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Discussion

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DISCUSSION FOLLOWING THE REMARKS OF MR. SISTO AND MR. PETERSON

QUESTION, MR. BRAIT: Thank you.

One of things I have noticed in my working life, and this may be due to the fact that I work at an information technology company, is that we are involved much more with the internet and e-commerce, where geography does not matter, in our working lives. We are constantly dealing with distant places. Do you think we will see a shift in the kind of issues that matter between Canada and the U.S. as we move into this more information-based economy?

ANSWER, MR. PETERSON: I am a nationalist, right, and I do not believe the things that I believe are shared by as many people today as they were ten years ago. I believe that is eroding. I think there are more people in my country who say, as Conrad Black said, "There are a lot less pitiful states than being the fifty-first state."

There is some discussion today, and it is not a totally serious discussion but it is not a crazy discussion, about adopting the U.S. dollar. That is not going to happen tomorrow, but it is a discussion that serious people have and, you know, I have seen wacky things start as discussions and become institutionalized.

I think, and it was predicted at the time of The Free Trade Agreement, there is an erosion of our sovereignty. Maybe the whole world should be one country. I do not know. Maybe it would bring peace to the world. However, I think Canadian values are worth fighting for. I think today it is a harder fight. I think it is harder to motivate people because money talks louder than anything; louder than politicians; money and international, instantaneous communications.

ANSWER, MR. SISTO: Well, my answer would be more from being a parent of three teenagers, than from being an attorney or being involved in trade.

CNN, I think, was the first mass-communication device to change the news we received, the way we got it, when we received it, the way people saw each other. I remember having a Japanese exchange student, who was going to be coming and living with my family, and we got a call about two weeks before his arrival and the family had said, "He is not coming. And we said, "What is the problem?" They said, "America is too dangerous." We were trying to put all of this together. The parents of this exchange student

had seem a story on CNN about a boy down in New Orleans, who went trick or treating on the wrong day and got shot by somebody in the threshold of the home. Well, I do not know how many miles up the Mississippi and Ohio Rivers we are from New Orleans, but the answer was, "We are not sending our son to such a dangerous country." CNN changed what would have been a great interaction.

Now I see my kids in chat rooms, sending instant messages and sending e-mails all night to people around the world, literally, not only because of the number of exchange students we have had, but also because they just people they meet on line. There is a little bit of a lack of a human touch missing and that concerns me as a parent.

The reason I even go off on this track, I am going to take it back just a little bit to one of my comments. There is a group out there called ELF, The Environmental Liberation Front, people who are putting spikes in trees so loggers get shrapnel when they cut a tree down, or they are putting gasoline-filled tanks on the top of Nike stores because Nike abuses employees someplace in the world, and they are using the internet as a means of communicating with one another to plan environmental terrorism against free trade. They do not know any borders. They do not know if it is Canada or the U.S. It is scary.

I was in Cincinnati for the Trans Atlantic Business Dialog (TABD) meeting and some of my son's high school classmates were protesting. I did not find this out until the next day, until one of them stopped by and said, "I went and protested in Cincinnati. It was great." I said, "Why? What for?" He said, "I do not know. Because corporations are putting chemicals in food and they are taking over the world. We want to stop it." I said, "How did you end up going there?" He said, "There was an advertisement on the web, that said protestors were needed. Four of us got a car, cut school and drove down to Cincinnati." The Internet is a dangerous tool and it is a dangerous threat in some ways to some of the trade issues we are talking about.

QUESTION, MR. KING: I have a question concerning newspapers. What role or lack of a role newspapers play in the lack of understanding we have of each other's problems over the border? My view is that there is a great deficiency of news concerning Canada/ U.S. relations. Why?

ANSWER, MR. PETERSON: Newspapers never write what I want them to write. Newspapers have no redeeming social qualities that I have ever seen. They are there to make money. You cannot push them into a higher moral purpose because that is not how they view themselves. There are exceptions, like the New York Times. Newspapers in Toronto have certainly become more like People Magazine. People Magazine is more gossip than it is substance today, and, I think, generally there has been recognized to be a

dumbing down, less substance, whether this issue or any other issue, and you know why, because that is what people read. I am not in a position to change that. I wish that I were in a position to change that.

