

The [Economic Note](#) published by the Montreal Economic Institute (MEI) urging the opening of Canada Post to competition has produced [a response](#) from the Canadian Union of Postal Workers.

MEI economist Youri Chassin says the comparison suggested by the Canada Post employees' union does not reflect the general trends in postal rates.

Over the past decade, the liberalization and privatization of postal services in Germany, Austria and the Netherlands has helped make the postal operators of these countries more efficient. The price gap between postage in Canada and these European countries is in the process of disappearing (see the table below). The Netherlands has nearly caught up with Canada. Moreover, the basic stamp price in Canada will be rising from 54 cents to 65 cents by 2014, a 20% rise in five years. At this pace, Canadians will be paying more in a few years.

It is time to change the current dynamics and provide solutions to the productivity problems facing this government-owned corporation, set out in detail in a strategic review commissioned by the federal government. "Putting heads in the sand is not an option," says Vincent Geloso, coauthor of the MEI study. "There remains a major challenge in work organization at Canada Post, despite efforts already made in this regard."

The authors also state that, if the Canada Post workers' union regards the corporation's rates as competitive and says a private company would be unable to offer lower rates, it should support abolition of the Canada Post monopoly on letter delivery.

Changes in postal rates in Canada and in countries that have privatized their government-owned postal operators
(in constant 2010 Canadian dollars)

