

GOVERNMENT

Storage

Y4 .P 84/10:F 76/2

4th Congress }
2d Session }

COMMITTEE PRINT

{ COMMITTEE
{ PRINT No. 94-21

DOCUMENTS

A STUDY OF THE POSTAL SYSTEM
IN SEVERAL FOREIGN COUNTRIES

SUBCOMMITTEE ON POSTAL FACILITIES, MAIL,
AND LABOR MANAGEMENT

OF THE

COMMITTEE ON POST OFFICE AND
CIVIL SERVICE

HOUSE OF REPRESENTATIVES

NINETY-FOURTH CONGRESS

SECOND SESSION



DECEMBER 3, 1976

Printed for the use of the Committee on Post Office and Civil Service

U.S. GOVERNMENT PRINTING OFFICE

78-884

WASHINGTON : 1976

Y.A. 9. 84/10:7 10/5

COMMITTEE ON POST OFFICE AND CIVIL SERVICE

DAVID N. HENDERSON, North Carolina, Chairman

MORRIS K. UDALL, Arizona, Vice Chairman

DOMINICK V. DANIELS, New Jersey
ROBERT N. C. NIX, Pennsylvania
JAMES M. HANLEY, New York
CHARLES H. WILSON, California
RICHARD C. WHITE, Texas
WILLIAM D. FORD, Michigan
WILLIAM (BILL) CLAY, Missouri
PATRICIA SCHROEDER, Colorado
WILLIAM LEHMAN, Florida
GLADYS N. SPELLMAN, Maryland
STEPHEN L. NEAL, North Carolina
HERBERT E. HARRIS, Virginia
WILLIAM M. BRODHEAD, Michigan
PAUL SIMON, Illinois
NORMAN Y. MINETA, California
JOHN W. JENRETTE, JR., South Carolina
STEPHEN J. SOLARZ, New York

EDWARD J. DERWINSKI, Illinois
ALBERT W. JOHNSON, Pennsylvania
JOHN H. ROUSSELOT, California
ANDREW J. HINSHAW, California
JAMES M. COLLINS, Texas
GENE TAYLOR, Missouri
BENJAMIN A. GILMAN, New York
ROBIN L. BEARD, Tennessee
TRENT LOTT, Mississippi

JOHN H. MARTINY, Chief Counsel
VICTOR C. SMIROLDO, Staff Director and Counsel
THEODORE J. KAZY, Associate Staff Director
ROBERT E. LOCKHART, Counsel
JAMES PIERCE MYERS, Assistant Counsel
DAVID MINTON, Associate Counsel

SUBCOMMITTEE ON POSTAL FACILITIES, MAIL, AND LABOR MANAGEMENT

CHARLES H. WILSON, California, Chairman

ROBERT N. C. NIX, Pennsylvania
WILLIAM (BILL) CLAY, Missouri
PATRICIA SCHROEDER, Colorado
WILLIAM M. BRODHEAD, Michigan
PAUL SIMON, Illinois

ANDREW J. HINSHAW, California
ROBIN L. BEARD, Tennessee

Ex Officio Voting Members

DAVID N. HENDERSON, North Carolina EDWARD J. DERWINSKI, Illinois
(GEORGE B. GOULD, Subcommittee Staff Director, Room 122, Cannon Building—Ext. 53718)

A STUDY OF THE POSTAL SYSTEM IN SEVERAL FOREIGN COUNTRIES

At a time when the beleaguered United States Postal System faces a crisis in virtually all facets of its administration, it is important to recognize that the postal systems of many, indeed most, nations are beset by similar problems.

By reviewing the approaches taken by other countries to meet their postal crises, it can be hoped that postal managers here in the United States will be more effective in attacking our difficulties.

The purpose of the Subcommittee's investigation during the 94th Congress was to acquire the necessary information to understand certain foreign countries' postal operations, labor relations and management philosophy. A summary of such information is included in this report.

Members of the Subcommittee also met with American Embassy officials and government representatives of the various countries visited in conjunction with their other Congressional responsibilities.

