



## Kodak and the Post Office

The skills required to use the cameras and chemicals required by the photography of the mid-19th century were far beyond those of most people — until a man named George Eastman created a company called Kodak, which made cameras that ordinary people could use.

It was Kodak's humble and affordable box Brownie that put photography on the map for millions of people, who just wanted to take simple pictures of family, friends, and places they visited.

As the complicated photographic plates used by 19th century photographers gave way to film, Kodak became the leading film maker of the 20th century. But sales of film declined for the first time in 2000, and sales of digital cameras surpassed the sales of film cameras just three years later. Just as Kodak's technology made older modes of photography obsolete more than a hundred years ago, so the new technology of the digital age has left Kodak behind.

Great names of companies in other fields have likewise vanished as new technology brought new rivals to the forefront, or else made the whole product obsolete, as happened with typewriters, slide rules and other products now remembered only by an older generation. That is what happens in a market economy and we all benefit from it as consumers.

Unfortunately, that is not what happens in government. The post office is a classic example. Post offices were once even more important than Eastman Kodak, and for a longer time, as the mail provided vital communications linking people and organizations across thousands of miles. But, today, technology has moved even further beyond the post office than it has beyond Eastman Kodak.

The difference is that, although the Postal Service is technically a private business, its income doesn't cover all its costs — and taxpayers are on the hook for the difference.

Moreover, the government makes it illegal for anyone else to put anything into your mail box, even though you bought the mail box and it is your property. That means you don't have the option to have some other private company deliver your mail.

In India, when private companies like Federal Express and United Parcel Service were allowed to deliver mail, the amount of mail delivered by that country's post offices was cut in half between 2000 and 2005.

What should be the fate of the Postal Service in the United States? In a sense, no one really knows. Nor





Written by [Thomas Sowell](#) on January 10, 2012

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is there any reason why they should.

The real answer to the question whether the Postal Service is worth what it is costing can be found only when various indirect government subsidies stop and when the government stops forbidding others from carrying the mail — if that ever happens.

If FedEx, UPS, or someone else can carry the mail better or more cheaply than the Postal Service, there is no reason why the public should not get the benefit of having their mail delivered better and more cheaply.

Politics is the reason why no such test is likely any time soon. Various special interests currently benefit from the way the post office is run — and especially by the way government backing keeps it afloat.

Junk mail, for example, does not have to cover all its costs. You might be happy to get less junk mail if it had to pay a postage rate that covered the full cost of delivering it. But people who send junk mail would lobby Congress to stay on the gravy train.

So would people who live in remote areas, where the cost of delivering all mail is higher. But if people who decide to live in remote areas don't pay the costs that their decision imposes on the Postal Service, electric utilities and others, why should other people be forced to pay those costs?

A society in which some people make decisions, and other people are forced to pay the costs created by those decisions, is a society where a lot of decisions can be made despite their costs being greater than their benefits.

That is why the post office should have to face competition in the market, instead of lobbying politicians for government help. We cannot preserve everything that was once useful.

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