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THE MARITIME LAW ASSOCIATION
OF THE UNITED STATES

**REPORT OF COMMITTEE ON THE COMITÉ MARITIME
INTERNATIONAL MAY 1, 1959**

The following is the text of the report of the Committee made by Mr. Leonard J. Matteson at the Annual Meeting May 1, 1959, and of the colloquy which followed:

There are two or three matters to be referred to before we come to the atomic question. The function of this Committee is to keep abreast of developments with respect to projects initiated by the Comité Maritime International under the supervision of the President and the Executive Committee, and to report from time to time as may be desirable or necessary to the Association with respect to those developments.

You've already heard of the fact that a plenary session of the Comité is set to be held in September in Yugoslavia, and only within the last few days has the agenda for that meeting been received. There are five items on that tentative agenda.

At the time of our meeting last year, the Committee on the Comité, then under the chairmanship of Mr. Houston, reported with respect to four projects that had been initiated in the Comité and were being organized through the circularization of questionnaires to the various national associations to develop information as a basis for further action. At that time, the question before our Association was the answering of questionnaires relating to those matters, and Mr. Houston's Committee submitted to the Association as Document No. 416 its report, with proposed answers to the questionnaires on those propositions. The report of the Committee was approved together with the proposed answers to be made, and the answers were in due course transmitted.

Now, three of these projects appear on the agenda of the next meeting of the Comité. The first is a proposed amendment to the Convention for the Unification of Salvage Rules of 1910, a convention relating to salvage to which this country has never become

a party. The purpose of the amendment is to provide for allowances of salvage in the cases of services rendered to ships of war and government ships. I think the position of our Association was adequately set forth in the answers to questionnaires which were approved at the last meeting, and so I would think that no further action or consideration with respect to that proposal is necessary at this time.

The second—that holds true also with respect to the second and third. The second is the revision of Article 10 of the Bills of Lading Convention to provide for its wider application. Actually, the convention in terms applies only to bills of lading issued in any contracting states, and there has been a varied interpretation of that language in different countries.

In adopting the convention as ours, we made the application quite broad and made it apply to bills of lading for the carriage of goods by sea to and from ports in the United States in foreign trade, and the proposal is largely to insure the broader application of the convention in other countries. Our position has been favorable to that, and I assume it continues.

The third is a proposal for the assessment of damages in collision claims, a project initiated by the French Association for the purpose of establishing greater uniformity among the nations on this subject. This is not a particularly definite proposal. Our reply last time was that we thought that it was hardly necessary that this be done, that the differences in law were more apparent than real, but in any event I would assume that there is no further consideration necessary at this time by the Association on this project.

A fourth item on the agenda is that which you have just heard of from Mr. Zisgen's Committee with respect to the proposal initiated by our Association relating to bills of lading and letters of indemnity. I will say no more with respect to that.

The fifth, and probably most important subject on the agenda is the consideration of the framing of a convention to deal with the liability of owners of nuclear powered ships, or ships carrying radioactive materials. This project was initiated by a proposal of the Netherlands Maritime Law Association and submitted to the Comité and distributed to member associations late last year, which in-

cluded a questionnaire which would call for a statement of the legislative measures now in effect or proposed in the several countries and a statement by the several associations of their views as to the nature and extent of the liability which should be imposed upon shipowners of nuclear powered vessels for damage resulting from a nuclear incident.

Answers to the questionnaire have been prepared by the Swedish Association and distributed to member associations. A question before this Association at this time is as to the nature of the answers which should be submitted in response to this questionnaire and the instructions, if any, which should be given by the Association to representatives of this Association who will be attending the session of the Comité in Yugoslavia in September.

