

Bilateral Embarrassment: The IJC and The Great Lakes

It is 80 years since Elihu Root and James Bryce, respectively the American Secretary of State and Britain's Ambassador to Washington at the time, signed a burdensomely-named *Treaty between the United States and Great Britain relating to Boundary Waters, and Questions Arising between the United States and Canada*. Functionally known as *The Boundary Waters Treaty*, it gave rise to the International Joint Commission (IJC), a body generally hailed as an effective mechanism for regulating and resolving bilateral water problems. While the IJC mandate stretches from Atlantic to Pacific, the Great Lakes have emerged as a principal focus.

The *Great Lakes Water Quality Agreement* of 1972, amended in 1978 and 1987, is the Canadian-American framework for dealing with the world's largest integrated freshwater resource. On the 18th anniversary of the original version, the IJC issued its *Fifth Biennial Report*, in which it acknowledges an apparent improvement in understanding and co-operation among jurisdictions. But it also says governments in both countries — federal, provincial, state, regional and municipal — have tended to pay "particular attention . . . to those environmental issues which have been well defined and manageable." The latter included the way eutrophication in the Lakes has been slowed down by reducing the discharge of sewage-borne nutrients and chemicals the general impact on wildlife has been eased by strict limits on high-profile chemicals have reduced their impact on wildlife.

"Many other programmes have faltered", the IJC laments. "Research funds increasingly have been insufficient to meet Agreement requirements. The number of personnel in research and enforcement has been inadequate. Many of the Commission's recommendations and those of its boards have gone unanswered.... What has been, and continues to be lacking, is a level of resource commitment congruent with the admirable pledges each nation took upon itself in signing" the 1972 Agreement.

A Familiar Bell Tolls...

If this plaint sounds familiar, it should. There has been a seemingly endless string of analyses. The most recent before the

IJC's latest was *Great Lakes, Great Legacy?*, courtesy of the Ottawa-based Institute for Research on Public Policy (IRPP) and the Conservation Foundation of Chicago (CFC) last fall. Based on a two-year study, it calls the Great Lakes Basin a severe long-term health threat to the 35 million people who live in the region.

"While progress has been made in curtailing some contaminants, there are literally hundreds of toxic chemicals which are not being traced," it says. "We live, in the main, in profound and dangerous ignorance of what we have done, are doing and will do. It says evidence confirming the unhealthy environment and links to human health has been available since at least the early 1960s. People around the Lakes face high risks of cancer, birth defects and "subtle" forms of neurological damage. "Both wildlife and humans are at risk because of the accumulation of toxic substances in the food web." It cites dozens of wildlife studies that disclosed "significantly more birth defects, tumors, embryo abnormalities, enlarged livers and inexorable weight loss." This prompts a warning that there may be repercussions for human health "that have gone largely undetected" in embryos, infants and older children. "The health effects . . . may include altered cognitive, motor and behavioral development. Preliminary studies suggest that these subtle effects may be far more significant among at-risk populations than cancer and gross physical defects."

Industrial effluents in the watershed are criticized, as is agricultural pesticide and fertilizer runoff. However, many pollutants are airborne, including acid rain constituents and 90 per cent of the polychlorinated biphenyls (PCBs) found in Lake Superior. "The 21st century is a short decade away," the report concludes. "It will no doubt bring its own set of problems and if we are to be ready to meet them, we must at the very least clear the decks of those problems we have inherited and created."

...Despite Attempts to Muffle It

The day before the IRPP-CFC report was made public, the Canadian government announced a five-year programme it said is designed to clean up and stabilize the watershed and to study the effects of pollution on human health. The \$125 million

budget pales in comparison with the "tens of billions" the report says is needed. Addressing society's ability to pay for such a heroic effort, the report points out that the expenditure would occur over "many years" that the annual Gross National Product of the region is more than \$1 trillion (U.S.).

The programme announced by Canada is comprised of \$55 million for the cleanup of "hot spots", \$50 million for a preservation campaign and \$20 million for health studies. "The health effects program clearly targets an area of growing concern for governments and the affected public, namely linkages between a contaminated ecosystem and human health," Health Minister Perrin Beatty said. It is designed to acquire and evaluate data on the impact of contaminants, including "extensive" tissue sampling and to promote public awareness of the problems.

How "aware" must Canada and the U.S. be before "real" financial and other resources, including those in the legislative/regulatory sphere are committed both sides of the longest undefended border in the world. The enemy is already at both countries' doorsteps. The IJC says "sufficient levels of financial and human resources . . . will be an important yardstick by which the Commission will measure governmental performance in the 1990s." The IRPP and CFC are justifiably less diplomatic in saying that "action taken so far has been so inadequate as to indicate a dangerous dereliction of duty on the part of responsible authorities and to raise questions about whether we can, even now, summon the will and the leadership to act responsibly before it is too late."

Copies of the *Fifth Biennial Report* are available free from IJC head offices at 100 Metcalfe St., 18th Floor, Ottawa K1P 5M1, and 2001 S St. N.W., 2nd Floor, Washington, D.C. 20440. Copies of *Great Lakes, Great Legacy?* are available for \$24.95 from the IRPP Publications Office, 1226 Le Marchand St. Halifax, N.S. B3J 3K6, tel. toll-free 1 (800) 565-0659.

