



NATIONAL ROUND TABLE ON THE ENVIRONMENT AND THE ECONOMY  
TABLE RONDE NATIONALE SUR L'ENVIRONNEMENT ET L'ÉCONOMIE

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**WHAT SHOULD BE SAID AT UNCED?**

**INSTITUTIONAL CHOICES FOR THE RIO CONFERENCE**

**BY**

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**PREPARED FOR THE NATIONAL ROUND TABLE ON THE ENVIRONMENT AND  
THE ECONOMY**

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## Executive Summary

The United Nations Conference on Environment and Development (or Earth Summit as it is coming to be called) may provide the best chance for the next ten years to resolve some of the most difficult issues identified by the Brundtland Report. Runaway population growth in the developing world and dramatic increases in the consumption of energy and natural resources in countries such as Canada are putting some of the planet's critical ecosystems at risk.

Yet the Preparatory Committee for the Conference has been stymied by North/South political disputes. This stalemate is characterized by the existence of two very separate agendas. The developed country agenda, supported by Canada, concentrates on dealing with global warming, tropical deforestation, the massive losses of biological diversity in the tropics and the threats to the world's oceans. The Third World, suspicious that actions to combat global warming and deforestation will make their development process more difficult, wants attention given to their issues of debt reduction, poverty alleviation, an increased flow of financial resources and the transfer of environmentally sound technology from North to South.

Because none of the "Northern" issues can be resolved without the co-operation of the "South", the developing countries are finally in a negotiation where they have a decent card to play. And the refusal of the developed countries to discuss serious resource transfers and of the United States to discuss serious targets for the reduction of Greenhouse Gases has been met with a refusal by the developing countries to make progress on many of the issues important to Canada.

Canada has a real interest in seeing the UNCED process succeed. As the Brundtland Report so graphically pointed out, the earth's economy and its ecology are now so closely interlocked that the natural environment is now becoming the main constraint on economic growth and well being. The integration of the environment and the economy in international decision-making is critical if the world is to provide a decent standard of living for the 10 billion that will be on the earth by the middle of the next century. The Conference Secretary-General, Maurice Strong, recognizing that the environment has now moved to the centre of the economic stage, raised the ante by persuading the General Assembly to make the Rio Conference into the largest summit meeting yet held.

And support for multilateral solutions to international problems is a Canadian tradition which polls show continuing into the 1990's. In addition, despite one or two recent results, all of the polls show that Canadians still feel that the environment is an issue of paramount importance. In fact, when questioned in an Angus Reid poll commissioned by CIDA, the majority of Canadians volunteered that the international issue which most concerned them was the threat of environmental degradation. Earlier polls taken by Environics showed an extraordinary 85% of the public believing that environmental problems poses a major threat to the survival of mankind. Expectations that the environment would disappear as a major issue after a recession had set in have also been proven to be unfounded by the latest Environics poll. Asked in May of this year what the major ingredients of an economic development plan for Canada should be, the largest number of respondents felt that environmental protection should be the critical ingredient.

Canada's competitive position could be affected by a number of the international agreements being discussed. Canada's domestic economy is more affected by the use of natural resources than that of virtually any other developed country. As a result, agreements on global warming and forestry could have substantial effects on Canadian industry. If Germany and Japan, for example, who are already considerably more efficient users of energy than Canada, unilaterally induce their industries to become even more efficient (with CO<sub>2</sub> reduction targets, for example), than Canada could fall farther behind in the competitiveness race unless it reacts quickly. And as the fur and seal boycotts have shown, Canadian domestic policies which are seen to be "anti-environmental" by European and other environmental groups can easily lead to damaging boycotts of Canadian exports. Threats to boycott Canadian forestry exports are real. Finally, the relationship

between trade and the environment is likely to become even more prominent as talk of the next GATT Round becoming the "green round" enters the UNCED discussions.

This paper therefore recommends that the promotion of sustainable development become one of the principle cornerstones of Canadian foreign policy for the rest of this century.

Because of the long lead times involved with international meetings, the time to move to break the deadlock is now. Because the Conference is to be a summit, the movement must come from the Prime Minister and his Office. And Canada is in a unique position to develop and try out some new ideas in the months ahead. Strengthening the United Nations and the multilateral system has long been a Canadian interest. The end of the Cold War may provide a unique opportunity to make giant strides in this area. And UNCED may provide the first chance to test out many of the ideas for reform. The Earth Summit will be the first major international conference since the end of the Cold War. It will also be the largest summit meeting ever held. The Brazilian hosts estimate that at least 70 Heads of Government and heads of State will be attending. It would be naive to assume that any major progress will be made in restructuring by that time, but it could provide a high profile opportunity for the Prime Minister to announce Canadian leadership in this area.

This paper recommends that Canada should take an active role in promoting the reform of the international system in the wake of the Cold War. Recognizing that none of these reforms are likely to be in place by the time of UNCED and that sustainable development requires action now, the Round Table should recommend a strategy which enables progress to be made at Rio which either promotes or at least does not hinder the chances for overall reform of the United Nations system. With these caveats in mind, it is possible to set out a series of Canadian institutional objectives for UNCED. Many of these would also apply to the long term reform process as well:

- i) The establishment of a high level political forum for the integration of environment and economy and for the discussion of issues related to environment and security**
- ii) The development and implementation of a coordinated Canadian position on sustainable development throughout the multilateral system. The creation of mechanisms for the integration of environmental considerations within the programs of the international agencies.**
- iii) Strengthening the professional competence of the U.N. Secretariats**
- iv) Strengthening existing institutions, such as the United Nations Environment Program, the United Nations Development Programme and the World Bank**
- v) Strengthening local, national and regional institutions, both governmental, and outside government, to plan and implement policies, programmes and activities that are environmentally sustainable.**
- vi) The development of mechanisms for the implementation of the global conventions.**
- vii) Strengthening the scientific and information capacity of the multilateral system**

The paper recommends that any Canadian positions on the institutions to flow from UNCED be designed to involve the ngo community, the private sector and the scientific community more directly in the international system. The UNCED Secretariat has already begun this process by involving all three groups in the development of Agenda 21, the substantive backbone of the Conference. And the Canadian delegations to the Preparatory Committee Meetings have involved these groups to an unprecedented degree, reflecting the basic concerns of Canadians with environmental problems.

