The history of the Canadian postal service indicates that its purpose as a "public good" has been undermined and that the government has failed to enunciate new goals in light of changing politico-economic and technological environments.

Introduction

Much of our recent work has been concerned with demonstrating how postal communications and mail-delivered services have been important agencies of national integration and economic development in Canada. To this end, we have attempted to elucidate the social, economic and political forces instrumental in the development of the modern Canadian postal system (Osborne and Goheen 1983; Osborne and Pike 1983, 1984, 1985, 1985a, 1986; Osborne 1985, 1987). The focus of the present paper moves away from the consideration of the development of the Canadian system in an era of progressive, national expansionism to a discussion of the recent, much publicized call for reform, retrenchment, and innovation. Recent years have witnessed a growing dissatisfaction with the postal service and a major shift in government policy. Increasing costs, perceived inefficiencies in the service, labour disputes, and a recalcitrant deficit have occasioned much public complaint and prompted governmental intervention. The advocacy of a system revitalized by new management and technological innovation is couched within an ideological shift away from the concept of postal services as a public good and national service to a commercial enterprise concerned with fiscal efficiency.

The purpose of this paper is to position the current concern with Canada Post's drive to "financial self-sufficiency" at the expense of "national service"
within the context of Canadian expectations and needs. Attention will be
directed to the development of the national credo of a "universal and accessible
mail service", the factors which have occasioned its erosion, and the potential
implications of Canada Post's strategy of "fiscal responsibility" for Canadian
society.

The Development of an Expectation: Mail as a Public Good

In 1851, the British government relinquished control of the Canadian postal
system to the several provinces and the first report by the Postmaster General
of the new Provincial administration on the Postmaster General's office had a
far-sighted, even visionary, view of the significance of his mandate:

With the progressive growth of the Province [the demands for postal
service] are constantly developing, as well in the commercial centres
as in the rural districts and newly opened settlements, and they
cannot be administered to in a parsimonious spirit, without cramping
in this important element of progress, the commercial prosperity and
social advancement of the community (PMG, Annual Report 1852).

This mission of furthering national communications and national development
continued with the Post Office Act of 1867 which recognized the relationship
between the provision of postal services and the general development of the
economy. With this accommodating legislation in place, several factors influenced
the development of a Canadian "mass" or "public" communication system in the
second half of the nineteenth century:

1. improved access to education and increased literacy.
2. demands for improved communications in commerce, industry, and
   public services.
3. impact of mass immigration and the related demand for
   long-distance linkages.
4. demands for new forms of postal services.
5. the need to integrate new areas of frontier settlement.
6. the popular perception of mail communications as a public service
   rather than a privilege of the elite.

In the face of such developments, government came to recognize that the
national welfare was enhanced by cheaper, more accessible and more efficient
postal services. Indeed, by the close of the first quarter of the twentieth
century, the accomplishments of Canada's "National Postal System" were
considerable:

1. increases in the number of post offices, miles of mail routes,
   volume of material carried.
2. the spatial expansion of the system into new areas of settlement
   and resource development.
3. increased frequency of services culminating in plural daily
deliveries in urban areas.
4. increased accessibility with a fine network of post offices, urban home delivery and rural mail delivery service.

5. greater diversity of services with the development of the money order system (1855), parcel post (1859), savings banks (1868) and COD services (1922).

6. the completion of the Atlantic-Pacific mail link in 1886.

7. more expeditious linkages by the early development of air-services.

As demonstrated in Table 1, the extent of this expansion of the system in the century after 1851 was quite dramatic, the system peaking in 1913 with 14,178 post offices but experiencing a continuous exponential growth of matter handled and services provided.

TABLE 1
The Growth of the Canadian Postal System, 1851-1981

<table>
<thead>
<tr>
<th>No. of Post Offices</th>
<th>Pieces of Mail</th>
<th>Value of PO Orders ($ million)</th>
<th>Value of PO Savings ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1851</td>
<td>601</td>
<td>2.1</td>
<td>-</td>
</tr>
<tr>
<td>1861</td>
<td>1,775</td>
<td>9.4</td>
<td>$0.9</td>
</tr>
<tr>
<td>1871</td>
<td>3,943</td>
<td>53.7</td>
<td>$4.5</td>
</tr>
<tr>
<td>1881</td>
<td>5,935</td>
<td>78.6</td>
<td>$7.7</td>
</tr>
<tr>
<td>1891</td>
<td>8,061</td>
<td>154.0</td>
<td>$12.5</td>
</tr>
<tr>
<td>1901</td>
<td>9,834</td>
<td>271.7</td>
<td>$19.4</td>
</tr>
<tr>
<td>1911</td>
<td>13,324</td>
<td>635.1</td>
<td>$77.2</td>
</tr>
<tr>
<td>1921</td>
<td>12,252</td>
<td>N. D.</td>
<td>$173.5</td>
</tr>
<tr>
<td>1931</td>
<td>12,427</td>
<td>N. D.</td>
<td>$167.8</td>
</tr>
<tr>
<td>1941</td>
<td>12,477</td>
<td>N. D.</td>
<td>$173.6</td>
</tr>
<tr>
<td>1951</td>
<td>12,305</td>
<td>2.9</td>
<td>$511.8</td>
</tr>
<tr>
<td>1961</td>
<td>11,421</td>
<td>N. D.</td>
<td>$887.0</td>
</tr>
<tr>
<td>1971</td>
<td>9,000</td>
<td>4.5</td>
<td>N. D.</td>
</tr>
<tr>
<td>1981</td>
<td>8,275</td>
<td>6.5</td>
<td>N. D.</td>
</tr>
</tbody>
</table>

1 In millions to 1911. In billions for 1951 through 1981. N.D.: no available data.

Source: Postmaster General Annual Reports.

Hidden in these macro-indicators is a less tangible, but no less important qualitative factor of the growth of a public expectation of frequent, efficient, diversified, and convenient postal service. To be sure, throughout this period, there were other ways of sending messages. The telegraph had been inaugurated in Canada in 1846 and, later, the telephone became established as a means of distance communication during the period between 1880 and 1920. Initially, widespread use of each of these was restricted to official and business constituencies by technology, cost, and accessibility. Postal communications, however, were dedicated to mass popular use and were cheap, ubiquitous and versatile; and by the late nineteenth century they had come to be vital to the social, commercial and business activities of communities. Not only did
Transformation of the Canadian Postal Service/Osborne/Pike

Canadians come to expect regular and frequent mail deliveries but the advent of Money Order facilities, Savings Banks, Parcel Post and C.O.D. services added completely new dimensions to the lives of urban and rural people alike. Perhaps the most revolutionary innovation of the reformed postal system was the introduction of free home delivery. Introduced in Montreal in 1874, and in Toronto, Quebec, Ottawa, Hamilton, Saint John, and Halifax in the following year, the expectation of home delivery soon spread throughout all of urban Canada in subsequent years. Rural free delivery had to wait until 1908 when a limited system was introduced to the more accessible rural dwellers but on April 1, 1912 this service was extended to all those with road access. The implementation of this array of convenient and reliable public services contributed much to the high expectations and growing mythology of the "Old System" of postal communications. As late as 1961, the Annual Report of the Post Office Department took as their motto and mission "Servire Populo -- To Serve the People".