ANSWER, MR. SISTO: I agree with those comments. I think there is a problem in reporting. I do not think this problem is going to change. I do not think that the message that gets out to the masses is an appropriate one. In the news you will see everything but the protests at the Free Trade Area of the Americas (FTAA) meeting right now. You will see about a plant closing. A TV company closed their plant in Ohio. I think they are going to move those jobs to Mexico. That is what will be in the paper. It will not be that another television company down the road is expanding and creating more jobs than the number of jobs lost at the TV company that is closing. The reporting is always sensational. They do not report that a company is expanding because they are exporting or importing. The media is never a tool used for economic development.

QUESTION, MR. SOUTHWICK: Mr. Peterson, I would like to ask you a question genuinely in the spirit of an academic context, I really do not mean it to be an impolite question. I understand exactly what you said about the dominance of U.S. culture and that that causes a discomfort in a lot of places in the world, in the sense of losing control over one's own culture, and I know there is a lot of cheesy and cheap things about popular U.S. culture that we all worry about ourselves. Honestly, I do not understand why it is such a particularly acute problem with respect to Canada.

Look at Mexico. Mexico is certainly economically dominated by the U.S. Mexico is in a dependent relationship with the U.S. There is a huge amount of back and forth with Mexico on cultural issues. This problem is not as acute in Mexico. I know, of course, there is a different language, there is also in Canada.

Can you just tell me, with your perspective, why is it such an especially acute problem with Canada?

ANSWER, MR. PETERSON: It is a very reasonable question. It is not impolite at all. I would argue that Canada is unique in the sense the forty-ninth parallel is a very artificial border, as you know. Everything runs back and forth. We look and talk the same. There is no natural linguistic and cultural border between Canada and the U.S. like there is between Mexico and the U.S.

European communities do not worry about this. For example, Austria does not worry about Germany a lot, because the two countries have different languages and different cultures. The national borders in Europe tend to be driven around historical groupings, by in large, that are ethno-cultural based, I know you can challenge everything I am saying here, but ours is not.

The U.S. has the power to spread popular-based culture. U.S. television has the power today to broadcast worldwide. U.S. magazines can sell magazines in Canada at a fraction of the cost of any magazine in Canada selling Canadian culture. The Canadian magazine cannot compete on the basis of price and, frankly, the people want the watch and read the U.S. popular culture.

So you can say, well, how do you fight for our space? How do those that believe we have individual unique messages, how do we get them out? It is a constant source of dilemma.

Do we let the market regulate these things, or do we say there is some kind of control on it? This has been a constant source of discussion. It is not easy; movie distribution, magazines, television, how many channels to devote to Canadian culture, and what the rules are under which you can bring in U.S. programming.

I guess the argument from a nationalist would be, if you do not broadcast or print something of your own, then you will end up with a function of what you see and our unique Canadian culture will be lost. This is a big issue in Canada because there is no country in the history of the world that imports a quote, "higher share" of its culture than Canada does.

The west would say, "We do not need a national broadcast. We do not need any of the subsidized stuff. We are more comfortable with the U.S. culture. We do not want anything to do with central Canada." Ontario tends to be more culturally national. This issue plays to some of our regional tensions and has for a long time.

COMMENT, MR. ROBINSON: Two comments. Mexico does not have a problem importing U.S. culture because of the Spanish language. There are no entry barriers to U.S. culture in Canada. There is a huge language barrier in Mexico. These are two totally different situations.

I have a comment on the press question. My impression is that it is a very good thing that Canada does not appear in the U.S. press except the odd column in the New York Times because it allows us to put all kinds of things over on the U.S. that we are doing, that the press does not pick up. For example, look at the auto pact. I mean the auto pact moved the auto industry from Michigan to Ontario, and nobody knew it was happening because nobody covered it in the U.S. press. It was one of the greatest trade negotiation coups in the world. We had to abandon it this year when the World Trade Organization (WTO) said it was non-compliant which, of course, it is, but by then we had already moved half of the auto industry from Michigan into Ontario and everybody is fine. If this had happened between the U.S. and Japan, it would have been front page in The New York Times, Wall Street Journal and even The Cleveland Plain Dealer. Since Canada does not make

any squawks or noises and is very grade and dull and boring, we can get away with all these things.

