

day. But the board has also asked for a rise in property taxes to help fill the gap, which Mr Emanuel supports. The mayor says the structural reforms made to the schools budget justify the tax increase. The city's own finances could be sorted out using similar logic, though any tax increases would probably be put off until 2013.

Once Mr Emanuel has dealt with those pesky issues, he can then move on to the city's underfunded pension schemes, which could start going broke as early as 2019. Any solution to that problem will involve increased taxes, cuts to benefits, or both. That is likely to please no one, least of all the city council, which may tire of doling out pain. The mayor will want to save some of his energy. ■

The Post Office

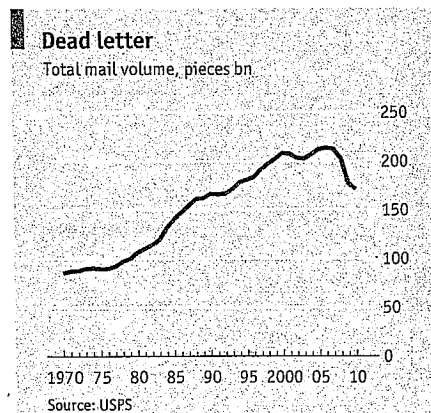
Neither snow nor rain

LOS ANGELES

Nor heat nor gloom of night stays these couriers. But the internet will

THE US Postal Service has an unofficial creed (above) that harks back to Herodotus, who was admiring the Persian empire's stalwart messengers. Its own history is impressive too, dating to a royal licence by William and Mary in 1692, and including Benjamin Franklin as a notable postmaster, both for the crown (which dismissed him in 1774 for his revolutionary leanings) and then for the newly independent country. Ever since, the post has existed "to bind the Nation together".

But as ever more Americans go online instead of sending paper, the volume of mail has been plummeting (see chart). The decline is steeper than even pessimists expected a decade ago, says Patrick Donahoe, the current postmaster-general. Worse, because the post must deliver to every address in the country—about 150m, with some 1.4m additions every year—costs are simultaneously going up. As a result, the



Health reform under attack

Doubtful prognosis

NEW YORK

Uncertainty continues to plague health reform

MINUTES after Barack Obama signed his health bill into law, 13 states filed a lawsuit aiming to overturn it. Others soon clamoured to join in. When Georgia's attorney-general was reluctant, local Republicans demanded that he should be impeached. In the end 26 states challenged the law. On August 12th they were vindicated, at least for now.

A federal appeals court in Atlanta ruled that the law's requirement that everyone must buy insurance is unconstitutional. In the battle to overturn health reform, this has been the Republicans' biggest victory yet. Still, the health law remains in force. The ruling was really a reminder of just how long it will be before the law's fate is settled.

Since Democrats passed the reforms in March 2010, they have faced a multi-fronted attack. Some threats have been serious, others less so. Many states have been slow to create health exchanges, where people will buy their insurance. Some governors have refused money from Washington. Least important are the votes by Republican congressmen. They have passed big measures, such as Repealing the Job-Killing Health Care Law Act, and small ones, such as barring money for preventive health care. None of these is designed to pass the Democrat-controlled Senate. All are designed

for next year's campaign flyers.

The real fight, any Republican would admit, has been in the courts. The many suits filed share a central argument: the individual "mandate" is an unconstitutional expansion of Congress's power to regulate interstate commerce. By failing to buy insurance, an individual is merely inactive. Regulate inactivity, the suits claim, and there will be no limit to congressional meddling. Perhaps people will be made to buy gym memberships.

The court in Atlanta agreed. "This economic mandate represents a wholly novel and potentially unbounded assertion of congressional authority," the judges wrote in a two-to-one decision. The ruling allowed the rest of the health law to stand, overturning the decision of a lower court which wanted to throw the whole thing out. But the individual mandate is one of the reform's main tenets. After the decision, Republicans triumphantly heralded its imminent doom.

They may wait for some time. The decision was the most notable to date, thanks to the suit's long list of plaintiffs. But in June an appeals court in Ohio ruled in favour of the mandate. Decisions are pending in two other appeals courts, in Virginia and in Washington, D.C. The battle seems sure to move to the Supreme Court, but it is unclear when.

post has lost \$20 billion in the last four years and expects to lose another \$8 billion this fiscal year.

And although the recession made everything worse, the internet is the main culprit. As Christmas cards have gone online (and "green"), so have bills. In 2000, 5% of Americans paid utilities online. Last year 55% did, and eventually everybody will, says Mr Donahoe. Photos now go on Facebook, magazines come on iPads. Already, at least for Americans under a certain age, the post delivers only bad news or nuisances, from jury summonses to junk mail. Pleasant deliveries probably arrive by a parcel service such as UPS or FedEx.

Quasi-independent since 1970, the post gets no public money. And yet it is obliged (as FedEx and UPS are not) to visit every mailbox, no matter how remote, six days a week. This has driven the average cost of each piece of mail up from 34 cents in 2006 to 41 cents. Yet the post is not allowed to raise prices (of stamps and such) willy-nilly; a 2006 law set formulas for that. So in effect, the post cannot control either its costs or its revenues.

Nor can it buy companies as freely as postal services in Europe, Canada or Asia have been doing for the past decade. Many European countries, as well as New Zealand and Japan, have already privatised or liberalised their postal services. Combined, foreign posts now get most of their revenue from new businesses such as retailing or banking for consumers, or warehousing and logistics for companies.

So America's post is looking for other solutions. It is planning to close post offices; up to 3,653, out of about 32,000. This month it announced plans to lay off another 120,000 workers by 2015, having already bidden adieu to some 100,000 over the past four years (for a total of about 560,000 now). It also wants to fiddle with its workers' pensions and health care.

Ultimately, says Mr Donahoe, the post will have to stop delivering mail on Saturdays. Then perhaps on other days too. The post has survived new technologies before, he points out. "In 1910, we owned the most horses, by 1920 we owned the most vehicles." But the internet just might send it the way of the pony express. ■