This "public service" perspective was not without cost. From the outset, the new postal system rejected the idea that postal charges constituted a system of indirect taxation and throughout the nineteenth century postal rates were lowered to ensure public accessibility to the system. This premise was stated quite clearly by a member of the House of Commons in 1884:

... Post Offices are not established for the purpose of providing a revenue, but for the convenience of the people. They have been established on the same principle as that which has guided us in undertaking public works, not with the hope of obtaining a revenue, but in the view that the general business of the country will be promoted by them, that indirect advantages could ensue which could not be expected from a direct revenue (Commons Debates, February 4, 1884).

Not surprisingly, therefore, annual deficits were reported regularly from 1858 to 1900 although surpluses were recorded from 1900 to 1926, except for the years 1915, 1922, and 1925. The 1927-31 period reported annual deficits, to be followed by 25 years of surplus from 1932 to 1957, except for losses in the years 1939, 1951, and 1954. While the system has reported annual deficits since 1958, this trend needs to be examined critically in the light of complex internal accounting procedures and the oft-stated mandate of public service.

Thus, throughout much of this period, costs of land, buildings, and furnishings were charged to Public Works rather than the Post Office Department. On the other hand, the Post Office provided government departments with some $6.0 million dollars worth of franking privileges which were not reported in revenues generated (PMG, Annual Report, 1959). Prior to the rationalization of this system of accounting in the 1960s, therefore,
any interpretation of the annual deficits or surpluses must be interpreted with care.

That being said, it is also important to appreciate that even when the true costs and revenues are taken into account that the Canadian Post Office has rarely, if ever, been a profitable operation throughout the course of its history. Indeed, the public service function of the Post Office, and most notably its provision of services to "non-profitable" rural and remote areas, has never been readily compatible with a profit motive. Canadians have always paid for their postal system through a combination of user charges and general taxation, and subsidisation has long been considered necessary for the social welfare of the population and general national interest. The removal of subsidisation implies a substantial shift in Post Office objectives, and potentially some hardship for those groups who have utilised the non-profitable services.

As recently as 1980, the Annual Report for Canada Post continued to promote the central mission of the Post Office as being that of a public good and national service. This Report was replete with emotive references to mission and public service: "... universal mail delivery service ... the largest network of service outlets ... a cornerstone of Canada's social structure ... vast communications network ... a cohesive force ... a federal presence throughout the country ... a familiar landmark in the federal network ... public interest". However, discussions in 1979 and 1980 produced legislation which established the Canada Post Corporation as the successor to the Post Office Department. While this legislation recognised "the need for continuity of a basic universal and accessible mail service and the commercial and industrial nature of modern postal operations and services", the goal of the new corporation was "financial self-sufficiency". The Board of Directors of the new corporation was charged with the responsibility of policy making and general operations, and of reporting directly to Parliament through a designated Minister.

With the passage of the Canada Post Corporation Bill in October, 1981, the 114 year old Post Office Act of 1867 was replaced by a new system. To understand this shift, it is necessary to appreciate the concerns of the 1960s and 1970s when the Canadian postal system encountered considerable stress. Attention will now be directed to these crucial years which influenced the establishment of new policy initiatives for Canada's postal services.

While maintaining a traditional public service role, the years following World War II marked the onset of new pressures for the Post Office Department. The exigencies of increases in population and mobility, continued urbanization and suburbanization, and the ever burgeoning mass of mailed materials all occasioned stresses on a system dedicated to door-to-door services. It became clear that the role of the Post Office could no longer be regarded with complacency. Indeed, the Post Office's organizational and financial problems were highlighted in several inquiries and reports during this period: the 1962 "Glassco" Royal Commission on Government Organization; the Anderson Commission of 1965 which looked at pay increases for some public servants including certain categories of postal employees; the Montpetit Commission of 1966 which reviewed working conditions in the Post Office Department; the 1969 consultancy report, Canada Post Office: A Blueprint for Change, by Kates, Peat, Marwick and Co. which scrutinized the Post Office to determine whether or not it should become a Crown corporation; and finally, the Darling Report of 1978 which examined the potential organizational structure for Canada Post.

These studies document the dimensions of a growing problem and the changing public perception of the role of the Canadian postal service. In contemporary Canada, the Post Office is a favourite butt for jokes in the popular media and amongst the population at large. Its image as a strike-prone, inefficient service is now so firmly entrenched that it is hard to believe that there was ever a time when the Post Office was actually held in high esteem in this country. Nonetheless, the Glassco Commission presented a view of Post Office operations which had changed little since Confederation:

The operations of the Post Office are many and varied -- forwarding personal and business correspondence, distributing information, transporting goods, facilitating financial settlements, widespread distributing of advertising and promotional material and other services. These familiar tasks, woven into the fabric of our daily existence, affect local life, social interests and business operations in every neighbourhood. The Post Office, in performing them, is more than a vast public utility. It is a unifying force throughout the country (Volume 3, 309).

Even four years later, after the first major strike of postal employees since 1925, Justice Andre Montpetit could still answer the claim of some Post Office employees' representatives that the Post Office's prestige was deteriorating by noting that he was under the impression "... that it enjoys an excellent reputation in the country at large and that Canadians recognise the good quality of our postal service" (Montpetit 1966, 273). This may have been the last attempt at countering a growing swell of public and internal dissatisfaction.
with the system for only three years later the Kates, Peat and Marwick Report (hereafter KPM Report) complained of "labour unrest and the resultant upheaval to the economy due to strikes, the rising annual deficit and the consequent drain on the financial resources of the country, complaints and dissatisfaction of business and the public as to postal service ..." and the need to "upgrade the image of the Post Office on behalf of and for the users of mail services -- the people of Canada" (KPM 1969, ii).

