

Prepared Statement of James C. Miller III
Committee on Homeland Security and Governmental Affairs
United States Senate
June 21, 2012

Mister Chairman, Madam Ranking Member, and Members of the Committee: thank you for holding this hearing and inviting me to appear. I want to thank President Obama for nominating me for this post, Leader McConnell for recommending me, and others who have supported me over the years.

I know your time is quite valuable, so my statement will be short. I have provided the Committee with answers to two comprehensive questionnaires and have undergone interviews with staff. But if there is additional information you desire, please do not hesitate to ask.

I am particularly honored to appear today with Governor Katherine Tobin. I served on the Board of Governors with Dr. Tobin for several years, and I found her a person of great integrity, an independent and innovative thinker, and a person of remarkable talent and industry. She commanded the respect not only of her fellow Governors but of USPS employees as well. Accordingly, I urge you to confirm her as soon as possible.

The U.S. Postal Service faces a crisis unlike no other in its history. It has weathered great storms in the past, such as during the Great Depression. But this storm is different. There is no recovery in sight. Restoration of our economy will not resurrect the U.S. Postal Service. The old business model, where profits on monopoly letter mail are used to cross-subsidize other, losing, classes of mail and an inefficiently large network simply doesn't work anymore. The reason is that the profits on monopoly mail have all but disappeared. The reason is partly the economy, but mostly it is the steady erosion of first-class mail to electronic communications. There is every reason to believe this erosion will continue.

To survive, the U.S. Postal Service must be given freedom to restructure itself and become a truly competitive business enterprise. This means freedom to move quickly to take advantage of changing customer demands, freedom to adjust to changing cost levels and structure, and, most especially, freedom to rationalize its logistical system and deal with its current employment situation.

I won't go into that in any detail here, as I have responded to the questionnaires and have addressed those and other matters in materials I have provided the Committee. In particular, I want to draw your attention to an invited lecture I gave in November 2010 at a session of the Southern Economic Association in honor of the late Professor Roger Sherman. I have appended a copy of that paper to this statement and ask that it be included in the record.

Mister Chairman, Madam Ranking Member, and Members of the Committee: that concludes my opening statement. I shall be happy to address any questions you might have.