

8th Conference on Postal and Delivery Economics:
**THE FUTURE DIRECTIONS OF POSTAL
REFORM**

**June 7–10, 2000
Vancouver, Canada**



Presented by

CENTER FOR RESEARCH IN REGULATED INDUSTRIES

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8TH CONFERENCE ON POSTAL AND DELIVERY ECONOMICS

Wednesday, June 7, 2000

Crystal Ballroom

- 5:00 - 6:00 Registration
- 6:00 **Reception**
- 7:00 **Welcome and Introduction to Conference: Michael A. Crew and Paul R. Kleindorfer**
Dinner & Speech: John M. Nolan
Deputy Postmaster General, United States Postal Service
- 9:00 After Dinner Drinks

Thursday, June 8, 2000

meetings in *Conference*
Centre

- 7:00 Breakfast *Crystal Ballroom*
- 9:00 - 10:40 **Concurrent Sessions** *P4* *P5*
- REGULATION AND LIBERALIZATION I** **STRATEGY**
- Chair: Wayne Schley Chair: Oluf Raldorf
Discussants: Daniel Krahenbuhl, Cathy Rogerson, Discussants: Mary Bundy and José M. Marcos
and James Sauber
- Michael Wachter, Barry T. Hirsch and James W. Gillula:** **Susan Deagle, Peter MacKechnie and Sonya Sbar:**
Difficulties of Regulation When Wage Costs are the Building Doors—Creating Value Through Strategic
Major Cost Alliances
- Robert Campbell:** Regulatory and Governance Changes **Derek Osborn, Robert Diasek, and Marina Zubic:**
in Liberalized, Commercial Postal Environments: A Strategic Transformation of a Postal Business
Comparative Assessment Österreichische Post AG—A Case Study
- Jens Kirchner:** Shaping the General Regulatory **David Rawnsley and Keith Hay:** Using the Post Office as
Conditions Against the Backdrop of the Globalization a Tool for Social and Economic Development
of Postal Markets
- 10:40 - 11:00 Coffee Break
- 11:00 - 12:40 **Concurrent Sessions** *P4* *P5*
- REGULATION AND LIBERALIZATION II** **FUTURE TECHNOLOGIES**
- Chair: Edward Gleiman Chair: Ed Horgan
Discussants: Christian Schunk and Roger Sherman Discussants: Mary Kay Perkins, Leon Pintsov,
and Leah Spalding
- Bernard Roy, David Storer and Joelle Toledano:** **Camille Bradford and Jack Mayer:** Lifetime
Economic Costs in Postal Sector—From Theory to Addresses—A New Postal Paradigm for the 21st
Practice Century
- Ian Reay, Richard Robinson, Frank Rodriguez, and Paul**
Liddiard: Estimation of the Potential Impact of Cross **Stephen Poe:** The Future of Mail—Traditional Mail vs.
Border Liberalization E-mail Models
- Larry Darby and Joseph Fuhr:** Evaluating Postal **Kari Elkeli:** Multi-Letter Combines Physical and
Service Market Extension Electronic Letter Receiving
- 12:40 - 2:00 Lunch *Cloud Nine*

2:00 - 3:00	Concurrent Sessions	P4	P5
	COSTS I		COMPETITION LAW I
	Chair: Lars Vesterlund		Chair: David Spence
	Discussants: João Confraria and Jose Soarés		Discussants: Jeremy Cotton, Monica Plum, and Gerard Power
	Catherine Cazals: An Analysis of Some Specific Cost Drivers in the Delivery Activity		Anna Lundgren and Sten Selander: Uniform Tariffs and Prices Geared to Cost?
	Takako Sano, Tatsuo Oyama and Hiroyuki Tamura: Mathematical Model Analyses on the Optimal Location-Allocation of Post Office Facilities and Employees		Pekka Leskinen: The Role of Regulator, Legislator within the E-commerce Today
3:00	Break		
6:00	Reception		<i>Crystal Ballroom</i>
7:00	Dinner & Speech: Luis Jimenez Vice President of Global Growth and Futures Strategy, Pitney Bowes		
9:00	After Dinner Drinks		

