

UNITED NATIONS INTELLECTUAL HISTORY PROJECT
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TRANSCRIPT OF INTERVIEW OF

KLAUS SAHLGREN

BY

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YVES BERTHELOT: We are on the 19th of July on the island of Korppoo in Finland, at the interview of Klaus Sahlgren. We are in his house on the seaside. So Klaus, I think this interview, which is for the UN Intellectual History Project, as you know, will be used for three purposes. The first purpose is to provide material for the authors of the UN Intellectual History Project. The second purpose is to provide material for a book, with the strange title of *From the Trenches and Turrets*, which will be based on quotations from the personalities who have been interviewed. Lastly, the transcript will be sent to university and research centers for the needs of researchers. Of course, this tape will become a transcript. You will receive the transcript, and the official document will be the transcript. The tape will be kept at the United Nations, and cannot be used for a while.

So that is it. The interview will be organized in four parts. The first part is about biographical questions. Then it will move to the first part of your activities in the Finnish foreign ministry. Then we will move to your activities in the UN, and finally, to your thinking today about the UN, and about major issues that should be addressed in the future. So maybe we could start with your education. You are from a family—how did it mark you? And what about the people you met when you were a child, and later on when you were graduating? What, in your view, influenced the man you are today?

KLAUS SAHLGREN: Well, I was born in 1928, in an upper-middle class family. My father was a professional officer, a major. He spoke Finnish as his mother tongue. His Swedish was good, but not perfect. My mother, on the other side, came from a family originating on this island where we are right now; her language was Swedish. Her Finnish was actually not very good. So I became bilingual, and that might have had an influence on my development in the early formative years.

My father perished in the war in 1939. My mother supported the family alone—two boys. That must have marked, I imagine, my childhood and later years as well. I went to a Finnish-speaking school, or to several Finnish schools, actually, because my father, being an officer, he moved from garrison city to garrison city.

I studied at Åbo Academy in Turku, which is the only Swedish-speaking university outside of Sweden. It is a small university; in those days it was very small indeed. I chose as my major subject economics. My professor was a man with a high reputation in academic circles, Carl-Erik Knoellinger. He was a good friend of Gunnar Myrdal—I shall refer to Myrdal later on in this interview.

I also studied international law and some other legal disciplines, and statistics. But my education was mainly, let's say, economy oriented. I had ambitions at one point to pursue an academic career. I got some scholarships from the Finnish government, and from a private fund. I started assembling material for a doctoral thesis about the competitive strength of the Finnish merchant fleet. My lower thesis, my Master's thesis, was written on that topic already. I got a prize for it, so I thought that I could make an academic career.

However, one day on the bus to Helsinki, I sat next to a friend, Ilkka Pastinen, who later became a prominent Finnish ambassador and assistant-secretary-general of the UN. He specialized in disarmament. He had just entered the foreign service, so he said, "Why don't you do that too?" Then he told me how interesting it was. He had been there for a few months only, and was very enthusiastic about it. In those days, the competition was not so heavy—I suppose that's why I was able to enter. Today, only a small percentage of the applicants are admitted. In those days, it was different. You should have a recommendation from some well-known people. If you were male—and most of the applicants were men in those days—you should have an

officer's degree, which I had, from the Officers College of Marine Warfare. I have been told that that requirement was a discreet way to eliminate communists. In Finland, in those days, you couldn't become an officer if you were a commie.

Anyhow, first I went to the interviews. And there, on two instances, I almost blew it. First, I paid my respects to the then minister of communications, Onni Peltonen. He was a social democrat and a well-known teetotaler. He asked me, in Finnish of course, do I drink? I answered in the wrong way: "Yes, thank you sir, what can you offer?" But his reason for asking the question was quite different. He was trying to find out whether I had a predisposition for alcoholism, which, of course, is a professional risk in diplomacy. So he noted, as I learned later, "The young fellow is OK, but arrogant." Well, I think that was a fitting characterization.

Then I went to see Minister K. G. Idman, a retired diplomat. In opening the door, he said, "*Pardon monsieur, ici on ne parle que français.*" Finland, in those days, was one of the few countries which required from its diplomats a working knowledge of French. (They abolished it later, and I think that's a shame.) Anyhow, I answered him in French and since I had just finished a stay at l'Institut d'Etudes Politiques in Paris my French was better than his. That was not, of course, a very wise thing to demonstrate. So he too also entered into the paper, "The young man is arrogant."

YB: So you did indeed start your diplomatic career. Initially, why did you choose political economy instead of any other area?

KS: That's very easy to answer. This professor of mine, Knoellinger, who was a brilliant fellow, was a classmate of my mother. And my mother sometimes phoned him, and said, "Gege, I trust that you are nice to my boy." And he was. He had a reputation of being a very exacting professor. That's why very few people took the higher degree in economics. I

think I was one of the four or five who did. Among them was Mauno Koivisto, our former president, Timo Helelä, who was a member of the board of the Bank of Finland, and Rolf Kullberg, governor of the bank. I suspect that without my mother's actions behind the scenes, I might not have passed.

But I became genuinely interested in economic matters. That interest has continued. My career in the foreign ministry later turned out to center around economics and trade policy.

YB: And you went also, you said, to the marine warfare college. You did not hesitate going into a marine career, as opposed to any other path?

KS: I had some idea of going to sea or at least to work in shipping. My grandfather worked as a sea captain at the leading ship owner, FÅA, and my mother had also worked there. And other family members were there, some in commanding positions. Many years later, I was sounded for a top job in that company, but by then I was already deep in diplomacy, and not interested. So there was a maritime background in the family.

This marine warfare college formed two kinds of officers—professional officers for the navy and coastal defense, and also officers in the reserve. I became an officer in the reserve, an ensign. I still am. But it was considered important, as I said earlier, to be an officer in the reserve when entering the Finnish Foreign Service. It was an interesting period of my life, also.

YB: In your childhood, and when you were a young student, you had experiences that were important—even world war. So what memory have you of the war with the USSR (Union of Soviet Socialist Republics), and also of the relationship of Finland with Germany?

KS: My father, as I told you already, was a professional officer. He perished on the second day of the war, in December 1939. Of course, that marked me. It is difficult to say in which way; however, I did not feel any hatred against the Russians. On the other hand, in

Finland there has been a long tradition—and you still encounter it—that Russians are not to be trusted, that they have imperial designs on Finland. You know, Finland was a grand duchy in the czarist empire.

Now you have to come back to your question. My thoughts are running away with me.

YB: What memories you kept of the war.

KS: Oh, of the war itself.

YB: Of the war itself, and also of two points on the war—the fight with the Russians, the winter war, and also the alliance with Germany.

KS: That's right. My father was a member of the general staff, so despite his relatively junior rank of major, he was destined to become a general. He was highly respected, I have been told later by generals. But he had a penchant for England rather than for Germany, I don't quite know why. That put him aside a little bit, because many of our officers were trained in Germany. So he was Anglophile, rather than Germanophile. That set him apart.

I experienced the war, as a boy, only through bombardments of civilians. I heard bombs fall when we lived in the city of Vaasa, up north. I was then evacuated to the countryside, and was almost sent to Sweden together with my brother, when there was a risk of the country being invaded by the Russians. But, peace broke out before that, so I never was evacuated to Sweden. There was actually a family in Sweden who was prepared to take us.

I wanted, at one point, to join the army as a volunteer before the drafting age. I must have been sixteen, then. But my mother refused to give permission, and without your guardian's permission a minor could not join. Her reasoning was that it was enough that our father was lost and that there was no need for a child to be sacrificed.

So I cannot say that the war left a traumatic impression on me. I experienced it, but I did not participate. During the last years of the war, I worked on a farm here in Korppoo belonging to my grand-uncle, because the grownup men were at the front. Boys and women took care of their work at home as well as they could.

YB: So just after war, while you were still pursuing your scholarship, when you were still at the university, there were a few worldwide events—the creation of the United Nations and the Marshall Plan. Those were two important developments. Were you aware of them, and what were your reactions?

KS: I remember the Marshall Plan, and the United Nations, in a somewhat special sense, perhaps. It so happened that I did not study English at school at all. I read French and German, but my English was very sketchy. Therefore, my mother, who thought that English would be important, started to teach me English. Then at university, I practiced my English by reading UN publications, especially those by the ECE (Economic Commission for Europe). The professor actually required that the students should read everything that came from the Economic Commission for Europe. He thought that this was very informative—maybe also because he, as I said, had a close friendship with Gunnar Myrdal.

Of course the Marshall Plan was discussed too. I wrote an article somewhere, a few years ago, about the Marshall aid. I still feel familiar with all that stuff because of those academic years. So I met, in a sense, and at a distance, the United Nations early. I did not, of course, fully realize its importance then. I did not understand the structures of the United Nations well, but the Economic Commission for Europe and its *Economic Survey of Europe* were sort of my entry into the United Nations.

YB: I am personally very pleased to hear that Professor Knoellinger was so interested by the *Economic Survey of Europe*. But it is true that the first surveys were absolutely fantastic. As you know, they were written by Nicholas Kaldor.

KS: Yes, Nicky Kaldor, a great man. It so happened that I got, later, a Rockefeller scholarship in order to work in the ECE. I had already finished my studies, but I got it thanks to Knoellinger and Myrdal. With that I was able to be an intern at the Economic Commission for Europe. I then decided—I even told Myrdal—that one day I would return here as a boss, which I did. So life is sometimes, one could say, circular!

YB: What was Myrdal's reaction?

KS: He had a sense of humor. I met him much later, when I was executive secretary of the ECE, I paid an official visit to Sweden and the Swedish foreign ministry had arranged a very nice dinner in my honor, and they invited Gunnar. He came and remembered: "Ah, you are the young man who said that one day you would take over. I wish you well."

YB: So you had an acquaintance with the UN since the beginning. And you were not the only one, by the way. If Knoellinger recommended reading the survey, I guess many other students in economics read it too.

KS: Yes, indeed. But he didn't have many students at the advanced level. I think there were only four or five of them, as I said earlier. So in those days, the ECE was considered, as far as I can understand now, and as far as I remember, a very important channel for us. You should remember that Finland was isolated. We were not under Russian control, but we had to struggle daily to keep our independence—a hard-won independence. And our Nordic orientation was not yet quite established. So the ECE was quite important. Knoellinger realized that.

YB: It was important in what way?

KS: It was important because we could that way learn about the workings of the United Nations, and about Europe's reconstruction. We could also profile ourselves as being non-Russian, and such things. Those years are now so far away, it is difficult for people to remember that any more. But in those days, we were on the defensive on many fronts and the ECE came in handy.

YB: At this time, you were reading about the Marshall Plan. Finland did not benefit from the Marshall Plan?

KS: Finland refused to take any help from the Marshall Plan, because we figured that the USSR (Union of Soviet Socialist Republics) would be against it. I am not privy to know whether, and to what extent, the Soviets actually were consulted. But I know that in those years, the Soviets—and interesting books have been published about that by Max Jacobson and others—exerted a lot of influence behind the scenes. Also public opinion in Finland was instinctively against Marshall aid.

YB: Because of the fear of Russia?

KS: Because of the fear that that might unnecessarily provoke the Russians. Our policy in those days, and long after, was to avoid things which could irritate the big neighbor.

YB: Quite understandably.

KS: Yes. When you lie next to a sleeping bear, you try not to awake him if it's not absolutely necessary.

YB: So you entered the Finnish foreign ministry. What were your main activities at the beginning?

KS: In the very first days I was assigned to the administrative department and my job was to list internal edicts and ordinances issued by the ministry. I remember that that was a dull

job, and I hated it. As a trainee, I shared a room with another young fellow. As a sign of our position, we had a set of lead pencils, to be sharpened from time to time by an usher. One day, I took my pencils and I went out to the corridor and I saw a person whom I presumed was the usher. I said, “Could you please sharpen these pencils for me?” He answered, “Young man, I am the foreign minister, you had better sharpen the pencils yourself.” That was Minister Johannes Virolainen, in person. I was sure that he would kick me out. I became friendly with him much later, but he never forgot that incident. He was a gifted politician and a great statesman—not because he forgave me, but for more weighty reasons.

After a year or so I was already a trainee *attaché*, I was sent on this Rockefeller stipend to the ECE, on a diplomatic passport. Of course I considered myself to be a great diplomat, since I had such a passport. So I moved to ECE, and my mentor there was Václav Kostecky, a well-known figure, both respected and influential. He put me in the division dealing with economic research, and my closest boss was Christine Moe—a Norwegian economist of some reputation. They had me doing statistical computations and compilations. I didn’t find that very exciting, so I tried to slip away as often as I could to meetings—directors meetings and the like, the higher up the better because I wanted to learn about the functioning of the system rather than do my extremely modest research.

Kostecky tried to pull me back, saying, “You are supposed to work.” I said, “I am here to learn.” He said, “Yes, but you learn by working.” That’s the kind of dialogue we had. Gunnar Myrdal I met a few times. As I said, I had an ambition to succeed him from the very beginning. It took some years after all.

YB: That’s not a surprise that it took a few years. So then you came back to Finland.

KS: Then I came back to the ministry, and started working with trade policy. Finland was then joining EFTA (European Free Trade Association). We got a special arrangement called FINEFTA. I was involved in the latter part of those negotiations. That was extremely interesting and rewarding. The secretary-general of EFTA, with whom we negotiated, Sir Frank Figueres, he was not easy. There was a saying “we want facts, not Figueres.”