#### i) A High Level Political Forum-

Canada should follow up the Prime Minister's commitment to support Japanese membership of the Security Council with a major initiative on reform of the Council. This would include expanding the number of permanent members, changing its mandate and its place within the U.N. system

Given that reform of the Security Council is likely to be a long term process and that UNCED must make provision for high level discussions of these issues immediately, the paper recommends that Canada should propose a meeting of a "non-organization" consisting of the G-7, the Soviet Union and a representative number of developing countries. It would meet at the Heads of Government level, perhaps one year after the Earth Summit. It would review the integration of environment and economics; environment and security and any progress on Agenda 21 or other items.

The group could meet annually or biennially as desired. If and when the reform of the United Nations is implemented, this "non-organization" can easily go out of business. If international reform efforts founder once again, this group might become more formal. To bring more focus to its deliberations, it would establish a distinguished independent panel of representatives from the ngo community, the private sector and the scientific community chosen in their private capacities. This group would be responsible for the regular publication of a State of the Globe report. Ample precedents exist for such a publication in the official realm- the World Bank's World Development Report and UNDP's Human Development Report; and in the unofficial sphere- Worldwatch Institute's State of the World Report and WRI's World Resources Report.

#### ii) Environment/Development Integration

The present international system is ill equipped to deal with the integration of environment and economics in decision-making that sustainable development demands. The paper recommends three steps for Canada to ensure better integration:

1) The Round Table should advise the Prime Minister to establish a mechanism, perhaps within the PCO, to ensure that all Canadian positions in the U.N., the Bretton Woods Institutions and the specialized agencies are consistent with the principles of sustainable development.

2) Canada should work with a number of other sympathetic countries to insist in the Governing Councils of the various bodies that the agency heads personally attend meetings called by the new Secretary-General or DGIESC. The introduction in all Governing Councils of a similar resolution containing a threat of budgetary or other sanctions could go a long way to making the existing coordinating machinery work properly.

3) Canada could propose that the World Bank Development Committee (a group composed of Finance Ministers) form the nucleus of a Sustainable Development Commission. It would have to be serviced by a small group, based in the central U.N Secretariat and drawing on some of the resources of the Bretton Woods institutions. The present UNCED Secretariat would serve as the nucleus of this group.

#### iii) Improving the Competence of U.N. Secretariats

As a number of studies have pointed out, the Secretary-General of the United Nations has a number of bureaucratic powers to improve the efficiency of the system which none of the recent Secretaries General have used. Canada should work with other interested countries to ensure that the next Secretary-General is chosen for his or her capacity for leadership and administrative

competence rather than for simple geographic and geopolitical reasons. Canada could also use its influence, along with that of other interested countries such as the Nordics and the Dutch, to make certain that the number two in the U.N., the Director-General for International Economic and Social Co-operation is also chosen on the basis of proven ability.

#### iv) Reform of Existing Institutions

UNEP should be strengthened both in budget and in staff to enable it to carry out its functions more effectively. Monitoring and assessment, the development of new legal instruments, and new initiatives in the marine and coastal area are of considerable importance. It is also important that UNEP retain its mandate as the environmental "conscience" of the United Nations system when the the mandate for sustainable development becomes entrenched in the central secretariat of the U.N.

The UNCED Secretariat has proposed that UNDP become the lynchpin of an ambitious and necessary scheme to greatly increase the capacity of developing countries to plan and implement sustainable development. Under this plan, each region of the developing world would produce a plan to support a network of national institutions for policy studies, technology transfer and scientific research in support of sustainable development. Canada should support this initiative if it specifically provides for the strengthening of national and regional ngo networks. It reinforces UNDP's role as the main provider of technical assistance- a role that has been eroded in recent years by the multilateral banks setting up many of their own systems. It increases the effectiveness of Canada's considerable investment in UNDP. It increases the capacity of the developing countries to participate in UNCED and other processes as equal partners.

Canada should investigate with the Bank (and to a lesser extent, with UNDP) the use of the existing country programming process to help developing countries to design and implement sustainable development strategies. Canada should support the UNCED Secretariat recommendation that "contracts" be made between donors or groups of donors and countries . These contracts would contain specific commitments by donor governments to provide long term sources of finance in exchange for specific commitments by recipients to such things as reductions in rates of population growth, preservation of biological diversity and tropical forests and more sustainable energy strategies.

#### v) Treaty Secretariats

It seems likely that each of the new conventions will require a separate secretariat to administer the agreement. The Round Table should recommend that Canada should insist on four major characteristics of each Secretariat:

- 1) That voting power be based on something other than financial contributions or straight calculations of population size.
- 2) That as far as possible, these Secretariats should rely on existing sources of expertise within the international system.
- 3) That each Secretariat have a Canadian style "stakeholder" advisory group composed of representatives of the scientific community, the ngo community and the private sector. And that the members be chosen on merit.
- 4) That the policy decision making power over the fund be separated from the fiscal management and disbursement of that fund. This would allow funds to be spent rationally through a revamped GEF or the "sourcing fund" mentioned in the finance paper.

vi) A Global Watch System

Canada should support proposals for an independent commission, drawing heavily on such non-governmental bodies as the International Council of Scientific Unions, the World Conservation Union (IUCN), on such U.N agencies as UNEP, WMO and the like, the expertise of the private sector and of national governments. Such a commission could be part of the commission suggested

All of the above recommendations are in line with Canada's traditional support of the U.N. system and both its development and peacekeeping functions. The indications from the recent polls are they would receive substantial support from the Canadian people. They might also provide some political "elbow room" desperately needed if UNCED is to succeed. They are also in line with the principle listed above that a minimum of new institutions be created and that anything which is done can be seen to facilitate a future thoroughgoing reform of the international system.

