

While Professor Safarian did not think this point of importance providing the performance of the subsidiaries was good, Professor Rotstein considered it to be of vital importance. He told the Committee:

"The point at issue is simply whose hand is on the lever. The point at issue is that we have at market prices as of 1968, \$40 billion of American investments in this country and there is a significant ambiguity on the question where primary control lies. This, gentlemen, in my view, is the essence of the issue on extraterritoriality."

As noted earlier the percentage of total Canadian corporate assets owned by American dominated companies amounts to about 19 per cent (out of total foreign dominated corporate assets of 25 per cent). It seems clear that to the extent that buying decisions, selling decisions, processing decisions, research and development decisions, investment decisions and export decisions of Canadian subsidiaries of American owned firms are made in the United States, certain areas of Canadian employment, prices of products, production figures, national investment and export targets may not be subject to Canadian control.

Other witnesses pointed out that if non-resident ownership and control continue to increase there will be a growing weakening of our ability and capacity to make our own decisions about national subjects and to take steps to implement them. Professor Safarian put it this way;

"...the inability to make some big decisions on one's own can impede the learning process."

Nevertheless despite all the disadvantages referred to, the evidence presented to the Committee indicated that foreign and American capital and the skills, techniques and knowledge which have accompanied it have been essential for Canada's development, and have brought a very substantial net benefit to Canada.

3.17 Extraterritoriality—General There was almost complete unanimity among all witnesses who appeared before the Committee that the extraterritorial application of American laws to Canada must stop. Even the American witnesses who appeared before the Committee agreed. Mr. George Ball told the Committee:

"One exception... is, of course, where the United States Government has—as has occurred from time to time—sought to impose its own national policies or prejudices on Canada through the extraterritorial application of the American laws, particularly those having to do with the regulation of exports to China or Cuba.

I have always regarded this as a thoroughly misguided practice on the part of my government. I opposed it when I was in a position of responsibility in my own government and succeeded, in certain instances, in preventing what seemed to me quite unwarranted interference in the affairs of other nations. It is a practice born of an excess of bureaucratic zeal and, in my view, has little survival value. I am delighted that the Nixon Administration has taken the first steps to limit the practice so far as trade with China is concerned—although, in my view, it has not yet gone far enough."