YB: It was in 1961 that you joined EFTA?

KS: Yes, I think so, as an associate member. I was playing a minor, but quite interesting part there. Later I had a somewhat bigger role in the negotiations leading to Finland’s accession to the OECD (Organisation of Economic Co-operation and Development), which was politically very important because that sort of finally confirmed our belonging to the West. The difficulty was consequently not with the OECD, but with the Soviets. President [Uhro] Kekkonen had to be convinced that this was the right thing to do, and the right time too. I was not in direct contact with Kekkonen. That was done by my boss, Tankmar Horn, who later left the foreign ministry to become the head of the large Wärtsilä industrial group.

I remember—that might amuse you as the Frenchman you are—that we had negotiations with two high-level officials from OECD, one by the name of Thourot, who was the chief legal eagle in the OECD. We took them to the castle of Turku in order to show them that we are, after all, a civilized nation with a history and all that. We had a splendid dinner for four in the big hall of the castle, spending money like water in order to impress our guests. And they were, I think, impressed. Afterwards, they asked if they could take a tour of the castle. Then Mr. Thourot asked us all kinds of highly professional questions about the building and its history. So I asked, “Are you a specialist in castles?” “Yes,” he said, “I actually own a castle like this, slightly

bigger and a little older.” So we had made a wrong investment, but we entered the OECD, which was the only thing that mattered.

YB: And the Russians did effectively accept that?

KS: Yes. They simply said, “It is your decision, you take the consequences.” And we took the consequences. The timing of our move proved to be right—you know, sometimes the Soviets were more flexible depending on the political constellations in the Kremlin, and in world politics. Kekkonen had good relations with the Soviet leaders, and he used them wisely—very effectively. When he saw that the time was ripe for Finland to join the OECD, he gave us the green light and we went ahead. But the OECD, itself, was an easy partner to negotiate with.

YB: Of course, also from the point of view of the major OECD countries, it was good to score another country.

KS: Of course. Later on, when I went on missions to the OECD, they had these so-called country hearings. We, like others, had to answer difficult questions. So slowly I accumulated more experience with multilateral economic relations. Then, in between, I was on diverse diplomatic posts abroad.

YB: You mentioned EFTA and the OECD, but you also joined the UN. You joined the UN relatively late?

KS: Yes.

YB: Why was it so late? The USSR would not have objected.

KS: I cannot answer this question authoritatively, but it must have had something to do with the fact that our peace treaty had to be signed first. You know, there was a peace treaty signed in Paris and all that. I was not involved in those negotiations and that procedure, as it was not a trade policy matter. It was purely political, and others handled it—not me.

YB: Were you associated with a negotiation that was very important to your predecessor, [Janez] Stanovnik, namely the creation of the CSCE (Conference on Security and Cooperation in Europe)? And it took place here.

KS: I was not substantively associated with that. That also ran mostly along purely political lines, but I was involved with that later, in two ways. To start with the last part—you know as well as I do that the so-called “second basket” was linked to ECE. In that I was involved, but that happened much later. I was also present when [Kurt] Waldheim visited the high-level CSCE session in 1975. That is described in this book, which I gave you—in my article there. I was a Finnish ambassador to Geneva then. I was sent there as Waldheim’s adjutant, so to speak, so I was present at the solemn signing ceremony of the Helsinki agreement in the summer of 1975. But I was not involved in the substantive job. The ministry of foreign affairs wanted me to meet Waldheim, because it wanted me to get a certain post at the UN.

YB: But the fact that it was Helsinki is maybe linked precisely to the position of Finland? Why was it that the CSCE Final Act was signed in Helsinki?

KS: Kekkonen considered—and I think he was very right on that—that the CSCE would bring political benefits, maneuvering room, for Finland. Also, in a very general way, he felt that the more international conferences and meetings we get to Helsinki the better. The latter, albeit secondary aspect, has a parallel in Austria, by the way.

So that is why Finland worked very hard to get this 1975 CSCE conference here at the highest possible level. Kekkonen put all of his considerable prestige there. But many people worked very hard to bring together this conference.

YB: But the only possible alternative place would have been Vienna?

KS: Yes, probably. There was always a friendly rivalry between Vienna and Helsinki in these respects. If I remember correctly, there was some kind of a compromise reached that the next conference would take place in Vienna.

YB: Yes, but what matters was the first one.

KS: Indeed.

YB: Also during these years—maybe you were not directly involved, but you had an impression about it—was the emergence of the Third World, of the developing countries. You had, as a country, a position vis-à-vis the developing countries, their independence, the decolonization process and so on?

KS: I think it is my duty to be candid in this kind of interview. I have never been very much engaged in development matters. I have served in developing countries, in Cairo, from 1959 to 1962. I was the number two man in our embassy there. But I was not impressed. There was a lot of corruption and inefficiency.

I was also some kind of home anchor for our delegation to the UNCTAD (UN Conference on Trade and Development) in 1964. There was a Finnish delegation, and they sent reports and asked for instructions. I was thus coordinating things at home. I did not get a very positive impression of UNCTAD. I saw it as an inefficient way of dealing with important problems—I had been dealing with GATT (General Agreement on Tariffs and Trade), and that was more to my liking than UNCTAD. So my heart has never been very warm to the UNCTAD approach to development issues, I must admit.

YB: So, when you were in Cairo [Boutros] Boutros-Ghali was already there, was he minister of foreign affairs at this time?

KS: No, he was not. That was somebody else. I don't remember him from this time anyway. I didn't have anything to do with him. I was only a second secretary, even if I was the number two man in the embassy. So I did not reach ministerial levels. Also, by the way, we were accredited to some other countries—to Jordan, Ethiopia, and to Syria (which was then part of the United Arab Republic). I had more than enough routine work to do.

YB: But when you were in Cairo, it was after the Bandung conference (Asian-African Conference). The Arab League was also very active at this time.

KS: Yes. [Gamal Abdel] Nasser was president when I was in Cairo.

YB: And what was your impression of him?

KS: I remember him quite well. I met him on two occasions, and we exchanged a few words. I was impressed by the man, he radiated intelligence and human warmth, a magnetic person. I have met two men of this type—one was Nasser, and the other was Chou-en-Lai. We can come back to Chou En-Lai, with whom I had closer contacts, as I will explain later. But Nasser I met only briefly, but I was, as I said very much impressed. But I did not like the corruption and bureaucracy and all that in Cairo.

YB: So you did not have this particular kind of interest. And you know about the position of Finland on OPEC (Organization of Petroleum Exporting Countries), the Non-Aligned Movement (NAM), the G77 (Group of 77)?

KS: I never had any direct working contacts with the G77, or OPEC, or those people. Once or twice I tried to make some contact with OPEC. I don't remember precisely why, but it did not work out very well. I think I even visited the headquarters in Vienna. It is kind of a blank side of my professional formation that I was never really engaged in UNCTAD and related

activities. Also, I must admit that when I was ambassador and permanent representative of Finland in Geneva, I did not participate very actively in UNCTAD's work.

YB: Did the UN have an impact on Finland itself, and on Finnish history? You said a moment ago that some people were following what ECE was doing, and so on. So it could have contributed to ways of thinking about economic development, but probably not. And for the rest, how do you judge the UN's role for Finland?

KS: That is a very good but difficult and complex question to answer. Firstly, I think that our membership in the UN had a very positive impact; it forced us to learn more, and to train ourselves in multilateral diplomacy. And we were active at the United Nations almost from the beginning. Soon a Finnish diplomacy at the UN developed, which marked our neutrality allowing us to establish a certain distance from the Soviet Union. The Soviets from time to time—there was a kind of a movement up and down—exerted pressure on us on UN matters, but, nevertheless, in the UN we could profile ourselves as a western nation and as a neutral country. And we could also associate ourselves to a certain extent with the other neutrals, and with the Nordics. That was a most welcome development.

You see, our relations with the Soviet Union run like a red thread through the history of Finnish diplomacy. That has changed now, but during my active years we always had to think “How shall we move now in order to safeguard the leeway we have, and the neutrality, and, if possible, to increase it?” For instance, battles with the Soviets about the use of the word of “neutrality” in *communiqués*. Much has been written about this by competent people—Max Jacobson again comes to mind.

YB: What would have happened if Russia had been more aggressive? The Americans would have moved?

KS: No, I don't think so. The problem is—and that has been documented in the literature now, when the archives were opened, that the Americans would not have intervened. Only the Swedes would have reacted if something serious had happened. Most people agree that the Swedish card kept the Soviets at bay. If the USSR would have done something drastic in Finland, Sweden would have turned West, abolishing its neutrality. But I don't think that there would have been any question of an American intervention or anything—no. Finland has learned to take care of herself, not to count on foreign aid. We have a long history with that.

YB: That is wise.

KS: I can add here also that in my judgment—and I am not alone—one of the main reasons why we joined the European Union (EU) is precisely that we wanted to be in the western camp in order to forestall any expansionist, imperialist movement from the big neighbor. That may not be the official explanation, but I am convinced that that was the profound reason why the Finnish people embraced the EU. Economic and commercial considerations were important, but secondary.

YB: It is also why Poland, Slovakia, and Hungary wanted to join the EU. The economic advantage is perceived, so they are encouraged in the West.

KS: Yes. That is not written with big letters all over the place, but it is part of the game of survival.

YB: So in fact, as you said yourself, you were more interested in trade issues—at least directly concerned by them. You chaired the negotiating committee for Hungary's accession to the GATT. You have some souvenir of this?

KS: I have some very good souvenirs. That was my first assignment in the service of the international community. I got this job, I think, because the East and West agreed that I was a

neutral person from a neutral country. And the Hungarians always had good relations with the Finns; we are considered to be cousins.

YB: Language-wise also?

KS: Remotely, yes. So I got the job, and I think I handled it well, without false modesty. But it took a long time, three to four years. There was a core of key players there. I got full support from Olivier Long, the director-general of GATT, and from his deputy, Gardner Patterson, an American. But the main protagonists were, first, Ambassador Janos Nyergues from Hungary. He was a Hungarian Jew, so he could allow himself to say, “Klaus, one must negotiate like a Jew, and keep the engagements like a gentleman—not the other way around.” Then there was the question of Czechoslovakia being occupied, and so on. And I asked him, “Why did it happen?” He said, “Everybody makes pee-pee in the swimming pool in the satellite countries, but the mistake of the Czechs was that they did it from the trampoline.” He was an interesting personality, and I think his influence in Hungary still continues to be big because many of his lieutenants are now in commanding positions there.

Then there was another key player, Louis Kawan, a Belgian. He too was a very shrewd negotiator, very smart. He was acting on behalf of the EEC (European Economic Community). Then there was a third key person who was an American, whose first name was Bill—I can’t recall his family name right now. The four of us very often went to the sauna in my residence in Cologny. I said, “I won’t let you out unless we are agreed on this, and that, and that.” And then I increased the heat. So it went on, until an agreement was reached.

This was not due to my skills as chairman. The political situation developed until it became interesting for the West to let Hungary accede. And the Hungarians fought their own internal battles with the Soviets, who were, as always, reluctant. I think that was actually the

first time a socialist country joined the GATT. Czechoslovakia, of course, was a member since earlier capitalist days, but that was a kind of dormant membership.

Another interesting assignment came when I was elected to chair the GATT working party on the American surcharge. You know, the U.S. at one point introduced a ten percent surcharge—a shocking thing which threatened the very foundations of GATT. It was resolved no thanks to my activities, but because the situation in the U.S. changed, so they withdrew it. But, as I said, it threatened to blow up the whole of GATT.

After having done that, it was only natural that I was given the honor of chairing the GATT council. I would next automatically have become the chairman of the Contracting Parties (the general assembly of GATT) had I not been leaving Geneva. I liked GATT very much—it was a business-like business. I can tell you a true story, an anecdote about the negotiations concerning the American surcharge. They went on the whole night. We had bottles of whisky on our desks and sandwiches. Then when everything was finally hammered out, there was one delegate, Ambassador Apostolidis of Greece, who, at three o'clock in the morning announced that he cannot accept the result. As you know, in GATT you work by consensus. Next there were two comments. One was the American delegate, this same Bill, whom I mentioned earlier, who said loud and clear, “That fucking Greek.” I came up with a slightly more elegant suggestion: could the distinguished ambassador of Greece perhaps go out and wash his hands while we take this decision? And, taken by surprise, he did. That way, we clobbered it.

YB: A clever way to have a decision. And it helped the Greeks, probably.

KS: He must have reported home that he just happened to be out. I don't know what became of him later. You know, there is always, in every big assembly, one difficult person, statistically speaking. And that person, if you don't handle him properly, either by compliments

or by threats, can wreck the whole conference. We have seen that in the CSCE when the delegate of Malta, kept everybody hostage. A small little fellow—I think he was about this high—terrorizing the whole conference.

YB: About what? He had a point?

KS: He had a point, yes. He wanted to squeeze out some last minute benefits for him. You may not get what you want at the meeting, but then, when everything is ready you say, “By the way, I wish to have this point added.” That’s tough, but sometimes it pays.

YB: So you were the chairman of the GATT council. What do you recall from this time?

KS: There were some disputes. There was a dispute about rum—I was chairing the panel—whether rum should be of the brown or the white variety, or something, and about cigars. I smoked cigars, so that’s probably why I chaired that group. I don’t recall anything very dramatic or particular about that. They had good people in the GATT, in the secretariat—I think better, on average, than at the UN in general.

