For the very same reasons as in Canada, policies and enforcement practices among OECD countries vary considerably, reflecting different legal and historical experiences, but also different approaches to the role of competition in allocating resources and the role of competition law and enforcement as a tool of industrial or other policies.

3. Mergers and merger control

Mergers are combinations or amalgamations of firms whereby one entity disappears or one firm obtains effective control over another. In most cases, mergers are a normal part of the competitive process. Indeed, they assist in the re-cycling of assets of inefficient and failing firms. Merger control is the specific subset of competition policy concerned with the surveillance of mergers. In this regard, there is a fundamental difference between the surveillance of mergers, which is the surveillance of control over productive assets, and other areas of competition law which tend to regulate business conduct.

There is no single economic theory or body of empirical evidence capable of explaining why firms merge. Among the most common motives advanced are a desire to:[13]

i) increase market power;
ii) diversify to spread risks;
iii) achieve sufficient size to obtain economies of scale and/or scope;
iv) reap profits associated with a merger;
v) obtain greater prestige by acquiring more employees.

Data gathered by the EC Commission lists the following stated motives for large mergers and joint ventures within the Community: the reinforcement of market position (by far the most important motive), expansion, complementarity, diversification, restructuring, R&D, and cooperation, among other unspecified motives.[14]

Prior to 1972, only four OECD countries, including Canada, plus the European Coal and Steel Community had enacted specific legislative provisions to prevent anti-

interpreting subsequent sections of the Act has not yet been determined, however.

[13] OECD, Merger Policies and Recent Trends in Mergers, Paris, 1984, p. 8.

[14] UNCTAD Secretariat, "Concentration of market power and its effects on international markets", TD/B/RBP/80/Rev.1, September 24, 1992, p.10.