

Post Office Act

class mail are: First, the local drop letter rate will be abolished. Second, the rate for letters will be raised to six cents for the first ounce and four cents for the second ounce.

The local letter rate from a cost point of view can no longer be justified in Canada. It has become an anomaly. Initially a lower rate for local letters was charged on the grounds that such letters were received, sorted and delivered at the same post office. That is what a local letter rate meant. At that time most people had to go to the post office to receive their mail and the transfer was a simple one. This situation has now been changed considerably by the development of Canada and the establishment of letter carrier delivery and rural mail delivery. The increased revenue for first class mails anticipated by this legislation is \$17.8 million for the remainder of 1968-69 and \$42.7 million for the full fiscal year of 1969-70.

• (3:50 p.m.)

The letter rate moves up from five to six cents. I should like to repeat that there has been no substantial legislation affecting first class mail rates since 1954. Those were the days of the five cent pay telephone call and the five cent cup of coffee. We are now in the era of the 10 cent pay telephone call and, unfortunately, of the 15 cent cup of coffee. Yet we remain in the era of the five cent stamp.

Since first class rates affect every Canadian, I can perhaps usefully give the house background information on which to base its decision. About 75 per cent of first class mail originates from commercial concerns and only 25 per cent from private citizens. So that the bulk of the burden will fall on business, which can bear it, rather than on the man in the street. The average Canadian mails just one piece of mail a week, and the total cost to the average Canadian of this increase will be 49 cents a year, or \$2 for the average-sized family. We are confident, Mr. Speaker, that this increase can be borne and, for those reasons. To assess the impact of the six cent rate on Canadians we have on page 1 and 2 of the appendix to the financial statement calculated first class rates as a percentage of average hourly earnings in manufacturing industries. In 1959, a decade ago, first class mail rates as a percentage of average hourly earnings stood at 2.9 per cent. In 1968 the six cent rate stands at 2.41 per cent. At this level it is lower than in any post-war year up to 1964. It is lower even with the increase to six

[Mr. Kierans.]

cents. Obviously it is at its present level higher than for the post three years, when it was five cents. It is higher as an inevitable consequence of that increase. But given the increase in Canadian wages that will result from the sound economic policies of this administration, I am confident that the percentage will once again soon be at a post-war low.

A secondary reason, Mr. Speaker, that we are confident the increase can be borne is the comparisons contained on pages 9.1 and 9.2 of the financial statement between first class rates in Canada and those in comparable countries. At the new level Canadians will mail letters to each other proportionately more cheaply by one half than citizens in Britain and West Germany, and more cheaply by one quarter than citizens of France. The only comparable country better off than ourselves is the United States, and here the difference is subfractional—2.4 per cent in Canada compared to 2.1 per cent in the United States. Everyone knows that this difference can be accounted for, given our geography and population distribution.

I now want to deal at some length with the proposed increase in second class rates. This increase has been the subject of a great many representations to me personally and to members on both sides of the house. It has also been, as we are all aware, the subject of a great many editorials.

Subsidization of Canadian publishing dates back to 1867 and confederation. This practice, undertaken to help disseminate information and ideas, is common to many countries, though I might mention that in Britain the post office, in an attempt to bring expenditures and revenues into balance, has recently abolished all preferential treatment for newspapers and periodicals.

In my judgment, and I believe in the judgment of all hon. members, there are sound reasons for subsidizing an industry which, as said in the O'Leary commission report, adds to the richness and vitality of Canadian life. To quote myself—and I ask the house's indulgence for so doing—the communication of ideas and information is the glue of confederation and the subsidy amounts to an additive to that glue. It is, nevertheless, sound practice, and, more than that, an essential democratic principle for the government to account for all its expenditures to the taxpayers who ultimately foot the bill. All subsidies to any institution, however worthy, should be clearly