

Canada Should Tend Its Own Environmental Knitting

Underscoring his often-stated second-mandate commitment to environmental issues, Prime Minister Mulroney told an appreciative audience at the latest World Energy Conference that the industrialized West must set the pace for other countries. "The polluter pays," he said, "... but we will not have really changed our attitudes until we all realize that the polluter is us." The primary concern for the representatives from 88 countries was how rising energy demands, especially those of the Third World, can be accommodated without crippling the environment. The delegates lauded Mr. Mulroney's altruism and many look to countries such as Canada to provide some answers.

However, as seems to be so often the case, the ideal evidently is falling victim already to the practicability behind Bismarck's still relevant observation that "politics is the art of the possible." This trend is nowhere more evident than in Environment Minister Lucien Bouchard's *Green Plan* for all-encompassing reform. This "greenprint," outlined after months of speculation about federal cabinet infighting, offers no solutions to the growing crisis. Rather, it consists of a series of rhetorical questions to be addressed at hearings this summer. "Possible — not preferred — solutions," is how Mr. Bouchard has characterized his document. "It is meant to stimulate ideas, not to foreclose debate. If the Green Plan is to succeed, it must take into account the concerns of interested Canadians...." When he first announced the concept last summer, Mr. Bouchard said he would present cabinet with "concrete ... priorities, with money in front of each line." He had suggested that would be done in the fall but it's conceded in Ottawa that the initial proposals met with strong resistance from ministers whose immediate concern is curbing public spending.

In posing the questions on which the hearings will focus, *Green Plan* is critical of Canada as the world's largest producer of solid garbage — an average of nearly two kilograms a day, less than 10 per cent of which is recycled. It also reiterates that Canadians are the most

energy consumptive people in the world; this is partly attributable to the size of the country and its weather, but Mr. Bouchard's report says this is due also to the fact that "we grew up as a nation assuming that the natural environment was inexhaustible." Canadians also produce the fourth-largest per capita volume of carbon dioxide (CO₂) in the world and the average family of five produces more than 2,000 litres of wastewater daily. Add to these the fact that this country has 10 per cent of the world's forests, 16 per cent of the world's surface freshwater and one in three Canadians work in the main resource-based industries and the picture the document paints is one of environmental carelessness. "Our commitment is to make Canada, by the year 2000, the industrial world's most environmentally friendly country", Mr. Bouchard says. "To achieve this, we must evaluate and change how decisions are made by every Canadian."

Trouble in Cabinet?

Energy development nevertheless must remain a key part of Canada's economic outlook and while Mr. Bouchard's officials were struggling to draft proposed statutes which would require Environmental Assessment Review Panel (EARP) approval of any private or public sector projects under federal jurisdiction, there were indications that Mr. Bouchard continues to have trouble getting cabinet approval for broadly-based pollution control legislation. Mooted EARP legislation would apply to any project considered potentially damaging to the environment. Environment Canada officials privately confirmed this after the House of Commons had passed a private member's motion to this effect.

Originally proposed by government backbench MP Robert Wenman last fall, the motion fell to the bottom of the Commons agenda and seemed to carry little weight with the administration. It also lacked the point about federal jurisdiction, but this was added by Mr. Bouchard's own Parliamentary Secretary, Lee Clark, when debate resumed. The amendment generally is seen as a concession to provincial governments,

which probably would have interpreted the initial version as an intrusion on their jurisdictions. Environment Canada officials say that the amended motion, which was eventually approved by the House, should be taken as a precursor to a Bill that could be introduced in Parliament. The officials are understandably vague on the Bill's timing — a government prerogative — but their "early in the new year" hopes obviously have been dashed.

As it now stands, the proposal would replace, and expand upon, a cabinet Order-in-Council that has been in effect since June, 1984. Whether the Bill would be a stand-alone measure or part of the more comprehensive cleanup package envisaged by the Prime Minister and Mr. Bouchard remains uncertain. The Environment Minister has submitted to his Cabinet Environment Committee colleagues a five-year plan that is understood to include, among other things, a special tax designed to curb fossil fuel emissions. He apparently also has proposed that all policy initiatives should be subject to a preliminary environmental impact review before they are implemented.

However, notwithstanding Mr. Mulroney's apparent prioritization of environmental issues, senior officials in the Privy Council Office as well as ministers in other departments are said to be worried about environmental concerns taking precedence over the economic agenda in the drafting of government policy. They evidently are insisting not only that Mr. Bouchard's proposal would more properly come into the process after general policy has been framed but also that environmental legislation should be project-specific.

Much of this points to the environment being relegated once again to a back seat. Yes, other concerns are valid; only economically healthy countries can afford to assist those which geophysics and geopolitics have left less fortunate. But if the sundry signals coming from the government are an accurate reflection of what lies ahead, they convey an ambivalent, potentially contradictory and perhaps even hypocritical message to the very countries that are looking to Canada for leadership.