But none of these suggestions will succeed if it is seen as an exclusive Canadian initiative. At the moment the politics of the UNCED process are bad. The two agendas have not been merged. No real progress has been made on institutional questions. And U.S. resistance to discuss the financial issues has stalled progress there. This suggests an ideal role for the traditional Canadian strengths of coalition building and North/South dialogue. **Because time is short and UNCED will be conducted at the highest level, the Round Table should reiterate its belief that the Prime Minister and his office should become involved very soon.** The timing for Canadian exploratory discussions is opportune. A chance to correct some of the shortcomings in the U.N. Secretariat will arise with appointment of the first post cold war Secretary-General. The Prime Minister will be meeting with his colleagues from the Commonwealth in October. This would not only provide an opportunity to exchange views with Prime Minister Major who was supportive of UNCED as host of the G-7 summit, it would also provide an opportunity for liaison with Australia and New Zealand, with whom Canada has been working closely throughout the PrepCom process. It would also offer the Prime Minister a representative forum of Third World members of the Preparatory process, especially India and Malaysia who have been active from the beginning. The World Bank/IMF meetings in Bangkok, also in that month would present an opportunity to explore some of the coordination initiatives. The Francophone summit will also offer opportunities to further hone any initiatives emerging from the Harare meeting. Finally, the visit to Canada of the President of Brazil next spring would offer the opportunity to further explore some of these issues prior to the decisive final meeting of the UNCED Preparatory Committee in March and April.

## **Background**

Environment and development first emerged as international issues at the United Nations Conference on the Human Environment held in Stockholm in 1972. The early preparations for the Conference, called at the request of Sweden and most of the other OECD countries, were characterized by a serious North/South split. Many developing countries felt that environmental problems were largely problems of affluence, which could best be cured by the revenues resulting from affluence. They feared that the new found enthusiasm for the environment in the North would slow down their development. Health and environmental restrictions in the developed world would be used to restrict their exports, environmental impact assessment provisions would clog an already seriously constricted foreign aid pipeline and concerns about resource shortages would be used to slow down their own development.

This North/South démarche led to the appointment of Maurice Strong, then President of CIDA as Secretary-General of the Conference. Capitalizing on his credibility with Third World governments, Strong set out to change the political dynamic of the Conference to take account of the developing country concerns with international economic relations, and the environmental problems of the tropics - natural resource management, the spread of the deserts and soil erosion as well as the developed world's worries about pesticides, industrial pollution and the health of the oceans.

Twenty years later, Maurice Strong is charged with planning another Conference. The United Nations Conference on Environment and Development will be held in Brazil in 1992. It is planned as a direct follow-up to the work of the World Commission on Environment and Development. And if the three Preparatory Committee meetings held so far are any indication, the North/South split is as prominent as it was in 1972.

## **The Canadian Agenda**

The Canadian agenda for 1992, like that of most of the developed world, is largely focussed on climate change, the loss of biological diversity in the tropics, deforestation, and the health of the oceans. Although global conventions for the first two are currently being negotiated on separate tracks from the 1992 Conference, these issues will be at the center of the Brazil Conference.

Global warming emerged as an issue at the Toronto Conference on the Changing Atmosphere in 1988 where over 300 scientists, policymakers and ngo's agreed on the need for drastic action to curb the emissions of greenhouse gases (GHGs). The Conference called for a 20% cut in the emissions of the most common gas, CO<sub>2</sub>. The Intergovernmental Panel on Climate Change (IPCC), which comprises most of the world's first rate climate scientists confirmed the findings of the Toronto Conference. Because of man induced emissions of GHGs, the world faces temperature increases over the next few decades greater than those experienced over the past 20,000 years. These changes will lead to sea level rises, flooding of coastal regions in many countries, major changes in the frequency and impact of tropical storms and potentially catastrophic changes in world agricultural patterns.

The Toronto Conference has been succeeded by a series of meetings designed to produce a framework convention on global warming by the time of the Rio Conference. The most recent session, in Nairobi in September of 1991, concluded with little agreement being reached. The debate on climate change centers around whether or not the negotiators should aim for a convention containing specific mandatory commitments on CO<sub>2</sub> emissions, forestry or funding. Led by Germany, the European Community is pressing for

substantial cuts in CO2 emissions by the developed countries and the establishment of a fund to help developing countries develop more sustainable energy sources. Japan has responded with the so-called "pledge and review" system whereby governments would unilaterally determine and announce their own reduction (or stabilization) targets and open their measures for achieving them to international scrutiny. Progress is currently being blocked by the United States which has refused to agree even to the principle of targets, a number of oil producing states (led by Saudi Arabia) and a number of the developing countries. Canada's policy has been to stabilize Canadian CO2 emissions at 1990 levels by the year 2000.

The second convention, on biological diversity, is currently stalled, the victim of a North/South dispute over the use of genetic material in biotechnology. Developing countries are unwilling to devote more resources to protecting their vast store of genetic material unless they can derive some benefit from the value of that material to the Northern pharmaceutical and biotechnology industries.

Canada has also been involved in efforts to begin negotiations on a new international forestry convention. This convention would go beyond the carbon protocols proposed for any climate change convention to "lock up" CO2 from the atmosphere in growing trees. It would acknowledge that forests have other uses as well and would seek to address forestry as an economic resource and as the world's greatest reservoir of biological diversity. This convention would be concerned with forestry in the temperate regions as well as in the tropics. The convention has been put on hold indefinitely because of the strong opposition of many of the tropical forestry exporting countries, led by Malaysia. It is likely that UNCED will produce only a statement of principles.

### The Developing Country Agenda

If the "global issues" dominate the agendas of Canada and the other OECD countries at UNCED, then the agendas of the Third World are strikingly familiar to those which they brought to the original Conference at Stockholm in 1972. There is an overwhelming feeling among the developing countries that their first priorities should be poverty reduction and development. Not that many do not understand the significance of the global issues nor, indeed, that the developing world will be more seriously affected by environmental deterioration than the North. These concerns are simply overwhelmed by the depth of the economic crises facing most in the Third World.

Despite the success of a number of newly industrialized countries in developing their industrial and export industries, most of the developing world has been in a state of continual economic crisis throughout the eighties. In Africa, food production per capita has been steadily dropping, infant mortality rates rising, life expectancy becoming shorter, while the AIDs pandemic continues. Standards of living throughout Latin America, Africa and much of Asia have dropped dramatically, often at rates comparable to or even greater than those experienced in North America during the depression. This is placing the newly democratic governments in Latin America under tremendous pressure to demonstrate that they can deliver the economic, as well as the political goods. Most Latin American countries have experienced substantial declines in their per capita incomes - it is not uncommon for these declines to be of the order of 35% in real terms.

The final demonstration of the seriousness of the economic crisis is the sheer scale of the transfer of resources. The World Bank and the IMF now estimate that the developing world is remitting over \$50 billion more per year to the developed countries than it receives in capital transfers.

