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Discussion Following the Remarks of Mr. Biel

Discussion

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DISCUSSION FOLLOWING THE REMARKS OF MR. BIEL

COMMENT, MR. ROBINSON: I am not going to let Henry ask the first question this time. That is not fair to those people behind you. Stick up your hands anybody who has a comment or a question at this stage.

QUESTION, MS. JEFFREY: I am Liss Jeffrey from the University of Toronto. I was very pleased to hear the focus on access and reference to the digital divide in your comments, and I found what you had to say very interesting and very useful. I want to ask you about something that I have run into in speaking about the digital democracy projects in which we are engaged at the University of Toronto. In fact, there is great resistance in contexts such as China, Japan, Europe, and aboriginal environments because of the idea that the Internet somehow seems very American, at least at this point in time, and very much dominated by the English language. I just wonder whether there has been any thought given to that.

ANSWER, MR. BIEL: I hope there are some others of you who have some comments to add because this is a tough question for someone within the government. It is something that we do hear quite often on the trade missions that Secretary William Daley leads. He was just in China and Korea, and that issue came up in several meetings. There was a China-United States telecommunications summit in Guangzhou, and that was an issue that was quite prevalent there. It is a difficult matter. I think people who are outside of the federal government may have some more creative ideas for how one deals with that. It is part of the overall question of trying to find a more decentralized approach to the way in which the Internet is organized and controlled.

I do not have any good response, frankly, other than to join you in noting that observation has been something that has been raised by a number of people. I think it ties into the point to which I quickly alluded about cultural hegemony, which is why there is the proliferation of Internet sites like PeopleLink.¹ It is a helpful counter to the perception that this is just about trying to impose a more dominant language and culture on the rest of the world. I know that is really not so much an answer as another comment. I do not know if others have thoughts on that.

MR. ROBINSON: Michael, are you going to give us an answer?

¹ For an explanation about PeopleLink and its affiliated services, see *About the Company* (visited July 22, 1999) <<http://www.peoplelink.com/corporate/about.cfm>>.

QUESTION, MR. WOODS: No, I am the guy who does questions, remember? Very recently, I was working with a group of people in my department who are trying, as part of their responsibility, to keep track of a large number of summit meetings that are going to be happening in Canada over the next two years centering around the Organization of American States (OAS), the FTAA, and so on.

One of their strategies is to build a Web site together with private sector involvement in government and universities to reach out across the Americas. It was very interesting for me because I am not an expert in technology. The person who runs the Web site from the OAS came up to Ottawa and we soon discovered that their Web site basically tries to do the same thing.² About eighty-five percent of the hits they get come from what is called the Beltway. It dawned on us at that point that we just cannot reach that large part of the audience to whom we would want to send our message about trade liberalization and improving infrastructures to improve free trade and free flow of money. Our partners have the choice of going upscale, hitting the Beltway and other sophisticated audiences with the most sophisticated tools available on the Internet, or addressing the eighty-five percent of the people who we otherwise would not reach.

That is a long preamble to the question. In Ottawa, we had an OECD session on E-commerce where the message seemed to be coming from all the players, at least all the private sector players, that it is really the private sector that should drive the E-commerce revolution. How is that going to work when there are infrastructures that are not amenable for the private sector to consider? How is that going to work in a world where some of the developing and transitional countries about which we are talking cannot even afford the most basic of telecommunications services, the telephone?

QUESTION, MR. ROBINSON: Before you answer, let me clarify something that Michael said. Were those South American Web sites in Spanish or English?

ANSWER, MR. WOODS: We are talking about a virtual project right now, but it will happen. We are talking about reaching out to people, at least on some levels of these different Web sites, in the four OAS languages, Spanish, English, French, and Portuguese.

COMMENT, MS. JEFFREY: Let me just quickly add to that. My Web site is currently done in four languages. It is called PanAm *byDesign*.³ We have run into that exact same experience that Michael is talking about, so I

² See Organization of American States Homepage (visited July 22, 1999) <<http://www.oas.org/default.asp>>.

