Fourth Bi-Annual Conference on Postal and Delivery Economics:

MANAGING CHANGE IN THE POSTAL AND DELIVERY INDUSTRIES

May 22-25, 1996
Monterey, California, USA

Presented by
CENTER FOR RESEARCH IN REGULATED INDUSTRIES
at Rutgers University

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MANAGING CHANGE IN THE POSTAL AND DELIVERY INDUSTRIES

Wednesday, May 22, 1996
5:00 - 6:00 pm Registration
6:00 Reception
7:00  Welcome and Introduction to Conference
       Michael A. Crew and Paul R. Kleindorfer
Dinner & Speech: Edward J. Gleiman,
Chairman, U.S. Postal Rate Commission
9:00  After Dinner Drinks

Thursday, May 23, 1996
7:30 a.m.  Breakfast
9:00 - 10:30  REGULATORY: THE PRESSURE FOR CHANGE
              Chair: Michael A. Crew
              Discussants: Virpi Palo & Nancy Sparks
              John Allen: The Challenge of Success
              Bengt Palmgren and Pekka Leskinen:  Liberalized Postal Markets, Universal Service and Competition
              James I. Campbell, Jr.: Postal Reform: Lessons from Airline and Telecommunications Deregulation
10:30 - 10:50  Coffee Break
10:50 - 12:20  COMPETITION: PRESENT STATE
              Chair: Kurt Pfotenhauer
              Discussants: Per Forrassberg, Mailan Moench & David Treworgy
              Paul Overdyk: Competition in the Netherlands
              Susanne Meier and Thomas Baldry: Competition in Postal Markets
              Catherine Churchard: UK Post Office Competition Law Compliance Programme
12:20 - 1:45  Lunch
1:45 - 3:15  COMPETITION: FUTURE DIRECTIONS
              Chair: Heinz Hofmann
              Discussants: Malcolm Harris, William Kovacic & Eric Merkel-Sobotta
              Christian Courtosis: Monopolies and European Competition Law
              Ian Reay: The Structure of Postal Markets
              Lorraine Cote and Cathy M. Rogerson: The Future of the US Postal Service: A Ten Year Assessment
3:15  Break
6:00  Reception
7:00  Dinner
9:00  After Dinner Drinks

Friday, May 24, 1996
7:30 a.m.  Breakfast
9:00 - 10:30  Concurrent Sessions
              ECONOMETRIC DEMAND ANALYSIS
              Chair: Michael A. Crew
              Discussants: Marshall Kolin and Donald O’Hara
              Heikki Nikkilä: Factors that Affect the Choosing of the Form of Communication
              Frank A. Wolak: A Household-Level Analysis of the Demand for Postal Delivery Services

              COSTS AND SCALE
              Chair: John Reynolds
              Discussants: Jeffrey Colvin and Jos Geeraert
              Robert H. Cohen and Edward H. Chu: A Measure of Scale Economies for Postal Systems
              John Haldi and Leonard Merewitz: Cost and Returns from Delivery to Sparsely Settled Rural Areas

10:30 - 10:50  Coffee Break
10:50 - 12:20  Concurrent Sessions
              ANALYTICS I
              Chair: Joseph Alexandrovich
              Discussants: Paul R. Kleindorfer and John Panzar
              Helmuth Cremer, Marc DeRycke and André Grimaud: Costs and Benefits of Universal Service Obligations in the Postal Sector
              Michael A. Crew, Paul R. Kleindorfer, and Marc A. Smith: Peak Load Pricing in Post Services: The Implications of Multi-Stage Production

              DEMAND AND NEW SERVICES
              Chair: William M. Takis
              Discussants: David Rawnsley and Edward Smith
              Mary E. Bundy and James McAleenan: Competitive Assessment of Postal Administrations New Services
              Monika Plum: The Challenge of Electronic Competition-Empirical Analysis of Substitution Effects on the Demand for Local Services in Germany
              Alan Robinson: Forecasting the Impact of Banking on Postal Volume, Revenue, and Profit’
12:20 - 1:45  Lunch
**Concurrent Sessions**