YB: What was the relationship between UNCTAD and GATT?

KS: I think that UNCTAD was considered sort of second rate in the GATT, a nuisance, actually. Olivier Long, the director-general of GATT, could be very cynical about UNCTAD in smaller circles.

YB: Because at this time, it was still [Raúl] Prebisch who was there, or was it [Manuel] Perez-Guerrero?

KS: I think it was Perez-Guerrero.

YB: He is a personality, Perez-Guerrero.

KS: Of course. Long was not an easy man either in many ways, but we got along very well. We became friends, and that survived even my removal. It was important because much later, when the directorship-general for GATT became vacant after Long, I declared my interest. The Finnish government made some moves, but as you know it was a Swiss, Arthur Dunkel, also a good friend, who got it. Let the best man win.

The Swiss—it's interesting, they always had outstanding trade diplomats. Let me mention Hans Schaffner, Paul Jolles, Pierre Languetin, and Arthur Dunkel. They had a small staff and were very efficient—maybe the two things are interrelated?

YB: But at this time, when you were in Geneva, was the end of the Bretton Woods system—the parity of the dollar with gold. That had an impact on trade.

KS: I don't quite recall that anymore. I was never, unfortunately, involved in the Bretton Woods system. That is a gap in my education, because in Finland, traditionally it is the minister of finance and the central bank which take care of that. I later gained a better understanding and contact with the Bretton Woods twins through my advisor at the UNCTC (UN Center on Transnational Corporations), Sidney Dell, a well-known economist who later became my successor at the UNCTC.

YB: But it's not related to Bretton Woods—the fact is that the change in the parity of the dollar affected trade. So was it discussed in the GATT? Was it the cause of general debates?

KS: I don't think that that was discussed very much—not to my memory at least. GATT maintained a kind of division of labor and a respectful distance to Bretton Woods. They were linked in many ways, but they did not want to trample on each other's turf. Of course, these things were in the background, but I don't recall any memorable debates in the GATT.

YB: Yes, of course. The only thing you could have decided to debate were the consequences on trade, and see if it called for adjustments in the rules of the game.

KS: Of course. Maybe it was, but I don't have any recollection of that.

YB: During this time, there was also a major event—the oil shock.

KS: Yes. That, of course, permeated everything. But I have difficulty in fishing out from my memory bank any particular story about how GATT reacted to that.

YB: And it was the time of the Tokyo Round.

KS: Yes.

YB: So you participated in the Tokyo Round?

KS: No, I did not participate in the Tokyo Round. I was in between the Kennedy Round and the Tokyo Round. I have one difficult memory from GATT, and that was when I was Finnish ambassador and I had this Hungarian accession negotiation. And also, in parallel, I worked in Finland with free trade arrangements with the small socialist countries. We had a network of free trade arrangements with them, as we had a kind of a formal free trade agreement with the Soviet Union also. As you know, there was an article in the GATT saying that in order to have this kind of discriminatory free trade arrangement, you must fulfill certain conditions, mainly that they must cover enough of the trade—which this did not. So I had to defend these things in the GATT. The best I could do was to get a decision continuously postponed—a report next year.

People understood that we had to conclude these fake free trade arrangements, with these countries in order to balance our western trade arrangements. The Soviets could swallow the fact that we had a free trade agreement with the EEC only if we also had it with these socialist

countries. There was a complicated game going on, and I got flak in the GATT for that. I think actually the whole idea was mine, or at least I was very much involved in the conception.

YB: But it was, as you said, understood.

KS: Political realities were understood, yes.

YB: I am sorry to come back to UN events. In 1972, there was the Stockholm Conference on the environment (UN Conference on the Human Environment). Did it at this time permeate the GATT debates? Environment was not at this time an issue for GATT, or was it?

KS: I have no recollection to that effect, no. I don't think so. Many people probably realized that this was an issue which will not go away—on the contrary. But I have no recollection of that having influenced the day-to-day work of the GATT at that time.

YB: And finally, there was also, during this time, the famous New International Economic Order (NIEO) and the Paris Conference.

KS: Well, I have always taken a reluctant or outright negative attitude to the New International Economic Order, which I saw as an attempt to apply principles of a socialist economy on a global scale. I have never understood the greatness of the New International Economic Order. It might come as a shock to you, but let's be honest.

YB: No, no.

KS: Do you agree?

YB: There was no practical consequence of all this global consideration.

KS: You lost a lot of time, and energy, and whatever, on fruitless and pointless discussions. When I was in China, there was a diplomat's wife who used to say, "If I hear the word peace again, I will scream." I got so fed up with this New International Economic Order and these resolutions that led nowhere. Now, of course, it led to a job for me when it comes to

the Center on Transnational Corporations, because it was also riding on that wave. But my interpretation—we shall come back to that when we discuss the UNCTC—of the New International Economic Order was different.

YB: So you have held ambassadorial posts in different countries? You mentioned Cairo.

KS: No, I was not an ambassador there. I have been ambassador only once, and that was in Geneva. I might have been the youngest Finnish ambassador in those days. I was appointed there because I was considered to be a specialist in trade policy, and Geneva was the trade policy capital, at least for Finland in those days.

YB: As UN ambassador to Geneva, you covered GATT and UN?

KS: I covered a lot of official international organizations—also ILO (International Labour Organization), GATT, EFTA. The last one, EFTA, was very important, more important in those days than the UN for us. There were also several intergovernmental organizations of a technical nature, for which I was accredited, or at least had to keep an eye on, like WIPO (World Intellectual Property Organization), ITU (International Telecommunication Union), et cetera. I once counted that there were fifty-four instances in which I was supposed to represent the Finnish government. Now, that is an oversimplification because, for instance, in the ILO there was always a tripartite delegation—somebody representing the Finnish government, and that was Jacob Söderman. He later became the ombudsman in the European Union. He is retiring soon, but he is putting some order into the EU—a highly intelligent and efficient person. Then there was a workers' representative, and an employers' representative. They were all good friends of mine.

So there were lots of organizations. My earlier diplomatic posts were rather junior ones. It is perhaps worth mentioning, even if it may sound self-important, that I have never been a

counselor. I occupied embassy secretary jobs, and then jumped to the rank of ambassador, to the dismay of some colleagues, of course.

YB: But it means that trade matters are followed by the Ministry of Foreign Affairs.

KS: Yes.

YB: You have no Ministry of Trade?

KS: We have a Ministry of Trade, but for historical reasons—and it's a long story—they dealt mostly with certain aspects of Soviet trade, besides internal matters. They thus oversaw what we called the license authority, which issues import licenses. But foreign trade policy was definitively handled by the Ministry of Foreign Affairs. And that was a very important part of the ministry's work, because in foreign policy our room for maneuver was narrow. In trade policy it was wider. Of course, there was a close coordination, as I have tried to say, between the political and trade policy departments. That has now changed, by the way, because of the European Union, which is largely responsible for trade policy for the members.

YB: I guess the margins for maneuver are quite limited now.

KS: I remember, in the GATT, sometimes there was a French delegate, competing with the official spokesman for the European Community. When the spokesman had made a statement, the French delegate, who was not allowed to make a statement proper, but was permitted to ask questions, made a challenging statement thinly disguised as a question. It was amusing.

YB: Now we have covered the period before you joined the UN. Is there anything you would have liked to say or to note of your recollection of your career in the Ministry of Foreign Affairs?

KS: Well, there is, of course, one experience that we have not discussed, and that is my years in China.

YB: So please.

KS: I was the number two person in the embassy there, doing political work, not trade work, since we had a trade counselor. My boss was Ambassador Joel Toivola. He had Maoist-Marxist leanings. I remember when I was shown my office, I asked, naively, “Where is the collection of Chinese laws?” Toivola said, “Young man, don’t you understand that there are no written laws here, the people are the law.” That made my work a little bit difficult.

But Toivola’s reports were very well-written and perceptive. He was a personal friend of President Urho Kekkonen, and that made him, in a way, invulnerable despite his Maoist leanings. He was on good terms with Chou En-Lai, the prime minister of China. I lived in a wing of the residence, and we sometimes had dinners *à trois*. Chou En-Lai spoke French or German without needing interpreters present. So we got good information from the highest source possible. He was a magnetic and charismatic person. But he had one weakness; he was vain about his brilliant memory. I remember once, I asked him about some statistical data. When we met next time, two months later, he said, “Mr. Sahlgren, you asked me a question when we last met. Now I can tell you...”—me, an insignificant first secretary of a small country. I heard that Chou En-Lai had memorized the curriculum vitae of hundreds of Chinese officers and soldiers when he was conducting negotiations for the prisoners-of-war exchange with India. It was a privilege and a pleasure to know him.

Then came the so-called Cultural Revolution, and that was a traumatic event. We saw it up close. The British embassy, across from ours, was burned down, for instance. I left China in the middle of the Cultural Revolution. Recently, I have been reading American books about the

events—you know, they have lots of scholars who specialize in China, and now the archives have been opened. I have been trying to determine whether our reporting was correct, or whether we were very much off the mark. I now realize that we were the first western embassy, as far as I know, to understand the so-called Lin Piao theorem. That is, firstly, that the revolution in China started in the countryside: Mao Tse-Tung started there, and then moved to the cities. In Russia it was the other way around: the cities came first, and then the countryside was pacified and the kulaks were killed.

The point, however, is that this had an impact on global policy. China wanted to be friendly with the developing countries (the countryside), and then later the industrialized countries (the cities) would fall into the revolutionary lap. With the USSR, it was the other way around. They didn't care so much about the developing countries, but wanted to export socialism to the industrialized countries first—so much for the Lin Piao theorem.

I also recall from China a feature of the Cultural Revolution, the so-called *Datsibao*—the “big letter wallpaper journals.” We had very few people who understood Chinese, so we could not go and note them. So I went to our Soviet colleagues. There was a fellow called Juri Drozdov, who, it was rumored worked for the military secret police, the GRU. He spoke excellent German and even imitated different German accents. He gave me their annotations, which were very good, since they had teams out in the streets every day. I then translated those annotations into English, and went to the British with the stuff, getting their material in exchange. And we kept the copies, of course. Soon the Chinese found out that we were doing this kind of clearing-house operation, but it kept us informed about what was going on politically—resourcefulness without resources, so to speak.

YB: What was the cause of the Cultural Revolution? How did you analyze it?

KS: There were several strands, different things going on simultaneously. One was Mao Tse-Tung's desire to get rid of the party apparatus, which, in his opinion, had grown too big in importance. So he mobilized the Red Guard against it. The other one was that Mao Tse-Tung wanted to bury a lot of China's cultural heritage which he thought was weighing too heavily on the modernization of China. Then there was, importantly, the internal power struggle between different factions which we did not understand fully then, but has now been revealed by American scholars. Chou En-Lai kept his head cool. He was one who managed to make the state apparatus work somehow during those chaotic years.

I remember well how the so-called Cultural Revolution started. There were patrols of young Chinese standing at the street corners. They stopped Chinese youngsters who had too western-looking shoes and chopped their tips off. And Chinese girls, who had too tight pants, got them slit open wide and also their braids were cut off. Soon, it became more serious, with all kinds of difficulties and excesses. It was a revolution, not a picnic. Blood was shed.

YB: What was the interest of China vis-à-vis Finland? What were they trying to do with you?

KS: The Chinese are very subtle people. They understood quite well the limitations of our possibilities to develop relations with China. But we had, let's say, a good working relationship. Before the Cultural Revolution, there were some exchanges of culture. There was trade to some extent. But politically, there was very, very little common interest. We were careful not to create the impression that we were somehow seeking support from China against the Soviet Union—that would have been ridiculous. And everybody knew that we knew, that they knew, so there was no big problem.

But on the other hand, the Chinese wanted to show the world that they could have good relations with a capitalistic country—Finland—which has no imperialist designs. That is why we were treated a little better than some other western countries who were considered imperialist, or whatever. I remember how they used to celebrate national days and feasts. There were formal receptions with speeches, and there was a big hall where the Chinese gave dinners in honor of important foreign guests. Sometimes they would come with a diatribe against, for instance the United Kingdom (UK). Then the UK ambassador would rise and walk out—perhaps the French also, out of solidarity. But we were never subjected to that kind of treatment. We had some household problems, but nothing serious.

YB: We are on Friday, the 19th of July, afternoon, continuing the interview of Klaus Sahlgren. Just to conclude on GATT, you wrote that you learned something about economic realities when involved with the GATT. What lessons did you derive from that experience?

KS: One was that if you have a big foreign trade, you speak louder and you get more respect. It is not one man, one vote, like in the UN. Smaller countries learned some humility there. In GATT, everybody was equal, but some countries were more equal than others. That is one thing. The other thing is that I learned how powerful business interests can be when it comes to governments. They know how to sway governments and how to make their influence felt. Maybe some people say that is not desirable, but it is a reality. The third thing I realized was that individual delegates can exert influence through their wit and integrity.

Then, of course, speaking of economic realities, I began to understand the vulnerability of certain industries. You could have long negotiations about a couple of percentage points of customs and tariffs. That they did not do for the joy of negotiating, but because there was a concrete reality behind it. Maybe that answers your question?

YB: Yes, it does. Maybe the most interesting aspect in what will now follow is your exposure to the business interests. So you joined the UN, to head the Center on Transnational Corporations (UNCTC). You said this morning that you accompanied Waldheim to the Helsinki CSCE conference, and that the government of Finland wanted that in order to facilitate your candidacy. So why were you a candidate? Was it your idea, or the idea of the government of your country? Candidate to what? Were you candidate to the UN full stop, or to a precise position?

