

UNITED NATIONS INTELLECTUAL HISTORY PROJECT
The Graduate School and University Center, City University of New York
365 Fifth Avenue
New York, NY 10016

TRANSCRIPT OF INTERVIEW OF
SOTIRIS MOUSOURIS

BY

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Athens, 11 February 2003

RICHARD JOLLY: This is February the 11th, 2003, interviewing Sotiris Mousouris. Sotiri, perhaps you would start by giving us a little about your own personal background, where you were born and your early life, and then more particularly how you came to work for the UN, and what you did for the UN.

SOTIRIS MOUSOURIS: I was born in Komotini, the capital of western Thrace, in the north of Greece—an only child. My first memory was being a refugee. We fled to Athens a few days before the Bulgarians invaded Greece along with Germans. I grew up in Athens, an A+ student in high school! I studied law and political and economic sciences. I served in the army, practiced law very briefly and worked as probation officer for the juvenile court at the same time. And then in 1960, on a Fulbright scholarship, I went to Boston. I got a Master's degree in economics at Boston University. Then I spent four years at Harvard Business School, where I received a doctorate. My topic was "Export Horizons of Greek Manufacturing Industries," which was really a revision of the theory of trade.

RJ: You mentioned you grew up almost as a refugee. Did that sense of being a refugee affect your role, your work, your wish to join the UN?

SM: As a general orientation, certainly yes. Well, being from a well-to-do family and then losing everything as a refugee, and losing my father in an air crash, I got the belief in my life that two things matter: friendships and education. Nobody can take away these two assets in your life. I was never interested in making money; but having memories of the war, the occupation and the civil strife that followed the liberation, I felt that I wanted to do something to improve conditions for my compatriots. I recall people dying of hunger. I saw men being hung from trees by the Nazis. So this affected me. I was politicized very early in my life.

RJ: How old were you when you saw people being hung from trees?

SM: Six years old. And because of what Greece went through since the 1940s—occupation, resistance, liberation, the attempt of the extreme left to take over, the machinations of the monarchy, which undermined democracy by dismissing the elected Prime Minister George Papandreou, and then the seven-year dictatorship—this makes you feel that you have to do something for your country. And that was the reason I studied economics after law actually. I thought that as an economist I could be more effective and qualified for that. It sounds a little, maybe, idealistic, but that was the driving force of my life.

RJ: But you then studied in Harvard at the business school. Was this sense of human commitment and welfare strong in the business school?

SM: Not really. And I have become quite critical of the rather limited scope of the studies that produce professional managers, mostly very bright people running after a quick buck, financial deals, mergers and acquisitions, and a golden parachute at the end of a breathless career! Few care for social and even ethical issues. But I will tell you a secret. One of the reasons I went to the business school was that advanced mathematics were not required there, as was the case in the economics department of Harvard. I was not very strong in mathematics! And still, at Harvard Business School, I got two things. I saw how the business school people think. It was very useful to spend four years in the Mecca of capitalism. And second, there were some excellent professors, like Robert Schlaifer, a Greek scholar turned pioneer in decision theory—I was close to him and his family—and Raymond Vernon, who was a political economist and who became my thesis advisor.

RJ: Then how did you go from this world to the world of the UN?

SM: When I first arrived in New York in 1960, the first place I visited was the UN headquarters. There was always an attraction and interest in what was happening there. But five

years later, when I was finishing the business school, I interviewed along with other people and I received two or three proposals—Pfizer, Colgate-Palmolive, and even a job in Athens from a consulting firm. The idea was to work for three to four years in business, make some money and then work for the government in Greece and probably politics in the distant future. But I happened to be in New York for a function for Salvador Dalí, and there some people suggested—and they were right—that I owed it to myself to live one year in New York, because New York was a fantastic city. For me, it was the forbidden fruit.

RJ: You were a young bachelor.

SM: I was going to New York as a student with little money, and I was always frustrated because there are so many things in New York to do and to see and to enjoy—the theater, the museums, art, music, the night life! New York is probably the center of the earth. I was introduced to Kostis Stavropoulos, who was under-secretary-general on legal affairs, who offered me to work in the legal office. But when he heard that I wanted to work as an economist and only for a year, he more or less sent me away. I made an application and eventually a Chinese economist at the UN, Dr. N.T. Wang, read my thesis, interviewed me, and offered me a nine-month contract. That was October 1966, and my idea was to work in the UN for one year and then return to Greece. But then we had the dictatorship, the coup d'état of the junta of colonels in Greece in April 1967. I would have never lived under that regime. So I remained at the UN and in the evenings I was involved in various activities against the dictatorship. That was the beginning of my career in the UN.

My second year was exciting because I spent thirteen months in Africa on a mission for economic integration of West Africa, visiting a dozen African countries. It was then that I met Kofi Annan in Addis Ababa for the first time, and there where I felt I became a real economist.