The debt crisis and the measures recommended by the international financial community to correct it have resulted in cuts in public expenditure as governments strive to make their economies more efficient and to devote more and more resources to debt repayment. Mexico, for example, despite its population growth, has reduced its education budget by more than 50% over the last decade.

In addition to the financial flows, many developing countries also point out that the world trading system also puts them in a difficult position. Many worry that environmental health and conservation restrictions in the developed world will be used to restrict their exports. The fact that the first two disputes submitted to the settlement regime of the U.S.-Canada Free Trade Agreement involved conservation restrictions has done nothing to allay these fears. The tropical timber exporters in particular, are worried about the effects of a continuing ban on the use of tropical timber in a number of European municipalities brought about by pressure from the environmental groups. They fear that this is only the beginning of such restrictions on tropical exports and fear that they could soon become a matter of national policy for those countries with strong domestic ngo lobbies.

Given the way in which they feel that the economic deck appears to be stacked against them many developing countries are suspicious of the international community turning its attention to environment and development issues. They see, as many did before the Stockholm Conference, "an apparent conflict between environmental and developmental priorities. There are genuine fears that resources will be diverted and that a new layer of conditionality- environmental criteria- are being introduced without additional financing. There is also a growing sense of disquiet that the industrialized countries are asking the developing nations to scale down their economic aspirations to share the burden of averting the global ecological threats which are mainly due to the industrialized countries' patterns of consumption." <sup>1</sup> This is familiar territory to Maurice Strong and his colleagues from the 1972 process

The principal difference between 1972 and 1992, however, is that the developing countries feel that they finally have a bargaining chip which matters. None of the subjects on the Northern agenda can be tackled without their co-operation. Perhaps the best example of this symbiosis is provided by Chinese plans to double GNP within the next 15 years. If this increase takes place with present Chinese energy technology, the effects on global CO2 emissions could be dramatic. Studies have shown however that this could be done with no increase in energy use (and therefore of CO2 emissions) if the 750,000 inefficient industrial boilers were replaced with more modern vessels. The costs would be large, but not enormous, the technology not particularly complex. But the Chinese have few incentives to bear these costs on their own- after all, the present generation of boilers works. They feel that the developed countries should bear the lion's share of these costs. The words of the recent Beijing Ministerial Conference of Developing Countries stated the extreme Third World position thus:

"While the protection of the environment is in the common interest of the international community, the developed countries bear the main responsibility for the degradation of the global environment. Ever since the Industrial Revolution, the developed countries have over-exploited the world's natural resources through unsustainable patterns of production and consumption, causing damage to the global environment, to the detriment of developing countries.

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<sup>1</sup> Common Responsibility in the 1990's. The Stockholm Initiative on Global Security and Governance, April 22, 1991, Stockholm: Office of the Prime Minister, page 28

The developed countries, in view of their main responsibility for environmental degradation and their greater financial and technological capabilities, must take the lead in eliminating the damage to the environment as well as in assisting the developing countries to deal with the problems facing them."<sup>2</sup>

Many feel, with Maurice Strong, that the<sup>4</sup> Brazil Conference represents the best chance, perhaps the only chance, the world will have this decade to break the back of these global environmental issues by anticipating and preventing their worst effects rather than simply adjusting to the consequences after they have happened.<sup>5</sup> By linking these two sets of issues and by persuading governments to treat the Brazil meeting as a summit, Strong has raised the ante considerably. And so far the omens are not promising. Only limited progress has been made on the first part of the bargain- an agreement by the developed countries to reduce their CO2 emissions substantially. Little progress has been achieved on the provision of new resources to help developing countries to pursue more sustainable development strategies. Despite pious words, nothing has been done on the tricky issue of technology transfer. Finally, much thought must be given to the institutional arrangements for making all of this happen. Few believe that the existing international machinery is capable of coping with this new set of problems.

*Jay  
Newell letter*

### Toward a Canadian Strategy

The warnings of the Brundtland Commission that the future will be bleak unless the world turns to a course based on sustainable development have not gone unnoticed in Canada. In the words of the Prime Minister, "We believe that there are no limits to economic growth, other than those imposed by our imagination, but we do recognize that there are real limits to natural systems and resources. This is not just about the atmosphere, it is not just about the environment, it is about the future of the planet itself. And to address the environmental agenda, it is not enough to conduct research and put out information, we also need leadership and statesmanship in the international community."<sup>3</sup> This leadership must encompass the Brundtland imperatives for sustainable development mentioned earlier both internationally and domestically. And most important, it must lead to the integration of environment and economic development at the highest levels of decision-making. Maurice Strong has made a start in this area by persuading the General Assembly to turn UNCED into the Earth Summit. But there remains no place in the international system where this integration can occur on a regular basis.

**This paper therefore recommends that the promotion of sustainable development become one of the principle cornerstones of Canadian foreign policy for the rest of this century.**

Strengthening the United Nations and the multilateral system has long been a Canadian interest. The end of the Cold War may provide a unique opportunity to make giant strides in this area. And UNCED may provide the first chance to test out many of the ideas for reform. The Earth Summit will be the first major international conference since the end of the Cold War. It will also be the largest summit meeting ever held. The Brazilian hosts estimate that at least 70 Heads of Government and heads of State will be attending. It

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<sup>2</sup> Beijing Ministerial Declaration on Environment and Development, ED/Conf G 2, 18 June 1991

<sup>3</sup> Notes for an address by the Right Honourable Brian Mulroney at the International Conference on the Changing Atmosphere, Toronto, June 27, 1988

would be naive to assume that any major progress will be made in restructuring by that time, but it could provide a high profile opportunity for the Prime Minister to announce Canadian leadership in this area.

And it is surely in Canadian interests to play a lead role. Support for multilateral solutions to international problems is a Canadian tradition which polls show continuing into the 1990's. And despite one or two recent results, all of the polls show that Canadians still feel that the environment is an issue of paramount importance. In fact, when questioned in an Angus Reid poll commissioned by CIDA, the majority of Canadians volunteered that the international issue which most concerned them was the threat of environmental degradation. Earlier polls taken by Environics showed an extraordinary 85% of the public believing that environmental problems poses a major threat to the survival of mankind. Expectations that the environment would disappear as a major issue after a recession had set in have also been proven to be unfounded by the latest Environics poll. Asked in May of this year what the major ingredients of an economic development plan for Canada should be, the largest number of respondents felt that environmental protection should be the critical ingredient.