**ANALYTICS II**  
Chair: John Pickett  
Discussants: Maurice Levy & Mary Perkins  
**Jeffrey Colvin, Michael Bradley, and John C. Panzar:** A Structural Approach to Incremental Cost Calculation for Multi-Function Enterprises  
**Jean-Pierre Florens and Cathy Cazala:** Scale Economics and Natural Monopoly in the Postal Delivery  

**PRICING POLICY**  
Chair: Börje Spong  
Discussants: Robert Mitchell & Linda Shepherd  
**Donald J. O’Hara:** Efficient Component Pricing: An Attempt to Move the Theory a Step or Two Closer to Postal Reality  
**Harold Ware:** Competition and Rate Restructuring for Postal Services  

**10:15**  
Break  
**10:30**  
Reception  
**10:30**  
Dinner & Speech: Michael Riley, Senior Vice President & CFO, U.S. Postal Service  
**10:30**  
After Dinner Drinks

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**Saturday, May 25, 1996**

**8:30 a.m.**  
Breakfast  
**9:00 - 10:10**  
**UNIVERSAL SERVICE I**  
Chair: Tim Walsh  
Discussants: Rand Costich & Maurice Levy  
**Klaus Müller:** The Universal Service Obligation and the Reserved Area in Germany—How to Assess Their Relationship?  
**Rodney Maddock and Maurice C. Castro:** Evaluating the Universal Service Obligation

**10:10 - 10:30**  
Coffee Break  
**10:30 - 11:40**  
**UNIVERSAL SERVICE II**  
Chair: Bill R. Price  
Discussants: Philip Hatfield & Virginia Mayes  
**Joëlle Toledano and Catherine Gallet:** Costs of Universal Service Obligations in the Postal Sector in a Competitive Environment  
**Ulrich Stumpf:** Providing Universal Service in Competitive Postal Markets

**11:40 - 12:20**  
CONCLUDING PANEL DISCUSSION ON UNIVERSAL SERVICE  
Chair: Michael A. Crew  
Panelists: Maurice Castro, Helmuth Cremer, Paul R. Kleindorfer, Rodney Maddock, Klaus Müller, Ulrich Stumpf & Joëlle Toledano  
Concluding Remarks —Michael A. Crew  
Lunch (Conference Ends)

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**Organizing Committee**

James Campbell (IECC)  
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Susanne Meier (Deutsche Post AG)  
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**Fees and Expenses**

- A registration fee of $780 is payable to the Center for Research in Regulated Industries.  
- The charge for food and lodging for the duration of the Conference is approximately $550 U.S. dollars.  
- The conference fee is waived for a limited number of employees of sponsoring organizations.

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**Conference Staff**

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Ms. Linda S. Brennan, Conference Administrator  
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Professor Paul R. Kleindorfer, Conference Co-Director  
The Wharton School, University of Pennsylvania  
Philadelphia, PA 19104, U.S.A.  

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**Center for Research in Regulated Industries**

The **Center for Research in Regulated Industries** aims to further the study of regulation by research in economics, finance, and institutions. Its publications, seminars, workshops, and courses make available the latest advances to academics, managers, and regulatory commission staff. The Center's **Journal of Regulatory Economics** is an international scholarly bi-monthly intended to provide a forum for the highest quality research in regulatory economics.

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Monterey, California
May 22-25, 1996

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Until April 1, 1996 refunds will be allowed in full. After this date the conference fee is due in full whether or not the participant actually attends the conference. Substitutions may be made at any time.

Signature of Participant:
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Please return completed application form by April 15, 1996*** to:
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* Sponsorship must be paid for 1996.
** Make check in U.S. funds payable to “Rutgers University.” Credit cards are not acceptable for payment of conference fees.
*** Space is highly limited. Early application is advised.

