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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

GENERAL GOVERNMENT
DIVISION

DEC 11 1975

B-114874



The Honorable Dr. Ild M. Fraser
House of Representatives

Dear Mr. Fraser:

In your August 21, 1975, letter, you requested statistical information on postal public service subsidies provided by other countries and an analysis of the efficiency of *Comparable Efficiency* postal service in those countries compared to that of the U.S. Postal Service. Data available to make such analyses is limited, particularly for comparing the quality of mail service. However, we were able to compare revenue, expense, and some operational data for 10 major foreign postal systems with similar data for the Service.

Overall, the Service:

- Handles from 5 to 56 times more letter mail.
- Handles more letters per postal employee.
- Covers a larger geographical area.
- Currently has a lower letter mail stamp price than all the foreign systems but one.

One useful measure in evaluating postal systems is the time a factory worker must work to purchase postage for a letter. Of the citizens of the ten countries, only the Canadians and the Swiss work less time for postage than U.S. workers. This could change, however, if postal charges are increased in Canada because of wage negotiations resulting from the postal workers' strike and in Switzerland where the Government has indicated the need for a rate increase by January 1976.

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Comparisons of postal efficiency based solely on postal rates, however, are of doubtful validity because the rates are based on different operations and financing. For example, some countries

--Combine telecommunications, financial (savings accounts and life insurance), or radio functions with postal operations.

--Erase their postal deficit, if any, either by revenues generated by the other functions or a Government subsidy.

--Conversely, use excess postal revenues, if any, to eliminate deficits in the other functions.

Accordingly, stamp prices may not be established strictly on the basis of postal revenues and expenses.

When the above qualification is kept in mind, the enclosures can be used as a broad-based overview of how Service operations compare to major foreign operations.

Enclosure I compares each country's total postal receipts and total postal expenditures during 1973 as summarized by the Universal Postal Union. Only 2 of the 11 countries showed a net income from postal operations during that year.

Enclosure II compares each country's total letter mail volume, letter mail volume per inhabitant and per postal employee, and geographical area in square miles.

Enclosure III shows the estimated cost to mail a letter in each country as of January 1, 1976. A conversion from the national currency to U.S. currency is also provided.

Enclosure IV indicates the expected percentage change in each country's postal rates during the 16-month period ending January 1, 1976.

Enclosure V compares the estimated time a factory worker in each country must work to earn enough to mail a letter.

In the enclosures, we have estimated postage rates for January 1, 1976, instead of using current rates. At present,

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U.S. first-class letter postage is 10 cents; however, the Service intends to increase this rate to 13 cents near the end of December 1975.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Victor L. Lowe".

Victor L. Lowe
director

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FINANCIAL SUMMARY OF SELECTED COUNTRIES'
POSTAL SYSTEMS FOR YEAR ENDED JULY 1, 1973

	<u>Total receipts</u>	<u>Total expenses</u>	<u>Income (deficit)</u>
----- (thousands of dollars) -----			
Australia	328,026	400,994	(72,968)
Belgium	270,912	363,664	(92,752)
Canada	532,083	691,557	(159,474)
France	(a)	(a)	(a)
Japan	1,236,509	1,310,332	(73,823)
Netherlands	398,368	420,691	(31,323)
Sweden	622,553	578,358	44,195
Switzerland	378,805	415,759	(36,954)
United Kingdom	1,443,868	1,199,022	244,846
United States	^b 8,338,945	9,818,306	,479,361)
West Germany	^c 7,381,676	^c 7,730,599	^c (148,923)

a Information not available

b Excludes U.S. Government operating appropriations of \$1,377,460,000.

c Data not comparable to other countries because it includes revenue and expense data for radio and telecommunications.

Source: Universal Postal Union

ANNUAL LETTER MAIL VOLUME AND
GEOGRAPHICAL AREA OF SELECTED COUNTRIES
FOR YEAR ENDED JULY 1, 1973

	<u>Total letter mail volume in billions</u>	<u>Letter mail volume per inhabitant</u>	<u>Letter mail volume per postal employee</u>	<u>Geographical area in square miles</u>
Australia	2.3	172	78,778	2,948,366
Belgium	1.1	108	20,040	11,779
Canada	3.4	152	29,675	3,690,410
France	5.8	110	24,566	212,736
Japan	11.1	102	34,503	141,529
Netherlands	1.7	127	49,541	13,433
Sweden	1.0	121	17,781	173,394
Switzerland	1.0	157	29,174	15,944
United Kingdom	10.8	195	53,930	93,377
United States	55.5	261	79,105	3,615,211
West Germany	6.6	107	^a 23,141	94,905

a

Not comparable to other countries because it includes employees engaged in other than postal services.