And Canada's competitive position could be affected by a number of the international agreements being discussed. Canada's domestic economy is more affected by the use of natural resources than that of virtually any other developed country. As a result, agreements on global warming and forestry could have substantial effects on Canadian industry. If Germany and Japan, for example, who are already considerably more efficient users of energy than Canada, unilaterally induce their industries to become even more efficient (with CO2 reduction targets, for example), than Canada could fall even farther behind in the competitiveness race unless it reacts quickly. And as the fur and seal boycotts have shown, Canadian domestic policies which are seen to be "anti-environmental" by European and other environmental groups can easily lead to damaging boycotts of Canadian exports.

### A Canadian Negotiating Strategy

Although it is beyond the scope of this paper to recommend an overall Canadian strategy for the restructuring of the multilateral system, some of the elements of such a strategy are already clear. And they coincide with a number of the areas where Canada should be attempting to make progress at UNCED. Even under the most optimistic assumptions, restructuring of the international system will take a number of years, perhaps culminating in the international conference in 1995, the fiftieth anniversary of the San Francisco Conference, envisioned by the Stockholm Declaration. The Canadian strategy for UNCED must therefore be designed both to promote long term goals for reform and to achieve significant progress in the near term.

It is also necessary to bear in mind that the Preparatory Committee has not yet discussed the institutional agenda in any detail, and it has only begun to discuss the contents of Agenda 21. This item, intended by Strong as an action plan containing elements lasting well into the next century, will contain numerous recommendations with financial consequences. The institutional structures which Canada finally supports will need to be adapted somewhat to the requirements set out in Agenda 21. With these caveats in mind, it is possible to set out a series of Canadian institutional objectives for UNCED. Many of these would also apply to the long term reform process as well:

- i) The establishment of a high level political forum for the integration of environment and economy and for the discussion of issues related to environment and security

ii) The development and implementation of a coordinated Canadian position on sustainable development throughout the multilateral system. The creation of mechanisms for the integration of environmental considerations within the programs of the international agencies.

iii) Strengthening the professional competence of the U.N. Secretariats

iv) Strengthening existing institutions, such as the United Nations Environment Program, the United Nations Development Programme and the World Bank

v) Strengthening local, national and regional institutions, both governmental, and outside government, to plan and implement policies, programmes and activities that are environmentally sustainable.

vi) The development of mechanisms for the implementation of the global conventions.

vii) Strengthening the scientific and information capacity of the multilateral system

In Canada and in other countries, the UNCED process has stimulated an extraordinary degree of involvement among three communities crucial to its success. Environmental and development ngo's, the private sector and the scientific community have all established special groupings to ensure their input in the decision-making process. More than 150 ngo's participated in the third Preparatory Committee meeting in Geneva. The International Chamber of Commerce has published its Business Charter for Sustainable Development. And, under the leadership of the prominent Swiss industrialist Stefan Schmidheiny, the Business Council on Sustainable Development has drawn together more than 30 Chief Executive Officers of some of the world's largest companies (including Toyota, Dupont, Dow Chemical, Transalta Utilities and Northern Telecom) to provide a private sector counterpart to the official UNCED deliberations. And the scientific community, so critical to the evaluation of the global change issues which provide the core of UNCED's agenda, has begun to organize itself for the Rio meeting.

While ngo's have been part of the United Nations system since the adoption of the Charter, their role has been carefully circumscribed. In acknowledgement of the increasing importance and political muscle of the non-governmental community, the UNCED Secretariat has involved ngo's in all of its working groups for Agenda 21. According to the Secretary-General, this has enriched the process considerably. The Preparatory Committee sessions have attracted wide numbers of ngos, and the rules have been set to allow opportunities for them to participate in the formal deliberations. Led by Canada, a number of the donor countries have banded together to provide funding to enable ngos from developing countries to play their part in the remaining PrepCom meetings and at the conference in Rio itself. U.N. reform will also need to focus on increasing the role of the non-governmental community.

UNCED has also attracted an unprecedented degree of interest from the private sector. The International Chamber of Commerce and the newly formed Business Council for Sustainable Development will be preparing interventions at the Conference. Strong has involved business representatives in the working group process for Agenda 21 as well. And everyone is agreed on the critical role of the private sector in mobilizing the large sums of capital that will be needed to restart the engine of development as well as prepare for the

transition toward more sustainable forms of energy development. Any plans for workable technology transfer will need to be based upon the central role of private industry.

The scientific community has also mobilized in support of more sustainable forms of development. The Intergovernmental Panel on Climate Change, mentioned earlier, has played the central role in reaching a consensus on global warming. The International Geosphere/Biosphere program represents an unusual degree of co-operation between the physical and biological scientists to assess the state of the planet. And the program on Human Dimensions of Global Change begins to involve the social scientists and policy community in the formulation of policies to deal with climate change and the other global changes.

**Any Canadian positions on the institutional priorities for U.N. reform in general and UNCED in particular must be designed to take advantage of these new realities and to build them into the new institutions from the start.**

## **1. A High Level Political Forum**

The integration of environmental considerations into economic decision-making at the highest levels is at the core of the concept of sustainable development. Mechanisms for this integration are beginning to develop at the national level, for example, through the Canadian innovation of Round Tables on the Environment and the Economy and through the British practice of appointing a Junior Minister charged with environmental responsibilities for each department. Such fora are entirely lacking at the international level. Several kites have been flown by various countries to reform existing institutions, to create new institutions and to create new "non-institutions".

### **a) Reform of Existing Institutions**

1) Reform of the Security Council- The British and the Soviets have both proposed some sort of expanded mandate for the Security Council so that it can appropriately deal with environmental security. This could include a special sub-committee of the Council or an agreement to devote a certain number of meetings of the full Council to these issues. Critics have pointed out that the agenda for the Council is already overcrowded. Adding a permanent committee or subcommittee to the Council might serve to overcome that objection, but it will not meet the fundamental objection of the developing countries to expanding the role of a body that is of such limited membership. The developing world will probably hold any ideas of changing the Council's mandate hostage to some acceptance of changes in its composition.

2) Reforming the Trusteeship Council- The Trusteeship Council is one of the original organs of the United Nations system. With the imminent demise of apartheid, the Trusteeship Council would appear to have outlived its usefulness. Maurice Strong, with Soviet and other support has long believed that the Trusteeship Council could be transformed into a Council of Trustees of the Earth when its original function is fulfilled. Strong also believes that this can be done without a revision of the Charter, a point disputed by many lawyers.