³ See PanAm *byDesign* Homepage (visited Aug. 17, 1999) <<http://www.panam-bydesign.net/english/index.html>>.

can verify that in real-world terms. The hits are coming primarily from North America, even if you are featuring French translations.

COMMENT, MR. BIEL: I am sure there are other parts of the government besides the Commerce Department that the National Telecommunications and Information Administration (NTIA) has tried to get more engaged in E-commerce. NTIA has not typically been a partner in the FTAA process, and yet there is the recognition, for the very reasons you cite, that there is the need to broaden some of the discussion to include people and parts of the government that may have resources to bring to bear to address that very problem.

I think we are still at somewhat early stages of having an effective system. You are absolutely right, there are certainly infrastructures in developing countries that are not amenable to private sector leadership. One thing that may help is that we are told, when we talk to academics and others who are living in those countries, that there may be the ability, with the right mix of foreign economic assistance and enough of a set of policy reforms, to encourage more and more investment to allow them to skip over certain generations of technological development and go right to some of the cutting edge technologies. Now, that is where I really would defer to some other people here in understanding.

I have had conversations with people in these countries about the costs associated with that, but clearly you have to have some government leadership from the United States and Canada and the OECD as a whole. Ultimately, it needs to come from domestic institutions like the U.S. Agency for International Development (USAID), as well as world institutions and multilateral development banks, if you are really going to put together an adequate policy response.

You mentioned the number of hits that were received from within the Beltway. I had not heard that significant number, but at the same time I do not think any of us are surprised.

I probably should not assume that the "Digital Divide" report has been widely read and digested here. It was mainly on the digital divide within the United States between urban and rural communities. Rural communities are not seeing their schools wired like their urban neighbors. But, there was a component of that which began to look at the international dimension of the divide, and clearly that is not surprising.⁴

There are some initiatives underway. There was an announcement made by Vice President Al Gore in January about some new funding for the Peace Corps, for instance. Again, this is not a solution, but this may be a baby step

⁴ See generally NAT'L TELECOMMUNICATIONS & INFORMATION ADMIN., U.S. DEP'T OF COMMERCE, *FALLING THROUGH THE NET: DEFINING THE DIGITAL DIVIDE* (1999).

toward dealing with the situation. You do not normally think of the Peace Corps as being engaged in promoting information technology, but they have got a fairly sizeable chunk of proposed additional funding to help deal, in part, with the very concern you mentioned.

I think it is something that is still looking for a more integrated response, but it is one that is on the radar screen and, like everything else, waiting for the money and resources to be put behind it.

COMMENT, MR. ROBINSON: If I could just interject here with one comment that follows up on what Eric said. I do not think we should forget the intermediate technology field. It does not all have to be about the Internet and getting a good Web site and figuring out how to turn Japanese and Chinese characters into something you can put on the Internet. Many countries need the intermediate technology and are beautifully placed to take it on because they are jumping from the nineteenth century to the twenty-first century. The combination of private and public support can make that happen.

I am just thinking of a *pro se* example from my own practice. The Ukrainian National Bank came to Canada to tap into an Export Development Corporation Credit (EDC) that had been made available to Ukraine. What they wanted to do was buy from a private vendor, with EDC money, of course, a computer system so that they could set up a national check clearing system throughout the whole country for all of their banks that would operate electronically. We do not even have that yet in Canada, even though we have the best clearing system in the world. Your clearing system in the United States is a disaster. It is wonderful, I guess, if you want to kite checks and work on the float. It takes seven days for a check to go from one bank to another in the United States. But here is a country that went from the nineteenth century with zero to the twenty-first century, and they have a fully operable electronic clearing system using Canadian computers financed by the Export and Development Corporation.

QUESTION, MR. ROBERTS: My name is Gerald Roberts from Industry Canada. I guess I have, in part, a comment and then a follow-up question. I personally have a belief that many development projects do not succeed because the developed country comes in, builds something, and then leaves. The developing country is left with no talent and no ability to further develop or use the technology. In this particular case, certainly with Internet Web sites and so on, that is a classic trap into which you can fall. I think it is really important to get the buy-in, the training, and the human capital to stay in the developing country after the developing project has left.