KS: No, I was not interested in working for the UN just in order to work there in any capacity. I was interested in that precise job. The initiative actually came from the UN, not from the Finnish government or from me. I think it had something to do with the fact that I had made a name for myself in the GATT. It was probably the director-general of the UN's Geneva office, Vittorio Winspeare-Guicciardi, who proposed me to Waldheim. I don't know for sure, we never discussed it. Then I was approached by phone and he asked whether I would I be interested. It so happened—and that was pure happenstance—that I had listened to the meeting of the group of eminent persons who met in Geneva to discuss the matter of transnationals, and I found the subject to be challenging and interesting. So I went there to listen to the debate a couple of times, and I was impressed. I thought it was curious that shortly thereafter, Winspeare phoned on behalf of the Secretary-General and asked me whether I was interested.

So I called home and asked President Kekkonen, whether he would give me permission to go there. He said, "Not only do I give you permission, I order you to seek that job. We want our people to be at the United Nations." I didn't quite like that formulation, because, as I might have an opportunity to tell you later, I am of the opinion that once you are with an international secretariat, you cut your links to your former government. But I must add—and I have stated it

often—that never once did the Finnish government try to influence me in the conduct of my job, neither at the UNCTC, nor later in the ECE.

YB: Again, moving to the UN, let's see the other part of your participation in the Helsinki summit. You mentioned it this morning, but what was the importance of the presence of Secretary-General Waldheim?

KS: I seem to be prone to all kinds of stupid incidents. One of them was that I was sitting with Waldheim there in a loge, because Waldheim was not a participant, but an honored guest. Janez Stanovnik, then executive-secretary of the ECE, whom I was going to succeed some years later, was on his other side. Waldheim and I were both dressed in elegant dark striped suits. The Finnish TV by mistake focused on me, commenting, “And here we have the Secretary-General of the United Nations.” Waldheim heard about that and he didn't appreciate it at all. Stanovnik commented, “Well, Sahlgren, you seem to be of the material Secretaries-General are made of.” That comment was not appreciated by Waldheim, and he looked annoyed. I thought, “Well, it seems that this TV crew ruined my chances.”

But then something else—positive from my angle—happened. There was a long discussion about how Waldheim should be seated at the table when Kekkonen gave the big state dinner. I was not invited, but I was asked, “How should we seat Waldheim?” You know, the Secretary-General, according to protocol, is ranked somewhere between heads of state and heads of government. This time there were both heads of state and heads of government participating. But Waldheim was not a participant. How to seat him? Waldheim insisted that he should be well seated. I found a solution by proposing that, since he is the only guest of the conference, all others being participants, he should be given the seat of honor. It was so decided and Waldheim was happy. He told me, “Klaus, you have diplomatic talent.”

Then Waldheim began discussing the conditions of my work. The job was one of an assistant-secretary-general, and that was OK with me. I would not have accepted a lesser grade. Winspeare actually once asked me whether I would accept a D-2 level job, but I was not interested. So it was to be an ASG job. But I had a firm condition that I would only accept a position reporting directly to the Secretary-General, not working under anybody else. He saw no problem with that, so we shook hands.

Later, in New York, taking up the job, I had problems with that hierarchical aspect. Waldheim had forgotten to inform Gabriel van Laetham, the under-secretary-general for economic affairs, that the transnationals outfit would not come under him, but that I would report directly to Waldheim. Van Laetham took that very badly. I don't know whether he resented the fact that Waldheim had not informed him about it. Van Laetham had started rather condescendingly by saying, "I shall be a pleasant boss to you." I responded coolly, "You are talking nonsense, dear colleague. I shall not be your subordinate." Our relations thus started off badly. On the other hand, it was important for me to be as high up in the hierarchy as possible in order to get the job done properly.

YB: Can you say more about the idea, the group of eminent persons whose work you followed in Geneva?

KS: Well, they had several ideas and one of them was that there should be a special commission consisting of governmental representatives. And the very original and welcome idea emerged that there should also be a group of expert advisers coming partly from the academic world, partly from business, and partly from trade unions to assist the intergovernmental commission. This I found challenging and innovative, and I put a lot of work

into finding the right people. We got excellent expert advisers, one-third academics, one-third business leaders, and one-third prominent trade unionists, with rough regional balance to boot!

As to the substance, there was among the eminent persons a kind of a feeling that we should start on a new foot. There was less talk about the New International Economic Order (NIEO). It was a more businesslike approach, and I very much liked that. Regrettably, it was somewhat watered down later, but that is another story.

Then there was talk about gathering facts and information about the transnationals that also I found very reasonable. And a Code on Transnationals was proposed, which would be directed both to the transnationals themselves—that is, their behavior—and to the receiving and sending countries (home and host countries in the official vocabulary). So there was a lot of interesting new elements reflecting fresh thinking.

The intellectual father was Philippe de Seynes. I had great respect for the man, a first-rate French intellectual and civil servant. Another fellow who played a big role was the chairman of that group of eminent persons, Governor L.K. Jha of India, also a most impressive person.

So lots of the intellectual ground, so to speak, was laid already when I was coming in. My job in the beginning was thus mostly administrative. I had to find the right people and location and was expected to organize the work.

YB: So you refer to this New International Economic Order. It was an idea launched at the Paris conference to have such a center. Or was it disconnected?

KS: I think it was in the wake of the Paris conference. There was an idea to do something about transnationals. But it started, if I remember correctly, as a part of an effort to bridle, to control the transnationals—fueled by some scandals involving ITT and United Fruit.

So there was, to some extent, a *dirigiste* starting point. But I thought we could work out a solution and work together with the transnationals. Then we would have the trade unions there as a balancing factor, and of course the governments who naturally should have the last say. But a lot of the work remained to be done, by all sorts of interest groups.

YB: I think that is clever. It is enticing that it is the second time that you revert to this issue of cooperation within the UN with the business sector, and who should have the last say, and so on. But we will come back to that when we will discuss the UN of tomorrow, because it is very much an issue for that. Now coming back to the center, you arrived with the attitude you have just mentioned while there were, indeed in the UN, many people considering that there should be strict guidance or strict rules applied to the transnationals. So how did the debate about the political line take place? Thanks to the experts you refer to?

KS: There were the expert-advisers, and they kept their feet on the ground—not knee-deep, but on the ground. Of course there were governments. Some were very interested, but took quite different views. We had the socialist governments—the Soviet Union first and foremost—who were of the opinion that transnational corporations were the last poisonous flowers on the dung-heap of capitalism, they should be controlled and restricted as much as possible. Then there was the extreme right, so to speak—mainly the United States and the United Kingdom—who thought that as little as possible should be done in order to hamper the activities of the transnational corporations. Those countries were of the opinion that the main thing would be to teach the host countries—meaning the developing countries—how to treat transnationals fairly, preferably so that transnationals should be treated like domestic firms. Then there were the pragmatists in between—the Nordic countries, the Netherlands, Western

Germany—who were not very dogmatic but wanted something to be done in order to achieve mutually beneficial harmony.

And of course there was business itself, who in the beginning was on the defensive. Then there were the trade unions, and that was an interesting experience because there were different groups of trade unions. There was the Trade Union Conference (TUC), which was communist-dominated, located in Prague, and the western ICFTU, which had its headquarters in Brussels. I had recruited as my special assistant Kari Tapiola—nowadays deputy-director-general of ILO—who came from the Finnish trade union movement and knew these matters inside out. I had also some experience of trade unions from my days at the ILO, so we thought—and that was a correct guess—that the radical trade unions might moderate their views in the UN just for the prestige of sitting at the same table with the western trade union movement. They could not meet eye to eye in the ILO, but here they did. That helped everybody. Wim Kok, now prime minister of the Netherlands, was a prominent trade unionist participating. Also, from the business side, we got top names. One of the best was a Dutchman called Frans van den Hoven, head of Unilever, NV. Thanks to his talents he had risen to the top of that giant firm from being an errand boy. Then there was the head of IMB Europe, Jacques Maisonrouge, and several other very respected names.

We had also some renowned university professors who had written about transnationals and now provided the intellectual scaffolding for our work. Another thing which differed from the usual UN way of doing things was that I decided that we would have a rather small staff and put most of our money into high-level consultants. So we had a big budget for hiring consultants. I figured that if we invested our resources into recruiting ordinary international civil servants, we would not get the best results. What we wanted was expertise. One important

consideration was that in hiring consultants, the unfortunate national quota system would not apply. Only very much later, when I was about to leave the center already, did developing countries find out that this was a way to circumvent their policy, which was to place their people according to quotas. I did not want people coming from Country X who knew nothing about transnationals. This did not mean, of course, that we discriminated against people from developing countries. The former deputy attorney general of Ghana, Dr. Samuel Assante, a household name among international lawyers when it comes to investment law and the like, and a few other stars, we got. But the idea was to use consultants—the best professors in the world, high-priced lawyers, and so on and so forth. So we ended up with very good people who quickly won the respect of the transnationals and other players.

YB: So these consultants were given tasks. You would make a study on this very point, full stop. So they were not full-time consultants.

KS: Well, some of them worked in the center for a while. But most of them worked where they were and they sent in their papers, which we used or discarded. We kept full control, but they did a lot of the work.

YB: You have mentioned consultants from North and South—nobody from the East?

KS: Only a few. They said themselves that they had no experience of transnationals. They knew how to handle transnationals in a politico-theoretical way, which we could not recommend to developing countries. So there were only a few token Soviet consultants. I don't remember the names. Anyhow, they were just window dressing.

YB: But there were some big multinationals public companies in the USSR?

KS: The Russians always said that they did not have transnationals: “transnationals are bad, we are good.” And that was a subject of constant debate in the meetings. Well, some other

entities also denied having transnationals. I can tell you a little story about the pope, who visited New York. Waldheim arranged a reception and everybody—all the ASGs and USGs—could pay their respects to his Holiness. When my turn came, I said, “I am Klaus Sahlgren, and I work on transnationals.” “Oh, I heard about it,” said the pope. I said, “Yes. Your Holiness is at the head of the biggest transnational of them all.” Then somebody from his staff interrupted me and said, “Next one, please.” But the fact is that some of the business of the Holy See could be considered transnational, depending on definition.

YB: You mentioned how you selected the experts by reputation, advice, and so on. But the staff—you had a small staff, but anyway you had to select it.

KS: Yes, and I was lucky. I realized very quickly that if I turned to colleagues they would recommend somebody they wanted to get rid of. It didn't take me long to see that I should not do so. The first person I recruited—on a tip from a friend—was Gustave Feissel, a Frenchman who had migrated to the U.S., became a U.S. citizen, and knew the UN administration inside out. He was very good at that. You know how difficult that administration can be. So he helped me greatly. He knew everybody in the house and everybody's reputation.

YB: Because you took part of your staff from inside the UN?

KS: Yes, part of them, but not many. I mean, I needed some people who knew the UN and how it worked. Gustave, by the way, became later special representative of the Secretary-General in Cyprus. He was a very good colleague and friend.

The only person whose nomination Waldheim wanted to interfere with concerned my deputy. I was called up to Waldheim, who said, “I don't want to influence you unduly, but take a look at Vice-Admiral Alberto Jimenez de Lucio.” He had been a minister of trade, industry, and tourism of Peru. Then he had somehow fallen out with his government and was apparently

available. I met him in Lima and liked him immediately. We made a good pair, I think, since he was more radical than I, a developing country person with maybe some leftist leanings—a welcome counterbalance to my more bourgeois outlook. We worked together very well and became friends. We did not always agree on everything, but as a military man he loyally executed whatever was decided.

YB: So he was somebody recommended by—

KS: By Waldheim.

YB: So for once it was a good recommendation.

KS: It was a good recommendation and the only one he made. I had discussed with Waldheim already in Helsinki that I wanted as free a hand as possible when it comes to recruitment of people, and I got it. Then we had Sidney Dell as an economic advisor (not to be confounded with the expert-advisers mentioned earlier). It was really a bonus to have him on board. He was highly experienced, especially in financial matters, a respected name everywhere.

YB: He is very famous. And do you know—an interesting parenthesis—that Sidney Dell was the first with the idea to write a UN intellectual history?

KS: No, that's interesting. He became actually my successor's successor at the UNCTC. Peace on his memory.

YB: So you have recruited your people. You have experts. I am under the impression that you tried to mold the center on a tripartite organization like the ILO.

KS: No, not on the model of ILO—on the eminent persons and my own model. The expert-advisers as a group were L.K. Jha's and Philippe de Seynes's invention. My invention was that we used a lot of consultants instead of an over-inflated staff. They came from all walks of life. Some of them were rather radical, of course, but it worked.

The Latin Americans were important. They were in a special situation, since they have transnationals both incoming and going out from there, both as home and host countries. They wanted to be seen as radical and solidaric with the developing countries, but they did not want anybody to rock their boat. So they paid lip service, but without much effective participation. I learned that through Alberto Jimenez de Lucio.

Originally, my chief competitor for the job, speaking of Latinos, was Juan Somavia, who is now director-general of ILO. Juan was, at that point, considered too radical by business interests. I think that the U.S. de facto vetoed him. But he was the first name to be launched. I like Juan, and I have heard that he now does a very good job at the ILO.

YB: He has changed.

KS: We all change. I became slightly more radical and he probably became a little more conservative.