### **b) Creation of new institutions**

1) Creation of an Environmental Security Council-This has also been proposed by the British, the Soviets and the Norwegians. It would be a body limited in membership, perhaps without a veto.

2) The Hague Initiative. Perhaps the most unusual document of recent years emerged from the Hague summit of March 1989. In it the 24 leaders (since expanded by an additional 19), led by France and The Netherlands called for the creation of a new institutional authority to combat global warming. Unlike any other international bodies with clout, its decisions could be reached without unanimous consent and without any single state enjoying a veto. Furthermore, they also called for some role in the enforcement of its decisions by the World Court. Trade sanctions could be imposed on countries who repeatedly defied its rulings. A version of this idea was subsequently proposed by President Mitterand at the G-7 Summit of the Arch later that year. It should be noted that Prime Minister Mulroney was one of the original signatories of this declaration. There have also been rumours prior to the recent attempted coup in the Soviet Union that President Gorbachev intended to bring a version of the Hague "solution" to the summit at Rio.

3) An Economic Security Council-This would be composed of around 24 members and would be the centerpiece of the "economic U.N.", much as the Security Council animates the political U.N. It would be served by an independent secretariat and representation would be at the Ministerial level.

Any of these initiatives is workable. The existing international machinery, reflecting as it does the realities of 1945 and the immediate post war era, is incapable of coping with this new set of problems which are likely to dominate the U.N. agenda for the rest of this century. As the Prime Minister pointed out on his recent trip to the Far East, any Security Council which excludes Japan as a permanent member lacks credibility as it does not reflect the new power balance. Similar arguments can be made for Germany and a number of the larger developing countries such as Brazil and India. Recently, there has been a flurry of studies and statements about the necessity for reform of the United Nations system. This is best exemplified by the Stockholm Initiative<sup>4</sup>. Chaired by the Prime Minister of Sweden, this group represented all of the major independent commissions of the 1980's - from Brandt to Brundtland. It called for the setting up of an Independent Commission on Global Governance to examine all aspects of the international system and to make recommendations to a World Summit on Global Governance, probably timed to coincide with the 50th anniversary of the San Francisco Conference in 1995.

**Canada should follow up the Prime Minister's commitment to support Japanese membership of the Security Council with a major initiative on reform of the Council. This would include expanding the number of permanent members, changing its mandate and its place within the U.N. system**

A number of the other solutions proposed, such as a special committee of the General Assembly, or regular meetings of Environment Ministers cannot to accomplish the desired purpose of their own.

c) Creation of a "non-institution"

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<sup>4</sup> Common Responsibility in the 1990's; The Stockholm Initiative on Global Security and Governance, Stockholm: Office of the Prime Minister, 1991

Council reform is a long term issue. Sustainable development needs action now. While the discussion of U.N. reform is taking place, Canada should explore the creation of a "non-organization" similar to the G-7. Since its creation, the G-7 summit has served the enormously useful purpose of focussing the leaders of the 7 major industrial democracies on a range of economic topics. At the Toronto summit of 1988, Canada succeeded in introducing the subject of environment and sustainable development for the first time. Since that summit, environment has become a staple part of the G-7 diet. But the G-7 has its limitations in dealing with global issues. It is seen by the Third World as a rich country club and it excludes the Soviet Union and Eastern Europe. The membership of an expanded summit would need to be the subject of careful discussion and negotiations. The precedent of the Cancun summit of the early 1980's (although the summit itself was a failure) could provide some guidance in this regard.

**Canada should propose a meeting of a "non-organization" consisting of the G-7, the Soviet Union and a representative number of developing countries. It would meet at the Heads of Government level, perhaps one year after the Earth Summit. It would review the integration of environment and economics; environment and security and any progress on Agenda 21 or other items.**

The group could meet annually or biennially as desired. If and when the reform of the United Nations is implemented, this "non-organization" can easily go out of business. If international reform efforts founder once again, this group might become more formal. **To bring more focus to its deliberations, it would establish a distinguished independent panel of representatives from the ngo community, the private sector and the scientific community chosen in their private capacities. This group would be responsible for the regular publication of a State of the Globe report. Ample precedents exist for such a publication in the official realm- the World Bank's World Development Report and UNDP's Human Development Report; and in the unofficial sphere- Worldwatch Institute's State of the World Report and WRI's World Resources Report.**

This group would have no official status. But neither does the G-7. It would succeed or fail according to its ability to attract Heads of Government. It could be inaugurated in much the same way as the G-7 summit. Canada has a useful negotiating track for "trying out" this proposal. The Commonwealth Heads of Government meeting in October in Harare would allow for discussions with Britain, a G-7 member, with India, perhaps the most intransigent of the developing countries in the UNCED process, and with a number of other key developing countries. The Francophone summit the following month, will provide similar opportunities for consultation. If these consultations yield positive results the Prime Minister, together perhaps with the President of Brazil on his spring visit to Ottawa, could issue an invitation.

## **2. Environment/Development Integration**

The international system has grown in a haphazard fashion over the past 40 years. Because of the weakness of the central U.N. Secretariat and the conflicting goals of governments, the specialized agencies and their heads have come to behave like mediaeval baronies, feuding among themselves and with the centre. This situation is especially damaging to the prospects of sustainable development, requiring as it does the integration of both environmental and economic concerns. A number of solutions have been proposed to improve this co-ordination.

Many of these involve rejuvenating or reorganizing the existing machinery. They usually center around reform of the U.N. Economic and Social Council, the various Committees of the General Assembly and the Administrative Committee on Coordination. These are perennial favourites for any discussion of U.N. reform. Perhaps the latest round of discussions will bear fruit and new coordination machinery may emerge at the bureaucratic level. It is fair to say, however, that few are optimistic about the chances of success in the short run.

This is an important area for Canada. Canada is one of the strongest supporters, both politically and economically, of the specialized agencies. Canadian voluntary contributions to the UNDP, UNFPA and other organizations are twice the level that they would be had the country paid its "normal" U.N. pro rata share. Coordination and efficiency are therefore in the Canadian interest.

