

U.S. AND NEWSPRINT COMPANIES

SUBPOENAS WITHDRAWN: The Secretary of State for External Affairs, Mr. St. Laurent, announced Nov. 21 that the subpoenas issued in the United States against Canadian newsprint companies were being withdrawn at the instance of the Attorney General of the United States, Tom C. Clark.

Mr. St. Laurent stated that senior officers of the Department of Justice of the United States had recently visited Ottawa and had conferred directly with representatives of the Canadian newsprint industry who attended at the request of the Department of External Affairs, under whose auspices, with the cooperation of the State Department of the United States, the meetings were conducted. At these meetings friendly discussions were held and the factual situation examined, with the consequence that the subpoenas are now being withdrawn.

ATTORNEY GENERAL'S LETTER: Following is the text of a letter dated November 20 from the Attorney General of the United States to the Secretary of State of the United States:

During 1946 the Department of Justice received numerous complaints from publishers throughout the United States alleging violations of the Antitrust Laws in the newsprint industry. In addition, a number of Senators and representatives referred similar complaints to the Department, and several inquiries were made of the Department by the Sub-Committee on Newsprint and Paper Shortages of the Senate Small Business Committee, which disclosed that that Sub-Committee had received many such complaints. Some of the complaints alleged violations of a consent decree entered in 1917 in the United States District Court for the Southern District of New York in the case of United States of America v. George H. Mead, et al. perpetually enjoining certain American and Canadian newsprint corporations from engaging in combinations and agreements to fix prices, to restrict production or to allocate customers.

PRELIMINARY INVESTIGATION

The Department of Justice immediately undertook a preliminary investigation of such complaints, but was unable to conclude the investigation because certain relevant records of some Canadian newsprint companies doing business in the United States and Canadian subsidiaries, wholly or partly owned by United States newsprint companies, were reported to be kept in Canada and request of our investigators for an opportunity to examine such records were refused.

Early in 1947 I authorized the commencement of a Grand Jury investigation. Thereafter, thirty-one Grand Jury subpoenas were served in the United States on representatives of American and Canadian newsprint companies calling

for the production of various records relevant to the matters under investigation.

On June 3, 1947 you sent me a copy of a memorandum from the Canadian Embassy dated May 26, 1947 referring to reports of the issuance of Grand Jury subpoenas to representatives of certain Canadian newsprint companies, and requesting assistance in preventing any undesirable interference with the Canadian companies. At that time you requested advice as to the necessity and desirability of the subpoenas.

On June 4, 1947, the matter was discussed informally by Department of Justice representatives with a representative of your office. Thereafter, additional informal conferences were had, and on June 13, 1947, Mr. John F. Sonnett, Assistant Attorney General in charge of the Antitrust Division, wrote you pointing out that the Grand Jury investigation was based upon complaints alleging a cartel to fix newsprint prices, restrict production and allocate supply. Mr. Sonnett stated that, while suggestions had been made that the subpoenas encroached on Canadian rights, there was in fact no attempt to interfere with any internal regulation of the industry in Canada by the Dominion Government, and the investigation was solely concerned with restrictive practices by private businesses in violation of the Antitrust Laws. Mr. Sonnett also pointed out that the Grand Jury investigation was begun because earlier requests had been refused, and that the subpoenas were issued under the traditional and well-recognized power of the courts of every nation to exercise jurisdiction over all corporations doing business within their territorial jurisdiction. In this situation, Mr. Sonnett asked in his letter whether the Secretary of State had any objection to the conduct of the Grand Jury investigation.

NO GUILT IMPLICATION

On June 17, 1947, in particular response to your communication dated June 3, Mr. Sonnett wrote to you outlining in detail the position of the Department of Justice on the necessity and desirability of the subpoenas which called for the production of documents in the custody of wholly-owned Canadian subsidiaries of United States newsprint firms, or in the custody of Canadian companies doing business in the United States. He pointed out, among other things, that the subpoenas were issued in the normal exercise of the investigative powers of the Federal Grand Juries, and that there is no necessary implication of guilt or incrimination to be drawn merely because subpoenas were issued.

Under date of June 19, 1947, you advised that you perceived no objection to the action of the Department of Justice in investigating complaints as outlined.

