strike on the national railways again threatens the process of grain handling.

Above all, grain must be able to continue its orderly flow to market. The principle of keeping the economy flowing should be our number one priority. We need legislation like Bill C–262 to ensure that the economy does not face unnecessary crippling work stoppages. Disruptions in the market hurt everyone.

Mr. Maurizio Bevilacqua (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Mr. Speaker, for several decades industrial relations in industries under federal jurisdiction in the private sector have been governed by the Canada Labour Code, Part I.

Part I of the Canada Labour Code is a model of how industrial relations should be governed in a democratic country. It has been functioning well and has been an important element at the basis of the political and economic structure during many decades of economic prosperity.

I draw attention to the fact that the grain transportation system has been functioning very well of late. Last winter was one of the most disruptive winters imaginable. It was a winter which reduced the flow of grain from farms to the country elevators. It slowed railway operations. Limits on the availability of grain hopper cars was also a constraint. Still the grain transportation and handling system recovered from a low level of grain exports early in crop year 1993–94 and recorded a 4.7 per cent gain over the previous crop year.

Today the grain handling and transportation system is moving ahead at an impressive pace with new records being set for grain shipments. The Regina *Leader Post* reported early in November on the fact that Canada's grain ports are moving at a pace well above average.

Vancouver and Prince Rupert in October set a new record for the west coast which was 27 per cent that the average for October over the previous five years. Thunder Bay reached a pace not seen since 1991–92. Its handlings for October of this year were 35 per cent above the previous five–year average. This is encouraging news which should impress on us the resilience of the grain handling and transportation system and its ability to cope effectively with adverse conditions.

When the legislation that established the code was adopted by Parliament in 1972, it replaced the industrial relations and disputes investigation act of 1948. It recognized there has been a long tradition in Canada of labour legislation and policies that are designed to promote the common well–being through the encouragement of free collective bargaining and the constructive settlement of disputes.

When it passed the legislation that established the Canada Labour Code in 1972, Parliament indicated that it supported "labour and management in their efforts to develop good industrial relations and constructive collective bargaining practices" and "it deemed the development of good industrial relations to be in the best interests of Canada in ensuring a just share of the fruits of progress to all".

• (1820)

These principles were so fundamental to industrial relations that they were specifically mentioned in the preamble to the code. The bill before us proposes to make a very radical departure from these principles. It proposes to significantly alter industrial relation practices in the federal private sector.

Bill C–262 zeros in on the dispute settlement mechanism as it would apply to industries involved in grain handling and transportation. It would remove the right to strike or lockout and replace the present dispute settlement mechanism with a final offer selection of compulsory arbitration.

This might be an appropriate point to take a closer look at arbitration and see what the ins and outs of the process might be. Typically a hearing is conducted and is presided over by a third party neutral. The parties present their positions in an established, formal procedure. The neutral listens to the positions of the parties, weighs the evidence carefully and drafts a decision that he or she feels to be fair to both parties involved. In an arbitration proceeding the decision of the arbitrator is final and binding on both parties.

There is a certain advantage to arbitration in that it brings a sense of finality to the bargaining process. The parties may not be happy about the results that will be imposed on them but it does provide for a solution.

Some very clear weaknesses to the arbitration process should not be overlooked. First, it is not inconceivable that one party or the other could reject an arbitrator's award. It might possibly resort to strike or lockout action to vent frustration or to express rejection of the result of the process. For that matter, it is very possible that both parties may be dissatisfied with the arbitrator's ruling and not have recourse to any other dispute settlement process. The arbitration process is not perfect.

While evidence supports the perception that the use of arbitration can reduce the number of strikes, it is not likely that strikes or lockouts can be eliminated entirely.

A further disadvantage of arbitration that we are likely familiar with because it has been repeated over the years, is the fact that in adopting or having arbitration imposed on them, the parties have to give up their authority to make decisions concerning the issues in dispute.

Union leaders give up their right to seek the support of their membership on key issues and management gives up its ability to control costs as it sees fit in the course of company operations. This leads me to believe that management and labour in