YB: But the post was advertised, or was this type of post not advertised?

KS: I don't think it was advertised, no.

YB: No, just in conversation about who could be heading this center.

KS: Quite probably.

YB: So now you have experts, you have staff, you have the governments. So maybe it is interesting to describe the scene. You have just described the Latin Americans as relatively radical, but in fact moderate. And what about the other part of the Third World?

KS: There were all kinds of people. Some of them were not interested. China was conspicuously silent. They were sometimes there, but did not contribute. Then there were some African countries which were very good and participated actively. But I must say that in the commission and its working parties there was nobody from developing countries who was

hopelessly radical in the sense that they wanted to change everything in the world—except the Cubans, to some extent.

I have a feeling, now afterwards, that everybody understood that this should be a slightly different exercise from other exercises at the UN. But I also remember that there were delegates who came to me and said, “Look, you think that you can build this like it was not a part of the United Nations.” I answered, “Yes, you can go on with the New International Economic Order, all that, as much as you like, but don’t touch this small exercise. Let a thousand flowers blossom, and let us try this approach in parallel.”

YB: You decided? No, formally it was the governments that decided the program of work.

KS: Of course it was the governments, not only formally. They took a very great interest in it. I think I was quite active behind the scenes, playing one set of ideas against another. Call it diplomacy. We got a very good working program, and we got money. So there was nothing to complain about. And we had good people.

YB: So what were the elements of your program, to start with?

KS: There were three elements, basically. One was to study, to make reports about how the transnationals behave and how they were treated. We wrote a lot of books on that with the help of consultants, and they were good books, I can say. Then we made one mistake. I share the responsibility for it with the governments. We tried to build up a database comprising almost everything about the transnationals. That was too big a task. We created a monster which we were unable to feed and to milk. I think that is not the first time in the world that somebody made this type of mistake concerning databanks. We bought tapes from Standard & Poor’s and we tried to merge them. We had hard copy. I thought that we should have everything about all

transnationals. That was a big, beautiful mistake. We had to slowly turn in a different direction, namely to go after data when something came up without trying to store and publish everything.

That information bank was the second leg we stood on. The third leg was to assist the commission in its efforts to negotiate a code of conduct on transnationals. That is how transnationals should behave, especially in developing countries, and also how they should be treated. The developing countries did not like that latter part, because they thought it came close to an infringement on their sovereignty. Vice versa, the developed countries thought that it was not very helpful to try to rein in or to control the transnationals. So there was a fundamental difference. The Soviet Union and the socialist countries tried to make political hay out of this. I sometimes told them in private, “Look, friends, this is not the place to make your political propaganda. If you cannot play the game like everybody else, you lose friends.”

YB: What did they say?

KS: Well, this was in personal conversations. There were some very good people from the East. An East German, for instance—I still have his books—Marx up and down. They said in private, “We have to say this, we don’t mean it, but we have to say it.” That is why it is important to have good personal relations, you see.

When it came to the code, we were lucky to have a Swede as a longtime chairman of the working group on the code of conduct—Sten Niklasson. He was very sociable and clever, and hard-working also. He sort of created a good-spirited, almost comradely group who worked very efficiently, both formally and informally. There surely have not been many such intergovernmental bodies in the UN over the years.

YB: This is the 20th of July, in the morning, continuing the interview of Klaus Sahlgren. Klaus, we were discussing the code yesterday. You were just describing that it was one of the

main activities of the center. So what can you say about the code and its negotiation, why it was not accepted, and its impact?

KS: Well, the code was, as you said, an important part of our work. Actually, it was a part where the secretariat—the center—had perhaps less to do than the governments, because governments negotiated it in the working group very competently, chaired for a number of years by Sten Niklasson, whom I mentioned yesterday. Our role there was more supportive, whereas in the other parts of our work program—namely, research and data gathering, and something to which I shall revert, namely helping the developing countries to negotiate—we had a much bigger role. So the code work was more of a governmental exercise than anything else.

All the differences between governments, when it comes to their views on the role of transnationals and the corporations' weaknesses and strengths, culminated in the code discussions, as is natural. The fundamental issue was, as I told you earlier, whether this was to be a code for the transnationals, for the host and home countries, or for both. That is why this very neutral, but slightly ungrammatical formulation—a code of conduct *on* transnationals, not *for* transnationals—runs through the whole discussion as a red thread.

This problem also materialized in a question of whether the code should be binding or non-binding. That was reflected in a discussion about whether transnationals “should” or “shall,” act or be treated in a certain way. So, throughout the draft code, they put “shall/should.” There were correspondingly large discussions on whether to call the code binding or non-binding. I came with a proposal, which however did not meet with success: “Let the code be exhortatory.” That did not catch fire. But we made progress. When I left, the draft code was not quite ready, but almost. But it continued in my successor's time.

YB: It was Peter Hansen?

KS: Professor Peter Hansen, yes—a competent, good Danish fellow with excellent academic credentials. He was then, in turn, succeeded by Sidney Dell. Now, the draft code continued to have several components. There were matters dealing with nationalization and compensation, whether full compensation should be paid—“full, prompt, and adequate” as the American mantra goes—or whether it should only be “adequate.” This kind of discussion went on and on. There was never full agreement on that, even if some vague formulations were accepted.

Then there was a question of how transnationals should be treated as compared to domestic enterprises. The developing countries were firmly of the opinion that they should not be put at par with domestic enterprises, because the domestic enterprises needed a better start than transnationals who were strong already, et cetera.

YB: May I enter a crazy question? Because, in fact, what happened is exactly the opposite. It was very often the foreign direct investment, done in particular by the transnational corporations, which benefited from advantages—exemption of tax, and so on, for a while—while the national enterprises were penalized.

KS: Right. There was a question of equalizing the starting positions of the two. On the other hand, to give undue protection to the domestic enterprises at the expense of the import of know-how, capital and so on, done by the transnationals, might not necessarily be in the best interest of the developing countries, either. That was a matter for discussion, and a matter of faith. We tried, of course, to do studies about different branches of industry, or case studies about how those firms behaved.

And there were instances of abuse. You should not forget that the whole exercise was triggered off by some abuses by well-known transnationals. As I mentioned at the outset, there

had been ITT in Chile, United Fruit in Guatemala, Nestlé in Africa, and a few others. However, the western view—my view, too—was that these were particular cases, and not necessarily indicative of structural shortcomings or general practices. On the other hand, they also indicated that if totally unbridled, the transnationals could resort to abuses.

Then there was the important question of environment. Should transnationals restore the environment if they had degraded it? Environmental catastrophes had happened. There was the Bhopal incident in India. The Indian government was of the opinion that the wronged party should be able to turn against the whole transnational in order to seek compensation, not only against the local affiliate. And there were similar questions.

YB: I would like to be sure that I well understood. When you say that India was of the view that they could turn against the transnationals, not all the transnationals—

KS: No, the transnational in question. The transnational here was—I don't remember its name, but they can easily be found—a big American-based transnational chemical company. India wanted to seek damages from the mother transnational, not only from its small affiliate in India.

YB: Yes, I understand.

KS: So that was one question. There were other similar problems. What should I mention as more examples of the difficult nuts to crack in the code of negotiation? Well, I think I mentioned the nationalization and compensation issue, already. That was, of course, central. The hardliners there were the Cubans. They were very, very hard on this, and very active. On the other side, there were the Americans supported by the British. France, for some reason, was never a very active participant in this exercise.

YB: What about the Dutch?

KS: The Dutch were active through their government representatives, and also through their expert advisers. Some developing countries did not like the idea of the transnationals behaving almost at par with governments. I remember a delegate of India who once said, “We represent governments. These gentlemen are our servants, or they are instruments of quite different interests.”

But slowly, when people got to know each other—the same people were there almost every time—the atmosphere in the commission improved. People were on first-name terms. There was a lot of social contact, which helped a great deal. I must say that these extra-curricular contacts are very important in exercises like this. Businesses had no shortage of representation funds, so they very often played host while doing—not overdoing—their lobbying.

YB: So finally, why was the draft code not adopted?

KS: Technically or legally speaking, the code was never adopted. But neither has it been rejected. Every year the secretariat reports to the General Assembly that the draft code is there, but no further progress has been made. The secretariat then gets sort of a one-year extension again and again.

YB: This is still the case today?

KS: This is still the case, as far as I know. I have not been following it very closely. This is the legal situation, but substantively it is important to note—and I am not alone in thinking so—that the draft code has had, and may still have, its impact by clarifying the issues, by making the socialist, developing, and industrialized countries better aware of the complex problems involved. And also the transnationals, I am convinced, got a better understanding of the fears and hopes, justified or not, of developing countries.

The situation is, of course, changing. Substantively, nowadays the developing countries do not so much fear the transnationals as they compete for getting their knowledge, technologies, and capital. And probably at least some of the developing countries have become better in dealing with these companies. This gives me a reason to point to our fourth main activity, which I have not described yet. That is that we were mandated to help requesting developing countries to negotiate with transnationals. Of course, we did not actually sit at the negotiating table, but we advised the individual developing countries. There was a lot of activity going on along those lines. The western countries did not like it, particularly, but they did not oppose it violently, either. The socialist countries did not like it either, because, as I said, they thought that transnationals were inherently bad, and one should not negotiate with them at all. But that, of course, was a dogmatic view which had no practical bearing.

YB: And how did you help the countries to negotiate?

KS: We sent them briefs, for instance, and models of agreements—this and that country has done a similar thing earlier—or we warned them about certain pitfalls in the agreements, et cetera. We did not pass judgement, to my recollection, on individual transnational corporations. That would have been legally very risky. But more on a theoretical level, we pointed out that a particular problem could be solved this or that way. And of course, the draft code was also available, so it could use it as a kind of reference by saying, “Look, governments are about to agree on this and this issue, and this and this thing. Why don’t we do it here, now, in our negotiation?” This is how it functioned. And I think, in the end, in almost all instances, it went rather well.

YB: Now the last point you made is exactly what I wanted to ask you. Even if it was not adopted, the code was used.

KS: Absolutely.

YB: As a reference.

KS: As a reference in bilateral negotiations, and also to educate decision-makers—negotiators, legislators, administrators. Then we should not forget that OECD had in parallel a similar code which was obviously more western-oriented than ours, because it was drafted by western, industrialized countries. But there was a kind of interplay between the two, even if OECD tried to keep a certain distance. I don't think that they sent observers to our meetings or anything like that. But we followed rather closely what they were doing. I didn't see it as a competing exercise.

YB: There were then the Jimmy Carter efforts to combat corruption. Did you follow?

KS: Yes, we were involved. That was President Carter's personal hobbyhorse, if I may say so. I recall that I was approached by somebody very close to him, who asked if we could do this and that if asked officially. I said, "Of course, we can do it." So we did a study on corruption. It came to the conclusion, which we had to couch in diplomatic terms, that precisely those countries which had the best laws against corruption usually were the most corrupt. I don't want to name countries, but that was our conclusion, put in a somewhat vulgar way. Another conclusion which we made—and that was not our invention—was that sunshine is the best disinfectant. You have to have openness. That will diminish the leeway for corruption.

Then we toyed with the idea that maybe somehow the percentage of commissions could be limited by common, general agreements. You know, bribes are often paid in the form of more or less fictive commissions. Suppose you say that no commission should be more than five percent? But that was totally unrealistic, in the end.

YB: It is maybe unrelated, but what was the OECD doing? They were holding also their own discussion on what should be the limit?

KS: Yes, that's right. This is sort of a logical approach, but unfortunately not realistic. Now, I speculated at the time why did President Carter, who is a truly decent man—and his reputation has only increased with time—why did he come forward with this proposal? My theory—and I may be wrong, but that could perhaps be a subject for some academic research, if it hasn't been already—is that at the time there was much question about the U.S. extending (as they did later), their jurisdiction to American firms abroad, in this instance American transnational affiliates abroad. That, I think, President Carter opposed. So he wanted to be seen doing something similar, but in a different way. That is my assumption. It should be possible to find out from American archives whether he was motivated by that. Then, of course, the U.S. might have just been moved by simpler policy considerations, wanting to be seen as active in combating evil.

There was another related exercise which I regret very much did not produce results, either. We were asked by governments to set up—as we did—a working party on the standardization of bookkeeping and reporting requirements of transnationals.

YB: Ah, you were asked that?

KS: Yes. There was a group set up, a working group, under the chairmanship of Jaime Laya, who was governor of the Central Bank of the Philippines. He later became a minister of finance, and finally fell into disgrace somehow. Anyhow, he was a very efficient chairman of a working group which we serviced. It took the wise decision to bring in also the worldwide auditors' or bookkeepers' associations. I don't remember their acronyms anymore. They came a little bit reluctantly because they thought our exercise would take the wind out of their sails.

So we worked on this, and draft after draft was produced and much work was done. But finally governments were not able to agree. Some governments—I believe the U.S. government in particular—felt rather strongly that it was not for the UN to set accounting and reporting standards for business.

YB: But who took the initiative of suggesting that you produce standards? You said it was the governments. Do you remember what governments?

KS: No, I don't remember. Anyhow, it was not me or the secretariat. It was some government who came up with the idea. I thought it was a good idea, because I wanted the UN's work to be as concrete as possible. You have enough verbiage and big words in the UN, anyhow. So this was concrete, and I therefore immediately liked it. It did not produce results, regrettably. Perhaps today's Enron and similar scandals could have been avoided if we would have succeeded. It's a nice thought, anyhow.