Since then in New York, I worked in economic posts and later in political. I served for five years as director of the Centre against Apartheid and later as deputy in the Department of Political Affairs until 1992, when [Boutros] Boutros-Ghali asked me to go to Afghanistan as his personal representative and coordinator of humanitarian assistance. That was a totally different experience—difficult, politically frustrating, dangerous, but highly satisfying as far as the impact of our work on human beings. I served for two and a half years in the field there, and that was my last post in the UN, where I spent almost three decades.

In between, I went to Greece, in 1981-1982 with a leave of absence, appointed by Andreas Papandreou as deputy governor of the Bank of Industrial Development, and also CEO of four or five companies that were owned by the bank. I was also the Greek representative to the European Investment Bank. But I returned when Javier Pérez de Cuéllar appointed me assistant secretary-general (ASG). I was ASG for twelve years until I resigned in 1995.

RJ: Very interesting and lots to ask about. But let me bring you back to 1967. You were there in Africa, working in West Africa.

SM: In 1968-1969, we prepared an ambitious plan for economic integration of fourteen West African states. Unfortunately those newly independent countries were too jealous of their sovereignty, and they were not prepared to sacrifice any part of it to achieve economic integration. Needless to say, their ex-colonial advisors did their best to undermine our efforts. It was a pity. West Africa would have been different if we had succeeded. It was one more noble UN project that failed, but not totally. A few years later they established the Economic Community of West African States, the ECOWAS. It was much less ambitious, of course.

RJ: You come back to New York. At what point do you start getting involved in the early days of what became the Centre on Transnational Corporations (UNCTC)?

SM: Between 1966 and 1972, I was at the Center for Development Planning, Projections and Policies under Jacob Mosak, a renowned economist. On my return from Africa, I was mainly working for the World Economic Survey, dealing with issues of trade and finance, and obstacles to trade, and so on and so forth. In 1972, I started getting involved with an issue then called multinational corporations.

RJ: And how did that topic even come on the agenda?

SM: In 1971, there was a resolution at ECOSOC, the Economic and Social Council, at the initiative of the representatives of Chile, in which the Secretary-General (SG) was asked to appoint a group of eminent persons to study the impact of multinational corporations. The under-secretary-general of the Department of Economic and Social Affairs (DESA) was then a brilliant Frenchman, Philippe de Seynes. If I wanted to give him a label, he was a democratic socialist. Philippe de Seynes was a man of vision and wisdom. With enthusiasm and a lot of imagination, he responded to that mandate. He asked me to join his small team when I produced an outline of a study on multinationals and I proposed a list of names to serve as eminent persons who were supposed to conduct hearings on the issue and submit proposals. Frankly, to produce the list, I consulted for a couple of hours a weekend in Boston with my professor Raymond Vernon, who had published a year before *Sovereignty at Bay*. It was the first book which exposed the challenge of the multinationals. Vernon helped me with the bibliography and I spent hours in the library.

Philippe de Seynes wanted the secretariat to prepare a basic study to submit to the group of eminent persons. Three colleagues prepared outlines. I prepared mine. De Seynes chose mine

and since then I got involved and I was one of the main authors of the first study, *Multinational Corporations in World Development*, which was prepared in 1972-1973. I believe I had understood what de Seynes was after. The communication of a Frenchman with a Greek was probably better than with an American or Chinese.

The multinationals had become new powerful actors in the world stage but they were not fully accountable to any state. They had their own logic and goals, and the impact of their operations on their home or their host countries was not understood. They were challenging the authority of elected governments and could influence international relations. And the big question, of course, was what effect they had on development, on developing countries. These were the questions we wanted to explore—to demystify them, as De Seynes said. When the Group of Eminent Persons was formed, I was appointed associate-secretary of it, the secretary being Gus Feissel, who was the aide to Philippe de Seynes and was handling the administrative and organizational parts of the project. I was dealing with the substantive issues, along with N.T. Wang.

For the following nine years, my job was transnationals—research, code of conduct, the creation of a periodical, the *CTC Reporter*, lecturing, scouting for new talented staff, managing, handling the agenda and the meetings of the commission, et cetera.

RJ: Before we get into the commission, let me just ask about the pressures on Philippe de Seynes, presumably. At the time, the Chilean government, led by Salvador Allende, who was very much seen by the west as a communist, at least a socialist—

SM: A socialist, a dangerous socialist for the American administration. Sometimes a dangerous socialist is more dangerous than a communist!

RJ: Yes, a dangerous socialist. And yet, Philippe de Seynes takes the decision of ECOSOC (Economic and Social Council) and develops it very creatively. Were there pressures against Philippe de Seynes that you were aware of?

SM: I am not aware of that.

RJ: Were there any pressures within the secretariat, any doubts, saying, "Philippe de Seynes is pushing this too far?" After all, I don't think the UN had sponsored many commissions of eminent persons until that time. Am I right?

SM: Well, Philippe de Seynes was much respected in the secretariat. Although Kurt Waldheim was probably a little uneasy with the intellect of De Seynes, he wouldn't dare to intervene in his work. Actually, Waldheim liked to have big personalities involved in the work of the UN. Among the eminent persons, we had a former president of Switzerland, a U.S. senator, ministers, presidents of corporations, and top academicians.