A Canadian strategy in this area should begin with the Secretary-General. As Childers and Urquhart point out<sup>5</sup>, the Secretary-General has considerable bureaucratic powers that have never been used in this area. If the next Secretary-General were to be chosen according to different criteria than most of his or her predecessors, many of these problems could be solved. The present system for choice of a Secretary-General is less elaborate than that used by most medium sized Canadian Universities in the selection of a President. Canada should work with other interested countries to ensure that the next Secretary-General is chosen for his or her competence rather than for simple geographic and geopolitical reasons. Canada could also use its influence, along with that of other interested countries such as the Nordics and the Dutch, to make certain that the Director-General for International Economic and Social Co-operation is also chosen on the basis of proven merit. This post, created to help overcome the structural weaknesses of the system, has not lived up to its expectations. The post could also be renamed, and its responsibilities reorganized accordingly, to make it into the Directorate General for Sustainable Development. It is difficult to overemphasize the importance of these two appointments.

Canada would also do well to get its own house in order. As with most other countries, the Canadian representatives to the U.N. specialized agencies are appointed and instructed by the relevant departments. It is not unusual, therefore, to see Canadian delegates presenting incompatible views on the same subject to two different fora. If the Government of Canada wishes to see greater co-ordination among the U.N. agencies, it must demonstrate that it can do so at home. The Round Table should advise the Prime Minister to establish a mechanism, perhaps within the PCO to ensure that all Canadian positions in the U.N., the Bretton Woods Institutions and the specialized agencies are consistent with the principles of sustainable development.

Even after a Secretary-General has been appointed and better co-ordination has been ensured within the Government of Canada, there is still a need for some device to bring about better co-ordination within the U.N. at the policy level. And this must be done at the Ministerial level. The Nordic study on the U.N.'s development activities called for the creation of an International Development Council which would bring together Ministers of Development.<sup>6</sup>

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<sup>5</sup> Urquhart and Childers, *A World in Need of Leadership; Tomorrow's United Nations*, Motala, Sweden, 1990

<sup>6</sup> *The United Nations in Development; Final Report by the Nordic UN Project*, Almquist and Wiksell International: Stockholm, 1991

A number of other reports have called for the creation of a Sustainable Development Commission, composed of Ministers of Finance or Economics, reporting directly to the General Assembly<sup>7</sup>. The latter would obviously carry more weight. It could also provide a more direct link to the Bretton Woods institutions, who tend to view themselves as apart from the U.N, but who tend to be assuming more and more importance in the debate over sustainable development. A representative group of Finance Ministers meets twice a year in their capacity as members of the World Bank/IMF Development and Interim Committees. They have discussed environment and development as they effect the World Bank in a number of these meetings. In fact, the decision to establish the Global Environmental Facility arose from one of these discussions. **Canada could propose that the World Bank Development Committee form the nucleus of a Sustainable Development Commission. It would have to be serviced by a small group, based in the central U.N Secretariat and drawing on some of the resources of the Bretton Woods institutions. The present UNCED Secretariat would serve as the nucleus of this group.**

As an interim, Canada might seek to make the present coordinating mechanism more real. **Canada could join with a number of other sympathetic countries to insist in the Governing Councils of the various bodies that the agency heads personally attend meetings called by the new Secretary-General or DGIESC. The threat of budgetary or other sanctions could go a long way to ensure better operation of the present system. Canada might also wish to consider the adoption of the smaller, more permanent executive bodies proposed in the Nordic report<sup>8</sup>. Similar to the system of Executive Directors in operation at the World Bank, these bodies would ensure more continuous supervision of the activities of these organizations.**

### **3. Making Better Use of What Exists**

Although almost all of the international agencies have some role in the implementation of sustainable development, the U.N. Environment Programme and the Development Programme are the most central in the U.N. system. The World Bank has taken the lead among the multilateral finance institutions.

Considering the size and precarious nature of its financing, UNEP has a good many accomplishments to its credit. It took on the ozone problem when few believed it of great importance and shepherded it through the Vienna Convention and the Montréal protocol and the creation of the multilateral fund. It alerted the world to the dangers of global warming and, together with WMO, carried this concern through to the present negotiations on an international convention. Its regional seas programs have often succeeded in persuading governments which are mutually hostile to make common cause to save the environment. Its legal program has pioneered in the development of so-called "soft law". And its Earthwatch Program has helped to mobilize both scientific and technical information on the state of the planet. Its Governing Council has been more open to interactions with both ngos and the private sector than most in the U.N. system.

**UNEP should be strengthened both in budget and in staff to enable it to carry out its functions more effectively. Monitoring and assessment, the development of new legal instruments, and new initiatives in the marine**

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<sup>7</sup> Report of the Aspen Institute Working Group on International Environment and Development Policy (draft) July 25, 1991

<sup>8</sup> Ibid, Nordic U.N. project, page 20

**and coastal area are of considerable importance. It is also important that UNEP retain its mandate as the environmental "conscience" of the United Nations system when the the mandate for sustainable development becomes entrenched in the central secretariat of the U.N.**

**The key to the success of any sort of accommodation between the "two agendas" mentioned at the beginning of this paper will be the willingness of the developed countries to make available some sort of additional financing for more sustainable forms of development and for capacity building. The financial aspects of these transfers is more fully addressed in the paper on finances. But no matter how much external assistance is eventually provided to the Third World, it is evident that most of the human and financial resources for sustainable development must come from the poorer countries themselves. Recent studies by the World Bank and by the U.N. Development Program indicate that the most effective investment for the relief of poverty has been in human capital. This will also be true for sustainable development. The UNCED Secretariat has proposed that UNDP become the lynchpin of an ambitious and necessary scheme to greatly increase the capacity of developing countries to plan and implement sustainable development. Under this plan, each region of the developing world would produce a plan to support a network of national institutions for policy studies, technology transfer and scientific research in support of sustainable development. Canada should support this initiative if it specifically provides for the strengthening of national and regional ngo networks. It reinforces UNDP's role as the main provider of technical assistance- a role that has been eroded in recent years by the multilateral banks setting up many of their own systems. It increases the effectiveness of Canada's considerable investment in UNDP. It increases the capacity of the developing countries to participate in UNCED and other processes as equal partners.**