The follow-up question is, to what extent in Canada, or for that matter in the United States, do developing country projects aim to do that?

ANSWER, MR. BIEL: I completely concur with the comment. I think that, arguably, all of us who have seen unfinished stadiums and incomplete projects in our cities can understand that. The Chinese build the best stadiums in the world, and you see one in almost every African country, and other parts of the world as well. The problem comes because, although the Chinese supply the labor to maintain these stadiums, they become white elephants that just sit there because there is no domestic infrastructure to maintain them. I think a case could be made that that possibility is mitigated somewhat by the chance of having smaller, less-centralized projects. At least that would be something that would only be borne out over time.

The Commerce Department has a role in evaluating our foreign commercial service, and other people have sent back reports on the level of success or failure of different development projects. I have never worked in a development bank itself or been part of a team assessing the projects, but I think, as with everything else, there is a lot of discussion going on about integrating that thinking up front. There are a lot of issues that lending institutions have not traditionally looked at up front.

One thing that is being looked at, and this is may be only partially responsive, is how well-developed some of the legal and regulatory institutions are. That is more in the context of the recently enacted OECD anti-bribery agreement, to make sure you have a legal and regulatory infrastructure in place, so that the money does not just go down the drain to a few elites who may be absconding with some of the funding.⁵

I think a corollary to that is your point that there are some things we need to be doing on this end to deal with the brain drain and the lack of people on the ground who can follow up and ensure that these do not just become white elephants. That is probably true of some of this information technology, as well, although I think that is one of the cases some economists have made for rethinking development strategies, to look more at local, less-centralized projects.

COMMENT, MR. ROBINSON: To offer another follow-up to that answer, I think the fact that USAID is involved is an excellent example because I think that governments can learn a great deal from the NGOs who have been doing this better than others for a long time.

I am on the Board of the Foster Parents Plan, and we do what we call “integrated development.” No money is going to be spent and no project is going to be done unless, when it is finished, the local people can make it continue to work and it can be of continued value to a) that community, and

⁵ See Organization for Economic Cooperation & Development, *Combating Bribery of Foreign Government Officials in International Business Transactions – Text of the Convention* (last modified Mar. 18, 1999) <<http://www.oecd.org/daf/nocorruption/20nov1e.htm>>.

b) the children of that community. I would think a little cooperation with the NGOs would be a real help there.

COMMENT, MR. ROBERTS: I guess I am basically making a plea that we remember that in our information technology work.

COMMENT, MR. BIEL: Brian Atwood, who is about to leave as Administrator of USAID to become the Ambassador of Brazil, has said that one of the tensions in aiding sub-Saharan Africa is that it is a lot harder for him when he goes up to the Hill to explain and promote these micro-enterprise projects. Some of these projects are quite small, like providing new technologies to a small community under the Leland Initiative in Africa.⁶ These projects do not tend to be as easy to sell to some of his own budget overseers as some of the bigger projects are. That is the challenge when he is up for appropriations, to have more people make the case that those smaller projects may be more effective in the long run. I think that will hopefully build consensus behind them in places like Uganda or Tanzania, as opposed to having mega-projects that sit idle after they are built.

COMMENT, MR. McNIVEN: From the comment behind me here, you have to keep in mind always that the bane of every aid program, whether it is American, Canadian, Chinese, or whatever, is operating costs. Operating costs are almost never covered by an aid agency. That means you have empty hospitals, empty stadiums, empty Web sites, empty this, and empty that, and it is not going to change. We have to keep that in mind when we talk about putting all these neat things in place because we always end up with operating costs.

⁶ "The Leland Initiative is a five-year, \$15 million U.S. Government effort to extend full Internet connectivity to approximately twenty African countries in order to promote sustainable development." USAID Bureau for Africa, Office of Sustainable Development, *Leland Initiative: Africa GII Gateway Project, Project Description & Frequently Asked Questions* (visited July 22, 1999) <<http://www.africances.fr/afrint/Leland/project.htm>>.