RJ: Jacob Javits, the senator.

SM: The senator from the United States. And I don't think that the U.S., and the West in general, suspected then how far this initiative would reach. De Seynes was a mild person, patient, not provocative but absolutely resolute. He had clear goals.

RJ: Let's just stick to Philippe de Seynes's point that here was a major actor, or set of actors, in the global economy that weren't accountable to anyone. Did Philippe de Seynes expand on that theme privately? Are there any other memories of that point?

SM: Yes he did. I remember I had dinner with him one evening in Geneva at the Hotel du Rhone. He used the words "demystification," "accountability," and "rules of the game." We also talked about political intervention by giant corporations. The ITT case in Chile was very fresh in everybody's mind. They could overthrow regimes democratically elected.

RJ: As had ITT (International Telephone and Telegraph).

SM: That is the first thing that bothered him. The second is the effect they had on developing countries. He was uneasy that nobody knew exactly what was the result of their operations, the impact of their operations on the economies of these countries. We were worried that, unless we clarified this impact, some developing countries would take extreme measures, like nationalization, appropriation, et cetera, which at that time was quite possible. And that would not have been beneficial to their economies. We wanted to identify the pros and the cons, what is good and what is bad, to maximize the positive and minimize the negative. And also to see what is the effect on labor, the effect on the environment, the effect on human rights, the effect on consumers.

RJ: And the effect on human rights at that point.

SM: Of course. We were pioneers. In fact, the issue of human rights was one of the provisions of the code of conduct that we started negotiations soon after the commission and the center were established. I think, in retrospect, Philippe de Seynes saw a movement towards globalization and he thought that globalization needed some rules. The rules would be formulated, should be formulated, by the international community, taking into account the interest of all, both the host and home countries, and the interest of development, and the interest, of course, of private enterprises, because they create technology, they create jobs, they are engines of growth, and so on and so forth. We wanted, let's say, an optimization of the functioning of transnationals in the world.

RJ: Let me then bring you to the commission. So the commission of twenty, twenty-four? We have a list. It was set up. You had produced the background paper.

SM: You are talking about the Group of Eminent Persons. The commission was established later and it was an intergovernmental body. The twenty eminent persons conducted hearings in New York and Geneva and had before them the background report we had prepared. They heard about fifty witnesses. Among them was Giani Agnelli of Fiat, for instance. I remember his arrival in the *Palais de Nations* in Geneva. He came in a helicopter. We had some very important people—[Jacques] Maisonrouge, the president of IBM, the chairmen of Pfizer, of Du Pont, of Unilever, of Pechiney, of Nestle, the vice chairman of General Motors, of Siemens, of Exxon, of Shell, et cetera, labor union leaders—for instance, the secretary of the World Federation of Trade Unions, of the AFL-CIO (American Federation of Labor/Congress of Industrial Organizations)—ministers, professors. For instance, Joseph Nye, who is now the dean of the Kennedy School of Government at Harvard was one of the witnesses. Ralph Nader, my compatriot, Kostas Vaitzos, who was very experienced at that time in transfer pricing, and several other personalities from developed and developing countries. It was an exciting exercise.

There was a moment, which I remember very well, when Allende was killed. We received a cable. Philippe de Seynes saw the cable and asked me to give it to—

RJ: This was October 1973.

SM: Or September, I believe. He asked me to give it to Juan Somavía, our rapporteur. He is now heading the ILO (International Labour Organization). When Juan Somavía saw the news, he left immediately. I was afraid that he was heading for Chile, where he could have been arrested by the dictatorship of [Augusto] Pinochet. So we drafted, with Sicco Mansholt, the Dutch member of the Group of Eminent Persons—former head of the European Commission—two cables and we sent them to Somavía, one to his house and one to the Foreign

Ministry, asking him to come back immediately because we needed him for our work as rapporteur. I understand those cables helped him to get out and return safe to New York.

When we started drafting the report of the group, we also went for a couple of weeks to New Delhi. The chairman of the Group of Eminent Persons was a very wise Indian, L.K. Jha, who was governor of Kashmir. We worked with him, along with Somavía and the British professor John Dunning. The drafting was mainly based on the background report of the secretariat and the conclusions from the hearings. One of the roles I had earlier was to summarize the hearings. The first disagreements and conflicts appeared then. A couple of eminent persons didn't agree with the recommendations. One of them was Hans Schaffner, a former president of Switzerland, who was also vice chairman of Sandoz, and an American industrialist, J. I. Miller. Their dissenting views were included in the report.

The report of the group recommended the establishment of a commission on multinational corporations and a center in the secretariat to be the focal point in the UN on the subject, to collect information, make studies and prepare a code of conduct and other international agreements. The center was to be independent, autonomous; it was then called the Research and Information Centre on Multinational Corporations.

RJ: What is meant by independent?