This was the first expression of what was to become a familiar litany echoed without much variation in subsequent reports. Several salient problem areas may be seen to have accounted for this erosion of public confidence.

a. Labour Morale and Unrest

If the general decline in the popular prestige of the Post Office did not occur until the second-half of the 1960s, the growing negative image was subsequently consolidated during the course of the strike-torn seventies. It is ironic in retrospect that, as late as 1962, the Glassco Commission was able to refer to the "commendable degree of efficiency" which had been achieved in postal operations (Vol. 3, 309), and to suggest that this efficiency rested in a "... Post Office staff [which] is conscientious, hard-working and dedicated and [among which] morale is very high" (op. cit., 342). The subsequent Montpetit Report noted, however, that the national leaders of the Post Office staff organisations were less sanguine about morale and that some of them were "... rebelling to the point that they are alarmingly unwilling to compromise" (Montpetit, 19). Three years later, the KPM inquiry made it clear that the clouds had spread and burst and noted the "labour unrest and the resultant upheaval to the economy due to strikes" which, among other grievances, prompted their investigation (KPM 1969, ii).

The period which actually elapsed between the praises of the Glassco Commission and the criticisms of the KPM Report was a period of considerable labour unrest in the Post Office. Following some four decades of strike-free labour relations, the 1965-1981 period witnessed several national and many more regional interruptions of service by strikes and walk-outs of varying degrees of severity. Apart from some 2 million person-days of lost work in these five major national level disputes (see Table 2), a further 54 strikes, walk-outs, and rotating strikes occurred at the regional level accounting for a loss of another 1.76 million person-days.

But while the disruptive impact of postal strikes has often been highlighted by the media as a root-cause of the Post Office's poor public image (Knight 1982), many of the problems had been simmering for some time.
Indeed, the "poisonous" labour relations which still exist in the Post Office can be traced back to a long-standing subordination of acceptable conditions of employment to the management goal of efficient and speedy service (Marchment 1985, 29). Thus, following the 1965 strike, Justice Anderson's review of increases in pay rates for some postal workers led him to note that many of them put up with conditions of employment (such as the lack of two consecutive days off each week) which, though effective in keeping the mails running, constituted conditions of employment which were "unusual" compared with those in the private sector (Second Interim Report 1965, 7). Andre Montpetit was far more direct: some senior employees of the Post Office were, he suggested, living in the past, and "... have a decided tendency to sacrifice the morale and welfare of their employees to their idea of an unequalled postal service" (Montpetit 1966, 22). Finally, the KPM Report presented a depressing picture of senior management at the Post Office in the late 1960s: aging, under-educated and unwilling to react to environmental change. Indeed, it was noted that some 55 percent of Post Office executives in all occupational categories were over 50 years of age, another 32 percent were in the age range of 40-49, and only 16 percent of the executives surveyed had university degrees (KPM 1969, 32-40).

Certainly, significant efforts were made during the following decade to improve the management efficiency and productivity of the Post Office. But this legacy of organizational inflexibility, combined with the involvement of a multiplicity of federal bodies in the resolution of all Post Office labour disputes, continued to encourage union leadership to escalate their grievances and demands to the political level where, in their judgement, final authority rested (Darling 1979, 7-8). Moreover, the impact on labour relations of the militancy of

### TABLE 2
National Postal Strikes, 1965-1981

<table>
<thead>
<tr>
<th>Unions</th>
<th>Person-Days</th>
<th>Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965</td>
<td>LC; PEA</td>
<td>89,930</td>
</tr>
<tr>
<td>1968</td>
<td>CPU</td>
<td>360,000</td>
</tr>
<tr>
<td>1975</td>
<td>CUPW</td>
<td>690,170</td>
</tr>
<tr>
<td>1978</td>
<td>CUPW</td>
<td>144,580</td>
</tr>
<tr>
<td>1981</td>
<td>CUPW</td>
<td>663,030</td>
</tr>
</tbody>
</table>

1 LC: Letter Carriers; PEA: Postal Employees' Association; CUPW: Canadian Union of Postal Workers.

Source: Department of Labour (later Labour Canada), Strikes and Lockouts in Canada (Annual).
some Post Office unions was compounded by their multiplicity which further served to interfere with the speedy resolution of labour issues. The initial prospect referred to in the Anderson Report that all postal employees might form one bargaining unit has still to be realised. Canada Post still deals with labour through no fewer than eight bargaining units.

This being said, it is debatable whether primary blame for the labour problems of the Post Office Department should be attributed to either management or the unions. It cannot be insignificant that Postmasters General lasted on average less than two years in office during the 1960s and 1970s and that the portfolio was considered the "poor relation" amongst federal departments. The most outspoken critic on this latter score was the KPM Report which laid the problems of the Post Office not with the management, who had no control over major areas of decision-making, but "upon successive Governments who have consistently neglected what is the largest civilian Government department" (KPM, 1). In fact, it could be argued that a succession of federal governments have failed to provide the Post Office with a clear set of operational priorities and adequate administrative discretion.

b. The Burgeoning Deficit

Another issue which figured prominently in the investigatory reports was the deficit. Unlike most other public agencies, the Post Office has always sold services and hence has been amenable to treatment either as a public service agency or as a commercial enterprise. The potential dilemma of purpose here was not serious when the public service role of the Post Office was manifestly paramount but it has been at the centre of the postal crisis for the past two decades. This was recognized by the Darling study which remarked that:

"The Post Office must reconcile conflicting aims, perceptions and expectations regarding its purpose. It has been praised and taken for granted; it has been denigrated and ignored. There has been no satisfactory resolution of its role as a public service and the essentially commercial nature of its activities. This manifests itself in demands for expanded or improved service and a concomitant resistance to increased rates and charges" (Darling, 2).

The study group went on to suggest that, in its view, the Post Office was a public service which operated to achieve some objectives which are not strictly commercial. Nonetheless, it recognised that a widely-held contrary opinion had been gaining ground to the effect that the Post Office was simply a commercial operation. This opinion was summed up in one word: "deficit" (ibid). Moreover, this deficit had been exacerbated by the implementation in 1963-64 of the recommendation of the Glassco Commission that the Post Office Department be made accountable for services formerly provided by other
departments and previously "hidden" from the balance sheets. The result of this accounting exercise, as shown in Table 3, was to change a deficit of approximately $6 million into one of $37 million. This created the impression that the Post Office had suddenly become a major "financial problem", though it is quite evident that the earlier inclusion of the hidden costs would have broken any illusions of apparent profitability. But shifts in accounting

