An editorial from the National Newspaper Association

The newspaper business—both small and large papers—has sounded full-throated opposition this past month about a plan by the U.S. Postal Service to purposely entice advertising out of the newspaper so ads can be placed instead with USPS favored stakeholder Valassis Inc., which bought direct mail company ADVO in 2006.

The goal of USPS is to create more advertising mail. To newspapers that count on advertising to pay its reporters and cover the news, this new venture is beyond alarming.

Many think it will push some newspapers—already made fragile by the economy and the Internet—over the edge. If that happens, it is the communities across our country that will feel the most long-term harm.

People have a love-hate relationship with advertising, whether in the newspaper or in the mail. When advertising helps them find deals or shop smartly, they love it. When it doesn't happen to scratch the shopping itch, they may not like it so much.

But most people understand advertising drives the economy and it brings other intangible benefits, like paying the bill for news coverage that keeps communities informed.

On every level, advertising is highly competitive. Local, regional and nationally, newspapers compete with a growing field of ad media, from Internet to television and door hangers to direct mailers.

But now the Postal Service wants to pick winners and losers in this market. It is providing postage rebates to Valassis of more than 30 percent if Valassis can divert more ad inserts into direct mail from newspapers.

Not everyone can play. The discounts can be offered by Valassis only to large national retailers. Newspapers cannot get the same discount for their own mail because they can't sign one national postage contract, as the direct mail company did, with USPS. Neither can a small clothing or bookstore or a hairdresser or auto parts shop.

We—the newspaper and our small businesses—are all local. This deal is only for the big guys.

For the little guys, USPS has another advertising plan that enables businesses to bring unaddressed advertising directly to the post office.

What's wrong with this picture? It is that USPS isn't a business. It is owned by Uncle Sam. It exists to serve all. It shouldn't be picking winners and losers in any marketplace. It shouldn't be competing with and undercutting its stakeholders, which are all of us. It should deliver the mail that exists, promptly and affordably.

One of USPS's big goals is to carry even more advertising, as the Internet saps away letters and bills.

But we have to ask ourselves: does America need a federally-owned advertising service? This newspaper says no.

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