THE ITALIAN POSTAL SYSTEM

The Subcommittee met with top officials of the Ministry of Posts and Telecommunications in Rome.

The Director General of Posts and Telecommunications explained that within the Ministry are the Posts and Telecommunications Administration, which deals with the postal, post banking, telegraph and radio-electric services; and the State Administration for Telephone Services (ASST).

The Posts and Telecommunications Administration is a governmental organization enjoying a certain degree of autonomy and having a separate budget.

The PTT Administration supplies the following services:

- (a) On an exclusive basis by law:
 - the collecting, transportation and delivery of letter mail;
 - the transportation of packages and parcels (up to 44 pounds);
 - the telecommunication services (telegraph and radio-electric);
- (b) On a competitive basis (operated in competition with private companies):
 - the transportation and delivery of mail other than letter mail;
 - the delivery of parcels;
 - the following post-bank services, money orders, postal savings (deposit account books, postal savings bonds), postal checking accounts, financial operations carried out on behalf of other administrations (such as receipt of payments).

The services performed by the Administration on an exclusive basis may also be contracted out to private companies by a PTT Administration's grant.

Organization

The Minister is responsible for the functioning of the two Administrations operating under the Ministry. He is assisted by the Administrative Council and by the Higher Technical Council on Posts, Telecommunication and Automation.

The field structure of the PTT Administration consists of 16 regions, under which operate 90 provincial offices. The post offices in Italy total 13,672 and PTT Administration employs about 170,000 workers.

According to the Director, the Italian Government plans to issue a general reorganization act in the near future in order to "emphasize, the entrepreneurial character of the management of postal and telecommunications services, the decentralization tasks, a greater efficiency of services and thus a better relationship with the users."

Financing

Even though the PTT Administration is a governmental organization it is to a certain extent administratively autonomous and financially self-supporting due to the prevailing industrial character of its services.

Consequently it has a budget of its own, separate from the national state budget. It covers expenditures with service revenues.

In consideration of the social character of most of the PT services the tariffs pertaining thereto are set up on the basis of political criteria and do not cover the actual costs, according to the Director.

In order to make good for the deficit and to finance the investments required to improve and develop the services, funding is supplied by the Ministry of the Treasury and by financing institutions with preferred interest rates.

The budget for Fiscal Year 1974 is as follows:

Revenues (approximately \$1.6 billion)	<i>Billion lire</i>
Expenditure (approximately \$2.24 billion)	960
	1,343
Deficit (approximately \$640 million)	383

Having reviewed the status of the Italian postal system before arriving in Rome, Chairman Wilson asked the Director whether or not the highly publicized problems of their system were being resolved. He was told that Italian postal authorities were making great progress in "counteracting the main causes that brought about the grave 1973 crisis," at which time mail became so backed up that tons of letters and parcels were actually burned.

Postal efficiency

Director of Postal Services told the Subcommittee that the Postal Administration is currently reorganizing its services to cope with the "rapid growth of the volume of mail through the last few years, and envisaged also for the next few years."

Direct links between the main cities throughout the country have been established in order to ensure a speedy transportation to destination. Such organization first established in 1974, made possible a smoother and faster work, the subcommittee was told.

With respect to transportation, as a rule the administration avails itself of conventional media—railroads, trucks, ships, and airplanes—along the existing routes. However, it uses its own transportation when the existing services are not satisfactory, or too expensive, or unreliable.

Until a few years ago the railroads provided the backbone of transportation for the postal system. However transportation by road has been steadily growing (especially as regards transportation of parcel post and printed matter) through the years, and since 1964 transportation by air through special night couriers made it possible to speed up considerably long-distance mail service, making the correspondence available for delivery at destination early in the morning.

As regards delivery, it is carried out by the following personnel:
 7,000 messengers to deliver telegrams and special delivery mail;
 35,000 mailmen to deliver ordinary mail and printed matter;
 600 postmen to deliver parcels and cumbersome printed matter.

Before 1969 delivery to the addressees was carried out twice a day, i.e. beginning at 8:00/8:30 a.m. and 3:00/3:15 p.m. respectively. Since October, 1969 the delivery is made only once daily, starting at 9:30/10:00/10:30, to enable the mailmen to deliver the correspondence arriving during the night through the special air couriers.