### TABLE 3
Post Office Revenues and Expenditures (in $ millions)

<table>
<thead>
<tr>
<th>Year Ending 31st March</th>
<th>Revenue</th>
<th>Expenditures</th>
<th>Profit/Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>1851</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1861</td>
<td>0.70</td>
<td>0.67</td>
<td>+ 0.03</td>
</tr>
<tr>
<td>1871</td>
<td>0.80</td>
<td>0.99</td>
<td>- 0.19</td>
</tr>
<tr>
<td>1881</td>
<td>1.35</td>
<td>1.88</td>
<td>- 0.53</td>
</tr>
<tr>
<td>1891</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1901</td>
<td>3.42</td>
<td>3.84</td>
<td>- 0.42</td>
</tr>
<tr>
<td>1911</td>
<td>9.15</td>
<td>7.94</td>
<td>+ 1.19</td>
</tr>
<tr>
<td>1921</td>
<td>26.33</td>
<td>24.66</td>
<td>+ 1.67</td>
</tr>
<tr>
<td>1931</td>
<td>30.42</td>
<td>36.29</td>
<td>- 5.88</td>
</tr>
<tr>
<td>1941</td>
<td>40.38</td>
<td>38.70</td>
<td>+ 1.68</td>
</tr>
<tr>
<td>1951</td>
<td>105.55</td>
<td>106.87</td>
<td>- 1.32</td>
</tr>
<tr>
<td>1961</td>
<td>201.95</td>
<td>206.68</td>
<td>- 4.73</td>
</tr>
<tr>
<td>1964*</td>
<td>235.86</td>
<td>241.99 (277.24)</td>
<td>- 6.13 (- 37.52)</td>
</tr>
<tr>
<td>1971</td>
<td>432.90</td>
<td>535.50</td>
<td>- 100.60</td>
</tr>
<tr>
<td>1981</td>
<td>1,529.00</td>
<td>2,017.00</td>
<td>- 487.00</td>
</tr>
<tr>
<td>1982**</td>
<td>927.19</td>
<td>1,119.70</td>
<td>- 192.51</td>
</tr>
<tr>
<td>1983</td>
<td>2,258.40</td>
<td>2,573.43</td>
<td>- 315.03</td>
</tr>
<tr>
<td>1984</td>
<td>2,400.35</td>
<td>2,700.49</td>
<td>- 300.14</td>
</tr>
<tr>
<td>1985</td>
<td>2,500.25</td>
<td>2,895.32</td>
<td>- 395.07</td>
</tr>
</tbody>
</table>
| 1986                   | 2,757.67| 2,986.10     | - 210.43    

1 Owing to changes in accounting practice, there is no direct comparability of revenue and expenditure data for the fiscal years prior to 1964 and those after 1964. Likewise, the data between 1964 and 1981 is not directly comparable with the data post-1981.

* Figures in brackets include cost of free services provided by Canada Post in revenue column, and cost of services provided by other departments to Canada Post in expenditures column.

** October 31st, 1981 - March 31st, 1982 only.

Source: Postmaster General (later Canada Post) Annual Reports.

procedure aside, concern was expressed on all sides by the escalation of the deficit to the record breaking loss of $578.8 million in 1977.

c. Deteriorating Service
Another contributing factor in the shift in public opinion of the Post Office in the 1960s and 1970s was an evident deterioration in the quality and reliability
of postal service. Canadians had the feeling that they were paying more for less and, to some extent, they were right. For example, twice daily mail delivery to homes was discontinued in 1951. It could be argued, however, that this decrease in service was a logical response to a significant decrease in demand, presumably as a result of growing telephone service. On the other hand, the cut back in door-to-door delivery was clearly an economy measure. Throughout the 1960s and 1970s, this service was not provided in many new suburban developments which were served instead by group mail boxes. Further, in terms of reliability and speed of delivery, the Glassco Commission had noted the Post Office goal of the delivery of all first-class mail on the day following its deposit at a post office, and that this was a goal achieved for over 80 per cent of the mail between Montreal, Toronto, and Vancouver (1962, 312). That this level of service deteriorated subsequent to this Report also occasioned discontent. Finally, the closing of post offices continued apace with 12,390 Post Offices in 1951 being reduced by one third to some 8,275 by 1981 (PMG, Annual Reports).

The Establishment of the Canada Post Corporation

For some, the establishment of a Crown corporation with a reasonable measure of executive independence was expected to ensure the continuity of expected services with an eye to both efficiency and economy. This initiative had a long pedigree. The Glassco Commission of 1962, the Montpetit Commission of 1966, and the ill-fated Crown Corporation Bill (C27) of 1978 had all made contributions to the eventual establishment of the Canada Post Corporation in 1981.

For example, the Glassco Commission had noted that the Post Office differed

... from other departments in that it seeks to cover its costs through operations [and] lends itself to organization on a semi-autonomous basis with independent control of its financial resources. Incorporation as a Crown company has been suggested on occasion and can be supported on logical grounds (Vol. 3, 328-29).

The Commission did add, however, that the universality of the service and the traditional public interest militated against this particular solution. Three years later, the Anderson Report noted that one argument against a Crown corporation was that "in many communities the Post Office is the only expression of the national government, and citizens in these communities might not be willing to have the Post Office take on the attributes of a commercial undertaking"; as we have seen, however, the same Report also observed that the formation of a corporation might improve labour relations as "postal
employees are a distinct and homogenous group and would readily constitute an appropriate bargaining unit" (Final Report 1965, 19). By 1969, however, the KPM Report was in no doubt that a Crown corporation with a "business-minded" management which would meet operating expenditures out of revenues was vital to the future welfare of the Post Office (KPM 1969, 17). But even this unequivocal statement had recognized that there would be need for "appropriate subsidisation of uneconomic services". Of no little import is that this solution was also favoured by the major postal unions which later expressed concern to the Darling study group that the problems identified by the KPM Report remained unresolved precisely because the government was still refusing, nine years later, to act upon its central recommendation that a Postal Corporation be established (Darling, 1978, Appendix C).

There were, therefore, some general features of the Crown corporation idea which seemed to attract general support:

1. The gathering of decision-making powers into the hands of a Crown corporation executive board would help to alleviate the reliance of the Post Office upon other federal departments for executive decisions. This reliance hampered managerial initiative and heightened the prospect of labour disputes.

2. The expectation that a Crown corporation would be granted a wider power of discretion in financial matters than the existing department. The current practice of Cabinet setting rates charged for first-class and second-class meant that the Post Office was unable to control or predict the scale of its future revenues (mentioned in KPM: 70).

3. The Post Office had suffered badly from a lack of continuity of executive authority and the establishment of an independent and expertly managed Corporation would improve effectiveness and morale and provide the much-needed executive continuity required for long-term planning.