SM: Well, not belonging to a department. The head of that office was supposed to report directly to the Secretary-General. Eventually, we called it the Centre on Transnational Corporations. In 1974, we moved to a building outside of the UN, on Third Avenue and Thirty-Ninth. The first executive-director of the center was a Finnish ambassador, Klaus Sahlgren. He came and asked four people to join him: N.T. Wang, myself, Gus Feissel and Karl Sauvart,

whom we had hired to prepare some statistical tables for our first report. We were the first four—let's say, the nucleus of the center.

My first project was to make an organogram. I proposed a Policy Analysis Division, which was to deal with research, a code of conduct and other international agreements; the Information Analysis Division, which was to collect information about transnationals; and Advisory Services, with the purpose to give advice to host countries on how to negotiate with transnationals and on how to develop investment legislation and so on and so forth. I was also involved actively in trying to recruit the best in the field, men and women. And in that initially we were very fortunate. We had a small highly motivated team. The morale was extremely high and we were working very hard. We almost became the envy of the secretariat!

RJ: Let me take you to one of the issues that we always like to ask about, which is, looking back, what were the pressures? And if there weren't pressures, why not? Now, thinking first of the Group of Eminent Persons, you have a leading Swiss industrialist, you have an important American businessman, both in the group objecting very strongly to the way the mood of the group and perhaps the report was going. I am surprised that the UN or others did not get under American pressure, in particular possibly western pressure, with the Swiss teaming up with the Americans, saying, "We're worried with what we are hearing coming out of this group."

SM: Well, I think the climate was different than it is now. I don't think that the U.S. paid too much attention to the United Nations. They did not think that the UN was an effective mechanism which could lead to results that could be unpleasant to them, at least at the beginning.

RJ: This was [Richard] Nixon's time?

SM: Yes, it was Nixon's time. I don't remember how the U.S. voted in the Economic and Social Council on the proposals for creating the center and the commission, but they were

active members of the commission. Of course we had soon a lot of arguments there and disagreements. But the developing countries and the Eastern European countries had a bloc, and as you know they were the majority then and were passing more or less whatever they wanted. There was not this present worry of the majority not to offend the big western countries. More or less they railroaded resolutions, and as a result the U.S. was becoming less interested. At that moment, I don't think they realized what was going to happen. They thought one more committee, one more office in the UN, let them do what they can do.

RJ: Then we come to the research program of the center when it was set up. You started working on the code of conduct. You also started working on corruption?

SM: Well, yes. The second session of the commission took place in Lima, Peru. We also had there our deputy-executive-director, who was Alberto Jimenez de Lucio, a Peruvian admiral who was former minister of industry, a very dedicated man, progressive and rather suspicious of transnationals. He became also the head of the Policy Analysis Division and I was his deputy. We worked extremely well together. We recruited some of the best staff and consultants we could find. We had several meetings about the research program of the center with outsiders, and we decided to do research on transnationals in banking, in the food industry, in insurance, in tourism, and the pharmaceutical industry.

That was our first round of studies, which were made with the help of consultants outside of the center. And officers of the center, under my supervision, were following this research, were making comments, and were organizing meetings with top businessmen from those industries to discuss our preliminary drafts and to correct possible inaccurate data. This protected us from criticism when the studies became public. It was a brilliant method—accurate data and of course an alibi! Needless to say the conclusions were ours. Those first reports were

quite sensational. The business community around the world—the transnationals—were surprised and impressed and some not very happy. We were noticed. They started paying attention.

The code of conduct was one of our first efforts. The working group, made up by experts from the country members of the commission, was chaired by Sten Niklasson, a Swede, who was full of enthusiasm and dynamism. He and I worked very closely. I was the secretary of the group. What we used to do for the drafting of the various provisions for the code was quite original and daring. We took turns in preparing draft provisions between sessions of the group, trying to find compromise language. It was a well-kept secret. As you know, governments don't like the secretariat to interfere. But the chairman, Sten, and I, the secretary, were rotating in proposing formulations that could be acceptable to all.

RJ: Alternately between the secretariat and the commission.

SM: Yes. The process of drafting was very interesting; the code of conduct was negotiated in several sessions of the working group for five years until 1982. At the same time, we launched two other projects in order to materialize our mandate to secure international arrangements. The Working Group on Corrupt Practices, which was served by our division, and the Group on Experts on International Standards of Accounting and Reporting.

The very interesting thing about the Group on Corrupt Practices was that slowly it disappeared without a trace! There was such a lack of interest from both sides—developed and developing countries—in dealing with corrupt practices that when they came to some painful issues, they were reluctant to meet. We, the secretariat, Sam Asante, the Ghanaian legal advisor, myself, and my late colleague Sylvanus Tiewul, also from Ghana and graduate of Harvard Law School, a wonderful friend, kept preparing background papers and proposals for the group as we

did for the code of conduct. They got scared and they started postponing their sessions. It was probably the first time in the UN that this happened—a committee to disappear into thin air without a trace. Usually, a committee remains forever.

RJ: But I read in the list of publications both on corrupt practices and on accounting standards reports were issued in the 1980s.

