the grain industry are likely to have serious reservations about their support for a bill such as the one we have before us.

A further consideration that I feel is very significant to the whole collective bargaining process is the fact that compulsory arbitration is very likely to undermine the collective bargaining process between a particular company and a union. If arbitration of final settlements is imposed on the parties, fewer and fewer items will tend to be resolved by the parties themselves before going to arbitration. The tendency is for the number of outstanding issues to build up before reaching the arbitration stage with each successive round of bargaining.

Evidence suggests that labour and management tend to use the same approach to dispute settlement with each round of bargaining. This means that the parties may tend to become addicted to arbitration and this can undermine an otherwise health collective bargaining relationship.

Another area in which arbitration takes some criticism is on the size of monetary awards. The charge is sometimes heard that wage settlements are higher in arbitrated settlements than in negotiated settlements. The evidence on this point apparently is inconclusive but I would suggest it is a point on which management in the grain handling and transportation industry is likely to object to Bill C–262.

I do not want to leave the impression that there is not a role for arbitration in our system of collective agreement dispute settlement mechanisms. The Canada Labour Code, Part I, already contains provision for the peaceful settlement of disputes during the term of collective agreements by arbitration or some other mechanism. Our system of compulsory collective agreement settlements during the term of agreements through arbitration or some other peaceful means contributes to a high degree of stability in our industrial relation system.

• (1825)

I would like to draw the attention of the House to section 7(1) of Bill C–262. It reads:

> An arbitrator appointed under section 6 shall forthwith require the union and the employer to provide to the arbitrator, in writing, within fifteen days
>
> (a) a list of the matters agreed upon, and a proposal in contractual language to give effect to them; and
>
> (b) a list of the matters remaining in dispute and a final offer in contractual language in respect of the settlement of all of them.

It appears to me that there is very little, if any, room in this process for the parties to negotiate a settlement even if they wanted to. Neither does there appear to be room for the arbitrator to assist the parties to come to a negotiated settlement. In fact, there does not appear to be any room for negotiation at all, aside from the arbitrator being provided by the parties with a list of matters they agree on and a list of matters they do not agree on.

If we continue on with section 7(2), it indicates that the arbitrator has 60 days within which to determine the matters on which the trade union and the employer are in agreement, determine the matters remaining in dispute and then, according to the wording in section 7(2)(c), "decide the matters in dispute by selecting either the final offer submitted by the trade union or the final offer selected by the employer". Again there does not appear to be any room for negotiations between the parties when they appear before the arbitrator. If there is, why is it not provided for in the process?

I have to ask why the process would be structured in this way. Presumably the bill would ensure that any disruption to the flow of grain would be brought to an end by invoking the legislation if the bill were passed. That being the case, I fail to see why allowance could not be made for the parties to negotiate under the guidance of an arbitrator, acting more like a mediator early in the process, and yet retain the authority to render an award on unsettled issues. All the advantages of negotiated settlements on particular issues could be retained in the interests of the parties collective bargaining relationship. At the same time we would have the certainty of a final solution being worked out through arbitration.

We should take a further look at the form of arbitration that is proposed by the bill. Earlier we heard about some of the advantages and disadvantages of arbitration in general. Other considerations should be mentioned specifically in connection with final offer selection and this might be a good time to do so.

It seems that final offer selection was developed to deal with some of the criticism that traditional arbitration acquired over the years. For example, in conventional arbitration in which the arbitrator is free to determine the content of an award, arbitrators sometimes get accused of splitting the difference in the parties' positions. Conventional arbitration encourages the parties to stay as far apart as possible during negotiations, especially on wages and other monetary items.

It has been argued that final offer selection, in contrast, is supposed to provide encouragement to the parties to move closer together in the course of bargaining. Under final offer selection there is said to be an incentive for either party to know as much as possible about the other's bargaining goals and their real bargaining position.

It should be noted that there are several variations on the form of final offer selection that we find being practised. For example, there is a form of final offer selection in which the total package of items forms the position of either party. The arbitrator takes the package of either labour or management, in total, and cannot mix and match as he or she might consider advisable in the interests of the parties. This form of final offer selection on a package of issues may be more easily applied to a few monetary items at any one time but it is less well suited when an arbitrator has to deal with the package that includes matters of principles to either side.