While promising to maintain services, the economic and philosophical context for the new system was to be fiscal responsibility. As argued by the Minister responsible, Andre Ouellet, this would "... give Canada Post the independence to function in the marketplace in a way that is not possible now" (Hansard, October 24, 1980, 4077). More specifically, the founding Act of the Canada Post Corporation identifies the goals of the new organization as follows:

While maintaining basic customary postal service, the Corporation, in carrying out its objectives, shall have regard to:

(a) the desirability of improving and extending its products and services in the field of communications;

(b) the need to conduct its operation on a self-sustaining financial basis while providing a standard of service that will meet the
needs of the people and that is similar with respect to communities of the same size;

(c) the need to conduct its operations in such manner as will best provide for the security of the mail;

(d) the desirability of utilizing the human resources of the Corporation in a manner that will both attain the objects of the Corporation and ensure the commitment and dedication of its employees to the attainment of those objects (Act, Section 5 (2)).

As interpreted by the new Board of Directors at the Corporation's inception, these basic objectives were to be met with the three-pronged pursuit of improved service, the creation of a better climate for human relations within the organization and the achievement of financial self-sufficiency by the end of the Corporation's fifth year of operation, 1986-87 (Marchment Report 1985, 6).

The Performance of the Canada Post Corporation

The Marchment Review Committee was established in 1985 to examine the mandate and productivity of Canada Post during its first years of operation. While it identified several problems, it was clear that the conflicting interests of financial accountability and the provision of a public service continued to plague the Corporation no less than its predecessor. Despite the repetitive symbolic genuflections towards "the new image" contained in Canada Post's Annual Reports (data on reduced employee absenteeism and service-improvement initiatives, for example) the Marchment Committee actually concluded that the Corporation's inability to become self-sufficient by 1986-87 was matched by little significant progress towards the attainment of its other main goals of improved service and better labour relations (op. cit., 22).

In other words, whilst there were no strikes between the date of the Corporation's establishment and the 1987 Letter Carrier's strike, there is little evidence which would otherwise demonstrate to the public that the Crown corporation has proved much more effective than its predecessor. Indeed, preoccupation with the deficit has prompted initiatives intended to achieve solvency but that have prompted considerable labour and popular opposition.

a. The Continuing Deficit

The new socio-economic and ideological context for the Canadian postal system has been reaffirmed by the Corporation by frequent public statements of the need to develop a corporate image and corporate strategies that reflect those of successful firms in the private sphere. The appointment of Donald
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Lander from Chrysler Canada as the Corporation's new president in 1984 was one indication of this emphasis. So also was the constitution of the membership of the Marchment Committee, since all the Committee's members were purposely drawn from the private sector.

But since its foundation, Canada Post Corporation has continued to incur annual deficits. Certainly, there has been considerable progress in reducing the deficits but what are the dimensions of the financial problems continuing to face Canada Post's drive to solvency? There is no simple answer to this question, but certain pointers are in order.

First, on the revenue side, the costs of first and second-class postage are still controlled by Parliament, and indeed the continued ability of pressure groups to influence rate policies through pressure on the federal Cabinet was considered by the Marchment Committee to create "an intolerable situation" for Canada Post's budgetary strategies (Marchment, 27). As early as 1969, Kates, Peat and Marwick had recommended an independent Rates Regulation Commission to replace Parliament as the ultimate authority over postal rates (KPM, 70). The Marchment Committee made a similar recommendation (Marchment, 28) and pointed to the third party regulation of rates in Australia and the United States. Currently, and despite substantial increases in mailing costs in recent years, postal rates in this country are actually amongst the world's lowest (CPC, April 1987).

Secondly, it needs to be asked whether the postal service of a country with Canada's particular geographical and climatic conditions can combine cheap service and total cost recovery without the continued subsidisation of non-profitable services. Central to this geographical concern is the proposition that Canada's demographic shift to a population which is four-fifths urban does not justify the Corporation's erosion of the rights and privileges of the other 20 per cent.

Thirdly, it would appear that the demand for Post Office services has continued to increase since the 1950s. However, closer scrutiny reveals a substantial decline in the volume of parcel post during the past fifteen years, while, as shown in Table 4, the increase in first and second-class mail volume has been far outpaced by the volume of third-class, and particularly unaddressed, "junk mail". Indeed, according to the Marchment Committee, third-class unaddressed mail which requires no sorting has accounted for nearly all the increase in the volume of mail since Canada Post's incorporation and now (see Table 5 on next page) composes 27 per cent of all mail delivered (Marchment, 8). However, the revenue of such mail is small in comparison with its volume, accounting for only 5.4 per cent of Canada Post's total revenues in
1984-85. This underlines the often-stated danger that, especially in the face of private sector competition, the Post Office might be relegated to an agency which distributes promotional material and mail services in non-profitable areas, a further limitation to revenue growth.

**TABLE 4**

Relative Increases in Canada Post Mail Volumes by Types of Mail, 1971-1986

<table>
<thead>
<tr>
<th>First and Second Class Mail</th>
<th>Third Class</th>
<th>Fourth Class</th>
<th>Other</th>
<th>All</th>
<th>Millions Pieces</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971-72²</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>4,713</td>
</tr>
<tr>
<td>1973-74</td>
<td>121</td>
<td>99</td>
<td>93</td>
<td>18</td>
<td>5,074</td>
</tr>
<tr>
<td>1975-76</td>
<td>117</td>
<td>99</td>
<td>76</td>
<td>20</td>
<td>4,941</td>
</tr>
<tr>
<td>1977-78</td>
<td>131</td>
<td>151</td>
<td>73</td>
<td>23</td>
<td>5,965</td>
</tr>
<tr>
<td>1979-80</td>
<td>141</td>
<td>163</td>
<td>68</td>
<td>20</td>
<td>6,409</td>
</tr>
<tr>
<td>1981-82</td>
<td>129</td>
<td>171</td>
<td>58</td>
<td>22</td>
<td>6,109</td>
</tr>
<tr>
<td>1983-84</td>
<td>144</td>
<td>194</td>
<td>55</td>
<td>26</td>
<td>6,855</td>
</tr>
<tr>
<td>1985-86</td>
<td>153</td>
<td>239</td>
<td>69</td>
<td>31</td>
<td>7,696</td>
</tr>
</tbody>
</table>

1 First class mail is basic postal service for domestic, international mail; second class mail consists of newspapers and periodical mailings of publishers registered for this service; third class mail consists of addressed and unaddressed bulk mailings of advertising material, publishers' books, small packages; fourth class mail includes non-priority domestic parcel post and international surface and air parcel post. Other services include money order fees, priority post, registered mail, special delivery, etc.

² 1971-72 = 100.

Source: Postmaster General (Canada Post) Annual Reports.