Mechanization

According to the Director of Postal Mechanization, traditional procedures, valid until a few years ago, today appear absolutely unable to cope with current requirements, even though strengthened beyond the limits of the administration's economy. The need to mechanize the postal services is therefore apparent.

It is the view of the Italian Administration that mechanization ought to be applied on a global scale. In fact partial measures—although requiring lower investments—would not provide an actual solution.

A real improvement can only be attained, they believe, through the implementation of an integrated system linking the main centers of the country, in the frame work of a national transportation network.

The integration concept which they envision is as follows:

(1) within each center the various operations must be carried out by technologically advanced equipment, controlled by computers of advanced design, programmed at the software level. The process must be highly automated and allow for the possibility to cope with any anomalous situation that might occur, thanks to the system's considerable operational flexibility.

(2) each center must be independently managed through a general control system. The local computers controlling the operation of the single installations ought to be considered as terminals of a general center for data management, to be installed at Rome.

The mechanization director said that the first steps of the mechanization process in Italy derive directly from these basic concepts. As far as letter mail is concerned, two pilot installations were implemented at Florence (1971) and Trento (1974), using different technologies.

The SARI mail addresses reading system, that is being tested and shall be connected "on line" to the Genova Brignole center, under construction, is expected to be particularly important for future installations, as it is one of the most advanced optical reading systems. It was designed and developed in Italy.

The mechanization plan was prepared in 1970 in the framework of the national development plan concerning the whole postal network, that shall consist of 30 primary centers and 70 secondary centers.

The first 11 primary centers are under construction. The remaining 19 shall be built within the next two years.

The parcel post network is based on 16 highly automated mobile centers, operated by computers. The first, and largest, of these centers shall become operational shortly in Milano. The remaining 15 centers will be established within the next 5 years.

Personnel policy

The Director of Personnel explained to the Subcommittee that PTT employees are civil servants. The relation between the Administration and the employee is established by an official appointment. The procedure required by law for the recruitment of personnel is based on the candidates' qualifications and the result of a public competition.

On the occasion of special operational requirements—such as those arising at Christmas and Easter from the swelling of traffic—extraordinary personnel can be hired by Administration by short-time contracts lasting not over 90 days within the calendar year.

The employee's appointment implies the same rights and obligations as those pertaining to all civil servants.

The following qualifications are required:

- (1) Italian citizenship;
- (2) age not under 18 years or over 32;
- (3) good conduct;
- (4) physical fitness;
- (5) educational qualifications, i.e.:
 - (a) university degree for candidates to the executive career;
 - (b) high-school diploma for candidates to the assistant executive career;
 - (c) lower high-school, or grade school diploma, for candidates to the general services and auxiliary careers.

After 20 years' service the employee is entitled to a pension amounting to 44 percent of his salary. This percentage is gradually increased for each additional year of service, up to 94 percent of the salary at retirement age after 40 years of service.

As a rule retirement age is 65 years, regardless of sex and rank.

Labor issues

The Subcommittee discussed the Italian labor management system in great detail with the Director of the Trade Union Office.

The right to strike is recognized by the Italian Constitution to all workers, including therefore PTT personnel.

Article 40 of the Constitution states that "the right to strike is exercised within the limits of the legislation by which it is ruled". The Director explained that since legislation on this matter is not complete as yet, the right to strike is exercised in accordance with the ordinary procedure approved by the jurisprudence, and with the workers' statute.

The limits, according to the Director, are as follows:

(a) the strike must consist of sheer abstention from work, and not in irregular or anomalous services;

(b) the abstention from work must be total, i.e. complete. Partial, broken-up, discontinuous abstentions are excluded from the concept of strike;

(c) the abstention from work must be effected by several workers at the same time.

The Italian Constitution insures all citizens the right to associate freely without the need for an authorization, to pursue aims which are not forbidden by the penal law. In particular Article 39 states that "labor organization is free."