Friday, June 9, 2000

meetings in Conference Centre

7:30	Breakfast		<i>Crystal Ballroom</i>
9:00 - 10:40	Concurrent Sessions	P4	P5
	REGULATION AND LIBERALIZATION III		INTERNATIONAL
	Chair: Severin Cabannes		Chair: Gary Jensen
	Discussants: John Allen, Louis O'Brien, and Sture Wallander		Discussants: Thomas Baldry, David Spence, and Tim Walsh
	Philippe De Donder, Helmuth Cremer, Jean-Pierre Florens, Andre Grimaud, and Frank Rodriguez: Uniform Pricing and Postal Market Liberalization		Mary Elcano, Andrew German & Anthony Alverno: Through Indirection...
	Peter Andersson and Mats Bladh: Experiences from Liberalizing the Postal Market in Sweden		Evsen Hatice and Bernard Roy: Analysis of Inward Mail in Developing Countries
	Robert Mitchell: Competitive Solutions for Postal Administrations		Hilke Smit: Selected Problems of the Next Round of Trade Negotiations for the Postal Sector
10:40 - 11:00	Coffee Break		
11:00 - 12:40	Concurrent Sessions	P4	P5
	REFORM		DEMAND I
	Chair: Kevin Richardson		Chair: Børge Spong
	Discussants: Gene Del Polito, Rohan Malhotra, and Yann Petel		Discussants: David Eagles and Mary Kay Perkins
	James Campbell: The Definition of Express Services and The Re-Definition of Postal Law		
	Stephen Agar: Postal Reform in the United Kingdom		
	Thomas Sharkey and Robert G. Taub: Toward an Empirical Basis For Consideration of Universal Service in the United States Postal Sector		
	Donald O'Hara: Declining Mail Volumes and Increasing Prices—How Strong Might the Feedback Effect Be?		
	Gail Willette: Courtesy Envelope Mail—A Missed Opportunity?		

COST II

Chair: Peter Johnson
 Discussants: Robert Cohen

Marshall Kolin: Prospective Impact On the USPS
 Contribution to Institutional Cost of Competitive Mail
 Delivery

Vincenzo Visco Comandini and Gennaro Scarfiglieri:
 Postal Profits Arise Where People Are

DEMAND II

Chair: W. Ashley Lyons
 Discussants: Roger Sherman

**Anne Vanhems, Jean-Pierre Florens, Sarah Marcy, and
 Marc De Rycke:** Mail's Use by Firms

Alberto Pimenta, Ricardo Santos and Sergio Lagoa:
 Direct Mail in Portugal: Key Factors in its Demand

3:00 Break

6:00 Reception

*Crystal
 Ballroom*

7:00 Dinner & Speech: **Peter T. McInenly, Q.C.**
 Vice President—Strategic Planning, Canada Post Corporation

9:00 After Dinner Drinks

Saturday, June 10, 2000

meetings in Conference Centre

P4

7:00 a.m. Breakfast

Crystal Ballroom

8:15 - 9:15 **Competition Law II**

Chair: Catherine Churchard
 Discussants: Gerard Power

William Kovacic: The Significance of the Microsoft Antitrust Litigation for Postal Services and Other Network
 Industries

Richard Eccles: Market Definition in EC Merger Control Cases Concerning Postal Services

9:15 - 10:30 **USO I**

Chair: William Price
 Discussants: João Confraria and Jose Soarés

Michael A. Crew and Paul Kleindorfer: The Feasibility of Liberalization and the USO

Timothy Tardiff: Universal Access to Telephone Service and Implications of the USO

Virpi Palo: Liberalized Postal USO Parcel As A Part of the EU Freight Markets and its Positioning

10:30 - 11:00 Coffee Break

11:00 - 12:45 **USO II**

Chair: John Dolling
 Discussants: Robert Reisner and David Treworgy

Cara Schwarz-Schilling: Regulation of postal markets in Germany—Main Issues

Jeffrey Colvin and Michael D. Bradley: A General Model of the Cost of Universal Service

John Panzar: A Methodology for Measuring the Costs of Universal Service Obligation

