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***Let's move the environment off the back burner.*** *Global warming is just one of the problems needing international solutions. At next week's G8 summit, Canada can take on a leadership role, says former top diplomat GORDON SMITH.*

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The Group of Eight meets in Genoa a week Friday. Given what happened in Seattle in 1999 and at virtually every major international meeting since then, the Genoa summit's organizers and participants are concerned about the prospect of disruptive protests. For Canadians, it will be a taste of what to expect when the G8 meets here in 2002.

It seems hard to believe that, back in 1995, the leaders of these same countries met in Halifax with no problems. Our guests could walk the streets with minimal security, and Halifaxians welcomed them. Something has gone very wrong as growing concern about globalization's dark side has mobilized people to protest.

By now, it has become clear that free trade in goods and services, and the unrestricted movement of capital (whether for investment or exchange speculation), do not produce unqualified benefits. Some protesters may be nothing more than hooligans, but many have serious - if conflicting- concerns that deserve our attention.

The consensus at last autumn's United Nations summit was that globalization needed to be shaped to ensure that more people would enjoy its benefits. The leaders of developing countries were not saying globalization should be stopped; rather, they wanted to ensure that, as they open their markets, the North would do the same. This is not an unreasonable ambition, since the last trade negotiations (the Uruguay round) failed to provide them with the access they expected for their agricultural and textile products.

Protesters are not alone in their mounting concern that the market system will not ensure the provision of "global public goods" such as environmental protection. There's widespread concern that governments are becoming impotent and that large corporations are running the show.

The legitimacy and capacity of international agreements and organizations, meanwhile, are being challenged from all sides. This past weekend, it was the turn of

the G7 finance ministers, who at their meeting in Rome called for more transparency, outsider participation and accountability for the IMF and the World Bank

Better global governance is obviously required. But we need specific plans for achieving it.

Last week, the UN issued a report that deserves far more notice than it has received. It was produced by the so-called High-Level Panel on Financing for Development, whose president is Mexico's Ernesto Zedillo. "The challenges of globalization today cannot be adequately handled by a system that was largely designed for the world of 50 years ago," the report declared.

It recommended reforming the World Trade Organization to make its decision-making less exclusionary, so that developing countries would be better able to analyze and defend their interests. It also recommended strengthening the International Labour Organization to deal with social and labour issues. Among its other key recommendations was the creation of "a single Global Environment Organization with standing equivalent to that of the WTO, the IMF, and the World Bank." Next year is the 10th anniversary of the Rio summit on the environment, so this recommendation coincides with the opportunity for a critical assessment of what has been done and, more significantly, what hasn't. The report finds promise in the idea of a carbon tax, "a tax on the consumption of fossil fuels, at rates that reflect the contribution of these fuels to [carbon dioxide] emissions." This is worth thinking about as we flounder about seeking to meet the enormous challenges of climate change.

The panel devotes considerable time to the proposed creation of an International Tax Organization. It would compile statistics, identify trends and problems, present reports, provide technical assistance, and develop international norms for tax policy and administration. It would maintain surveillance of tax developments in the same way that the IMF maintains surveillance of macroeconomic policies. It could play a leading role in dealing with countries that try to attract multinationals with excessive and unwise tax incentives. When competing countries' tax regimes create friction, the organization could develop procedures for arbitration. And it could sponsor a mechanism for sharing tax information intentionally, to curb the scope for multinationals to evade taxes on investment income earned abroad.

Canada can play a leadership role in designing the new architecture of global governance. When the G8 meets in Genoa, we should be preparing the ground for the 2002 summit, when we play host. Our assets include an experienced and well-liked Prime Minister, and the fact that Finance Minister Paul Martin, who chairs the G20 finance ministers' group, has developed a deep interest in improving governance at the

global level. Moreover, Canada has a long history of supporting the development of international institutions and strengthening the multilateral system.

Where to begin? I'd select climate change as one issue where Canada could take the initiative. The U.S. Senate and the Bush administration have rejected the Kyoto agreement and show no sign of backing down; the Europeans, meanwhile, won't give up on Kyoto. Developing countries need more incentives to participate in any international effort to reduce greenhouse gases. Let's help the world devise a market-based system with limits on emissions, carbon taxes, incentives for new technologies and emissions trading. Let's lay the foundations for better global governance of the environment and other aspects of globalization.

Let's do so now. Our future depends on it.

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