With regard to the labor freedom, existing legislation provides as follows:

Leave Without Pay (LWOP) status for those who have been elected to hold a position in the most representative national labor organizations;

the possibility to be absent from service, for a few days per month, to perform labor activity;

the granting of appropriate space on bulletin boards to publicize labor organization notices and information in the central and field offices of the different administrations;

the free use of a room as a labor organization office in the main building of each Ministry;

the possibility to convene personnel meetings in the administrative or operational or industrial production units during working hours to a maximum extent of 10 hours per year;

the collection of membership fees by means of payroll deduction;

and finally, the participation, every three years, of the most representative national labor organization in the negotiations of the agreements for salary scale revision concerning government employees, with the exclusion of managerial personnel, judges, lawyers and attorneys.

The PT Administration personnel, like all other government and private employees, have full right of free labor organization.

The most representative national labor organizations in the postal sector are: The "Sindacato Italiano Lavoratori Postelegrafonici" (SILP), affiliated with the Confederazione Italiana Sindacata Lavoratori (CISL); the "Sindacato Italiano Lavoratori Uffici Locali e Agenzie", it also being a member of CISL; the "Federazione Italiana Postelegrafonici" (FIP) affiliated with the "Confederazione Gen-

erale Italiana Lavoratori" (CGIL), and the "Unione Italiana Lavoratori Postelegrafonici" (UIL-Poste), a member of the "Unione Italiana Lavoratori" (UIL).

To these must be added the "Sindacato Nazionale Dirigenti Postelegrafonici" (SINDIP) a member of the "Federazione Nazionale dei Dirigenti dello Amministrazione dello Stato" (DIRSTAT), as well as other independent lower-representation national labor organizations.

Italian union officials

In order to further understand labor management relations in Italy, Subcommittee members met in Rome with leaders of two of the major postal unions.

The Secretary General of the UIL Postal Workers Union (UIL-Poste), told the Subcommittee that his union represents slightly less than 20 percent of Italian postal workers.

In some detail, UIL-Poste officials discussed the development of Italian unions after World War II along party lines. They characterized the CGIL as being the Communist union, CISL the union of the Christian Democrats, while the UIL is "more varied," including socialists and social democrats.

There has been an effort, they said, since 1969 to consolidate into one union federation. Since 1969, they said, "we move jointly for union demands".

Currently, about 85 to 90 percent of Italian workers are unionized.

The union officials discussed at some length the reasons for the growth of Communist strength in Italy. They maintained that the Italian Communists have accepted the democratic process, and that they have co-opted all the Social Democratic positions—that "the man in the street does not perceive them to be Marxist-Leninist." They also cited the efficiency of Communist run cities such as Bologna, compared with the "Rome situation which hurts the Christian Democrats."

The Subcommittee also met with leaders of the CISL Postal Workers Union (SILP), which represents a majority of Italian postal workers.

The Secretary General of the CISL Postal Workers Union, reflecting his union's affiliation with the leading Italian political party, was less critical of postal administration than UIL-Postal officials. He said that this union was "very cautious" about federation with the Communists and other unions, and expressed concern about growing Communist strength in Italy. He also explained that the Catholic Church is a "major factor" in his union and a "source of inspiration."

THE POSTAL SYSTEM IN GREAT BRITAIN, FRANCE AND THE FEDERAL REPUBLIC OF GERMANY

Since the mid-1960's, postal systems and labor-management relations in Great Britain, France and the Federal Republic of Germany have undergone significant changes.

These changes were examined by the Subcommittee during the 94th Congress, with particular interest in the question of the right to strike.

Great Britain

Great Britain's postal service has been conducted by a public corporation since October, 1969. The Subcommittee visited with postal officials in London at that time relating to our Committee's consideration of the Postal Reorganization Act.

Under the Post Office Act of 1969, the British postal system became a public corporation, amid predictions that a more business-like approach would provide more efficient and less expensive postal service. Like in most countries, the British reorganization has now turned sour, and postal problems have led to the establishment of a study commission which will reevaluate the new structure and probably offer recommendations for structural changes. The Parliament is also considering possible modifications to the Post Office Act.