Combatting the \$300-billion Drug Smuggling Empire

That narcotics and the international traffic in them are of epidemic proportion seems inarguable. The long-standing distinction between producer and consumer nations is becoming increasingly blurred and there is a welcome move toward a truly global meeting of minds as to what to do about this huge underground economy. Whereas the mostly small-scale producers in the Third World have been an obvious target for drug interdiction efforts in the past, there is growing acknowledgement, at last, that a better approach is to get at the huge revenues the traffickers are faced with laundering through financial institutions and other legitimate business.

"There is no quick fix," National Health and Welfare Minister Perrin Beatty pointed out at the recent World Ministerial Drugs Summit in London.

"While it may be politically attractive to promise that we can wipe out the problem in a specific period of time, such claims . . . are destined to end in frustration and disillusionment, which may cause our publics to give up believing that anything really can be done. Only problems which recognize that the problem is both urgent and long-term and requires the sustained and substantial commitment of both moral and physical resources can succeed."

Mr. Beatty and the representatives of 111 other countries at the conference adopted unanimously a British draft treaty, developed in consultation with the United Nations, that would set in motion an international campaign for more co-operation on reducing supplies, improved law enforcement, confiscation of drug profits, publicity and education designed to alert children to the dangers of drugs, and a humane approach to treatment and rehabilitation of abusers.

Britain's Secretary of State for Foreign and Commonwealth Affairs, Douglas Hurd, has suggested that the United Nations could be doing more. In a speech to the UN General Assembly earlier this year, he proposed "a single, unified body . . . for decision-making across the full range of issues." He lauded the Assembly's proposal for a group of experts who are reviewing the structure of the three existing UN drug bodies and suggested that they should be merged, but in such

a way that the autonomy of the International Narcotics Control Board is not compromised. "We have no time for small quarrels over the boundaries between the responsibilities of different bodies and we certainly have no resources to waste on duplication."

Task Force Report Noteworthy

The issue of money-laundering is addressed in detail in a newly-released report from a multinational task force set up last year by the seven Economic Summit countries and the European Economic Community (EEC). Minister of State (Finance) Gilles Loiselle, in making the report public in this country, notes that "in most respects" Canada already conforms with the 40 task force recommendations. "However, like all countries, we can improve," he concedes. "We intend to do so."

The government's creation earlier this year of an Advisory Committee on Money Laundering is an indication of Ottawa's intent and, as a result of the committee's work, the government already has determined that broadly-based legislation that would require more detailed record-keeping by financial institutions is crucial to the success of any crackdown.

A key proposal by the task force is that "financial institution secrecy laws should be conceived so as not to inhibit implementation of the recommendations." It also says each country should take whatever legislative or other measures are needed to criminalize money laundering as set forth in the United Nations' 1988 Vienna Convention. While it admits to being uncertain about the figure, a UN estimate of global drug trafficking proceeds was \$300 billion (U.S.) in 1987 alone.

"Some drugs generate huge profits for the organizations controlling the traffic, making money-laundering of large amounts through complicated financial channels, a necessity", the task force says. "Some others generate profits mainly for the retailers, who mainly facilitate the laundering of these profits through very simple financial operations — for instance by bartering drugs for stolen goods and selling these goods for cash."

A Range of Canadian Initiatives

Canadian initiatives include the enactment last year of Bill C-61, a package of amendments to the Criminal Code, the Food and Drugs Act and the Narcotics Control Act. Those statutory changes made money-laundering a criminal offence and gave police with judicial warrants the right to search for and seize property suspected of being the proceeds of criminal activity. They also provided for protection of informants. Also last year, Canada signed an international agreement calling for stricter customer identification by banks, co-operation with law enforcement agencies and appropriate training within the financial system.

Ottawa also has set up a joint advisory committee with the private sector to advise the government on how to tackle money laundering. Officials from the departments of Finance, External Affairs, Solicitor-General as well as the RCMP and the Superintendent of Financial Institutions are involved along with senior representatives of the finance, insurance and investment sectors.

There is an interesting footnote to the debate, courtesy of Donald Fullerton, Chairman of the Canadian Imperial Bank of Commerce. "We need to put teeth into the codes of conduct governing our members," he said at a recent meeting in Florida, of members of the Bankers' Association for Foreign Trade. "And we need the courage to be ruthless with those who break the rules." In other words, disenfranchise any bank that knowingly launders criminal profits.

But he rejected as naive any suggestion that Canada require its banks, as is done in the U.S., to log major cash transactions. He said this would catch only "amateur" launderers. The Canadian Bankers' Association has been lobbying strongly in Ottawa against any such requirement. Mr. Fullerton said this sort of regime could overburden the legitimate banking system and he called on the industry to step up its voluntary efforts to identify, stop and report suspicious transactions. "Otherwise," he warned, "we'll find ourselves, by default, overlegislated and over-regulated — dealing with demands and requirements that will cripple us with bureaucracy."