Speakers and Discussants

JOSEPH ALEXANDROVICH, Economist, U.S. Postal Service
JOHN ALLEN, General Manager—Planning and Communications, New Zealand Post
THOMAS BALDRY, Manager—Marketing Services Infopost, Deutsche Post-AG
MICHAEL BRADLEY, Professor, George Washington University
MARY E. BUNDY, Foster Associates
JAMES I. CAMPBELL, Jr., Attorney
MAURICE C. CASTRO, Group Manager—Strategic Planning, Australia Post
EDWARD H. CHU, U.S. Environmental Protection Agency
CATHERINE CHURCHARD, Legal Services Director, U.K. Post Office
ROBERT H. COHEN, Director, Technical Analysis & Planning, U.S. Postal Rate Commission
JEFFREY COLVIN, Principal Economist, U.S. Postal Service
RAND COSTICH, Asst. Director—Office of Consumer Advocate, U.S. Postal Rate Commission
LORRAINE COTE, Price Waterhouse LLP
CHRISTIAN COURTOIS, Head of Legal Department, La Poste
HELTHY CREMER, Professor of Economics, IDEI
MICHAEL A. CREW, Professor, Rutgers University
MARCE DE RYCKE, La Poste
JEAN-PIERRE FLORENS, Professor, IDEI
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CATHERINE GALLEL, La Poste
JOS GEERAERTS, Management Consultant, PTT Post BV
ANDRE GRIMAUD, Institut D’Economie Industrielle
JOHN HALDI, President, Haldl Associates, Inc.
MALCOLM HARRIS, Manager—Product Finance, U.S. Postal Service
PHILIP HATFIELD, Consultant
HEINZ HOFMANN, Head of Division, Federal Office for Posts & Telecommunication, Germany
PAUL R. KLEINDORFER, Professor, University of Pennsylvania
M ARSHALL KOLIN, Principal Economist, U.S. Postal Service
WILLIAM E. KOVACIC, Professor, George Mason University Law School
PEKKA LESKINEN, General Counsel, Finland Post
MAURICE LEVY, Scientific Board Chairman, IREPP
ROADIE MADDON, Professor, La Trobe University
VIRGINIA MAYES, Economist, U.S. Postal Service
JAMES MCALLENAN, Foster Associates
SUSANNE MEIER, Head of Marketing Services Infopost, Deutsche Post-AG
LEONARD MEREWITZ, Consultant, Whitfield Russel Associates
ERIC MERKEL-SOBOTTA, Dir.—Euro. Parliamentary Affairs, European Express Organization
ROBERT MITCHELL, Special Assistant to the Comm., U.S. Postal Rate Commission
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VIRPI PALO, Project Manager—Quality and Business Development, Finland Post
JOHN C. PANZAR, Louis W. Menk Professor of Economics, Northwestern University
MARY PERKINS, Associate Professor, Howard University
KURT PFEITENHAUER, United Parcel Service
JOHN PICKETT, Economist, U.S. Postal Service
MONIKA PLUM, Researcher, WIK
BILL R. PRICE, Director of Rate Economics, Canada Post
DAVID RAWNSLEY, Vice President, LINX, Division of A.T. Kearney
IAN REAY, Competition Policy Manager, U.K. Post Office
JOHN REYNOLDS, Manager of Cost Analysis, U.S. Postal Service
ALAN ROBINSON, Direct Communications Group
CATHERINE ROGERS, Manager, New Business Opportunities, U.S. Postal Service
LINDA SHEPHERD, Finance Department, United Parcel Service
EDWARD S. SMITH, Economist, U.S. Postal Service
MARC A. SMITH, Principal Economist, U.S. Postal Service
NANCY SPARKS, Managing Attorney, International Regulatory Affairs, Federal Express Corp.
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TIM WALSH, Director—Strategic Planning, Royal Mail International
CHARLES WARE, Senior Consultant, National Economic Research Associates
FRANK A. WOLAK, Associate Professor, Stanford University