According to British top postal management, the coming year is "crucial" for their postal system. There is growing political pressure, the Subcommittee was told, for government subsidies to meet financial losses. Those responsible for running the postal system believe, however, that they are still compelled by law to follow the original law which in effect requires them to break even, just as the United States Postal Service was mandated to do.

The Subcommittee was told that in the past year postal rates were increased dramatically and service cuts are being contemplated for the future.

Apparently as a result of the rate increases, volume has dropped considerably, and the Subcommittee was told, Christmas volume has been below forecasts by a significant margin.

There are 1,600 major post offices in Great Britain, and 22,060 substations. The post office is the nation's largest employer with 434,000 workers. It is 77 percent labor intensive.

According to its managers, the "only sensible way to run the post office is through economic charging, and lowering service is the next step."

Major changes will have to wait for the governmental review body decision which will take possibly two years.

Clearly, the Subcommittee was told, the pressure will be for greater accountability for the post office. "As it is now," a manager said, "the public feels it can't get at the post office anymore."

Until the Post Office Act of 1969, all employees of the Post Office were civil servants, but now they come under British labor law. In effect, this means postal employees enjoy approximately the same relationship with their employer as do employees in the private sector.

Postal unions have various possibilities to achieve their goals. At the corporation board level matters of pay, hours of work and annual leave are negotiated bilaterally. Trade union joint committees and working groups deal with questions of labor conditions, mechanization and automation in direct discussion with the postal administration at the local and national levels.

West Germany

Federal Republic of Germany has a single organization, the *Deutsche Bundespost*, headed by a cabinet minister to administer its postal service. It was pointed out to the Subcommittee that legal status of the postal employees varies. So-called Official employees, those in career civil service positions which include most administrative officials and professional personnel, have a strict relationship under Civil Service law.

Craft employees have a special relationship with the Bundespost. For these workers the basis of the relationship is formed by collective bargaining and agreements between their unions and the administration. The unions negotiate wages and salaries directly with the administration.

In the case of hiring, promotions, dismissals, transfers, hours and other benefits, elected employee representatives negotiate with management.

France

France has a nationalized postal service, administered by the Ministry of Posts and Telegraphs.

All postal employees are governed by a General Statute for Civil Servants, embodied in the Constitution. Additionally, employee status is covered by special laws enacted by the French National Assembly.

The union official told the Subcommittee that while they serve on committees to discuss with the Ministry and parliamentarians, matters of working conditions, hours, appointments and promotions, their input is limited. This is so because collective bargaining as we know it in the United States is not guaranteed in France.

In theory, collective bargaining was extended to the postal service employees in 1970. However, subsequent political and economic developments upset this new policy toward collective bargaining in the public sector.

The right to strike: Great Britain, West Germany, and France

Whatever the differences in organization and labor relations systems, one right most postal employees in all three nations hold distinctly and legally is the right to strike.

While in Great Britain, the right to strike does not exist as a legal term what does exist are legal immunities and protections which apply to those involved in strike actions.

In France, the 1958 Constitution guarantees all workers the right to strike, with no exception for public employees. Subsequent legislation further affirms the right to strike although as Union representatives were quick to tell the Subcommittee it excludes wildcat strikes. Management, however, pointed out that disciplinary, but not penal, sanctions are provided for participating in illegal strikes.

In West Germany, too, the right of public employees, including postal workers, to strike is a constitutional guarantee. However, the right to strike may be limited through judicial action if it is felt that a danger to the public exists. West German officials repeatedly stated that strikes by administrative officials would be illegal. However, these high civil servants have not attempted to strike. However, the Subcommittee was told that blue collar and white collar

unions in the Postal Service were moving on a legislative program to extend the right to these officials.

In 1971, in Great Britain, the Union official told the Subcommittee that strike was called because they felt that the wage offer by the Post Office was inadequate. The postal workers could have chosen to go to arbitration to settle the issue. However, if they chose that option, it would close the strike route. The union leaders stated they chose to strike because the government had in the past unfairly influenced the arbitrators.

