ABSTRACT  The World Financial Crisis accelerated a secular decline in postal sector volumes and finances. It now seems clear that neither will recover along with the wider economy. Therefore, it is an appropriate time to reassess the role of the postal sector in the U.S. going forward and to analyze the guiding principles under which it should be organized. To begin, it is important to point out that the task is no less important because the postal sector is a “declining industry.” The same can be said of the railroad industry in the 20th century. By the end of that century, railroads had clearly lost the dominant place in the U.S. economy that they had enjoyed in 1900. Yet their role remained crucial, nevertheless. More importantly, for my purposes, their decline had been managed very poorly from the perspective of public policy. It is important that this saga is not repeated with the postal sector, which also continues to be a vital part of our nation’s infrastructure, even in its decline.

My analysis will approach the problem from the perspective of institutional design. That is, there are a set of fundamental decisions society must make about the future nature of the postal sector and these decisions have important economic implications. Thus, I plan to address the following interrelated issues:

- **Ownership Structure: Public or Private?** This is, of course, a controversial political issue. However, there are also important economic efficiency tradeoffs involved.
- **Vertical Structure:** How much of the postal value chain should be provided by the Postal Service? How much by the private sector? What is the nature of the interaction between public and private?
- **Regulatory and Antitrust Policy:** What is the appropriate division of labor between regulatory and antitrust authorities? How should the Postal Service be regulated?

**BIO:** John Panzar is a Professor of Economics at the University of Auckland (New Zealand) and the Louis W. Menk Professor, Emeritus at Northwestern University where he taught from 1983-2008. Panzar's research has focused on the theoretical and policy problems posed by multiproduct natural monopolies, with particular reference to network industries such as telecommunications, electric power, air transport and postal services. The primary policy issue in such industries is the trade-off between economies of scale and scope and the efficiencies promised by increased competition.

He earned a Ph.D. in Economics from Stanford University in 1975 and was employed at Bell Telephone Laboratories (BTL) from 1974-1983 as a member of the Technical Staff and then Head of the Economic Analysis Research Dept.
Panzar has taught graduate and undergraduate courses in Industrial and Regulatory Economics for more than 30 years. Many of his former graduate students have gone on to staff positions at the U. S. Department of Justice, the Federal Trade Commission, the Federal Communications Commission, and the Illinois Commerce Commission.

His published research includes two books and numerous articles in major professional journals. Most of his publications are focused on pricing and costing issues facing multi-product network industries such as telecommunications, electric power, railroads, and postal services. He is an Associate Editor of the *Journal of Regulatory Economics* and a member of the Editorial Board of *Information Economics and Policy*. He is also a founding co-editor of the *Review of Network Economics*, an internet journal that publishes articles of relevance both to academic researchers and practitioners working in network industries. He has been an active participant in more than a dozen international conferences on postal economics since 1990.

He has consulted extensively on regulatory policy issues. In addition to consulting for numerous corporations, over the two past decades I have served as an economic consultant to the United States Postal Service, Federal Aviation Administration, the World Bank, the U.S. Federal Trade Commission, the U.S. Postal Rate Commission, the New Zealand Commerce Commission, Deutsche Telecom, Deutsche Post, Royal Mail, and Senate of the Commonwealth of Puerto Rico.