

Payment Priorities

As the funds received from Bulgaria were not expected to be sufficient to pay all eligible claims in full, the Ministers responsible accepted the following recommendations in regard to priorities in the payment of valid claims :

- (1) Awards for capital losses up to \$7,500 in full.
- (2) Awards for interest, where applicable, and for expenses, on capital awards under priority (1) to be added and paid in full, provided that the total payment on any such claim or group of claims shall not exceed \$7,500.
- (3) The balance of awards for capital losses, *pro rata* in proportion to the residue of the fund available under the Agreement with Bulgaria.
- (4) If, after all awards for capital losses have been paid in full, any portion of the fund remains available, any remainder of interest and expenses may be paid *pro rata* in proportion to such remaining portion of the fund.

However, after examining all claims carefully, it became evident that adoption of these priorities would mean that all valid claims, with one exception, could be paid in full. This exception, involving a claim for loss of the majority interest in a nationalized Bulgarian firm, was assessed by the "Claims Adviser" in the amount of \$166,875, compared to the claimant's valuation of \$400,000 as his loss. The claimant will receive about \$20,000 in respect of this claim. The other seven claimants have been awarded amounts ranging from \$482.59 to \$7,250, including interest and expenses where applicable.

In considering the question whether interest should be allowed on claims found to be valid, Chief Justice Campbell has noted in his recommendation on interest, expenses and priorities that "it seems clear that, in respect to the majority of claims found valid under Articles I and III of the 'Agreement', the claimants have suffered not only their capital losses but also the loss of use or income from the capital for a considerable number of years while awaiting payment of compensation".

Interest on Property Losses

Canadian War Claims Commissions following both World Wars had followed the practice of awarding interest in cases of property losses. In his report dated December 14, 1927, *Reparations*, Vol. I, Pp. 19 and 20, Commissioner Friel had stated :

... where the loss was either liquidated or the amount thereof capable of being ascertained with approximate accuracy through the application of established rules of computation merely, as of the time when the actual loss occurred, I have recommended interest from the date of loss. This covers property losses being claims for property taken, damaged or destroyed! It seems to me to be only just and equitable. The measure of damages applied is the reasonable market value of the property as of the time and place of loss or destruction, if it had such market value; if not, then the intrinsic value of the property, but as compensation was not made at the time of loss the payment at a later date of the value which the property had at the time of loss would not make the claimant whole. He was *then* entitled to a sum equal to the value of his property. He is *now*