After that correspondence was exchanged, the United States District Court at New York heard and decided several motions to quash subpoenas involving Canadian records. On July 21, 1947, District Judge Goddard held that Canadian International Paper Company and Canadian International Paper Sales Company, Inc., both Canadian corporations, were found within the district, and were subject to subpoena, but, in his memorandum opinion, Judge Goddard left open certain questions as to the scope of the subpoenas on which counsel were to attempt to agree or to return for further hearing. The subpoenas were extended by the Court to Sept. 15, 1947. Counsel for those two companies, on September 11, 1947, indicated their desire to take steps to preserve the jurisdictional questions for appeal, and to avoid questions of modification or limitation of the subpoenas at this time. On October 2, 1947, District Judge Porterie overruled objections made to similar subpoenas by Kimberly Clark Corporation, C.H. Sage and Spruce Falls Power & Paper Company, Ltd., including an assertion by Kimberly Clark Corporation that the subpoena was too broad.

CONCERN IN CANADA

On October 10, 1947, when it appeared that the position taken by counsel for the Canadian companies was leading to the necessity of contempt proceedings in order to present the questions on appeal because the orders overruling the motions were not appealable, Mr. Sonnett again wrote you inquiring whether you had any objection to the filing of contempt proceedings. At the time he forwarded to you a proposed set of papers for the institution of such proceedings in the cases decided by Judge Goddard, Under date of October 17, 1947, you pointed out that the investigation had aroused considerable concern in Canada but you advised that the question of contempt proceedings was a legal matter for determination by the Department of Justice.

Subsequently, in accordance with the long-standing friendship between the United States and the Dominion of Canada, arrangements were made by the Department of External Affairs of the Dominion Government and the State Department for representatives of the Department of Justice to confer at Ottawa with representatives of the Canadian newsprint industry for the purpose of obtaining information previously sought from the Canadian companies. The conferences were held recently and permitted inquiry into factual situations relating to the complaints under investigation. The information supplied to our representatives at these meetings covered the immediate problems, insofar as the subpoenas addressed to Canadian corporations are concerned. The conferences also afforded our representatives an opportunity to demonstrate to the Canadian representatives that the procedure followed in the pending investigation was carefully designed to eliminate from consideration all matters within the scope of Canadian sovereignty, and

further that, based on the complaints and previously available information, our inquiries were justifiable. The date given at the conferences make it unnecessary to seek further compliance at this time with the subpoenas heretofore issued for the production of records kept in Canada by Canadian corporations doing business in the United States, or by Canadian subsidiaries of corporations domiciled in the United States. Accordingly, I have issued appropriate instructions for the withdrawal until further notice of these subpoenas.

The pending Grand Jury investigation will, of course, continue, and other documents which have been produced in compliance with various subpoenas will be given full study. In the event that any new questions arise in the future, involving records kept in Canada, we will, in the first instance, request further assistance from the Canadian Government in view of the cordial cooperation already afforded our representatives by the Canadian authorities.

ARCTIC OPPORTUNITIES: In a letter to Canadian universities, H.L. Keenleyside, Chairman of the Advisory Committee on Arctic Research of the Defence Research Board, draws attention to the greatly enlarged opportunities for major research and development work now opening up in northern Ontario.

Due to the development of modern methods of transportation and to other causes, writes Dr. Keenleyside, there has recently been a noticeable increase in public activity within the Canadian Arctic. It is anticipated that this trend will continue and that there will be considerable development in the Northwest Territories, the Yukon and other northern areas within the next few years. The Northwest Territories Council, the Department of Mines and Resources, the National Research Council, the Advisory Committee on Arctic Research and other bodies interested in this part of the country believe it to be of great importance that this expansion should not be handicapped by lack of qualified personnel of the best type.

Almost all branches of science have an Arctic aspect. In subjects such as medical research, meteorology and geography, whole fields lie almost untouched. As so large a section of Canada lies within the Arctic, Canadian science has a special concern with work of this type. Applications for bursaries and fellowships, therefore, which relate to Arctic aspects of the sciences, are likely to receive sympathetic consideration from the Governmental and private agencies concerned. Among these are the National Research Council, industrial corporations, provincial governments, the Canadian Geographical Society, the Arctic Institute of North America and the Defence Research Board. A special section of the latter has been formed to direct and coordinate Arctic research.

Many departments of Government offer open-