SM: In the early 1980s, yes.

RJ: Now what does this mean? They were eventually issued as secretariat publications and the commission ceased to interact with the secretariat?

SM: Yes, something like that. The final report submitted to the commission had many brackets. We had brackets also on the code of conduct on some controversial issues related to sovereignty and the treatment of transnational corporations (TNCs). We had very hard negotiations, formal and informal. Actually once Niklasson invited four to five representatives of the group from developed and developing countries—one of them was Bernardo Sepulveda, later foreign minister of Mexico, and myself—to a castle in Sweden to negotiate some difficult issues in informal surroundings! Of course, we all went with great expectations. But the castle was like a big farmhouse surrounded by snow, and we all had to get up at six o'clock in the morning and sleep at nine o'clock in the evening. We had very basic food, and a lot of saunas. We even negotiated inside the saunas at times! We did manage to overcome some problems but the gap was not bridged.

RJ: So let me then continue on the code of conduct because that was a major issue.

SM: That was my child also.

RJ: Your child. So why don't you just give me an overview of how that work ended? It was eventually published.

SM: It was also after I left from the center. We had made fantastic progress in most of the provisions on labor, environment, human rights, on consumer protection, on obligations of home and host countries, on transfer pricing, on clarity of laws, on disclosure of information, and so on. One of the stumbling blocks that we never overcame, not even later when there were some attempts during special sessions of the commission, in 1986 I believe, was the question which law would apply in the case of nationalization and compensation. The host countries said national law. The western countries said international law. Other related problems were the issue of jurisdiction, transfer of profits, settlement of disputes, and political intervention. As I said, the Latin Americans on one side, and the U.S. and some major western countries on the other, were not ready to compromise. And as the years went by, in the 1980s, the developing countries were losing their cohesion, their bargaining power.

RJ: The New International Economic Order (NIEO) was fading away.

SM: Yes, fading away. And at that time, they probably felt that under the circumstances it was not wise for them to give in on some of these issues. And the developed countries thought that maybe a few years from now, developing countries would beg the transnationals to invest in their countries. Why should they tie their hands with a code of conduct? So eventually, the code of conduct became a dream. It was a pity. I was not present to observe the death of the code. It was sometime in the mid-1980s.

RJ: So the brackets were still there?

SM: Yes. For the history and maybe for the future.

RJ: So it was a work in progress in a sense?

SM: I would say more than 80 percent of the text had been agreed at referendum. They had decided in advance that the code as a whole had to be accepted by all, adopted by consensus.

Mind you, the code would not have been obligatory. It was to have a strong political and moral value. It was a pity. It was the first effort to introduce some rules of the game for what we call now “globalization.” But who knows? Maybe sometime they will unbury those provisions of our code and will start negotiating again. It may become inevitable. As you see, I am optimistic.

RJ: Let me ask you to look back on it, in the light of 2001-2002. We have the international issues of accounting practices as a major issue. Even as we are talking now, Congress is continuing hearings on corrupt accounting practices. The issue of international, or at least national, codes of conduct that come back with respect to multinational corporations is a live issue. So how do you look back on what the UN was doing at that time?

SM: Well, the UN was first. It tried to regulate—in quotes—to regulate the transnationals. And soon after us, the OECD (Organisation of Economic Co-operation and Development) started its work.

RJ: Do you remember when they started?

SM: I think the OECD must have started working on the Guidelines for Multinational Enterprises in 1976-1977. I remember I went to Paris two or three times to exchange views and information with the staff of OECD. At the same time, UNCTAD (UN Conference on Trade and Development) was also working on two codes—the transfer of technology and the restrictive practices, which I was following. UNCTAD was following our work, we were following theirs. So these were three exercises outside of our center which were going on at the same time—OECD and two in UNCTAD—which had some relation to what we were doing. Now, in retrospect, I think the developing countries made a big mistake in insisting on certain things, because we could have had a code of conduct by 1980, which would be extremely useful now.

RJ: And which were, in your memory, the sticking points from developing countries which they could have—

SM: It was mainly the taboos of Latin Americans on the issue of national versus international law. For them, sovereignty and domestic law were above all. They had this almost dogmatic belief in that, which I think was influenced from the experiences they had with their northern neighbor, the United States.

RJ: But Chile, of course, at that time had long moved to being free market.

SM: But Chile was not a member of the commission anymore. It was Mexico, it was Venezuela, it was Peru, it was Brazil, it was Argentina. They were quite inflexible.

RJ: Members of the commission.

SM: Yes. The Asians were more flexible and so were the Africans. And of course at that time, the Eastern Europeans were aligned with the Latin Americans. And also, the West was quite split. There were the “soft” western countries and the “hard” western countries.

RJ: The “soft” being the Scandinavians?

SM: Yes, the Scandinavians those days were extremely helpful. They were the allies of the secretariat in a way. At one point, Greece was a member and was among the “soft,” and maybe Italy and the Netherlands at that time. The “hard” were Britain, the U.S., and Germany, and to some degree France—not always. Canada also was in the “soft” side.