I may say that the initiation of a project looking toward an international convention for nuclear powered ships coming as it does from one of the foreign associations has been a very gratifying development as far as this country is concerned, because of the fact that the first nuclear ships to be operated—certainly the first—will be American ships, and it did appear that while the problems of limitation of liability were mostly on our side, it would be a little difficult to get the foreign associations even interested in the problem, but when the Netherlands Association came up with the proposal, all of us who had anything to do with it were very pleased, and particularly the Maritime Administration has been pleased, and has felt that since the initiative comes from there the matter should not be allowed to drop, but should be pressed to a conclusion if it is at all possible.

You have heard in the reading of the minutes of the discussions which have taken place with respect to these matters in the Executive Committee. On the first of last month, following those discussions and following his attendance at a conference in Antwerp, of which I'll speak further, the President referred the pending proposals to this Committee on the Comité for study and the preparation of a report with recommendations, if possible, to be presented to this meeting of the Association.

The accumulated materials, which are very voluminous, were immediately distributed to the members of the Committee for consideration and a meeting of the Committee was held on April 16, at which there was a general discussion and exchange of views.

Because of the newness of the subject, the novelty of some of the concepts involved, and the lack of time for thorough consideration, it was agreed by the members of the Committee that our report on this subject to this Association should be for information only, and that no recommendations would be included at this time. Because of the fact that developments on this subject have been practically on a day to day basis and because of heavy involvement in another phase of the same subject, it was impossible to prepare a written report which could be circulated to and agreed upon by members of the Committee prior to this meeting.

Consequently, I received their approval of my making an oral report at this time which would attempt to at least open up for your consideration the subject matter involved. So, since it is a very complex subject, I will do the best I can to keep to the highlights of it and, although my remarks may be a little disorganized and incomplete, I hope that when I am through we may have the discussion that has been suggested by the President and through questions or answers we can possibly develop the subject further. In any event, I am sure I could say it has been considered by the members of the Committee that the subject under consideration is of great importance and will require diligent consideration by the membership of the Association in the near future and, further, that since it is possible that the membership of the Association has up to now had as little familiarity with the problems involved as most members of the Committee, it is important that pertinent information with respect to this project should be circulated to the entire membership and receive their serious consideration as promptly as possible. I'm glad that the project has been initiated for a later special meeting of the Association at which it can be considered.

As I say, my remarks are for information only. I wouldn't say for your education, because we are all in the process of being educated on this subject, and so far as I can determine every one is groping their way toward a solution, and anything that is said on it is largely and literally a matter of the blind leading the blind.

However, it is quite apparent—I'm sure to all of you—that the day of the nuclear powered vessel is rapidly approaching. On May 22 of last year, which was the precise 100th anniversary of the sailing of the first steam powered vessel across the Atlantic, the famous Savannah, the keel was laid at the shipyard of New York Ship-

building Company in Camden, New Jersey, of the first nuclear powered merchant vessel to be built, which will appropriately be named the nuclear ship SAVANNAH. The first crossing of the Atlantic by the Savannah will certainly be an event of significance as great as that of the crossing of her famous predecessor. The vessel will be launched in July of this year and within the year should be ready for operation. In the meantime, of course, our nuclear powered submarines have proved to be a great success. The exploits of the Nautilus and the Skate have been well publicized. We now have six nuclear powered submarines in operation, six on the ways, and nearly thirty more in various stages of development.

Russia has announced the development of a nuclear icebreaker, although precise information as to the status of this vessel is lacking.

Germany has announced that a nuclear powered tanker is in the process of development which they expect to have in operation by late 1961, and quite recently the English authorities announced they were going to proceed at once with the development of a nuclear powered vessel. Other countries have projects under consideration in more or less advanced stages.

Major shipowners in the United States are of course watching developments closely with interest. At least one privately-owned nuclear powered vessel in the United States has been proposed.

The Savannah herself is, of course, an experimental vessel. It is built under contract with the Atomic Energy Commission and the Maritime Administration jointly, and will be operated by the Maritime Administration. You probably are familiar with her general characteristics. She's a vessel nearly 600 feet long, very much of a conventional type vessel except for the absence of a smokestack. She is designed to carry some 60 passengers and about 9,000 tons of cargo, and it is the intent of the Maritime Administration to operate her worldwide in the carrying of passengers and cargo for the purpose of trying out the problems that are involved in the operation of a nuclear vessel.

