Let me illustrate this last point by some reference to Communist practice. A little-known instance of the Soviet Union having granted what might be regarded in effect as compensation was the case of the Petsamo Nickel Mines. In this instance, the Soviet Union, as part of the peace-treaty settlement with Finland in 1944, agreed to pay to Canada $20 million in compensation for nickel mines of Petsamo located on territory which was ceded to the U.S.S.R. under the peace treaty. These mines were owned by a subsidiary of the International Nickel Company of Canada.

Another case involving questions of state responsibility of an Eastern European state in the post-war period was the El-Al Israeli Airlines case arising out of the shooting down of an Israeli aircraft by the Bulgarian Air Force. An unsuccessful attempt was made by certain states to invoke the jurisdiction of the International Court at The Hague in order to adjudicate the claims of various nationals whose relatives had perished as a result of this irresponsible act of the Bulgarian Government. Even though it was not possible to reach a judicial settlement in the World Court, various countries concerned, including Canada, were able, through diplomatic negotiations, to obtain compensation on behalf of their nationals.

In the post-war period there have been some 50 agreements concluded between Western governments and Eastern European governments providing lump-sum settlements of claims for property nationalized or confiscated in Eastern Europe. These agreements provided only partial settlement, sometimes over 90 per cent, but in some cases less than 10 per cent, of the value of the claims outstanding. They were usually negotiated in a context where it was the prevailing state of relations between the two countries in economic and political matters which largely determined the outcome of the negotiations. The claimant state was responsible for distributing amongst its nationals as it saw fit the lump sum obtained from the East European government. It has been said that such agreements are as little indicative of the rules of international law as are compromise arrangements made by a defaulting debtor to avoid bankruptcy indicative of the extent of the debtor's legal liability under domestic law. We would agree with this up to a point. Although the Communist countries may not agree, it seems to us, first, that underlying these arrangements is an implicit recognition of some obligation to reach an accommodation and, second, that the accommodation in turn is consistent with the traditional principles of state responsibility.

Canada believes that these existing rules continue to be an adequate basis for regulating the interests of states. The Government announced a few months ago that Canada and Hungary had reached a preliminary agreement looking towards negotiations on a lump-sum settlement of nationalization claims of Canadian citizens outstanding against Hungary. The international law purist might view such lump-sum negotiations with some distaste. But, of necessity, Canada has had to take into account the realities of state practice and state attitudes.

I would agree that an impartial adjudication of such claims by an international tribunal -- as was common during the pre-war years -- might have been preferable, but, failing that, the Canadian Government cannot overlook the interests of individual Canadian claimants who are understandably anxious