RJ: And Japan?

SM: When she was a member of the commission, she was more to the side of the hard ones.

RJ: Were any issues of the statistical monitoring of TNCs made a big point?

SM: Well, the issue of transfer pricing was really something that was new and we analyzed it in great detail. That upset a lot some of the transnationals. They rebutted some of our reports. We managed to get a lot of information directly from the transnationals, through correspondence and personal contacts. And we were telling them, “We are compiling that and that and that. Would you be kind enough to give us your data? Otherwise, we have our own data and that will be published.” It was a slight blackmail, I would say. And we had a good response from most of them, until the point came when some of them got together and decided not to cooperate with us. But that was later.

RJ: Do you know what triggered that?

SM: They were upset with our reports, although, as I said, we used to hold meetings with them to discuss our preliminary drafts and correct inaccuracies. Of course, the analysis and the conclusions of the reports were ours. Maybe they got instructions not to cooperate with us. That was the end of the decade—1979-1980. There were some organized complaints. They kept visiting our executive director, Klaus Sahlgren, who, although he had great respect for big business, he did not give in. There were some companies that refused to reply to us, especially those doing business in South Africa. Yes, we also examined the collaboration of transnationals with apartheid. TNCs in South Africa was a recurring report.

RJ: Were there any multinational corporations that you recall that were close allies, that were very supportive, even said behind the scenes, “This is very important?”

SM: There were some, but I don’t remember now which ones. We had some friends, some from Europe. As far as I remember, IBM was up to the end quite cooperative—Maisonrouge and his successor. There were a couple of American companies, but I can’t remember now their names. And also there were some people in New York who were in

some business councils. The people of the International Chamber of Commerce were helpful and positive.

RJ: Now, if you stand back from this whole period, what were the big, new ideas? You said that the UN was ahead of OECD and UNCTAD in these particular areas. Were there ideas which you think the UN came up with that were not ideas that had grown out of the academic world?

SM: Well, that is difficult to say because we had a close cooperation with the academic world. As you know, Raymond Vernon from Harvard helped us on several occasions, often as informal consultant. Others came to work at the center. For instance, professors John Dunning, Charles-Albert Michalet, John Sopfard, Norman Girvan, and others worked for some time at the center and helped with the research. Those who were doing research on transnationals were often seeking to work with us. We had a good reputation and of course we had collected enormous data. They felt the center was dynamic and was doing something important.

RJ: And it was a very exciting period.

SM: So it is difficult to tell you how much came from the secretariat, how much came from the academic world. I cannot even remember how many ideas were mine. I remember writing on yellow pads outlines of research topics and giving them to consultants and to staff. I redrafted pages upon pages. In my encounters with business groups—and I was often invited to speak to them—I was learning, exchanging ideas. But specific ideas that came up? For instance, nobody thought that transnationals in tourism was such a big issue. Then we found out about the work of tourist operators who controlled the travel, the hotels. The owners of the hotels were taking very little from the total pie. So that was quite interesting and new that we did not suspect. The study on food industry had plenty of revelations. Banking was an area which was

very little known. I remember a lot of things we found. For instance, we saw that many transnationals were not interested in maximizing profits in each subsidiary. What they were interested in was the total picture of the whole family of companies around the world. Therefore, a subsidiary could be losing money but continue to function for a particular purpose—for instance, to stop the competitors from coming in. They could spend initially enormous resources in one country just to keep their monopoly. So the interests of the host country were not really taken into account. That was very interesting as far as the strategy and the logic of the conglomerate is concerned.

RJ: Looking back now twenty years later, do you feel there were paths not taken in reading the press, your own personal involvements in the last five years? Have you suddenly seen with new eyes things which you first were aware of twenty, twenty-five years ago, that led you to say, “I wish the center in my time had looked into that?”

SM: That is more difficult to say. I would think that what we did not look at is the media, the information. The mass media and their influence, the transnationals in information and communication and the involvement of transnational corporations in the political scene of their home countries.

RJ: This is side two of the interview with Sotiri Mousouris, in Athens, on the 11th of February. I was asking you, Sotiri, to just look over the whole. You’ve given us many summaries. I think I should ask you about the ending of the center as a separate center and moving to UNCTAD. What do you think has been lost by that?

SM: Well, a major part of the mission of the center was probably lost. The mission of the center was to analyze the effects of transnationals and try to introduce some rules of the game. We never called them “dangerous beasts” or “bad guys.” We just wanted to see how the

animal works, what makes the animal click, and how to get the best out of it. There was of course a tacit attempt to regulate, to place limits.

RJ: But hasn't that continued under UNCTAD?