YB: But you earlier indicated that the U.S. was already trying to push its own legislation around the world, at least for their citizens. And they continued, even more forcefully.

KS: Yes, indeed.

YB: You wrote somewhere that, "The benefits of learning from the code and from the New International Economic Order justified the economic activities of the UN."

KS: Have I written that? That's very unclear. What I must have meant, if you quote me correctly, is that the code, in a sense, gave some concrete and, let's say, neutral content to the New International Economic Order, because it was part of the general exercise on the New International Economic Order. Now personally I felt, and I still feel vindicated that the New International Economic Order was a naïve mistake. It produced nothing and consumed a lot. Our exercise could have been a signal to members—to the world, to put it a little bit

pompously—that the New International Economic Order could also mean something realistic and useful, like the code, instead of trying to introduce socialist concepts on the global scale.

YB: So I think we have covered many things already—the code and the activities of the center. You have mentioned the knowledge creation, the policy formation, the capacity-building, the advising of developing countries.

KS: That covers, I think, roughly the thing. I must say it was a very interesting period in my life, to come back to a subjective perspective, because it was something new I could help create. It was very challenging, very interesting. It introduced the idea of bringing in other stakeholders than the member-states in the UN, namely business and trade unions, as well as academics. You can say that in the ILO you have that already, but they bring in the employers, not the business. That is not the same thing.

YB: No. It's more formal, also, the ILO.

KS: Indeed.

YB: So I think you said enough about the East-West tensions. They did not give any names to their own transnationals.

KS: We had long discussions, both in the salle and outside, over a glass of whiskey or vodka, on whether, for instance, Aeroflot should be considered a transnational. And there were lots of others. The Soviets were adamant in saying that they have no transnationals. Their argument was circular: because transnationals are bad, and socialism is good, there cannot be socialist transnationals. Slowly, other people tired of that argument, limiting themselves to ironic remarks every now and then.

Sometimes there were flare-ups in the commission. I remember once when the Soviets criticized some big American agricultural-based transnational. The U.S. chief delegate was

Professor Seymour Rubin, executive-director of the American Society for International Law. He had foreseen most of the relevant issues in books he wrote in the 1950s already—a most interesting fellow. We became good friends. I think he is dead by now. But anyhow, Sy Rubin, speaking very freely—because even if he was the chief American delegate, he was far from a standard diplomat—said, “How can a government which cannot even feed its own people make this kind of a statement?” The Soviets went red in the face, and the following day they came with an answer, hitting back. Slowly, things calmed down, over dinner or something.

YB: Very good. Did you, because of your work, feel that there was an evolution of the thinking about the transnational from the view in the UN and in the developing world around 1974, when you had left?

KS: That is a difficult question to answer. Firstly, the delegates who came to our commission, fortunately, were not the same type of people who debated the New International Economic Order. Ours were more down-to-earth people and I knew them better. Sometimes, consequently, one got the impression that governments were speaking with a forked tongue. They said one thing here and another thing in, let’s say, ECOSOC (Economic and Social Council), to which the commission officially reported. Later, I might say a few critical words about ECOSOC, which I think is a crazy outfit—and unnecessary, to boot.

There were thus different sets of delegates. And I don’t think that we influenced very much the overall atmosphere in the UN. Maybe we were envied by some people and maybe hated by some governments, I don’t know. But ours was a separate entity which largely—I am speaking of the Commission on Transnational Corporations—led a kind of a life of its own.

YB: So I was about to ask you about your relation with the rest of the UN, in fact.

KS: I tried to keep my distances. That was the main reason why I wanted to report directly to Waldheim. He was not much interested in our activities. You knew how he worked. He actually couldn't care less, as long as there were no scandals. He probably understood that this was a kind of a—what should I call it?—reserve outlet of the UN, that it might be good to have this sort of an exercise running in parallel with the ideological activities around the New International Economic Order and all that.

YB: But if you had little reaction with the rest of the UN—and as you said, deliberately—what about the Bretton Woods institutions, and in particular the Bank?

KS: Those relations were handled by Sidney Dell. I have a feeling that they did not quite appreciate what we were doing because we were so small compared with them—very, very small or even insignificant. Perhaps they felt that we might trample on their turf. Now on the other hand, they were assured by the fact that Sidney Dell was there. He kept me informed about the Bretton Woods twins and what was going on there. Sometimes he made statements or wrote papers for internal circulation, by which we tried to keep this—if I could use a pompous word—division of work between us and them, or rather the borderline, clear. And of course the delegates who came to our meetings and the expert-advisers were not very much involved in Bretton Woods-type financial matters.

Now the World Bank, of course, had some important activities in the developing world. You know that they were a big agent there, like UNDP (UN Development Programme), which might have touched upon us. With UNDP, I would have wished to have better relations, but they gave us some money and there was a certain cooperation, through Brad Morse, UNDP's ebullient boss. When I left New York, Brad gave a sort of a farewell lunch for me. He—I don't know whether he did it on purpose or not—started his speech by saying, "Gentlemen." Then all

of a sudden remembering that it was in my honor, added, “and Mr. Sahlgren.” General laughter followed, of course. But I had good relations with Brad. UNDP, I think, was a relatively well-administered monster.

YB: But the Bank developed work. They were interested in the guarantees for foreign investment.

KS: I am glad that you mention especially investment guarantees. Of course, in advising our clients, we did our best to take into account the Bank’s competence. It had done a lot of work on that and provided investment guarantees concretely, through different outlets. But we felt that mere investment guarantees would not solve the problem. More was required.

YB: So finally, the UNCTC disappeared as an independent body and joined UNCTAD. What is your assessment of the why, and was it wise?

KS: I know nothing about the why. But I think that it might have been a wrong decision because the idea with UNCTC, or CTC for short, was to keep a neutral, impartial image in the eyes of its clients, which were both West and South, and also business. Now to put it in UNCTAD, which had and still has, I believe, a public image of being the part of the UN which mainly interests itself in the problems of the developing countries, was a tactical mistake. I am not saying that they are not doing good work. On the contrary, I get some publications from them and they look quite competent. But a wrong image is projected. Maybe as a Finn I am overly obsessed by the idea of neutrality, but I still think that it is important that people have confidence in your impartiality. And western countries and businesses do not—or did not at least in my times—have that perception of UNCTAD.

YB: There is certainly still today some theoretical, or ideological I would say, inconsistency between the *World Investment Report* and the *Trade and Development Report*, which are published now by the same institution and which don't follow the same line.

KS: Interesting. I think it is OK that UNCTAD can afford to look at things from different angles. That is good, but I don't think that business in general reads these kinds of publications. They act in meetings. I don't know whether the expert-advisers are in existence anymore. Probably not.

YB: I don't know. Not maybe as formally as they were, but many of the publications written by UNCTAD are done by experts from outside.

KS: Yes, but that is another thing. But to sit together, almost at par with governments and to discuss—that I think has disappeared, and that is a pity.

YB: We are in 1983. You left the center. Why did you leave it and how come you moved to the ECE?

KS: Ilkka Pastinen, who was and is one of my best friends—I mentioned him earlier enticing me to come to the Foreign Ministry—played a role here again. He successfully served as an assistant-secretary-general for disarmament in Geneva and New York, and was now our permanent representative at the UN. He said, “I have heard that Janez Stanovnik is retiring. Wouldn't that be the right job for you?” I said, “Yes, that's fine. It would suit me well,” because I had a little bit of a feeling that I might have exhausted my intellectual capital in the UNCTC, and maybe I should next do something else. Also, from the Finnish point of view, ECE was much more important than UNCTC ever was. So Ilkka said he would talk to [Javier] Pérez de Cuéllar about it. He also talked to the Finnish government. Of course, they were quite keen to have me in the ECE, which was interesting from the point of view of East-West relations.

I heard that the Americans were somewhat reluctant at first. They had said, yes, Sahlgren has handled this difficult job of UNCTC decently. But to have a Finn at the ECE would be a somewhat different matter. They were thus hesitant, and took a couple of months to brood over this. Then finally they gave their OK, through Finnish diplomatic channels. I was not involved, but was kept informed.

As to the Russians, I happened to be in Geneva so I went to see the Soviet ambassador there, Zoya Vassilievna Mironova. I had good relations with her. I first met her as a young, eager ambassador in Geneva, and she was the Soviet Union's ambassador, an impressive lady—Lenin Prize and the rest. She gave a dinner party with lots of diplomats and ambassadors present, and made a nice speech. Then the conversation started. Somebody asked me, “How long is the distance between the Finnish border and Leningrad?” I couldn't keep my big mouth shut and said, “It used to be shorter.” I could see how the other Soviets looked at each other in consternation. But Zoya Vassilievna had a sense of humor. She said, “I like you, young man. You speak your mind.”

From there on, we were friends. Now I went to see her about this ECE appointment. I said, “Zoya Vassilievna, I have a question for you, almost as important as if I asked you to be my wife.” She said, “What could that be?” I said, “I want the Soviet Union to support me for the ECE job. I have the Americans in the bag. I want you, too.” She said, “You have it.” I said, “How can you say that without asking Moscow?” She said, “I will take care of that.” And that was that.

Then with both the U.S. and the Soviet Union supporting me, I think Pérez de Cuéllar could do nothing else but to appoint me. There was some competition. One was a Swede, a former Swedish minister of foreign trade. The Swedes tried very hard, actually, to get the job.

Anyhow, this is how I got the job. Then, of course, I heard later that Janez Stanovnik very warmly endorsed me. I had had very good relations with Janez. There is an anecdote about this also. I partly improved it, but mostly it's true. Being the Finnish permanent representative, I was representing Finland also in ECE. Once I sent a cable to Helsinki asking for instructions about some delicate matter, and I got an answer: "Support Stanovnik and use your judgement, if any." I later told this to him and some others. I mostly supported him because his line was in harmony with Finnish policy. Stanovnik and I became quite close friends. I have been told by him that he was the first one to suggest me and to support me.

YB: So when you joined the ECE, how much did it matter for the European governments and the United States? And what was, from your point of view, the main legacy of Stanovnik?

KS: I knew something about the Economic Commission for Europe since I had been an intern there. As I told you earlier, I had a Rockefeller scholarship. It was in Myrdal's time. So I knew roughly what it was doing and I had always felt impressed by that. What impressed me particularly was the Myrdal concept that—this might be a little bit of an exaggeration, but since you have been executive-secretary yourself, maybe you agree with me that Myrdal's was great—namely, that governments should work for the secretariat. It might be an oversimplification, but his idea was that the secretariat should not do all the preparatory work, but that governments should appoint expert groups, which then should work under our discrete guidance. I think that was a brilliant concept. Let's say that it was a little bit different from what happened in the CTC, but it worked.

I knew, of course, that ECE was the only multilateral economic forum where East and West met and where they could discuss matters that were not discussed elsewhere. I knew also

that this New International Economic Order debate and all that had not yet fully reached ECE, which acted more responsibly, more concretely. That suited my temperament and outlook.

About the relationship between the states, I understood like everybody else, that that was largely a conjectural matter. It depended on East-West relations in general, and they were, perhaps not fully, but nevertheless reflected in the ECE's work as well. Then there was the second basket of the CSCE, and that was important. I don't remember when exactly ECE was appointed the executive organ for that basket. It happened, I think, shortly before my time. I was not always impressed by the ways of CSCE, but it was of course very important. There was a game going on whereby the West would give the East certain concessions—that is, accepting the division of Europe—against human rights concessions. That, of course—I don't think everybody understood that fully—was the beginning of the crumbling down of the Soviet empire. That was the way it started.

YB: You mean it coincided with the crumbling, or it was the cause of the crumbling?

KS: I think it was one of the causes.

YB: How?

KS: You know, human rights—

YB: Because of the recognition of human rights.

KS: Yes, and fundamentally the freedoms that went with it. That started a process. There were, of course, also other factors. Very importantly, the economic burden of armament, and the rot inside the Soviet system, which I knew something about already. But I think this CSCE process was part of the game. The Americans played it very well.

YB: What was the concession attending economic matters?

KS: The concessions?

YB: The concessions obtained by the Russians—the compensation, if I can say so—for the human rights? What did they get in economic terms?

KS: I don't think they were very much compensated in economic matters. The second basket was never a very important basket. The thing which mattered was the solidification, the acceptance, of the new map of Europe. That's what the Soviets got. Frontiers were to remain unchanged. They got that. It is not put in this way in the official documents, but the spirit was such. They then mistakenly concluded that it was more important for them to have this kind of immediate concession than to give up certain restrictions on human rights and all that. They made a wrong calculation.

YB: So, as we are with the CSCE, you said that ECE became the—

KS: Executing agency—

YB: Of the second basket. Indeed, it changed later.

KS: It did?

YB: De facto.

KS: Yes, they have their own secretariat now.

YB: It is not so much that. I looked at the report of the CSCE meeting. It is true that at the very beginning, and in the CSCE agreement itself, the ECE is mentioned at least twenty times.

KS: Respectfully, yes.

YB: Respectfully and as in charge of doing different things. And the more you go, the less ECE is referred to. Then they start mentioning other institutions. And after a while, they stop mentioning any institutions. Now, I reintroduced the ECE in one of the discussions. But it was extremely painful.

KS: Why was that so, if I may interview you now?

YB: One would say it is something on which I also would like your view. You have mentioned that ECE was the only place where East-West matters were discussed.

KS: Yes. And that's no longer true.