Fourthly, closely related to the above argument is the emergence of alternative systems competing for first class mail.
TABLE 5

Volumes of Worked and Unaddressed Mail, 1978-1986
(Millions of Pieces)

<table>
<thead>
<tr>
<th></th>
<th>Worked Mail</th>
<th>%</th>
<th>Unaddressed</th>
<th>%</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978-79</td>
<td>5,088</td>
<td>84.0</td>
<td>968</td>
<td>16.0</td>
<td>100.0</td>
</tr>
<tr>
<td>1979-80</td>
<td>5,334</td>
<td>83.3</td>
<td>1,075</td>
<td>16.7</td>
<td>100.0</td>
</tr>
<tr>
<td>1980-81</td>
<td>5,343</td>
<td>82.1</td>
<td>1,172</td>
<td>17.9</td>
<td>100.0</td>
</tr>
<tr>
<td>1982-83</td>
<td>5,181</td>
<td>80.7</td>
<td>1,237</td>
<td>19.3</td>
<td>100.0</td>
</tr>
<tr>
<td>1983-84</td>
<td>5,269</td>
<td>76.9</td>
<td>1,586</td>
<td>23.1</td>
<td>100.0</td>
</tr>
<tr>
<td>1984-85</td>
<td>5,337</td>
<td>73.0</td>
<td>1,975</td>
<td>27.0</td>
<td>100.0</td>
</tr>
<tr>
<td>1985-86</td>
<td>5,629</td>
<td>73.1</td>
<td>2,067</td>
<td>26.9</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Canada Post Annual Reports.

As early as 1969, A Blueprint for Change referred to increased competition between the Post Office and the telephone and the "private" post office (KPM, 2) and Table 6 demonstrates how local and long-distance telephone communication has been increasing much more rapidly than the flow of mail. However, it is the phenomenal growth of private courier services which the Marchment Committee attributed to the Post Office's past service failures:

Evidence abounds on the growth of private competition in delivery of parcels and correspondence. The Yellow Page section of telephone directories in metropolitan areas across the country carry several pages of advertisements for courier services providing local, regional, national and international delivery. Even the airlines have entered the field with considerable success. This development can be attributed largely to the failure of the Post Office to convince its customers that it can consistently deliver important parcels and communications on time (Marchment, 21).

While it is difficult to estimate the actual scale of such services in Canada, a recent Purolator advertisement announcing that "Canada's largest time-sensitive courier service" has 5,000 Canadian employees, 8,000 points in the country for the pick-up and delivery of mail and "a Canadian-based fleet of dedicated aircraft" suggests the extent of their influence (Globe and Mail, May 5, 1987). However, a U.S. Postal Service report leaves no doubt that alternative physical and electronic transmission delivery systems have become an enormous market growth area, citing that the same day and overnight delivery of time-sensitive material as having captured $4 billion worth of the current domestic market with no future revenue plateau in sight (1986, 7). The Marchment Committee's suggestion that the development of private couriers in Canada is largely a product of unreliable public postal service may be partly true but it should be
TABLE 6
Increases in Mail Volume, Telephone Calls, and Population, 1971-1986

<table>
<thead>
<tr>
<th>Year</th>
<th>Mail Volume</th>
<th>Telephone Calls</th>
<th>Local</th>
<th>Long Distance</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971-72</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>1975-76</td>
<td>104</td>
<td>129</td>
<td>129</td>
<td>105</td>
<td>106</td>
</tr>
<tr>
<td>1981-82</td>
<td>129</td>
<td>165</td>
<td>165</td>
<td>293</td>
<td>112 (1981)</td>
</tr>
</tbody>
</table>

N's (1985-86) 7,696
Per capita (1985-86) 309
Per capita (1971-72) 210

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1 1971-72 = 100.
2 Millions of pieces or calls.

Sources: Canada Post Annual Reports and Statistics Canada, Telephone Statistics (Annual).

noted that additional incentives offered by couriers such as automatic insurance and direct sender-pick-up-service may also serve to offset the cost advantage of Canada Post. However, whatever the main reasons for the growth of the private courier business, it has obviously, as in the United States, had a major impact upon the first-class and parcel delivery services of the Post Office. By the same token, one can expect that the future development of private electronic mail services will also offer competition to existing Post Office business, although the U.S. Postal Service does not see computer and electronic communications as yet being financially attractive to potential competitors (op. cit., 37).

Fifthly, the achievement of collective bargaining by postal employees during the late 1960s was followed by an increase in labour costs which have continued to outstrip Post Office productivity or wages in the private sector (Marchment, passim). This is clearly a sensitive issue. But in some countries, such as the United States, a policy of financial self-sufficiency for the postal service has been achieved partly because the wages of postal workers are tied to those in the private sector, and has resulted in salary reductions at the floor for newly-appointed U.S. postal workers (US, PMG Report, 1985, 5).

Despite the above, Canada Post has been able to reduce significantly the operating deficit since 1981. In that year, the reported loss was $487 million which had been decreased to a loss of $210 million by the 1985-86 fiscal year. More telling, the Annual Report for the 1986-87 operation of Canada Post
reports that the deficit has been decreased by some $81 million to $129 million. During this period, mail volume had increased to some 7.9 billion pieces, revenue increased by 7 per cent to $2.7 billion, the work force decreased by 3 per cent to 56,000, and salaries and benefits held to an increase of only 1.6 per cent for a total expenditure of $2.2 billion (Toronto Sunday Star, June 28, 1987). Whilst this performance appears to have been accompanied by some delay in necessary capital expenditures, a balanced operating budget appears, nonetheless, within the grasp of the Corporation without the need for a drastic redefinition of its mission of public service. Unfortunately, however, the Marchment Committee’s recommendation that Canada Post be given until 1990 to achieve its objectives of service and financial self-sufficiency (Marchment, 51) was rejected by the Minister of Finance as being “not acceptable” (Hansard, May 23, 1986, 13588). The most that the government would concede was the establishment of a new operating plan at Canada Post so that the Corporation would reduce its operating deficit to zero by 1987-88: in other words, the Corporation has been given a single year of grace to enable it to balance its budget.

