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Discussion after the Speech of the Honorable Donald S. Macdonald

Discussion

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Discussion After the Speech of the Honorable Donald S. Macdonald

QUESTION: *Mr. Bauer:* You talked about the United States interest in national defense, and the Mexican interest in energy resources. You also made it very clear that there is a very real concern in Canada for the preservation of cultural identities. But is there a clear Canadian historical basis behind this concern? Are there any specific historical examples, if any, where it has been felt that the expansion of trade and the opening of markets has, in fact, impaired a cultural identity?

ANSWER: *Mr. Macdonald:* Yes, there have been specific examples, and this subject has been elaborately studied in Canada. With regard to newspaper and periodical publishing, the example specifically is the *Canadian Edition of Time*, which started in the '50s, and went out of existence in the '70s. In effect most of the copy in that edition was dumped in from the United States, and that is not meant to be uncomplimentary, but *Time* had already covered its cost of production from a market of 240 million Americans. So it could cut the rates to Canadian advertisers in a fashion which would put the Canadian periodical press out of business. This was elaborately studied by the Royal Commission. By the Royal Commission, *and* by the Senate, so the government was persuaded that something should be done.

Another example is seen in the broadcast music area. It was quite clear that Canadian performers in competition with the recorded music coming from the United States, could not find the opportunity to demonstrate their talents until the Canadian content rules were promulgated. Since then, Canadian popular music groups have been highly successful, not only in Canada, but also in the United States, and in world markets. Although I find the vast majority unlistenable, the important thing is that they are Canadian and they are making money doing something that other people like.

So there has been substantial evidence of the effect of open markets on cultural identity. The best piece of evidence about the importance of a Canadian Market is the work of the authors Robertson Davies and Margaret Atwood. The most famous Canadian writer of my youth was a humorous fellow called Stephen Leacock, but in order to be able to get published he had to write his book and stories as though he were an American writing in the United States, because the American market was not prepared to accept a writer with an obviously Canadian background.

Now, the Canadians are well published. They would not have had that opportunity, I do not believe, unless the book market at home

would have been such that they could first go into print in Canada and then go on from there.

QUESTION: *Mr. Doh:* Having been challenged as the American on the march, I must respond. I have just a couple of quick points, and then I do have a question. I think we sometimes tend to belittle the importance of the cultural industry in the U.S. and the importance of our export of that industry. It is important to note that by some definitions our cultural exports now are our largest exports, exceeding our exports from aircraft, which had been the largest export sector.

We tend to think our cultural exports are Hollywood, or a few individuals in Hollywood, but they are really a massive industry involving all kinds of resources across the country. I think that in the NAFTA implementing legislation, the Congress included a particular challenge to the Canadian cultural exemption, because I think the Congress and others in the U.S. see the cultural restrictions as very tied up with general restrictions on exports of goods in which we have intellectual property specialization, if you will. And I think they see that collectively. I just wanted to make a point that we sometimes think of culture as the Hollywood of leads, or a few films coming out of Hollywood. It is a massive industry involving a lot of Americans and real exports.

The second point I wanted to make, is that you talked about the exemption of the U.S. on national security grounds. So the other exemptions are often cited as our sacred cows, for example, our maritime exemption. And yet we are starting to move on that. My point here is that these kinds of exemptions sometimes outrun their utility.

That leads me to my question, which is the following: Even if the Canadian Cultural Exemption is a viable public policy objective, is it viable and effective given the advances in telecommunications? I am thinking of a couple instances here. You mentioned Canadian popular recordings. A couple years back Bryan Adams, a massively popular Canadian pop star, was challenged by the CRTC in terms of their regulations pertaining to how frequently his music could be aired on the CBC radio network. The requirement was that in order to be aired as a Canadian performer something like three of the four song writers, producers, and sound recorders must be Canadian. It turned out that he had co-written the song with someone from England, and in so doing, he opted himself out from being considered a Canadian. I find that absurd, and I think many Canadians found that absurd as well.

The second question is a more immediate one, which we talked about this morning briefly. Given the opportunities to transmit information over electronic sources, are the Canadian cultural policies even effective? Even if we think that they are important for maintaining cultural record, can they be effective given the advances in telecommunications?

ANSWER: *Mr. Macdonald*: Going back to the question about Bryan Adams, if the Canadian regime had not existed, which enabled him to start off as a broadcast performer, he would never have reached the point where he could have written a song with a British song writer. So yes, I think it has been effective. And I think that it is generally recognized in that particular area of popular music, his success as a Canadian popular music singer is not coincidental, because the Canadians were very seldom on the popular music theme prior to 1976. But since the rules went into effect, they have had a very prominent role.

We know it is important to you Americans, because you are making so much money out of us. But surely 95% is enough of the Canadian film sector. Do you really have to have 100% of the market before you feel you are being fairly treated? If somebody insisted on getting 100% of the market here in the United States, he would be sued for antitrust. But if we do it in Canada, it is anti-American. Let us have a little balance on this issue. You do not really have to have the whole market. And simply because there are some greedy people in a particular industry, I do not think you should let the American government be driven by that particular industry and to insist that there be no Canadian presence in their own market.

You may not have thought about it, but this *is* a political question. Canadians are entitled to talk to other Canadians about their own issues.

With regard to reference to *USA Today*, if the United States newspapers dominated the Canadian publishing industry, we would be dealing with the same problem as we were with *Time*, namely that the New Yorkers would be telling the Canadians what they thought they ought to hear rather than other Canadians talking to Canadians.

So I think there is good political reason why we should be able to communicate with ourselves. And frankly, given the percentages, I think Hollywood should stop whining. Go back and tell your Secretary that and tell Mr. L.A. Law that. And tell the President that from me.

QUESTION: *Professor King*: I would like you to make a comparison between Canada's restrictions for cultural purposes and those in France and other places. Are there to be different restrictions between countries, such as France which is very identifiable in history, and in which there is a strong sense of being French?

Are the restrictions to be different in different countries? Are there considerations for distinctive cultural exemptions from these Free Trade Rules? Should there be degrees? I assume that you feel that the Canadian restrictions are fairly small. Should they be different in other countries where there is a very strong sense of historical identity over a long period of time?

ANSWER: *Mr. Macdonald*: Henry, I think that is very fair observation. No nations with the exception of Austria and Germany, are

in the same situation as Canada and the United States, because we speak the same language, and we are right along the same border. We certainly do not have to worry about cable television. We tune into each others' direct broadcasts all the time. But, with the kind of magazine sale we have going back and forth, no other nation is subject to the same kind of pressure as we are.

I do not quite know what the French problem is, because I do not really see any American product, except in the media and film area, which is capable of penetrating the French market. But it is in a different language, and language is fundamentally important to these questions.

So I think there is a difference between the two. It does vary from country to country. I think you have to look from situation to situation, but we Canadians think it is important in terms of national independence. The French are in a different situation. I do not much like being held hostage to the French in these particular circumstances.