The Clear and Present Danger in Agricultural Trade

American proposals to increase wheat export subsidies constitute a serious threat not only to Canadian grain producers but also to successful renegotiation of the General Agreement on Tariffs and Trade (GATT). Bilaterally, as outlined in President Bush's submissions to Congress, the idea is to spend \$900 million (U.S.) in the current fiscal year, up from \$566 million in 1989-90. Ottawa has repeatedly said the programme depresses grain prices, but Washington responds that it is necessary to cushion the effect of subsidies available to grain producers in the European Economic Community (EEC). Multilaterally, the U.S. and the EEC have scrapped for several years, trapping countries such as Canada in the process. When the U.S. increased its subsidies in 1986 and 1987, Canadian wheat prices plunged by 40%. Sales to China and the Soviet Union, are particularly vulnerable.

But Ottawa's recent pledge of \$500 million in cash assistance for farmers this year as part of a \$1-billion relief package complicates the issue. The rest of the package includes more flexibility for the Farm Debt Review Board extended operating credit from the Canadian Wheat Board, more support for diversification and additional soil conservation funds. Federal estimates show that it would yield average farm incomes in 1990-91 that would be in line with the average over the previous five years. Although contingent on the affected provinces coming up with matching funds, a point on which there is considerable resistance that undermines the viability of the offer, it is nonetheless a red flag for Washington. Ironically, apart from a fundamental cash shortage, the provincial opposition is predicated on the belief that since the current farm crisis is the result of the global subsidy battle, new assistance is a federal responsibility.

Agriculture Minister Don Mazankowski's proposal coincided with an Organization for Economic Co-operation and Development (OECD) review of Canada's farm subsidies. It suggested that if Canada discontinued its own support programmes, agricultural output would plunge by 17%. Similar actions elsewhere would generate a 24% drop in Japan, 19% in Western Eu-

rope and 19% in the United States. Production would rise among the principal agricultural nations only in Australia and New Zealand. International Trade Minister John Crosbie has declined comment on the report but a spokesman dismisses it as "academic" and "hypothetical." Others point out that the data in the report is for 1986-88, a period during which the U.S.-EEC subsidy war was at its height and Canada was forced to extraordinary measures to keep farmers in business as the bottom dropped out of several markets.

Subsequently, in a formal diplomatic note handed over in Washington, Canada has tried to put its side of yet another agricultural tiff with American producers. The commodity this time is durum wheat as the U.S. International Trade Commission continues a "fact-finding investigation" into market competition with a June 22 goal for submitting a report to Congress. American producers say Canadian durum is depressing U.S. domestic prices, that Canadian farmers are unfairly subsidized and that the Free Trade Agreement (FTA) puts the Americans at a disadvantage. But Canadian sales of durum into the U.S. have averaged only about 85,000 tonnes annually over the last five years — worth about \$18 million a year. "Our objective ... is to register in clear terms the Canadian government's position", Mr.

Mazankowski says. "In our view, the allegations by the U.S. industry are groundless and the facts will show that Canadian exports of durum to the U.S. have been in response to a market demand for a quality Canadian product." Trade Minister Crosbie says Canada expects the U.S. "to meet its obligations" under the FTA which, he points out, is supposed to be eliminating trade barriers.

That seems a vain hope as governments worldwide scramble to preserve their own agricultural sectors. The current GATT negotiations are now more than 3 1/2 years old and are effectively bogged down on the issue of agricultural trade. In a letter to Samuel Taylor Coleridge in November, 1876, Charles Lamb urged his literary peer to "cultivate simplicity." The remedy for this long-standing agricultural war might seem the essence of cultivational simplicity at first blush: scrap all farm subsidies and let free market forces prevail. Any government that does so unilaterally, however, risks the diminution and possibly the demise of its agriculture sector, so it should come as no surprise that some GATT signatories are threatening to block consensus in other sectors if they don't get satisfaction on agriculture. It seems that even though Canada is hardly faultless on the subsidy issue, the first real concessions must come from the U.S.

In the first of a series of FTA analyses, the Senate Foreign Affairs Committee agrees that Canadian exporters have become the focus of increasing aggression by protectionist-bent Americans. Although it stresses that the effect of the FTA still is difficult to factor out from broader economic forces, the analysis is unequivocal on this particular issue. "While it was not expected that trade disputes ... would be ended by the agreement, it was hoped that the U.S. administration would attempt, within the latitude permitted by its laws, to limit harassing actions"; the Senators say. "This does not appear to be happening." Although mostly Liberals, they insist their observations must be viewed constructively by the Progressive Conservative majority in the House of Commons. "Astonishingly little is known in detail about how industrial economies respond and adjust to major structural pressures," they say. "Only with a much more developed understanding of the micro-economic adjustment process can any government hope to make wise policy choices in an age of deep structural pressures." They recommend additional monitoring to generate more comprehensive data. The FTA affords "a unique opportunity for the collection of ... information which could be used by both government and business to assess and develop responses to the forces of globalization" and is an opportunity that "should not be missed."