b. New Initiatives

Faced by strong government pressures for financial self-sufficiency, Canada Post is pursuing a five year plan which seeks to make the Post Office both more profitable and more efficient by taking a series of initiatives: notably, the elimination of 8,700 union jobs, permission for private businesses to run counter services, the closing of hundreds of rural post offices, the annual raising of postal rates, slower delivery standards and cutting home deliveries in new sub-divisions (Kingston Whig-Standard, July 13, 1987). Some of these initiatives are in line with the Marchment Committee’s suggestion that Canadians would accept longer delivery times, and be willing to pay higher postal rates, if they could be guaranteed reliable service (see Marchment, notably 13-15). This suggestion arose because of the Committee’s awareness that the deteriorating speed and reliability of mail delivery, first noted in the 1960s, has continued to plague the Canadian postal service. Thus, as we have seen, the Glassco Commission could note that the goal of the Post Office was to deliver all first-class mail on the day following its deposit at a post office, and that this was a goal achieved with impressive regularity (1962, 312). Over twenty years later, and with substantial mechanisation and automation of sorting techniques in the meantime, the Marchment Report set two days as the maximum appropriate delivery time for local mail and four days as the maximum from coast to coast (Marchment, 19). Thus, the time taken to deliver mail has certainly increased, and the Marchment Committee also makes no bones about the evident deterioration in the reliability of service. Ironically, the mechanisation of sorting which was held by the KPM Report to be essential in
order to increase productivity and reduce costs (KPM 1969: passim) has apparently exacerbated labour troubles rather than improved service. Canada Post's decision to develop a series of very large mechanized mail handling plants took little account of the effect which the "dehumanization" of working conditions would have on employees' attitudes (for a recent Canadian study of postal employees' stress see Lowe and Northcott, 1986). The Marchment Committee draws attention to the similar case of a large "industrial monster" mail handling plant in Redfern, Australia, which was linked to a constant stream of employee grievances and deteriorating labour relations. The Australian Post Service finally took the decision to decentralize mail-handling to smaller plants, with an apparently dramatic improvement in labour relations. Indeed, the Marchment Committee actually suggests that the Post Office could have achieved greater productivity and efficiency had mails still been sorted manually as they generally were before the 1970s (Marchment, 37).

Problems with service aside, the major five year plan initiatives have taken the form of cost-saving cut-backs and organizational changes. And this in the face of an early assurance by Ouellet that the phrase in the Canada Post Act "while maintaining basic customary service ...", was essential in order to assure the Canadian public that economic rationalization would not be at the expense of service. He went on to reinforce this point:

We want to write down this guarantee in the act so that Canadians, particularly in remote areas of the country and rural sectors which are often affected by decisions made by large Canadian corporations, would not be penalized by the creation of a Canada Post corporation which would operate in the Canadian capital and that would become insensitive to the aspirations of those Canadians, particularly in the remote and rural areas of the country. So I say that clause 5 guarantees that the same level of essential services will be maintained (Debates, 1980, 4077).

Not surprisingly, therefore, the Corporation's mooting of closures, discontinuance of services, and the introduction of franchises have been hard for many to reconcile with its public service orientation.

A prominent concern has been the retreat from the provision of door-to-door delivery, especially in expanding suburban areas. Since letter carrier service is the most costly method of delivery, the reduction of delivery to tri-weekly service and even its total replacement by community mail boxes in new suburban areas not located on established mail routes is justified as a convenient and cost-effective measure (CP Annual Report 1985-86, 4). It is estimated that Canada adds 150,000 new addresses a year, few of these being served by door-to-door delivery over the last decade (Globe and Mail, February 27, 1987). Expecting to save some $400 million over the next five years,
Canada Post expects these new households to pick up their mail at post offices, green group boxes, or the new "superboxes". To date, 7,600 community mailboxes have been installed throughout Canada, most in Canada Post's York Division which extends from Oakville to Whitby where some 50,000 addresses are now served by community boxes (*Toronto Star*, April 25, 1987). But in the present furore over such service-cutbacks, there may be some tendency to overestimate the extent to which "urban type" door-to-door postal delivery services are currently available in Canada. For example, in 1985, only two-thirds of Canadians received daily home-delivery and the percentage ranged from a low of 42 per cent in the Maritimes up to 77 per cent in Ontario. In rural areas outside of Ontario, and increasingly in suburban areas everywhere, home delivery has not been a universal service (Marchment Report, Appendices, 23).

The far more radical policy in Canada Post's new business plan is to effect economies by closures of post offices, especially throughout rural Canada. As early as 1985, noting that the United States had only 33,000 post offices whereas Canada, with a tenth of the population, had some 8,400, Jim Corkery, a former deputy Postmaster General and architect for Canada Post, was moved to trumpet before the Marchment Committee, "There are too damn many post offices in Canada ... We've got post offices all over this country where there is one postmaster who probably does two hours of work a day spread over the whole day" (*Kingston Whig-Standard*, August 21, 1985). Because of opinions such as this, a 1986 CPC business plan called for a rationalization of some 5,000 rural routes and 5,200 rural offices by turning over 3,500 to private contractors and the possible closure of many of the remaining 1,700 (*Ottawa Citizen*, March 24, 1987). This is seen by some as being directed particularly against the interests of "rural Canada". A House of Commons all-party-committee argued that "Rural Canada is being asked to pay for a deficit that was not created by their own" (*Ottawa Citizen*, March 24, 1987). Such a policy is dramatically at odds with the interpretation of the meaning of "basic customary service" given by Andre Ouellet when he introduced the Canada Post Corporation Act into the House of Commons in 1980 (*op. cit.*).

Equally provocative and contentious has been the proposition that lucrative urban postal markets could be turned over to private sector competitors by the franchising of postal outlets. While the Marchment Committee did not favour privatization, it did suggest that it might be a drastic cost-cutting remedy. At the centre of current initiatives is the proposed shift away from postal outlets currently staffed by CUPW workers and paid at union rates of $13.43 per hour. At risk are some 4,200 unionised wicket-jobs (*Kingston Whig-Standard*, September 29, 1987). To date, Canada Post operates four franchised outlets, is
negotiating a dozen more, and is planning for another 20 across Canada. In the words of a Corporation vice-president appearing before the Canada Labour Relations Board, Canada Post is grappling with a "prehistoric monster" and is trying to "yank it very quickly into the twentieth century" (Toronto Globe and Mail, June 16, 1987). Through franchising, Canada Post will free itself of a dependence on unionized labour in a significant segment of its operation and also realize considerable revenue from the sale of valuable downtown real estate. Further, it is claimed by CPC that this initiative would provide a service more accessible to the public. Not unexpectedly, however, franchising is anathema to the postal unions and was a central issue in the CUPW strike in the fall of 1987.

c. Public Response

Such initiatives have invoked mixed responses from pressure groups and the public. The business community, labour, and certain segments of the public have entered the debate over the essential dilemma facing Canada Post: a subsidised public service or a self-sustaining corporate enterprise?

For business interests, a reliable and financially responsible postal service is essential for effective business and compatible with their own credo. Their influence is underscored by the fact that they generate some 80 per cent of postal volume. Accordingly, at one end of the scale, the National Association of Major Mail Users consisting of such large volume users as Bell Canada, American Express, and Readers Digest favours compulsory arbitration of postal disputes on the grounds that they disrupt the "essential service" provided by Canada Post (Toronto Star, June 14, 1987). At the other end are the Canadian Organization of Small Business and the Canadian Federation of Independent Business, both being very concerned about the impact of labour disputes and interruptions of postal service upon business. John Bulloch, president of the CFIB has argued that the 1981 postal strike cost the economy some $3 billion, a figure contested by some. Predictably, therefore, both the CFIB and the COSB are opposed to the postal workers' right of collective bargaining and have urged Canada Post to combat future strikes by developing alternative services (Toronto, Globe and Mail, June 16, 1987). Further support for Canada Post's drive to economic rationality and new service priorities has been provided, albeit somewhat negatively, by the National Citizen's Coalition which publicly supported an end to the Corporation's monopoly over cheap mail delivery during the 1987 strike of the Letter Carriers' Union (Globe and Mail, June 25, 1987).