YB: It was no longer true after 1990. And even ECE was looked at with some diffidence by the West as being the fool of Russians.

KS: An old ballast.

YB: Yes, exactly. So because of that, there was some diffidence, despite the proof that we wrote recommendations that should have been listened to and which would have avoided a lot of problems. So CSCE said that the World Bank, the IMF, the ECE, the OECD, and all that were part of the game in the second basket. And these institutions came to their economic meetings, and then, as they found that it was obviously of no interest, they stopped going. But I continued to go. Remember in 1975? And finally, they consider that ECE was doing exactly the type of thing, and a sort of cooperation restarted. But they had to recognize it.

KS: I have similar recollections in the sense that one of the last CSCE meetings I went to was Vienna. I was the last speaker on the list and I brought ECE's assurances of cooperation and tried to tell them what we were doing. But there were only three people in the audience left when I spoke. I was offended. I shortened my speech and said, "You can have it in writing if anybody wants to read it." And that was that. I was confirmed in my opinion that the second basket was never very important. It was a document void of substance.

YB: That is quite right. After the end of the Cold War, the Americans wanted to use it in order to lecture. It took time for them that they should—and they have not yet completely understood that—that if they have a role to play in the security of Europe, to look at the

economic dimension of security, is to bring together the social, the economic, the environmental, the political, the ethnical, and the all the dimensions, and try to see links between the two, not to try to tell a country how to act.

KS: How to organize.

YB: That was stupid. And they followed the line tax system, instead of following the line of a better understanding of security.

KS: Exactly. But somebody will have to find out what the real political origins of the second basket were. It may turn out that it was just some sort of icing on the cake, that the real substance was elsewhere. I don't know. Anyhow, I was never very interested.

YB: Sorry, it's not my interview. It's your interview.

KS: I was never very interested in the economic aspects of CSCE. Dutifully, I paid lip service but I could see that it would not affect us except that we get added respectability in the eyes of the general public and the politicians, since we were supposed to execute it. But substantively, work-wise, no.

YB: I permit myself to say that it is a very good point. ECE, today, is completely ignored by the ministers of foreign affairs, but very well known by the ministers of transport, environment, et cetera. But the ministers of foreign affairs do not know it, and if they hear about ECE it is through CSCE. That is correct.

KS: Yes. So the times have changed, and that is natural. OECD plays a big role between those countries now. To my knowledge, many former socialist countries are members of the OECD now.

YB: Some of them, yes. Not Russia.

KS: Not the Russian Federation, of course. But I mean the others—the smaller ones. Several of them are, and maybe Russia will become one day.

YB: They would like to.

KS: So they have other contact possibilities.

YB: But now, coming back to your time in ECE, there is a traditional question, which you addressed for the CTC. How to have around new people you would like to have? You had some flexibility?

KS: No, I had no flexibility at all. There was this stupid national quota system. During my years in the UN, from the very beginning, the quota thinking became ever stronger. There were all kinds of quotas. I think that is poison. It destroys any organization if you have to take a person from that and that country because it is “underrepresented.” Even the word itself is wrong. I have been a permanent representative of Finland before entering the UN secretariat, but the obscure Mr. Ivanov—an invented name—a junior P-2, was definitely not representing the USSR. So that was wrong, and kept getting worse.

Another thing was the personnel policy. I remember angering Waldheim once by sending him a memo pointing out this evaluation system of personnel is for the birds. I used strong language, saying, “We are supposed to grade by words like ‘not very good,’ ‘good,’ ‘very good,’ ‘outstanding.’” But it turns out that ninety percent of the people are classified as “outstanding.” “This,” I said, “is against reason. Ninety percent cannot be ‘outstanding.’ It is a mathematical impossibility, as shown by the Gauss curve.” He said something like, “Klaus, you don’t understand how the UN functions.” I was never very close to Waldheim. So this system undermines the UN from inside. You could not get rid of bad people because they could easily show that their bosses considered them to be “outstanding.”

YB: You had the possibility to hire special assistants and special advisors?

KS: Yes. But at the ECE, I inherited everything. The only person I brought there on my own initiative was Harold Landau, my business adviser. That was a new post. And mostly, these “directors” were not real directors, only D-1s. I did not like it. They took a negative attitude to Harold because he had new, fresh ideas unbridled by UN traditions. But there were several people whom I appreciated, too. My deputy, a D-2, was Yuri Chestnoy. I think he had close connections with what we call the three-letter non-profit organization in the Soviet Union, at least according to some American books I have read. But that did not disturb me.

YB: KGB, to be clear. Yes?

KS: You said it. Then I had an American fellow, Arthur Stillman, who might well have had good relations with something similar in the U.S. And that was welcome. Why not? Intelligence is a legitimate job. I don’t think they were disloyal to me ever, but they opened up valuable channels of communications. Then there was Brian Duke, an administrative wizard and close friend. And it was us four—Chestnoy, Stillman, Duke, and me—who sort of were running the shop. We had meetings every day, informally. So we had a good team. Harold came in later and he also participated very often—not always—in these inner-circle meetings. Then I had regular “directors” meetings where we discussed things. That is how I ran it.

YB: But there was no outstanding director, if I can use this word?

KS: Many of them were good, but two were really outstanding and I respected them greatly. One was Jouko Paunio, who was head of the economic division, doing high-quality economic research. He is considered by many to be the foremost Finnish economist alive. Another excellent man was Jean Duquesne, a Frenchman, head of the transport division.

YB: The surveys?

KS: I went through the manuscripts, page by page, but mostly from a political point of view. As far as economics were concerned, I did not feel competent to question Jouko, except when I thought that something was written in too complicated a way. I said, “You have to justify. If I, who have a major in economics, do not understand it, how can you expect the average reader to do it?” This type of thing.

Then, curiously, there was another economic research division, headed by a person from a socialist country. That was a political arrangement which I inherited and could not change. But Paunio’s division was the important one. I think the two divisions were merged later. Then there was the trade division, competently headed by Norman Scott from the U.K. I knew something about foreign trade and trade policy, so I could direct that work a little bit closer. And we took some initiatives. We had a trade conference in Thessaloniki. I knew personally Prime Minister [George] Papandreou, who agreed to sponsor it. So we invited businessmen there—again, my old approach. I think that was a success.

Then there was the energy division, which in the beginning was a big headache. It was first headed by a Belgian fellow, competent but difficult. He was the only one who could shout at me. Stanovnik had already put him aside and given him some pro forma job. So when I came there, and after having discussed with this Belgian fellow—I prefer not to remember his name—I decided to reinstate him hoping that he would be loyal. That was a mistake. I had permanent trouble with the guy. He was the only one who threatened to complain to his ambassador about me—you know, this type of thing. He also made known his opinion that he should be the executive secretary, not me. Fortunately, he had a pleasant deputy who was also good, a German—Klaus Brendow—who later became the head of the energy division.

Then we had a statistical division, which did a competent job, headed by an East German professor. He unfortunately disappeared when East Germany ceased to exist, I was told later. Anyhow, he did an honest job. I am something of a statistician myself, so I could appreciate what he accomplished in standardizing things and fishing out data. They had a standing conference of European statisticians, a highly respected body.

Then in the environment division, there was a Spaniard, Lopez-Polo, who did a good job.

YB: Lopez-Polo left a year after I arrived. So he stayed for a long time.

KS: The industry division was headed by a Ukrainian fellow. They did a competent job by mobilizing knowledgeable government participants. Then there was a problematic division. That was the timber and agriculture division, who operated jointly with FAO, the Food and Agricultural Organization. I had difficulties with its director-general, Saouma. He once almost hit me physically.

YB: You are taller.

KS: Fortunately, yes. I think these kind of joint divisions are no good. I was genuinely interested in the timber trade because I knew something about it, being a Finn. Linked with it there was some absurd dealing with water. I never found out what actually they did there. Now I am in the water business, knowing something about water.

YB: Well, on water, ECE worked on water pollution since the beginning of the 1950s and was able to achieve something on pollution. But, it was never able to go further than the consideration of pollution. It was not able to seriously address the question of management of multinational waters. It was not possible, with one exception which was for the share of electricity produced by plants on boundary rivers.

KS: Well, that's very sad. If I had had the power, I would have sent these people packing. There was really some unnecessary work going on.

YB: So what is your assessment of the impact of the survey? You said that ECE produced good surveys.

KS: Well, there again, I might be a little bit biased because the survey was the first serious UN publication I got acquainted with.

YB: Oh yes, you said that yesterday.

KS: Under the guidance of Professor Knoellinger, we students had to write summaries of what the surveys were saying. For many years, I used to read the survey—not anymore. I know that it is read in Helsinki in quarters that matter—the Bank of Finland, the Ministry of Finance, the Foreign Ministry, probably in other countries as well.

YB: It is still the case.

KS: That's good.

YB: I know, because the bankers and the advisers of central bankers, very often use it.

KS: It is a good publication. As I said, I have not read it for a few years now, but it was well done. You know how they write it. They collect material from small sources, original stuff. They do not just compile matters that have been published in other journals, but they do primary research. That is very useful. Now, of course, I realize that there were things which were sort of hidden. I remember—it came as a kind of a shock to me somehow—that I found out that infant mortality was so very high in the Soviet Union. I knew that this was a bad indication. In some instances, I could see that some of the primary figures we got were doctored. I couldn't do very much about it. The Soviets followed very, very closely the preparations of the survey. Had

Jouko Paunio not been there, I could have been in big trouble. But he had the expertise and the judgement.

YB: You had to fight for the independence of the survey, which was published under your responsibility?

KS: Yes. Sometimes my Soviet deputy advised me to leave out certain things: “Why go into this, Klaus? It will serve no useful purpose, and it will draw fire from Moscow.” It thus happened a few times that I censored slightly some articles, because I did not want to create a ruckus. But on one occasion, this leaked out to the *Neue Zürcher Zeitung* and they wrote a nasty article saying that there were rumors that Sahlgren is playing censor. Well, since it was my responsibility, I felt free to do so.

YB: It is amusing that you had to assess that vis-à-vis Moscow. When I was there, Moscow and the eastern countries never seriously criticized the survey. It was only Brussels.

KS: Brussels I never had any trouble with.

YB: So you have spoken about the survey. And it was read in the East, too. One of our successors, Danuta Hueber, said to me that for her it was the best source of information on what was going on in Poland, her country.

KS: I can imagine that, yes. I heard similar things from smaller socialist countries. In the Soviet Union they had institutes which did work for the party, writing reports which were meant for few people only, and they were very good. But they were not published. Ours was a public report and that was, of course, read by more people—but not everyone. The system in the Soviet Union was such that you could not buy it on a stand on Nevsky Prospect.

YB: Certainly not. So East-West—you said that in fact the work of ECE, even if technical, had a political dimension. What were the East-West debates at your time? It was

normal that the consequences of East-West relations appeared in the technical world and they were more or less comparative? Or was it the debates in the annual session which were more political in nature?

KS: I must admit all that is a little bit hazy in my memory now, and I would hesitate to pinpoint anything in particular. I remember one thing which produced a wave, not of a strictly political nature in the East-West content, and that was Chernobyl.

YB: Chernobyl was after your time, no?

KS: No. I don't think so.

YB: You left in 1983?

KS: No, in 1986. Of course, the ECE's plenary discussions reflected, in more or less subtle ways, the overall political atmosphere. Sometimes it was good, sometimes bad. If the atmosphere was good, it was easier to find consensus as to work programs. If it was bad, the westerners tended to hold back.

YB: In your view, during the time you were at the commission, what were the main things you promoted and you achieved?

KS: I don't think I initiated anything very important. The whole set-up was such that I inherited an apparatus and I tried to keep it going. I don't think I took important new initiatives. At least I can't recall anything right now. Maybe if I went through my speeches—I have a collection of them—I could find something. This trade conference in Thessaloniki I considered important. Not all governments liked it, but it was helpful. Essentially, I tried to keep the ship on an even keel rather than do something dramatic.

YB: It is quite fair and respectable. Did you have the impression that you missed something or there was something you would have liked to do?

KS: No. Honestly, I tried already yesterday to remember if there was anything I would have done differently. There is nothing I can brag about, but I have a feeling that there is nothing I have to be ashamed about either, or which I should have done differently. I tried in the beginning to go to a lot of meetings. I soon realized that when a meeting was very technical, I had nothing to contribute—simply to go there, to open it, and to say, “Welcome and good luck in your work.” That was an encouragement to participants, I suppose. They could see that they were appreciated.

In my first days on the job, I told Betty Morris, my competent and loyal personal assistant, “Look, I want everything on my desk every day.” I quickly realized that this was not wise, since mountains of paper were produced, mostly of a technical nature. There was no point in me reading everything. Preparations for the commission’s annual meetings I participated actively in. We had regular meetings with the president, and informal meetings with key delegates. Only a few ambassadors came to these informal meetings where we tried to prepare things. Especially the West Germans were very active in organizing informal lunches before the commission, so as to try to sort things out. Then, as I said, the president always came. One year he was from the West; the next year from the East. There we did some useful work trying to settle difficult things in advance. And mostly the meetings went smoothly. There were very few incidents.

YB: You were there four years.

KS: Yes. It’s a little bit hazy in my memory because the meetings were similar, following a certain writ and a certain style. Sometimes they went into the late night and there could be difficult negotiations about the final document. Sometimes I was not invited to

informal discussions, which I did not appreciate, because I considered myself to be skilled in formulating compromises.