SM: I don't think so. Now the ideology, the objective, I believe, is how to attract foreign investment, how to persuade transnationals to invest in developing countries. This is the new philosophy. Probably the current need. I don't think some of the negative impacts of transnational corporations are now highlighted. But incidentally there was an earlier attempt to divert the focus of the center in 1981, when the Deputy-Executive-Director Alberto Jimenez de Lucio died suddenly. Two of my colleagues, an American and an Indian—I don't want to say their names—literally conspired to eliminate the Policy Analysis Division, to water down the research that is, and divide it between their divisions, the Information Analysis and the Advisory Services. They started meeting secretly, a few hours after the death of our deputy-executive-director, to prepare a new organization chart. My staff got wind of that and reacted strongly. They even wore buttons against the proposed plan. Sahlgren unfortunately accepted the proposal, but it was vetoed by the Secretary-General. Even government representatives got involved and many objected loudly. I don't know if that failed attempt was due to the ambition of my two colleagues or it was inspired from outside.

Well, that attempt failed but the morale in the center suffered much. It was a poison in the atmosphere. It was one of the reasons I took a leave of absence and left for Greece. That was the end of my involvement with the center and the issue of transnational corporations. It left a bitter taste. Fortunately, when Sidney Dell was appointed head of the center, the research was revitalized again.

Anyway, to return to our discussion and the relations between developing countries and transnationals, I am afraid that there is a pendulum at work. In the 1970s, there was an effort of the host countries to control more closely the transnationals, even to nationalize them when they felt they were losing control of their economies. Then the pendulum moved to the other end, when foreign investment was received with open arms, when developing countries begged them to come and do whatever they want, to get freely the profits out, to have labor standards minimized, or ignore the effects on environment. They do not care about transfer pricing, and maybe they don't even care about the influence of transnationals in the political scene of a country. We don't even talk about that. But I am afraid that the pendulum will move again to the other end, and we will see another wave of—

RJ: Of excessive control.

SM: Of nationalizations and many restrictions again, which would be unfortunate and harm both sides. I think this is the problem. Transnationals are important, are useful, as long as their operations are more or less transparent and the developing countries, the host countries, receive a fair share.

RJ: Let me ask you, looking back again at this experience, does it tell you anything about how the UN as a whole should treat these more difficult, perhaps controversial, topics? Are there good lessons about how to do it? Are there bad lessons about how not to do it?

SM: I think the way that the transnational corporation issue was handled was visionary, wise, and courageous. We guided skillfully and delicately the decisions of governments in the UN, without being provocative. We influenced the course of work. We cooperated with the academic community, with several business people, with labor unions. We made conscious efforts to broaden our audience, or if you want to say, our clientele. But the essential element of

success was the quality of our work. The quality was high to some extent because we managed to get around the bureaucracy of the UN, especially for hiring people. The bureaucratic obstacles now at the UN are horrendous. We got the best people we could in the market, outside.

RJ: You didn't have to follow UN pay scales?

SM: No, we followed UN pay scales, but we could hire the people we wanted. Because it was a new office, we had posts which could be filled also from outside the secretariat. We had some flexibility. That is very important for an office to function well.

RJ: And finally, some of the other names. Sidney Dell was involved at one point. Peter Hansen was involved. I don't think Jan Tinbergen, the Nobel Prize winner economist, was. But are there any of these other figures that we identified?

SM: Sidney Dell was a senior advisor for the center for the last four years that I was there, from 1978 to 1981. In 1978, he came as a senior advisor and he was very helpful in reacting to some research papers and a few other things. He was much respected as the old wise man in the center. Sam Asante, who was a very good lawyer from Ghana, was our legal advisor. Sidney Dell took over in 1982, after Sahlgren was not renewed, or he left—I don't remember now, because I left the center in 1981. I took a leave of absence, I went to Greece, and I never returned to the center.

Here I will add a postscript. You had asked me if there were at the beginning any pressures on de Seynes from western countries. Well, when [Javier] Pérez de Cuéllar became Secretary-General, he called me in Greece in 1982 and asked me to return as the head of the center, succeeding Sahlgren. After a lot of hesitation I agreed. But when the Secretary-General consulted with some governments, one of them—the U.S.—vetoed my appointment! Actually, the then-ambassador to the UN, Mrs. Jeanne Kirkpatrick, told the SG that I was unacceptable

because I was a leftist! Then Pérez de Cuéllar, who became very annoyed, offered me another assistant-secretary-general post for which he did not have to consult with anybody. The funny thing is that Mrs. Kirpatrick a year later said that she had made a mistake.

RJ: That is very interesting. And what about Peter Hansen, who succeeded Dell?

SM: Well, I did not follow very closely the period of Peter Hansen. Under Peter Hansen, the center expanded more. I don't know to what effect and to what result.

RJ: Well, Sotiri, thank you very much for this. I wish we had time for another two hours.

SM: Well, the only thing I wanted to add at the end is now we have this so-called globalization. Some people criticize it and some people praise it. I think the UN was first to try to regulate, again in quotes, to bring some international rules on globalization, because transnationals are the main vehicles of globalization. And this is what we need again, I believe, so twenty years, thirty years later, again we start from scratch. This is the moral of the story, that the UN was a pioneer in the field because of the inspiration and dynamism of a few people in the secretariat—and some of them paid a price.