If you are interested in getting a very complete and frank picture of the vessel and her capabilities, there were statements made by Mr. Morse, Chairman of the Maritime Administration, and Mr. Godwin, who is the joint maritime nuclear projects officer of both the Atomic Energy Commission and the Maritime Administration, at hearings

before the Merchant Marine and Fisheries Committee of the House on February 17th and 18th of this year, a copy of which I have here and which you can see for reference, entitled Atomic Shipbuilding Program.

Of course, the astonishing thing about the Savannah, and which will be importantly characteristic of other nuclear vessels, is the elimination of any requirement for bunkers or space therefor. The first nuclear charge which will be put into the reactor of the Savannah is said to be capable of operating the vessel without replenishment for approximately three years. In spite of this fact, because of the much higher capital cost and the other uncertainties of operation, it is not even contended that the cost of operation of the Savannah can approach too closely the costs of operation of a conventional vessel. Nevertheless, it certainly can be said that as of right now the Savannah is an obsolete vessel. If the Maritime Administration were to build another one now, they would build one very much better, with a very much more efficient reactor.

In fact, during the first five years, it is proposed that the Savannah herself, will be continually upgraded, with the idea of improving her performance, so that it may very possibly be demonstrated within a very few years that the economic operation of nuclear vessels is quite comparable and perhaps advantageous as compared with conventional vessels.

However, this is the problem: A nuclear power plant, whether ashore or afloat, poses unusual and novel problems of potential liability. A nuclear power plant is not to be compared with a nuclear bomb in its potentials for injuries to the public. The bomb is constructed to produce maximum destruction; a nuclear power plant is constructed to produce a controlled reaction. Nevertheless, if any accident occurs to a nuclear power plant with consequent release of radioactive substances the damage can be widespread and very serious. The radioactive substances which might be released have been estimated to be as much as a billion times more toxic than chlorine, the most potent common industrial poison. If released from confinement in the reactor, these substances can be carried by wind or current for considerable distances. In England, an accident resulting in discharge of radioactive material from the stack of a plant contaminated the adjacent countryside for an area of some 200 square miles. Since the cattle in the area consumed the grass

on which these materials were deposited it was necessary to suspend milk deliveries in the area for a considerable period.

Nevertheless, this accident was not so serious a matter financially as might have been supposed as the entire damages were settled by the British government, amounting to some ten million dollars. However, the results of a nuclear accident could become much more serious. Shore based reactors are established for the most part in areas more or less remote from concentrations of population. However, a nuclear vessel carrying its nuclear reactor with it will be visiting crowded ports all over the world. It is possible to conceive of a nuclear incident occurring on a nuclear powered vessel which might contaminate an entire harbor, the ships in it and the property along the shore, as well as causing injury to the population in the area.

It has been estimated that a serious nuclear accident could compel the evacuation of a large city. However, it is possible, if not probable, that we greatly overemphasize the hazards. Greatest care has been used in the designs of nuclear reactors, and particularly in the design of the Savannah and her reactor, to minimize the possibility or results of any nuclear incident.

It is probably unlikely that a nuclear incident of such major proportions would ever occur. However, the possibility exists and it cannot be entirely ignored. The potential liabilities involved in the absence of adequate protection to the operator have constituted a severe deterrent to progress in the use of this marvelous new source of power. In fact, I saw not long ago that a group had designed and was prepared to install—I think it was in Brazil—three nuclear reactors for the development of power. Having reached a certain stage, it decided to call the whole thing off because it couldn't be assured of adequate protection against the liabilities that might be incurred.