John Haldi and John Schmidt: The Universal Service Obligation—Myth and Reality

12:55 - 1:00 Concluding Remarks—Michael A. Crew

SPEAKERS , DISCUSSANTS, AND CHAIRS

- Stephen Agar**, Head of Company & Commercial Law, UK Post Office Legal Services
- John Allen**, Group Manager, Postal Services, New Zealand Post
- Peter Andersson**, Department of Technology and Social Change, Linköping University
- Thomas Baldry**, International Letter Mail & International Relations, Deutsche Post
- Mats Bladh**, Department of Technology and Social Change, Linköping University
- Camille Q. Bradford**, Vice President, Lifetime Addressing, Inc.
- Michael D. Bradley**, Professor of Economics, George Washington University
- Mary Bundy**, Director, LINX (A.T. Kearney)
- Severin Cabannes**, Directeur Strategie, La Poste
- James I. Campbell**, Counsel to Federal Express
- Robert Campbell**, Dean of Arts, Wilfred Laurier University
- Catherine Cazals**, Researcher, Universite des Sciences Sociales, IDEI - Institut D'Economie Industrielle
- Catherine Churchard**, Legal Services Director, U.K. Post Office Legal Services
- Robert Cohen**, Director, Rates Analysis & Planning, United States Postal Rate Commission
- Jeffrey Colvin**, Principal Economist, Marketing Cost Analysis, United States Postal Service
- João M. Confraria**, Board Member, ICP - Instituto das Comunicações de Portugal
- Jeremy Cotton**, Counsel, Canada Post
- Michael A. Crew**, Professor of Economics, Director of CRRI, Graduate School of Management, Rutgers University
- Larry Darby**, President, Darby Associates
- Susan C. Deagle**, Principal Consultant, PricewaterhouseCoopers
- Philippe De Donder**, Researcher, Universite des Sciences Sociales, IDEI - Institut D'Economie Industrielle
- Marc De Rycke**, La Poste
- Gene A. Del Polito**, President, Association for Postal Commerce
- Robert Diasek**, Head of the Organisation Department, Österreichische Post
- John Dolling**, Business Strategy Director, Business and Consumer Markets, Royal Mail
- David Eagles**, Director–Marketing Finance, Canada Post
- Richard Eccles**, Partner, Cameron McKenna
- Mary S. Elcano**, Partner, Brown and Wood LLP
- Kari Elkalä**, Finland Post
- Jean-Pierre Florens**, Directeur de Recherche, IDEI
- Joseph P. Fuhr, Jr.**, Professor of Economics, Widener University
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- Donald O'Hara**, Manager, United States Postal Service
- Derek Osborn**, Senior Consultant, Royal Mail
- André Ouellet**, P.C., Q.C., President and Chief Executive Officer, Canada Post Corporation
- Virpi Palo**, Project Manager–Quality and Business Development, Finland Post
- John C. Panzar**, Louis W. Menk Professor of Economics, Northwestern University
- Mary Kay Perkins**, Associate Professor of Economics, Howard University
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- Alberto Pimenta**, Director–Strategic Development, CTT-Correios de Portugal S.A.
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John T. Schmidt, Director, Postal Regulatory Affairs, Pitney Bowes

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Cara Schwarz-Schilling, Regulierungsbehoerde für Telekommunikation und Post
Sten Selander, Director, National Post and Telecom Agency
Thomas M. Sharkey, Economist, Office of the Inspector General, Unites States Postal Service
Roger Sherman, Professor of Economics, University of Houston
Hilke Smit, WIK - Wissenschaftliches Institut für Kommunikationsdienste
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Leah Spalding, Research Manager, Institute for the Future
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Börge Spång, Chief Controller, Sweden Post
David Storer, Sector Reform, Regulation and Economics, Independent Consultant
Timothy J. Tardiff, Vice President, National Economic Research Associates
Robert G. Taub, Staff Director, House Subcommittee on the Postal Service, United States House of Representatives
Joelle Toledano, Chef du Service Doctrine Economique et Prospective, La Poste
David Treworgy, Partner, PricewaterhouseCoopers
Lars Vesterlund, Acting Managing Director, International Division, Sweden Post
Vincenzo Visco Comandini, Director for Strategies and Market Unit, Poste Italiane SpA
Michael Wachter, Professor, University of Pennsylvania
Sture Wallander, Director - International Relations Secretariat, Sweden Post
Tim Walsh, Director of International Affairs & Business Strategy, Royal Mail
Gail Willette, United States Postal Rate Commission
Marina Zubcic, CEO Secretariat, Österreichische Post

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Sture Wallander, Director International Relations Secretariat, Sweden Post

Recent Publications

The following edited books resulted from Previous Postal Conferences:

- *Commercialization of Postal and Delivery Services: National and International Perspectives*, edited by Michael A. Crew and Paul R. Kleindorfer, Kluwer Academic Publishers, 1994
- *Managing Change in the Postal and Delivery Services*, edited by Michael A. Crew and Paul R. Kleindorfer, Kluwer Academic Publishers, 1997
- *Emerging Competition in the Postal and Delivery Services*, edited by Michael A. Crew and Paul R. Kleindorfer, Kluwer Academic Publishers, 1999
- *Current Directions in Postal Reform*, edited by Michael A. Crew and Paul R. Kleindorfer, Kluwer Academic Publishers, 2000

The following is a text on postal economics:

- *The Economics of Postal Service*, by Michael A. Crew and Paul R. Kleindorfer, Kluwer Academic Publishers, 1992

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