In France, the workers walked out demanding higher pay during a period of economic austerity. Additionally the workers stated that they wanted a greater voice in decisions made by the government.

In meetings with West German officials the Subcommittee was told that economics was the sole cause of their strike. The hands of the Post Office chief negotiator were tied by the government's policy to keep wage increases at 10 percent or below. The unions asked for 15 percent. The Post Office first offered 7.5 percent; then 9.0 percent before the strike. The strike ended when an 11 percent raise was agreed upon.

Mediation and conciliation are voluntary in West Germany and there is no statutory provision requiring use of them prior to taking strike action. There are no cases of compulsory government arbitration and it is not provided in the law.

It was pointed out to the Subcommittee by a number of both government and labor officials that a strike is a test of strength between the employer and the employees.

In the strikes in Great Britain and France, the employer, backed up by the government, proved to be stronger than the striking employees. At the government's behest, the employer simply refused to compromise and waited out the strike. British postal workers were handicapped from the outset of their strike by a weak union treasury and the inability to pay their members strike benefits. The French workers apparently gambled on their public sector employees joining them to break the government's rigid stance. That assistance didn't materialize. Under these circumstances, there was simply nothing else for the workers to do but return to work on their employer's terms.

In contrast, the West German employees acting in concert with other public sector unions, proved strong enough to bring the employer back to the bargaining table to reach a favorable compromise.

Great Britain and West Germany are devoted to free collective bargaining as a matter of practical principle embodied in law. In these countries, the right to strike by all employees, public and private alike, is deemed essential to the collective bargaining process.

In France, the right to strike by all employees is a matter of philosophical and legally constituted principle. Only the right to collective bargaining is in doubt. As the French union leaders told the Subcommittee, the one is hardly viable without the other.

In final analysis, in these three nations, it would appear that the mere presence and use of the legal right to strike did not cause the public severe harm but rather a period of some inconvenience. One British postal official commented that their postal strike "was nothing more than a serious nuisance." Similar statements were made by postal managers in France and West Germany. Further, it is noteworthy that postal employees in all three countries long have held the right to right; yet they have used that right very infrequently.

THE EGYPTIAN POSTAL SYSTEM

The Subcommittee visited Cairo during the 94th Congress in order to discuss the possibility of that city assuming the role of trade communications center for the Arab world, a function which a war-shattered Beirut could no longer fulfill, and also to establish contact with postal officials of Egypt.

After meeting with American businessmen and Egyptian government officials concerning postal and other communications links available, it became clear that Cairo, a poor and overpopulated city, must take significant steps toward modernization before it can hope to replace Beirut. Clearly, however, Egyptian government officials, are determined to make substantial progress in the near future toward such a goal.

To discuss postal affairs the Subcommittee met with the Chairman of the Egyptian Postal Authority. He explained to the Subcommittee that the postal authority is one segment of the Ministry of Communications, along with sections on telecommunications, telecommunications research, and communications equipment manufacturing.

He said that the Egyptian postal system was not as developed as they would like. The only real mechanization is located in Alexandria, with mechanized sortation equipment now being installed in Cairo. The major consultants, and postal equipment designers, are French.

There are about 6,000 post offices now in Egypt, about 1,600 of which are completely governmental, while the rest are run by private operation under contract. Twenty-two centers of postal operation are maintained in the country.

Mail is delivered six days a week. There is a difficulty getting Egyptians to work as letter carriers, although Egyptian postal managers maintain that the pay is "not bad." Postal workers are covered under government health plans and have a standard vacation schedule.

 JAPANESE POSTAL SYSTEM

There are 280,000 postal workers in Japan. The most pressing labor management issue is the right to strike. Strikes against the postal system are prohibited by Japanese law.

After World War II, Japanese postal workers were given collective bargaining and the right to strike by the U.S. Military Governor. It is interesting to note, however, that during the short period that the Japanese workers had the right to strike they never exercised the right. The right to strike was revoked several years later, however, because the provisional government was concerned that the right to strike could result in counter productive demonstrations. Apparently, pressure was brought from government officials in the U.S. to eliminate the right to strike for Japanese workers because of their projected concerns.