There are two major problems that are involved. One is adequate protection of the operator of the nuclear installation, and that must also include the designer, manufacturers, subcontractors and suppliers of parts and materials therefor against ruinous liability. The protection of the operator isn't sufficient because those same liabilities may be visited on the others contributing to the installation if they are not protected, and if they are not protected the installation won't be built.

The second and equally important consideration is adequate protection to the public, with some assurance of adequate compensation.

There has been a great deal of speculation among lawyers as to the nature of the liability which will be imposed by the courts in this and other countries for injuries arising out of the operation of a nuclear reactor for damages resulting from a nuclear incident. Decidedly in the majority are those holding the opinion that the liability which will be imposed will be strict or absolute—that is, irrespective of negligence. This stems from the doctrine attributed to the decision in *Rylands v. Fletcher* in the House of Lords in 1868 (1868), L. R. 3 H. L. 330 which promulgated the proposition that one who conducts an inherently dangerous operation not in accord with common usage should alone bear the consequences of the risk taken.

The doctrine of *Rylands v. Fletcher* has received acceptance in the courts of many of our states in other connections, and a near substitute for it has been adopted by others. I think the prevailing opinion is that the courts of our country and most other countries will enforce absolute liability on the reactor operator. On this subject, required reading would consist of two reports, of which I have samples here. They are both produced under the auspices of an organization known as the Atomic Industrial Forum, Inc. 3 E. 54th Street, New York 22, N. Y., which has done a wonderful job of coordinating information and activities in this field, and can be obtained from that organization.

The first is a project of the Columbia Law School published in 1957 with the title of "Financial Protection Against Atomic Hazards," and the second is a similar report prepared under the auspices of Harvard Law School, recently published, entitled "International Problems of Financial Protection Against Nuclear Risk". The first is an analysis of the principles of legal liability, the existing or likely to be adopted in the laws in this country, and the second is addressed to the problems arising under the laws of foreign countries. Both contain comments and suggestions with respect to dealing with these liabilities.

Now, one of the situations that confronts us as maritime lawyers with particular emphasis is the fact that if the owner of the ship as operator of the nuclear reactor is held by the courts to strict and absolute liability for injuries resulting from the operation of this reactor, it is very doubtful whether our present laws with respect

to limitation of liability of shipowners will be of any assistance to the shipowner at all, for, since the liability will be visited on him simply because of his operation of the reactor, and not because of any negligence in the operation of it, and since no one knows better than he does that he is operating a dangerous facility, it would be very hard for him to convince anybody that he is without privity and knowledge with respect to the causes of the injury. So we have to proceed, if not on the assumption, certainly in the light of a very serious apprehension that our present laws with respect to limitation of liability will not be adequate to protect a shipowner or operator.

On the other side of the picture, as far as protection to the public is concerned, it is very obvious that limits representing the value of the ship or the remaining value after the accident, or even such limits as are included in the Brussels 1957 Convention of \$204 per ton, will be seriously inadequate as a matter of public protection in the event of a serious disaster.

Now, in order to understand the arguments pro and con here, you have to know the background as to how this problem of protecting the reactor operator and his suppliers on one side and the public on the other has been thus far dealt with in this country and abroad. The problem was recognized almost as soon as the 1954 Atomic Energy Act was adopted, which invited the public and business to come in on the development of nuclear energy projects for peace time use, and consequently in 1957 the Congress enacted a system of financial protection by adding Section 170 to the Atomic Energy Act.

Now, one of the considerations for adopting the pattern they did was the fact that the law of tort liability in this country is mostly state law, and there were serious questions as to how far Congress could legitimately act to interfere with the operation of state laws of liability. There was also the problem of liability insurance. Liability insurance was available, but only in modest amounts, and nothing like what would be required to cover the potential hazard if a nuclear reactor got loose. However, the casualty companies in this country—fire and casualty—, and the mutual insurers on the other hand, formed two groups to put together what they would consider to be their maximum permissible exposure to liability with respect to any single incident, and the way it worked out was, roughly, that the casualty companies developed a pool known as NELIA with

a capacity of something over \$45,000,000 and the mutuals a pool known as MAELU with a capacity of a little under \$15,000,000, so it worked out to a total of about \$60,000,000 available liability insurance, including all the foreign reinsurance that they could get.

