The traditional view to which the capital-exporting states have consistently adhered is that expropriation of alien-owned property must be prompt, adequate and effective. "Prompt" means that the compensation must be paid at or before the time of taking or that provision has been made for its subsequent determination, with interest at compensatory rates from the time of taking. "Effective" means that the payment must be made in realizable exportable form; payment in nonconvertible currency, unmarketable bonds or I.O.U.s is not effective. "Adequate" means that the owner must be compensated for the full value of the property of which he has been deprived, which in the case of an ongoing business will normally be going-concern value.

What tribunals have not yet come to realize, however - with the one honorable exception, at the international level, of the arbitrators who decided the case between Aminoil and Kuwait in 28 - is that the mere award of simple interest is not fully compensatory. If, as is uniformly asserted, the purpose is to make the owner whole for his loss, compounding is plainly required.

28N. 16 supra

Referring Principles:
- VII.7 - Right to charge compound interest
- XI.1 - Compensation for expropriation