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Time to deal with the Post Office [1]

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I have had enough.

I recently sent a package to a friend of mine. I paid for first-class postage, even though I could have walked it to its destination in thirty minutes. It finally turned up two weeks later. Then, for the fourth or fifth week in a row, my *Economist* failed to arrive on time. It used to arrive on Friday mornings, but now I'm lucky if it turns up before the next issue comes out. These are not isolated incidents. They will be familiar to anyone who uses the UK?s postal system at the moment.

In any other industry, one would switch providers after receiving such shoddy service. An organisation that could not provide a basic quality of service to its paying customers would have to change or face going bust. That is the way a free economy is meant to work.

The trouble is, the Post Office does not really operate in a free economy. Its protected position means it does not face real competition, and unhappy customers do not have a realistic exit option. It is high time this changed. The Post Office is not a natural monopoly whose market is difficult to contest. It should be privatized and its market should be fully liberalized as soon as reasonably possible. Perhaps then there would be some chance our mail arriving on time.

The only thing standing in the way of doing this is the *universal service obligation*, which compels the Post Office to undertake unprofitable activities (delivering in sparsely populated areas for instance, at the standard price to the customer). People often raise this issue, saying that liberalization could not work since new competitors would take all the profitable areas, leaving the Post Office an irredeemably loss-making enterprise. But there are plenty of sensible ways around this problem, as Ian Senior showed in his ASI report *Consigned to Oblivion* [3] (2002), and it must not be allowed prevent what is plainly a valid reform.

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