However, that obviously was not enough, so the Congress developed this formula and said first that anyone to operate an atomic reactor must have a license from the Atomic Energy Commission. As a condition of that license it provided that the Commission *shall* require that the owner or operator furnish financial protection, as it was described, in an amount not exceeding available commercial insurance at reasonable rates, and that beyond that, after such financial protection has been exhausted, the Commission shall agree to indemnify the operator up to a total of an additional \$500,000,000. Beyond that there shall be a cut-off or limitation of liability enforced by the bankruptcy courts which will be comparable to the pattern of limitation of liability in admiralty.

So in this way they developed in respect to land based reactors a pattern of financial protection which can be either insurance or self-insurance or some other financial arrangement they may enter into satisfactory to the Commission. The protection requirement has gone as high as \$40,000,000. I'm not sure if they have gone higher than that.

This insurance, and supplemental indemnity, is not of any kind you ever heard of before. It covers not only the named assured, and not only suppliers and subcontractors and what not who contributed to the installation, but it also covers the liability of anybody who can be liable for the nuclear incident. A case was suggested in the Congressional Committee's report of an airplane flying over a plant and falling on it, causing a nuclear reaction. The insurance and indemnity would protect the liability of third parties not even remotely connected with the operation.

Now, the advantage of this arrangement was that it put all of the liabilities, or the protection of all of the liabilities, into a single package, so if an incident occurred an individual injured could go to the operator, the operator would go to his insurers. If it were a sufficiently serious incident, the government would come in. But since the insurance covers the liability of anybody who might be liable, there would be almost certain recovery and protection for the public, since it was almost inconceivable that there wouldn't

be somebody who would be liable for the incident. Nevertheless, the protection is not absolutely complete because it doesn't interfere with any defenses that may be available under the state law applicable, but it accomplishes the protection of the operator, his suppliers, and the public in this large measure without interfering with our state laws of tort liability.

Now, a definite and somewhat different pattern—and this is what you have to contrast—is growing up on the other side of the water born of different legislative conditions and possibly less serious concern for the protection of the public. In any event, this is it:

It is represented in this treaty of the OEEC, the Organization for European Economic Cooperation of European States, that is now in draft form if not actually being submitted for ratification. That came out of this situation. These states, some 17 in number, and particularly the smaller group among them known as Euratom, were most interested in developing nuclear reactors for power within their territory, and the United States has entered into an agreement with Euratom to assist in that, but these are smaller countries, and their reactors might well be located near to national borders, and anything that happened in one country was very likely in its results to spread over into the next, so they said, "Obviously, we have got to have an agreement among ourselves that takes care of this." So they proceeded with the draft of this agreement and the original draft, which in its basic elements still remains in its present form, was substantially this: They legislatively placed entire and absolute liability, with minor exceptions, on the operator and they legislatively excluded the liability of anybody else, and then they said the operator must provide the equivalent of our financial protection, or insurance, up to an amount specified by the convention as equivalent to \$15,000,000, with an option to individual countries to lower that figure to five.

Within the limits of their jurisdiction, which was of course limited because, after all, they are only a segment of the world, they did a very clean and neat job of it, if you assume that \$15,000,000 of protection is all that is required for the public. They also have a cutoff of all liability at the amount of financial protection required, so once they have supplied the \$15,000,000, they are through and there is a limitation of liability beyond that.