Since 1958, over 330,000 Japanese postal workers have been penalized for job actions, according to the president of the Japanese Postal Workers Union (ZENTEI), ZENTEI is the largest postal union with a membership of 193,000.

He predicted that the Japanese legislature will approve a postal right to strike bill within the next two or three years. Indeed, the Chairman of the postal and telecommunications committee of the upper house, is actively supporting the concept.

The Japanese system does not provide for a union or agency shop. Japanese postal workers bargain yearly for wage increases. These workers have extensive fringe benefits including government supported housing, disability and medical insurance.

While the Subcommittee was in Tokyo the postal workers were on strike. As discussed earlier with Germany, the Japanese postal workers called their strike in association with other labor unions from the private sector. These other unions included organized workers in transportation, steel, and electricity. This pragmatic union solidarity proved very effective for all the unions concerned. The postal unions were able to achieve their goals under this group effort.

The Subcommittee inspected high speed letter sorting machinery developed in Japan. The equipment was capable of processing letter mail at six per second. However, it had a rejection rate of up to 40 percent. This was due to its rejection of odd-shaped envelopes and unintelligible printing. The efficiency of this equipment obviously underlined the need to standardize envelopes. Without it the high speed mechanization is nothing more than an island of mechanization.

An inspection of a parcel processing center in South Tokyo revealed problems similar to those encountered by the United States Postal Service's National Bulk Mail System (NBMS), namely excessive damage caused by poor mechanization design.

As with the American system, the Japanese apparently were fascinated by elaborate machinery and thus created a system which as the Subcommittee characterized our NBMS, was "laden with superfluous gimmickry." After the high damage rates became evident, the Japanese, like American postal managers, sought to raise packaging standards, thus having the mailers pay for design mistakes.

KOREAN POSTAL SYSTEM

The prime reason for a Subcommittee inspection tour of Korea was to observe the operations of the U.S. military postal system serving American servicemen in Korea. During its visit the Subcommittee did in fact discover very serious problems with military mail system, and therefore initiated a major Subcommittee investigation which culminated in hearings and the development of a report which will soon be released.

The Subcommittee did, however, meet with postal officials while in that country, and was briefed on the Korean mail system.

The Korean postal system is administered by a government agency which also controls telecommunications. Although the first class letter rate is 4 cents, the postal system has a deficit of \$15 million. The deficit is covered by telecommunication surpluses. Korean postal officials feel that mail delivery is a public service, and therefore approve of deficit financing. In that line, they acknowledge that it wasn't possible to float the postal service without either direct subsidy or tying it to

the profitable telecommunications system. The Subcommittee has found this to be the case in every country that has been visited.

The 30,000 Korean postal workers are covered under civil service. They do not have a collective bargaining system and are prohibited from striking. They do, however, receive government supplied fringe benefits similar to those enjoyed by the Japanese postal workers.

THE GREEK POSTAL SYSTEM

The postal system in Greece was reorganized in May, 1970 when it became a semi-autonomous agency with the Ministry of Transport and Communications. The governor of the Hellenic Telecommunications Organization is also Chairman of the Greek Postal Service.

There are 8,736 Greek postal employees, virtually all of whom belong to the Greek Federation of Postal Employees. The operating budget of \$61.7 million in 1975 is funded from stamp and postage revenues and by an annual subsidy from the Government-run Hellenic Telecommunications Organization (OTE). The Subcommittee was given a detailed explanation of how the various offices in the Greek postal system were organized.

The Greek postal system processed 298 million letters, 1.8 million packages, and 5.1 million money orders in 1974.

Members of the Subcommittee met with top officials of the Greek postal system in Athens.

The Subcommittee was told that because of problems since the 1970 reorganization, a study commission has been appointed to propose improvements in the system. The Greek postal service is not operating like a private corporation, the Subcommittee was told because the head of the OTE, who is an official of the Greek government, is Chairman of the postal board, and therefore there is no real independence from the government.

