

*Post Office Act*

would be on first class mail, on letters written and received by the people generally. In the case of second class or business mail, which covers magazines, newspapers and periodicals, the increase is not spelled out. It seems to be less than what has been proposed for ordinary, first class mail.

We object to three things, Mr. Chairman. The increase in mail rates generally comes at a strange time, considering that the government itself is urging everyone not to increase costs. If the deficit which the government aims to meet by increasing mail rates is \$30 million, as reported, then the increase will be to cover that amount and will be paid directly by the general public through increased postage rates; or by commercial establishments such as telephone and hydro companies whose bills make up a great deal of the first class mail. Can anyone imagine that business will absorb the extra \$20 million, say, that it must lay out in meeting increased postal costs? I submit that as usual businesses will pass on their extra costs to the consumers, the ordinary letter writers of this country. We submit that the government's proposal to increase postage rates will increase living costs for many people. They in turn will seek to offset their increased expenses by trying to obtain a higher return in earnings.

We also object on this ground, Mr. Chairman. Though for many years first class mail, the mail of the ordinary citizen, has been paying its way and making a profit in some years, and though over the same period second and third class mail, that mail which is distributed to make a profit for someone, has been carried, at a deficit and to that extent has been subsidized by the ordinary consumer who uses first class mail, suddenly the government says. Let us wipe out the postal deficit on commercial mail largely by imposing increases on the consumers' first class mail. If postal rates are to be increased at all, surely they ought to be increased in those areas where over the years they have been proven to be too low to meet costs. I am preferring to second and third class mail.

It is said, Mr. Chairman, that first class mail is beginning to show a deficit and that it may lose money. I suggest that we should wait and see. Before increasing postage rates for consumers, why does the government not find out exactly where the deficits occur? It is too early to say exactly which way the trend is going with regard to deficits on first class mail. It is not too early to say what has

[Mr. Mather.]

been happening to second or third class mail, that mail which has to do with commercial, private profit-making business.

The public accounts committee of the House of Commons this year made a report which contained this unanimous recommendation:

The committee first drew the matter to the attention of the house in its 1958 report—

That is almost ten years ago:

—and while minor changes have been made the annual loss has continued to increase and the committee is of the opinion that sufficient consideration has not been given to the solution of this problem. It considers it essential that the Post Office Department or parliament immediately find ways and means of covering the loss of the Post Office Department in handling second class mail ... without this being done at the expense of other classes of mail, keeping in mind, however, the need of assistance to small independently owned newspapers circulated in rural areas.

Similar recommendations have been made by similar committees during the past six years. I make a similar recommendation today. The recommendations of the House of Commons committee, and I urge the government to heed them, have repeatedly been drawn to the attention of Postmasters General over many years. Possibly some post office difficulties have arisen owing to the high rate of turnover of Postmasters General. We have had no less than seven in the past six years.

Returning to my argument, I ask why should the Post Office Department face a deficit when ordinary first class mail has made a profit and mail having to do with private business has been carried at a loss which must be paid for by the taxpayer? I wish to quote from another source. The royal commission on publications in 1961 made this statement:

Periodicals do not carry the full cost because it is believed to be in the national interest that there be the widest distribution of periodicals and newspapers—

According to the commission, much of this deficit, which increased from \$20 million in 1960 to \$30 million in 1966, can be attributed to periodicals which are mailed abroad and delivered in Canada. The Canadian post office derives no revenue from the delivery of foreign second class mail. Under the terms of the universal postal convention, all governments are required to handle free of charge whatever is passed to them by foreign post offices. This arrangement is reciprocal and, in theory, equitable.

Between Canada and the United States that theory fails completely. Canadians