Not surprisingly, labour's position is diametrically opposed to the above groups. The 23,000 member Canadian Union of Postal Workers, the 20,000 member Letter Carriers Union of Canada, the 9,500 member Canadian
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Postmasters and Assistants Association, and the 5,000 members of the Association of Rural Mail Couriers of Canada all fear the implications of Canada Post Corporation's drive to "balance the books". Lay-offs, the contracting out of services, and the employment of casual and part-time workers is anticipated to result in the elimination of 8,700 jobs (Globe and Mail, April 10, 1987). The 1985 review of Canada Post commented that the several labour groups had achieved "gains for their membership well beyond those found in comparable public service and private sector employment", a charge that underscored labour's part in generating the deficit (Globe and Mail, November 20, 1985). Moreover, further substance was added to the fear of imminent conflict between labour and the Corporation by the recent dismissal of Robert McGarry, president of the Letter Carriers' Union from the Board of the CPC (Globe and Mail, April 12, 1987). While there have been some nine regional work stoppages since Canada Post's foundation, up until 1987 there were no national strikes. However, the continued drive to financial solvency was clearly predicated upon cut-backs and alternative approaches to providing services, all of which were expected to impact upon labour. The 1987 strikes by the outside and inside workers constituted the first of what promises to be a series of labour conflicts with the Postal Corporation.

In addition to business on the one side, and the unions on the other, the threatened reductions in service and closures have managed to incense several segments of the general public. Throughout much of the twentieth century, Canadians have been well-served by an inexpensive, diversified and, until recently, efficient system. They have come to expect regular, frequent delivery of messages, products and a wide range of postal services. Given the general support for the development of the people's post over the last century, it is not surprising, therefore, that there have emerged several populist pressure groups to contest those features of the threatened revamping of the Canadian postal services which can be held to be inconsistent with the objective in section 5(2) of the Canada Post Act which combines operation on a self-sustaining financial basis with "providing a standard of service ... that is similar with respect to communities of the same size" (op. cit.). One such group, Citizens United for Equitable Postal Service, founded by Rachelle Lecours, was recently assured by the Rt. Hon. John Turner that "We believe that door-to-door service is an essential service that should be restored in Canada" (Globe and Mail, April 30, 1987). Other organizations active in their opposition to the proposed changes include the National Farmers' Union, several provincial Mayors' Associations, and the National Pensioners and Senior Citizens' Federation. Recently, the Toronto Home Builders Association have organized themselves in opposition to the threatened discontinuance of home delivery in new subdivisions (Toronto Star, April 25, 1987). Individuals have initiated court challenges of Canada Post's failure to provide door-to-door delivery, a
challenge which was rejected in favour of Canada Post in December 1986 (op. cit.).

But the most influential and best organized populist group to emerge is Gilles Raymond's "Rural Dignity" which has received much support from rural communities throughout all regions of Canada, and Government has had to listen. Founded on December 14, 1986 in eastern Quebec, "Rural Dignity" is made up church leaders, municipal politicians, and concerned citizens (Kingston Whig Standard, February 3, 1987). Its submission to a federal all-party-committee identified several concerns of its thousands of members across Canada with the threatened closure of rural postal services:

1. The socio-economic contribution of post offices to rural communities.
2. The symbolic representation by the post office of the federal presence throughout rural places.
3. The importance of the post-office, together with the general store, local gas station and church, to the institutional fabric of rural communities.
4. The impact of the loss of post offices upon rural economic development initiatives (Submission to all-party-committee, March, 1987).

Whatever the economic rationale and technological imperative for change might be, clearly the proposed cut backs, innovations, and alternative modes of operation are occasioning considerable reaction, especially in rural Canada. The recent replacement of the minister responsible for Canada Post (Cote being replaced by Andre) was not uninfluenced by the populist resistance to the messages which the former was required to transmit. Basically, a nation attuned to expecting the postal service to be operated as a public good is uneasy about major changes in the service provided, even if they are in the name of fiscal responsibility.

Conclusion

The centrality of mass postal service as a medium of distance communication is almost self-evident in the context of social and economic life during the second half of the nineteenth century. Canada was then still a predominantly rural society which was in the process of settlement. The concern for the "convenience of the people" and for general economic development fostered the creation of an expanding network of post offices and postal routes which would allow for the efficient movement of messages, money and goods. The problem facing Canada Post is that contemporary Canadian postal communications clearly require radical changes which accommodate the smooth
progression from the nineteenth century model of operation to that of the twenty-first century. Our research suggests that this transition be sensitive to several considerations.

First, Canada Post is operating in a new communications environment and there is a need to adjust to the potential of the new electronic technology. But the several telecommunications developments in the field of electronic mail will continue for a long time to be partial in implementation and patchy in coverage. Given this, the role of an efficient, traditional delivery service for several classes of mail will need to be continued.

Secondly, the special needs of certain sectors of the Canadian society must be accommodated. This is especially true for the nation's rural areas and small communities which comprise a not insignificant portion of the population. In these areas, postal services are diversified and vital. Their discontinuance would be a signal blow to their continued existence and a challenge to the principle of equity in the provision of services to all Canadians, of all regions.

Thirdly, such organisational weaknesses as poor labour relations and lack of control over postal rates, weaknesses which had plagued the old Department and which it was anticipated that a Crown corporation would resolve, must be confronted.

Finally, it may be argued, however, that underlying these weaknesses is the more fundamental problem originally referred to by the Darling study group that there has been "no satisfactory resolution of [the Post Office's] role as a public service and the essentially commercial nature of its activities" (Darling, 27-28). The federal Government has shown little inclination to face squarely the sensitive issues which arise from a re-evaluation of the Post Office's public service role. Indeed, the official approach has been to reaffirm the goal of self-sufficiency whilst avoiding definitive statements on the nature of this role. And beneath it all is a hidden ideological agenda of privatization, fiscal accountability, and confrontation with labour. Not surprisingly, the result has been a widespread, and not entirely unjustified, perception that the maintenance of "basic customary service" as outlined in the Canada Post Corporation Act is being gradually undermined for reasons of ideology rather than efficiency and public good.
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