Now, we have gotten into that picture in this way: It developed in the course of the discussions that there was one phase that had

to be specially dealt with, and that was the transportation of nuclear materials, most of which will be supplied from this country to operating plants, and the transfer back of spent materials and waste from the plant to the reprocessing plants in this country. There would be problems of liability which might arise out of incidents occurring in the course of transportation of nuclear materials which are highly dangerous. They were making rather heavy weather of dealing with this transportation problem and at that point the Comité got into the picture, not particularly by invitation, but because they could see obviously that any provisions with respect to transportation were going to affect very largely liabilities of ocean going ships, which they thought was a problem with which they were familiar and probably the drafters of the basic treaty were not. So the Comité offered its services and that offer was accepted. There were preliminary conferences of experts and a subcommittee headed by Cyril Miller of London made the original draft of the clauses. There was a meeting of Comité representatives called for Antwerp on the 28th of February and the 1st of March, which was the meeting to which our President, Mr. Boal, went and concerning which you've heard the discussions that were in the Executive Committee reports relative to possible instructions to him.

That meeting was held and the subcommittee had drafted provisions for transportation which still carried out the basic scheme, which was that when nuclear materials were being transported to and from a particular reactor, it would still be the operator of that reactor who would assume the responsibility and all liability, provided certain conditions were met and so forth, and provided the parties were in their jurisdiction, because obviously people who were not within their jurisdiction could be affected, and their rights would not be affected by the treaty. Anyway, that was the plan, and it looked as if that was going through, and as if it was going to develop into a pattern which might form the basis for the discussions of an international treaty relating to the liabilities of nuclear ships such as might take place in Yugoslavia in September.

Actually, the draft developed on the first of March came before the larger committee of the OEEC late in March, and they made some rather radical changes in it, the precise effects of which I don't believe any of us have had a chance to completely analyze. But it looks as if they have at least opened the door to putting the liability

for accidents in the transportation of nuclear materials back on the ships, which just confuses the issue and makes the pattern that we're working against somewhat uncertain.

Now, I know that the conception of placing absolute liability on the owner and operator of a nuclear propelled vessel is a rather novel and shocking one. However, it may well be that it exists regardless of what we think, and that that is the kind of liability that the courts will fix, and that we have got to have some way to deal with it, which will be something independent of and not necessarily related to the 1957 treaty or other laws relating to the limitation of ship-owners liability.

There is also this conception: That the suppliers, designers and builders have got to have protection or the ships won't be built. Abroad, they cover that point by legislating out of existence the liability of all other people than the operator of the reactor. It is a serious question how far, under our set-up of 50 sovereign states plus a federal government, we can go in that direction, so in going to this meeting in September we've got some very serious thinking to do and some serious problems to solve if we are going to find a solution acceptable to ourselves and to the other nations.

I don't think it is going to help much for us to sit up in our respective ivory towers and say, "This is the thing we would like to see." One thing that is certain is that if this Association is going to formulate any views, it certainly should work very closely with our Maritime Administration and with our other government officials, the State Department, and what not, because, after all, this is an international problem to be dealt with finally on the diplomatic level. About all we can do is to contribute what we can, but I think there is serious danger that is involved, and that is this—and should apply to the thinking of all of us. I think it's obvious that if nuclear ships are going to come into operation an international treaty regulating and limiting liability is going to be imperative. I don't think they can be operated without that. Just incidentally, you may recall that, as successful as the Nautilus and Skate have been, the Skate was denied admission to Copenhagen harbor and the Nautilus was put down at a berth at Portsmouth and not allowed to go to London. There are many problems that have got to be solved if our ships are going to navigate the world. We have the reciprocal problem of under what conditions will we admit foreign ships to our ports.

Of course, there is the first problem of standards of safety. That isn't our problem; that's going to be dealt with at the Safety of Life at Sea convention in London next year. But the second problem is that there must be adequate protection for indemnity of the population if something does happen regardless of safeguards.

Now, one thing that I apprehend is simply this: That we should either encourage or allow this convention to take a form which would eventually prove to be legislatively unacceptable—legislatively or politically, they go together—in this country. We must have a convention, and we must find a formula which will not only protect all interests, but which will be acceptable at home and abroad. That really, to my mind, poses some very serious qualifications on anything we do.

