Good morning. We are here to announce that President Bush is establishing a Commission on the U.S. Postal Service. At the request of the President, Jim Johnson and Harry Pearce will serve as Co-Chairs of the Commission. I will introduce Mr. Johnson in a minute, Mr. Pearce tried to be here this morning but because of the weather was unable to fly in. Postmaster General Jack Potter and Postal Service Board Chairman Bob Rider are also here with us and will each say a few words after my remarks.

The U.S. Postal Service is the linchpin of our domestic mailing industry. This industry as a whole represents 8 percent of our Gross Domestic Product and nine million workers. As business communications, bills and payments move increasingly to the Internet, the business model of the Postal Service is increasingly at risk. For the last four years, the annual volume of individual first-class letters declined from 54.3 billion to 49.3 billion, even as the cost structure of the Postal Service has been expanding as more than a million and half new delivery addresses are added each year. New technology, declining volume, and continued expansion of the delivery cost base, combined with competition from the private sector, pose a fundamental challenge to the Postal Service.

President Bush recognizes that now is the time to re-assess how the Postal Service should adapt to pressure from customers, competitors and technology, and best fulfill its mission in the 21st century. The Commission will be an invaluable tool to develop strategies to meet the operational challenges that the Postal Service faces and to chart a course that will build a healthy financial foundation. It will help us learn how the Postal Service can execute its mission more efficiently
and cost-effectively. The Postal Service needs to press on with its own Transformation Plan; nothing should hold back these efforts. The Commission will consider the potential need for further steps that should be taken to secure the future of our entire system of mail delivery. Inaction is unacceptable - for taxpayers, for mailers, and for current and former Postal Service workers.

The way I think of this, there are just two things that are out of bounds. We don’t want to Commission to come back and suggest that the existing business model should be left in place and the costs all rolled up on the taxpayer. We also don’t want them to come back and say that all of the existing costs should be rolled up on the rate payer. Everything else is on the table and we hope they come back with their best ideas.

You know there are billions of dollars of postal operations that today are outsourced - from planes and transportation to rural delivery routes. That said, our goal is not to privatize the postal service. We do want the Commission to give us the best ideas they can to make our mail delivery system viable in the 21st century. This is about ensuring the long-term viability of the postal service, for mailers and for taxpayers. Nothing more and nothing less.

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