Postal rates have sharply increased since 1970, but there is a deficit. The position of the Greek postal leadership is that "the post office performs a social function, and must reach smaller communities, therefore we are resigned to a deficit."

Mechanization is still at a very early stage of development. At the present time, conveyor belts represent the most advanced mechanization, and there is no real automation.

Greek postal officials are, however, quite anxious to acquire equipment to improve productivity, and priority studies are being done in this area at the present time.

It is felt that in order to reduce postal deficits productivity must be improved. Payrolls account for 82 percent of the Greek postal service's budget.

The Subcommittee met with leaders of the Greek Federation of Postal Employees including the union's president and secretary general.

The Greek union leaders explained to the Subcommittee that the Constitution of 1952 prohibited public employee strikes, and yet many strikes did occur, with no consequence.

The Constitution of 1975, while prohibiting judicial and police strikes, gives other public employees, including postal workers, the

right to strike. The right to strike, union officials said, was one of the first steps taken after the dictatorship. They state that there have been even fewer strikes since the right to strike was legally recognized. Union leaders maintain that public employees must exercise such a right with prudence.

The union favors a complete merger with telecommunications. Quite candidly they admit such a combination would increase union power.

Federation officials went on to explain the wages and fringe benefits of Greek postal workers.

While in Athens, the Subcommittee also explored a variety of issues relating to Greek-American relations with representatives of major American corporations operating in Greece including Bank of America, and Exxon.

One major issue discussed was where international corporations dealing with the Arab countries will relocate following the destruction of Beirut in the Lebanese Civil War.

While it is too early to judge whether or not any city will actually replace Beirut, Athens does have certain strengths, the Subcommittee was told by the businessmen and others.

Athens has well-developed communications with Europe and the United States, including telecommunications and postal service. It is a modern city with strong internal development, and it has established air service to most of the Middle East. Greece, however, is not an Arab country.

CONCLUSIONS

The most vivid impression given by a study of a number of major foreign postal systems is that all of these countries are facing problems very similar to those of our Postal Service. As in most nations visited by the Subcommittee, serious consideration is being given in the United States to the possible modifications of our postal structure.

The Subcommittee strongly urges that close attention be paid in upcoming years to the approaches and experiments taken by foreign postal systems as they attempt to solve their difficulties.

Hopefully this report, which includes basic information on several foreign postal systems, can provide background to understand the climate in which postal decisions will be made in these respective countries after their respective study commissions report their recommendations.

Several conclusions can be clearly drawn from the Subcommittee's investigation in the 94th Congress:

(1) The corporation concept, which so many nations adopted in 1969-70 is not working satisfactorily. Virtually every country which reorganized in this fashion is having second thoughts and has established a study commission to consider revising their system. There is a growing feeling in these countries that greater accountability to the public is needed. Also, as in the United States, most nations surveyed have been unsuccessful in preventing deficits in postal operations. In some, the postal budget is balanced only by a cross-subsidization from government telecommunications profits. There is a growing public resistance to a pay-as-you-go system in these countries, if such a plan requires substantial rate hikes and/or service cuts. The taxpayers apparently are supportive of some degree of postal subsidy.

(2) The right to strike for postal employees is recognized by law in most countries. Contrary to fears sometimes expressed in the United States, in most countries where postal employees have such a right, it is used responsibly, and generally speaking, labor management relations have been smoother, with fewer disruptions, since the right to strike was recognized.

(3) Various countries are moving in the direction of increased mechanization for their postal systems. In places where such equipment has already begun to operate such as Japan, however, it is clear that the same mistakes made by the United States Postal Service in its National Bulk Mail System are being repeated. Specifically, it appears that equipment design has not adequately taken into account damage prevention.

Several foreign postal systems seem to have developed isolated pieces of advanced mechanization which must be fed and unloaded

manually. Obviously, this largely defeats the purpose of such mechanization. As the Subcommittee reported several years ago after studying USPS advanced mechanization, the only way to achieve significant savings through automation would be to have a complete system to process the mail rather than just these "islands of mechanization." If such a total system is to be developed, whether in the United States or in some foreign country, it is clear that the size of letter envelopes and the print must be standardized.