COMMENT, MR. PETERSON: The biggest issue, I think, is the size of our trade surplus. I think that is right. I would rather not advertise that. Let the Chinese get hit for that. So, you know, there are some advantages and disadvantages as you say.

COMMENT, MR. ELGIE: I would like to comment on the idea that environmental tree spikers are threatening free trade. I know you said it a bit tongue and cheek, there has actually been one person injured in the last twenty years as a result of tree spiking ever anywhere in North America. Several hundred people have died or have been seriously injured as a result of companies' short cutting workplace safety standards and workers' compensation standards. So the comparative threats posed by environmentalists to capitalism and free trade perhaps is not that great, although people do say a lot of stuff on the Internet, and they certainly talk about overthrowing the U.S. government on the Internet and other things, perhaps it is not a great threat.

We heard a fairly strong endorsement of the benefits of the increased trade between our countries, given what is going on in Quebec. I would like your comments on the social issues, which are the reason why people are tearing down fences in Quebec. In Europe, when the countries there develop and strengthen trade relationships, they also work to strengthen social and environmental standards between these countries. In North America, particularly with the U.S., the debate about free trade has only be about strengthening trade standards without a parallel commitment to strengthen and improve social and environmental standards at the same time.

There is the argument that, if we strengthen trade, then environmental standards and labor standards rise with them. To make the case for the protestors, if there was a real commitment to strengthening both environmental and social standards throughout the U.S., then those would be issues that were at least parallel, if not ahead of the trade agenda in negotiations.

As Canada and the U.S. look to improve the quality of our lives and not just at our bottom lines, what are your thoughts be on about whether those should be important parts of trade communications?

MR. SISTO: The tree spiking and the milk jug filled with gasoline at the Nike store occurred very recently and hurt many people. Nobody knows if it is an organized group or individuals acting. There may not be such a group as ELF. It is advertised as such and it gives courage to some who might want to say, "I am a part of something." That is what I am concerned about, because the appeal is, basically, in my mind, to a youth who do not know what they are protesting.

I have heard that there is a Canadian company that is trying under the North American Free Trade Agreement (NAFTA) to take on the State of California about their clean air requirements because the clear air requirements in California are different than the requirements in Canada and they are an impediment to trade under the act and, therefore, they argue, California should change these requirements. The argument is that we have given up sovereignty and we cannot defend the environmental positions we have in place in the U.S. The argument is that environmental regulations and human rights regulations should be superimposed on to trade agreements.

I was in a meeting with the President of Chile. He said, "Do you Americans think I want my grandchildren to have three eyes? I am not going to pollute my environment. I am not going to allow companies to move here."

Since NAFTA has been enacted, Toyota has stayed in Kentucky; BMW has stayed in South Carolina; Honda has stayed in Alabama; Nissan has stayed in Mississippi; Isuzu has stayed in Dayton and GM has stayed in Indiana. All of these are manufacturers. They did not run to Mexico, which has lower environmental regulations. They stayed in the U.S., since NAFTA. These examples do not support the argument that the only thing that NAFTA does is enable a company to move to Chile or Mexico where they do not enforce environmental regulations.

So, yes, Europe did it with a different model, they are different than we are. I think, that if the trade pacts allow countries to develop more efficient economies, then the standard of living will rise and the countries involved with these pacts will want a clean environment.

MR. PETERSEN: I say, God bless the protestors. I do not mind those voices being expressed. You need those voices as part of the debate. When a leader has to choose between feeding people and environmental problems it is a tough moral decision to make. I do not mind extreme voices in debate. I think you have to have them. You cannot solve problems without them.

MR. BRAIT: Thank you. I think we should end here because it is getting late. Mr. Sisto, Mr. Peterson, thank you for a terrific job.