**With the advent of the Global Environmental Facility, a \$1.6 (U.S.) fund, the World Bank has again demonstrated its ability to mobilize substantial (although insufficient) amounts of capital for development. The accompanying paper on finance discusses the various options for providing critical additional funds for sustainable development while still retaining the main focus on poverty alleviation. This paper focuses on the institutional aspects of the Bank's activities. With Michael Wilson's intervention at the World Bank meeting in Berlin in 1988, Canada demonstrated that it was prepared to insist on the inclusion of environmental considerations in Bank lending operations. Although Bank practices have improved somewhat in the interim, the agency still has a good distance to go. And special care must be taken to ensure that the advent of the GEF and, perhaps, other dedicated environmental funds, does not divert attention away from the need to fully integrate environmental considerations into all of the Bank's lending. Continued intervention by Canada and other countries of similar mind in the Bank's Governing Bodies (especially the Development Committee if it provides the nucleus for a Sustainable Development Commission) will be helpful in this direction.**

**Given that most of the planning and implementation for sustainable development must occur at the country level, Canada should investigate with the Bank (and to a lesser extent, with UNDP) the use of the existing country programming process to help developing countries to design and implement sustainable development strategies. Canada should support the UNCED Secretariat recommendation that "contracts" could be made between donors or groups of donors and countries. These contracts would contain specific commitments by donor governments to provide long term sources of finance in exchange for specific commitments by recipients to**

such things as reductions in rates of population growth, preservation of biological diversity and tropical forests and more sustainable energy strategies. Although the developing countries have been very vocal in their resistance to the concept of "conditionality", recent experience by a "dialogue group" of North and South American leaders suggests that a good deal of movement is possible, including substantial concessions by the South, if these discussions are held in a reciprocal fashion<sup>9</sup>. The group found that concessions might be possible even on such previously politically taboo subjects as family planning, land reform and the preservation of tropical forests if there is some sense that some of the Northern taboos such as agricultural subsidies, debt relief and the like were also on the table. Canada could play a crucial pivotal role in persuading both some of the critical Southern recipients and the Northern donors to try some of these "contracts" on a trial basis. The existing donors' consultative groups and country roundtables organized by the Bank and UNDP could provide ideal fora for some of these "contracts" to be explored.

#### **4. Treaty Secretariats**

Canada will play a critical role in the negotiations for a new convention on climate change, through its Chairmanship of Working Group 2. It should also continue to press for an eventual convention on forests, although it seems unlikely that anything substantive can be assembled for Rio. While biological diversity seems a long shot, it is still possible.

Once a convention is negotiated and signed, there will be pressure for the creation of a Secretariat to serve it and a fund to help with its implementation. In fact, as the Beijing declaration has stipulated, it is unlikely that the developing countries will agree to any of the conventions unless there are strong indications that funds will be forthcoming.

Although each of these Secretariats will be very different, depending on the principal countries involved, Canada should insist on four major objectives:

- 1) That voting power be based on something other than financial contributions or straight calculations of population size.
- 2) That as far as possible, these Secretariats should rely on existing sources of expertise within the international system. Over time, this could result in the partial rationalization of a compartmentalized bureaucracy based on the compartments of the 1960's and 1970's.
- 3) That each Secretariat have a Canadian style "stakeholder" advisory group composed of representatives of the scientific community, the ngo community and the private sector. And that the members be chosen on merit.
- 4) That the policy decision making power over the fund be separated from the fiscal management and disbursement of that fund. This would allow funds to be spent rationally through a revamped GEF or the "sourcing fund" mentioned in the finance paper.

#### **5 A Global Watch System**

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<sup>9</sup> A New World Compact

When scientists began to sound the alarm about the possible influence of CFCs on the earth's ozone layer, few suspected the extent to which the damage had already been inflicted. The discovery of the "ozone hole" over Antarctica surprised all but a small proportion of the scientific community, let alone the policy community. Subsequent research is revealing that the deterioration of the ozone layer is proceeding even more rapidly.

The human race can ill afford many more such surprises. As mentioned before, the scientific community worldwide is developing new co-operative approaches to the identification of these problems before they occur. But there is a need for a new mechanism to bring to bear the best governmental and non-governmental scientific advice. **Canada should support proposals for an independent commission, drawing heavily on such non-governmental bodies as the International Council of Scientific Unions, the World Conservation Union (IUCN), on such U.N agencies as UNEP, WMO and the like, the expertise of the private sector and of national governments.** Such a commission could be part of the commission suggested in item 1 above or could be a separate organization designed to provide "early warning" of environmental problems, assess their risks and recommend appropriate courses of actions. Such a body would not need an extensive secretariat nor a large budget, since it would be drawing on a great deal of ongoing work. It could, however, be politically attractive and could help to galvanize the scientific community.

All of the above recommendations are in line with Canada's traditional support of the U.N. system and both its development and peacekeeping functions. The indications from the recent polls are they would receive substantial support from the Canadian people. They might also provide some political "elbow room" desperately needed if UNCED is to succeed. They are also in line with the principle listed above that a minimum of new institutions be created and that anything which is done can be seen to facilitate a future thoroughgoing reform of the international system.

But none of these suggestions will succeed if it is seen as an exclusive Canadian initiative. At the moment the politics of the UNCED process are bad. The two agendas have not been merged. No real progress has been made on institutional questions. And U.S. resistance to discuss the financial issues has stalled progress there. This suggests an ideal role for the traditional Canadian strengths of coalition building and North/South dialogue. **Because time is short and UNCED will be conducted at the highest level, the Round Table should reiterate its belief that the Prime Minister and his office should become involved very soon.** The timing for Canadian exploratory discussions is opportune. A chance to correct some of the shortcomings in the U.N. Secretariat will arise with appointment of the first post cold war Secretary-General. The Prime Minister will be meeting with his colleagues from the Commonwealth in October. This would not only provide an opportunity to exchange views with Prime Minister Major who was supportive of UNCED as host of the G-7 summit, it would also provide an opportunity for liaison with Australia and New Zealand, with whom Canada has been working closely throughout the PrepCom process. It would also offer the Prime Minister a representative forum of Third World members of the Preparatory process, especially India and Malaysia who have been active from the beginning. The World Bank/IMF meetings in Bangkok, also in that month would present an opportunity to explore some of the coordination initiatives. The Francophone summit will also offer opportunities to further hone any initiatives emerging from the Harare meeting. Finally, the visit to Canada of the President of Brazil next spring would offer the opportunity to further explore some of these issues prior to the decisive final meeting of the UNCED Preparatory Committee in March and April.