The UN can show to the world what is the right direction, can define goals, articulate the dream, but cannot move the world. There are too many strong interests, too many strings holding back progress especially in the absence of great leaders. I have great doubts if the UN now, under the present international political scene, could undertake such a mission, if the UN would be permitted to try to introduce rules of the game which would place limits to the powerful of the world today.

RJ: Thank you very much.

INDEX

- Addis Ababa, Ethiopia, 4
 Afghanistan, 4
 Argentina, 17
 Africa, 3-5, 17
 Agnelli, Giani, 9
 Allende, Salvador, 6, 9
 American Federation of Labor-Congress of Industrial Organizations (AFL-CIO), 9
 Annan, Kofi, 3
 apartheid, 18
 Asante, Sam, 13, 23
 Asia, 17
 Athens, Greece, 1, 3, 20
 Bank of Industrial Development, 4
 Boston, Massachusetts, 5
 Boston University, 1
 Boutros-Ghali, Boutros, 4
 Brazil, 17
 Bulgaria, 1
 Canada, 17
CTC Reporter, 6
 Centre Against Apartheid, 4
 Centre for Development Planning (CDP), 5
 Chile, 5-7, 17
 Dalí, Salvador, 3
 Dell, Sidney, 21, 23-24
 Department of Economic and Social Affairs (DESA), 5-7, 9
 developing countries, 6-7, 9, 13, 15-16, 21-22
 and transnational corporations, 7, 22
 development, 6
 and transnational corporations, 6
 Dunning, John, 19
 Eastern Europe, 12
 Economic Community of Western African States (ECOWAS), 4
 Economic and Social Council (ECOSOC), 5, 7, 11
 Europe, 18
 European Commission, 9
 European Investment Bank, 4
 Feissel, Gus, 6, 10
 France, 17
 Fulbright Scholarship, 1
 Geneva, Switzerland, 7, 9
 Germany, 1, 17
 Ghana, 13, 23
 Girvan, Norman, 19
 globalization, 8
 Greece, 1-4, 17, 21, 23
 political instability in, 2
 Guidelines for Multinational Enterprises, 16
 Hansen, Peter, 23-24
 Harvard Business School, 1-2
 Harvard Law School, 13
 Harvard University, 2, 19
 human rights, 8, 15
 humanitarian assistance, 4
 ideas, 1, 19
 and academics, 19
 biographical influences on, 1
 International Chamber of Commerce, 19
 International Labour Organization (ILO), 9
 Italy, 17
 Japan, 17
 Javits, Jacob, 7
 Jha, L.K., 10
 Jimenez de Lucio, Alberto, 12, 21
 Kashmir, 10
 Kennedy School of Government (Harvard), 9
 Kirkpatrick, Jeanne, 23
 Komotini, Greece, 1
 Latin America, 15, 17
 Lima, Peru, 12
 Mansholt, Sicco, 9
 Mexico, 14, 17
 Michalet, Charles-Albert, 19
 Miller, J.I., 10
 Mosak, Jacob, 5
 multinational corporations (MNCs), 5-6, 10; *see also*
 transnational corporations
Multinational Corporations in World Development, 6
 Nader, Ralph, 9
 Nazis, 1
 Netherlands, the, 17
 New Delhi, India, 10
 New International Economic Order (NIEO), 15
 New York, New York, 2-5, 9-10, 18
 Niklasson, Sten, 13-14
 Nixon, Richard, 11
 Nobel Prize, 23
 Nye, Joseph, 9
 Organisation for Economic Co-operation and
 Development (OECD), 16, 19
Palais des Nations, 9
 Papandreou, Andreas, 4
 Paris, France, 16
 Pérez de Cuéllar, Javier, 23-24
 Peru, 17
 Pinochet, Augusto, 9
 Research and Information Centre on Multinational
 Corporations, 10
 Sahlgren, Klaus, 10, 18, 21, 23
 Sauvant, Karl, 10
 Scandinavia, 17
 Schaffner, Hans, 10
 Schlaifer, Robert, 2

Sepulveda, Bernardo, 14
Seynes, Philippe de, 5-7, 9, 23
Somavía, Juan, 9
Sopford, John, 19
South Africa, 18
Stavropoulos, Kostis, 3
sustainable development, 15
Sweden, 14
Switzerland, 7, 10
technology, 16
Tiewul, Sylvanus, 13
Tinbergen, Jan, 23
trade, 1, 5
transnational corporations (TNCs), 6-7, 12-16, 17-21;
 see also multinational corporations
 and apartheid, 18
 and mass media, 20
 and developing countries, 22
UN Conference on Trade and Development
 (UNCTAD), 16, 19, 20-21
United Kingdom (UK), 17
United States (U.S.), 6-7, 11, 15, 17, 23
Vaitsos, Kostas, 9
Venezuela, 17
Vernon, Raymond, 2, 5, 19
Waldheim, Kurt, 7
Wang, N.T., 3, 6, 10
West Africa, 3-4
Working Group on Corrupt Practices, 13
World Economic Survey, 5
World Federation of Trade Unions, 9
World War II, 1