamps. But for now, I will continue mailing letters and packages without buying stamps, and that is why the US Postal Service is losing money.

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