I think I have taken more than my share of time, but it's hard to present the subject in less. I'll be glad to answer any questions that anybody has if I can elucidate further.

Mr. Wright: I ask what provision is contemplated abroad for concurrence of claims, or here?

Mr. Matteson: That's very easy. In the OEEC treaty it is provided that all suits must be in the courts of the country where the reactor is located.

Mr. Wright: Any provision over here with respect to limitation of the liability of land reactors?

Mr. Matteson: Only this, and this may be cumbersome, but in any event the provision is that the bankruptcy courts of this country may take jurisdiction of a situation in which it appears that the claims will exceed the financial protection plus the indemnity and work out an apportionment of what is available among the claimants. How we do that internationally is another serious problem.

Mr. Seaver: I would like to suggest that, rather than attempting to debate the substantive convention covering either the liability or operation of nuclear powered vessels, which I might suggest is an entirely different, separate problem and must certainly be kept separate in our thinking and in our planning from the problem of the convention covering liabilities of conventional vessels carrying nuclear materials, that the substantive provisions probably couldn't be settled here today. Rather, we should address ourselves to the administra-

tive organization, the avenues that this Association can best adopt, the procedures to work expeditiously toward the consideration of those issues.

Now, I would like also to say, modestly, from what scratching of the surface I've been able to do in working in this subject as General Counsel for the Maritime Administration, that Mr. Matteson has made a very fine statement and has said more about this subject in the short time he's taken than I have heard anyone express. I agree with the accuracy of each and every thing that he has said, and I would like to say, too, that through the leadership of our President this Association is in a position to do a great deal of good in this area. I might say that due to that leadership, taking the ball and really moving forward with it on a day to day basis and, I know, taking a lot of his valuable time—I'm now speaking as the government representative—the government is relying on this Association to continue with his leadership and has not encouraged the adoption of other available avenues that might be adopted toward the working out of conventions on both of these areas.

At the same time, this puts quite a responsibility on us as an association. This job has been entrusted to us and as Mr. Matteson has said it is incumbent upon us as an association to move forward as quickly as we can for all the reasons that he expressed so well.

There's one point, if I may, Mr. Matteson, to add to your remarks, one which I think has a great deal of significance. In your description of the philosophy that underlies the OEEC draft convention, which I agree will set a pattern for all these conventions in this entire area, you did not mention that there is no mention whatever in that convention and no one in Europe gives any support to the idea of government indemnification, which is rather opposite to the position we've taken.

Mr. Matteson: Yes, that is quite right, and that is part of what I had in mind when I said that the difference over there was probably based to some extent on the lack of governmental concern for the welfare of the public. They do in the OEEC convention, I believe, or did, have a provision which said that any government might supplement the required indemnity, but they also had a provision that seemed to me very foolish which was that if they did they would have to do it not only for their own nationals but they would have to make it available for everybody.

Take, for instance, our own country. I am sure that what Congress had in mind in making the indemnity of \$500,000,000 available was that it was the American public that was being protected by it, and I can conceive of Congress going that far for the American public. I am sure their ideas would go down toward the foot of the ladder when they had to consider the welfare of foreign publics.

Mr. Boal: Thank you, Mr. Matteson.

Gentlemen, this is the most important matter you have had to consider, and I think since you have been members of this Association. I think it is important that we have a strong delegation at the Rijeka meeting, that we be in a position to go ahead and influence whatever convention comes out. In dealing with a serious matter we must be forward-looking, we must be realistic. We must be practical, but we must remember at the same time that this is an international problem. No one country alone can regulate international trade, or international transportation. There is bound to be a certain amount of give and take, and there must be a good deal of flexibility.

I hope that all of you will give this serious consideration. We hate very much to hold a meeting in the summertime, particularly in August, but there seems to be no alternative. We are going to get this in shape for Rijeka.

Respectfully submitted,

JOHN C. MOORE,
Secretary.