

of United States liability for the sinking of a Canadian vessel by the United States Coastguard on the high seas outside United States territorial jurisdiction. In this case, an award of some \$50,000 was rendered by the commissioners and duly paid by the United States Government to the Canadian Government and for the benefit of the captain and crew of the Canadian vessel. A more recent example of this mode of settlement was the agreement of March 25, 1965, concluded between Canada and the United States providing for an international arbitral tribunal to adjudicate the claims of United States citizens against Canada arising out of damage caused by flooding in the Great Lakes alleged to have been caused by the construction of a Canadian dam on the St. Lawrence River known as "Gut Dam".

### **Lump-Sum Settlement**

Canada and the United States share a common tradition of law and have been able to find the common ground essential for such agreements to submit international disputes to the judicial process. The experience of the post-war years has shown that such common ground can be reached only with great difficulty in the case of disputes between countries of different ideologies and different traditions of law. Where numerous claims are involved, the technique of third-party adjudication has in the practice of states been supplanted by the technique of negotiations leading to a lump-sum settlement. This is the pattern of the negotiations recently announced between Canada and Hungary, Bulgaria and Poland. Under this mode of settlement, the claimant government seeks payment through negotiations of a global amount in final settlement of all claims of its citizens<sup>1</sup>.

Any lump-sum negotiated is then distributed to eligible claimants by means of an agency or commission set up under the domestic laws of the claimant government. The British and United States Governments have concluded a number of such settlements with Eastern European countries and have established claims agencies or commissions on a semi-permanent basis to distribute the proceeds of the settlements to their nationals. Canadians who had nationalization claims against Yugoslavia were able to benefit under a 1948 agreement between Britain and Yugoslavia providing compensation for British and Canadian citizens. Canadian claims were submitted to the Foreign Compensation Commission in London, which was responsible for the adjudication of these claims and the distribution of the lump-sum of four and one-half million pounds sterling which had been obtained from Yugoslavia. No such commission has as yet been set up by the Canadian Government to adjudicate post-war nationalization claims. Depending on the outcome of current negotiations with Eastern European countries, an appropriate claims agency or commission may be established by the Canadian Government for this purpose, perhaps along the lines of the Canadian War Claims Commission set up by the Government in 1952 to adjudicate war claims.

<sup>1</sup>Concerning settlements of this sort, see text of speech by the Honourable Paul Martin, *External Affairs*, December 1964, Page 586.