in Canada or other foreign countries. As Professor Rotstein said in his evidence to the Committee:

> "It was the conclusion of the Task Force [in the Watkins Report] the basic principle on which the American government has operated, and operates today, is that these subsidiaries started in Canada are a proper area of its own jurisdiction. It was the result of our investigations that the American government is not prepared to relinquish its general jurisdiction in any way; it defers to the interests of the host country through particular administrative concessions only. Specific policies are created in that *ad hoc* fashion to meet new American objectives and crises as they arise, although the present scope of controlling legislation is still limited."

It is a basic tenet of United States economic policy that a free market economy should be maintained by the strict application of its anti-trust laws. These include the Sherman Act, the Clayton Act and the Robinson-Patman Act. These statutes appear to extend not only to the operations of American companies in the United States but to operations of Canadian subsidiaries of American companies and their operations in Canada. In a paper by David G. Kilgour, "Restrictive Trade Practices" published in the Anti-Trust Bulletin volume 3 number 1 January-February 1963, Federal Legal Publications, Inc., New York, Mr. Kilgour said:

> "Paradoxically a good case can be made for saying that the Sherman Act has had more effect on the Canadian economy that the Combines Investigation Act has had . . . Suffice it that American divestiture orders have resulted in restructuring several of our major industries in a way that no Canadian decree has ever done."

A study made recently for our Combines Investigation Office indicates that in the period from the institution of United States anti-combines laws until 1961 legal action has been taken by the United States authorities under their anti-trust laws in approximately twenty important cases which directly or indirectly affected or might affect the operations of Canadian industries. Companies involved in these cases included the parent companies of Canadian subsidiaries operating in the most important areas of the Canadian economy where United States ownership is concentrated, namely mining and manufacturing. As indicated above it is undeniable that these cases decided under American laws have had a major impact upon the operations of companies in Canada and upon Canadian economy.

It must be emphasized that this has happened not just as a result of the general prohibitions contained in the United States anti-trust statutes. In the United States it is the practice for the Department of Justice to negotiate settlements with companies charged in anti-trust proceedings. The companies are quite often anxious to reach such settlements in order to avoid conviction. The settlements are embodied in "consent decrees" which have the effect of law and which often constitute very complex and detailed regulation of the entire industry concerned including Canadian and other foreign subsidiaries. In some