Source: Universal Postal Union

SELECTED COUNTRIES' ESTIMATED LETTER POSTAGEJANUARY 1, 1976

	<u>Estimated letter postage in national currency</u>	<u>Estimated letter postage in U.S. cents (note a)</u>
Australia	.18 dollars	23.5
Belgium	6.50 francs	17.0
Canada	^b .08 dollars	7.8
France	.80 francs	18.4
Japan	^c 50.00 yen	16.8
Netherlands	.50 guilders	19.0
Sweden	.90 kronas	21.1
Switzerland	^d .30 francs	11.2
United Kingdom	.085 pounds	23.5
United States	^e .13 dollars	13.0
West Germany	.50 marks	19.5

a Using foreign exchange rate prevailing on Aug. 1, 1975.

b Wage negotiations from the postal strike which began in Oct. 1975 may result in increased rates.

c Pending legislative approval.

d Not including an unspecified rate increase projected for Jan. 1, 1976.

e Effective date planned--Dec. 28, 1975.

Source: U.S. Postal Service

CHANGES IN 'SELECTED COUNTRIES'
LETTER POSTAGE FOR THE 16-MONTHS
ENDED JANUARY 1, 1976

<u>Country</u>	<u>Cost of letter postage</u> <u>(national currency)</u>		<u>Percentage</u> <u>change</u>
	<u>August 30, 1974</u>	<u>January 1, 1976</u>	
Australia	.07 dollars	.18 dollars	157
Belgium	5.00 francs	6.50 francs	30
Canada	.08 dollars	^a .08 dollars	--
France	.50 francs	.80 francs	60
Japan	20.00 yen	^b 50.00 yen	150
Netherlands	.40 guilders	.50 guilders	25
Sweden	.75 kronas	.90 kronas	20
Switzerland	.30 francs	^c .30 francs	--
United Kingdom	.045 pounds	.085 pounds	89
United States	.10 dollars	^d .13 dollars	30
West Germany	.50 marks	.50 marks	--

^a Wage negotiations from the postal strike which began in Oct. 1975 may result in increased rates.

^b pending legislative approval.

^c Not including an unspecified rate increase projected for Jan. 1, 1976.

^d Effective date planned--Dec. 28, 1975.

Source: U.S. Postal Service

MINUTES OF WORKTIME REQUIRED
IN SELECTED COUNTRIES TO EARN
THE COST OF LETTER POSTAGE

<u>Country</u>	<u>a</u> <u>Estimated</u> <u>compensation</u> <u>per hour</u>	<u>Estimated cost of</u> <u>letter postage in</u> <u>national currency</u> <u>January 1, 1976</u>	<u>Minutes of work-</u> <u>time required to</u> <u>earn the cost of</u> <u>letter postage</u>
Australia	2.99 dollars	.18 dollars	3 min. 37 sec.
Belgium	202.30 francs	6.50 francs	1 min. 56 sec.
Canada	5.35 dollars	^b .08 dollars	54 sec.
France	16.25 francs	.80 francs	2 min. 57 sec.
Japan	782.00 yen	^c 50.00 yen	3 min. 50 sec.
Netherlands	13.24 guilders	.50 guilders	2 min. 16 sec.
Sweden	24.29 kronas	.90 kronas	2 min. 13 sec.
Switzerland	14.36 francs	^d .30 francs	1 min. 15 sec.
United Kingdom	1.108 pounds	.085 pounds	4 min. 36 sec.
United States	5.70 dollars	^e .13 dollars	1 min. 22 sec.
West Germany	13.67 marks	.50 marks	2 min. 12 sec.

^a Preliminary estimates from U.S. Bureau of Labor Statistics for 1974. Represents wages of manufacturing workers and value of fringe benefits.

^b Wage negotiations from the postal strike which began in Oct. 1975 may result in increased rates.

^c Pending legislative approval.

^d Not including an unspecified rate increase projected for Jan. 1, 1976.

^e Effective date planned--Dec. 28, 1975.

Source: U.S. Postal Service