YB: To stay with the commission one more minute. You know, in New York they like to describe ECE as the regional arm of the UN, meaning by that that if there is an issue discussed at the global level you should help in the preparation and then follow through at the regional level. I can mention the gender issue and environmental issues.

KS: I think that it is wrong to over-stretch the regional dimension of the commission. How can it be called “regional” when the United States, fortunately, participates? And the issues today are such that it is difficult to separate global from regional issues. Regional issues are global in their impact and vice versa. ECE was a meeting place of the, let’s say, economically advanced countries with different socioeconomic systems—East and West. That is how I saw it. I don’t recall any big conflict between New York and us in that respect, even if there were conflicts when it came to administration and finance. I have hinted at it already, and we can revert to it if necessary. But concerning substance, then, it was the governments which took decisions. If they decided to do something there, who would New York be to tell them that we can’t do that? Of course, we reported to ECOSOC, a body which I do not think very highly of.

YB: Develop that, please.

KS: A completely useless institution! Not only did it ruin my summer holidays, but, more importantly, it had absolutely nothing to contribute. There were sort of young eager beavers, especially from developing countries, who tried to make themselves a name by being unpleasant or asking questions which I tried hard to answer politely. Brian Duke took great care in reminding me that one must be polite even to idiots when they represent member governments. I could not speak my mind. I had to sit there and listen to a pointless debate, a

debate which had taken place elsewhere already by much better delegates, representing the same governments sometimes. I think ECOSOC should be abolished.

YB: Now, here you are referring to the report to ECOSOC for the regional commissions. Of course, they cannot add anything nor leave anything. They tried later—maybe not in your time—to have some joint activities, or a joint team, between the different commissions. So you had not that?

KS: No, I have no recollection of such a thing. What we had, of course, was meetings of the executive secretaries of the regional commissions. I had some psychological difficulties there. I remember that the director-general for economic and social affairs, Jean Ripert, was cross at me because, in one of the first meetings he sat there at the end of the table assisted by the Chinese fellow who was an under-secretary-general and the head of the economic and social department at headquarters. They considered themselves to somehow be our bosses, and I of course resented that. Ripert and I did not like each other. He thought I was arrogant. I considered him useless. Both were probably right.

YB: Here you are questioning the post of the director-general.

KS: Yes, indeed.

YB: Which was abolished after that by Boutros-Ghali.

KS: Good. But why create this kind of an empty job?

YB: It was the outcome of a report written by Ken Dadzie. And Ken Dadzie was himself the first director-general.

KS: That explains it. I remember Ken well. I liked him and he was harmless. Ripert was not. He had ambitions. He tried to interfere in my business—without taking any responsibilities—and I could not accept that.

YB: The idea was that you had alternatively a director-general from the South, and a head of the economic and social affairs department from the North. And then it changed.

KS: This whole idea of paying attention to the national provenience of international civil servants is fundamentally wrong. What does nationality matter? Either you are good or you are not.

YB: We agree on that.

KS: The system was sick.

YB: So you attended the ACC (Administrative Committee on Coordination) meetings?

KS: Yes. That was, if possible, even worse than the ECOSOC, because there you had the czars—Saouma and others. One could see that they did not like the whole idea, but were forced to come to defend their turf. They were not contributing to anything in common. I attended these meetings and I suffered.

YB: And Pérez de Cuéllar was indeed chairing and ruling?

KS: He was kind of a nice person. He did not rule, he chaired.

YB: Yes, that is my impression, too, at the ACC I attended with him. Boutros was more direct.

KS: I can imagine that, yes.

YB: You had the protection of your government?

KS: In a correct sense, meaning confidence yes.

YB: That has not changed, I can tell you.

KS: There were some attacks sometimes on the ECE itself. I think I mentioned to you in a private conversation earlier that a delegate for India once said, “Why should we divert UN

resources to the rich countries' clubs? Let the money go to the regional commissions elsewhere." But that faded away then, I think.

YB: It had an impact, what you said, on the budget. When it was decided to increase the budget of the regional commissions on the whole, it was always zero for ECE and something for the others.

KS: Then there was the ACABQ (Advisory Committee on Administrative and Budgetary Questions). I went there regularly, I had to. In the beginning, it was quite OK. The CTC got money and all that. Concerning ECE, I had a working relationship with ACABQ. There is a legend that I am the only person in history who has made ACABQ laugh. I started off with some anecdote to make their mood better. I was also friendly with the head of ACABQ, a black African whose name I have forgotten, a decent fellow.

YB: He is still there.

KS: Yes. And the members were relatively competent people. So I had no difficulty with them. My problems were with the recruitment and promotion systems. But as to the finances, somehow we squeezed by.

YB: So you left because of what?

KS: The following thing happened. I was one day called by the secretary-general of the Finnish Foreign Ministry, Åke Wihtol, a close friend. He told me that Pérez de Cuéllar had asked whether Sahlgren is indispensable. There were so many Finns in high positions in the secretariat that he had to do something because he was under heavy pressure. Wihtol answered, "Well, if that is your feeling, we will take care of Sahlgren. We'll offer him a good job. That's not a problem, but we would regret it. Has he done anything wrong?" "No, no, he's doing a fine job," said Pérez de Cuéllar. There were at that time actually five Finns in top-level positions at

the UN secretariat, clearly out of proportion. I could thus well understand the Secretary-General's dilemma. But what irked me was that he first contacted the ministry, not me. So I immediately, the same day, sent him a cable informing him that I will not be available for an extension when my assignment expires in two months time.

Let me clarify this a little. The Secretary-General did not ask me whether I could be eased out. He contacted behind my back the Finnish government to find out whether it would object if my contract would not be prolonged. So I reacted by sending a polite but rather frosty cable to him, saying, "I hear that you have been in touch with the Finnish government, and I hereby want to respectfully inform you that I am not available for any prolongation of my contract. I hope this will help you." Then came a very long and apologetic cable from Pérez de Cuéllar, saying at the end, "Sorry, but couldn't you stay on for a little while until we find a successor?" I answered in the negative, because I did not want to as a lame duck.

George Davidson, the tough but fair under-secretary for administration, phoned me and tried to persuade me to stay until a successor could be found. He said, "The kind of cable you sent to the Secretary-General you should not have sent." I said, "I didn't like the way he operated, so I go. I am a free man now." I had a pension from the Finnish Foreign Ministry, and I would get a pension from the UN. I was thus financially independent. I could do something more about my life, and I left without bitterness.

I imagine I was targeted because I had some enemies in the UN. Pérez de Cuéllar might have listened to them. Pérez de Cuéllar's earlier right arm in administrative matters was a Peruvian called Emilio de Olivares. He was my friend long before he rose to that position, and he said he would protect me from those enemies. When he died, I knew that a change would come sooner or later, and it came. Such is life at the UN.

YB: This is now the fourth session with Klaus Sahlgren. We were finishing our conversation on the Economic Commission for Europe. But maybe one more question or two. Myrdal, when he was the executive-secretary of the ECE, considered that there was no development possible for Europe without the development of the Third World. He wrote about it. He linked this necessity to see development of the Third World purely to the interest of Europe, that we need markets alternative to the U.S. market. Thereafter, the ECE has maintained some interest for the development issue, particularly starting with the development of the South of Europe, the underdeveloped part of Europe. In your time, was there any particular attention to the development issues?

KS: No, I don't think that we did anything much on that. Considering Myrdal, I am sure you quoted his thoughts correctly, but it should not be forgotten that in one famous passage, for which he had to suffer his whole life, he said that if the subcontinent of India would be wiped off the face of the Earth the world would be better off. So he had, I think, an ambivalent attitude towards development assistance.

But to come back to your question, I don't think that we did anything in particular as concerns the Third World. At least, I can't recall anything spectacular about it.

YB: You had no technical assistance activities in your time vis-à-vis some countries of the ECE area?

KS: No, or very little. But of course we had cooperation with the other regional commissions.

YB: I understand. And finally, the relationship with the EU (European Union) presented some particular interest or difficulty? Was it an asset? Was it a force, a positive driving force, or a resistance?

KS: I remember that Janez Stanovnik used to say, half jokingly, “Why do they call themselves the European Commission? We are the European Commission, the commission *for* Europe.” That was one of his quips. I don’t recall any particular difficulty or even a beginning of a confrontation with the EU. I think it was still the time when the European Union was called EEC (European Economic Community). The only problem was that sometimes some of our mail went to them and vice versa. We politely rerouted it, of course.

What is now the European Union was then smaller, comprising fewer countries. They had, I think, enough problems of their own. I don’t recall them playing a big role together in the ECE. It was not like in the GATT where they had a spokesman for the common trade policy. They coordinated, or tried to coordinate, their positions in the ECE. But my impression was—I was not privy to their internal coordination efforts—that they did not do it very efficiently. In trade policy yes, but since our work was very much about technical cooperation and studies, there was probably not much to coordinate. Then there were politics, but that was outside the scope of the European Union at the time.

YB: It has changed. For instance, when I arrived, Sweden was not part of the EU, and put on the table some issues to be discussed that the EU opposed immediately. They didn’t want this to be discussed.

KS: I see.

YB: Finally, it was discussed because it was on the table, thanks to Sweden. Now Sweden could not have put it on the table.

KS: I don’t recall any corresponding incidents. But generally speaking, my recollection is that if somebody wanted very dearly to have an issue discussed, very seldom was it opposed if it was not a politically very controversial issue. My personal attitude was that if somebody

wants to discuss something, by all means let's discuss. The important consideration is whether people try to arrive at some kind of conclusion, or just want to let out steam.

YB: Now, we come back to the UN. You have already expressed your view about the Economic and Social Council and about the ACC. When you were in New York, you attended the weekly cabinet meetings, or so-called cabinet meetings? What was it and what was the usefulness?

KS: I think that was a waste of time, mostly. Sometimes one could get useful bits of information and one met colleagues. But it was very often tedious, also because Waldheim was always late. He could come in half an hour, or three quarters of an hour late and say, "Sorry, gentlemen, Prime Minister So-and-So or President So-and-So just called me and I could not interrupt him." The seating was a little bit funny, also. Nobody had regular seats, but we were vaguely seated according to seniority. The USGs sat around the table proper, and the ASGs were in the second row.

YB: In the room nearby the SG's office?

KS: Exactly. And there was no agenda. It was according to Waldheim's whims. That illustrated two things—one, that Waldheim tried to keep control, sometimes without success. The other thing was that the UN was badly administrated. Maybe one could not have a decision-making "cabinet" composed of so many people with widely different background and intellectual capacities, operating without any formal rules. So I considered it a waste of time, as I said.

YB: And you had, in your time, senior official meetings that you attended also when you were in ECE?

KS: Yes, there were all kinds of meetings. The executive secretaries had their meetings, as I mentioned earlier. There were other meetings, too. Especially when I was at the CTC in

New York, I didn't take a very positive view of them because I was keen to preserve our relative independence or autonomy. As to the ECE, it was slightly different because I was away from headquarters. It was important to know about the rumors and thinking in New York, but I got more information from circulating unofficially in the corridors of the UN building than by attending these meetings. They could be useful when there was something precise to discuss, and if the discussion was conducted properly.

YB: You have no recollection of particular important issues?

KS: No.

YB: So you have known two SGs—Waldheim and Pérez de Cuéllar.

KS: Right.

YB: What do you think about their leadership?

KS: It is difficult to say. Waldheim was smart, in a particular way. He was clever, had a good political nose. But he was not a good administrator, and I think he was surrounded by sycophants who sort of hung to his lips and pretended to admire his every word, lacking the guts to criticize him. I was friendly with some Austrian permanent representatives, especially Ambassador Peter Jankowitsch, a Social-Democrat who later became foreign minister. His wife, Odette, worked in the CTC. Through Peter, I heard something about Waldheim's thinking, because he was sent there partly by the Social-Democratic chancellor to watch Waldheim.

As to Pérez de Cuéllar, I had, as mentioned earlier, a friendship with his closest collaborator, this Peruvian chap, de Olivares. He kept me informed in a correct way about his boss's thinking and acting, especially in matters which might affect us. Pérez de Cuéllar once came to UNCTC and made a sort of an inspection. That was symbolic, even if he asked some questions. I remember we had a good discussion. Waldheim never did that.

YB: And you had no important matters for you, in particular, when you were at ECE where you went to seek the view or advice of the Secretary-General?

KS: No, there was no need and no interest.

YB: So, maybe not directly linked to your work, what is your assessment of your thinking about all these reports which were made by the UN—the Pearson report (*Partners in Development*), the Brandt commission report (*North-South: A Programme for Survival*), the Brundtland report (*Our Common Future*), and all these reports which marked the life of the UN, trying to reorganize or to improve the efficiency of the UN?

KS: I think I have read most of these reports. In my memory, I can't keep them apart anymore, you will understand. Some of them were good, some of them were less good, and others were worthless. But they made it possible to make some small improvements. Certain reforms materialized, thanks to them. But mostly they went unnoticed or they had no impact. I don't know what was wrong, what the reason was for that. But it is probably the very structure of the UN, which makes it so very difficult to reform it.

YB: What is the structure which makes it so difficult to be reformed?

KS: Because there are vested interests. The obvious example is the role of the permanent members of the Security Council. Then the ECOSOC, which is a useless organ, but is perceived as important by some developing countries. There is also the overlap of functions between specialized agencies and the UN proper. There is overlapping and competition between agencies in the UN itself. Everybody is defending his turf. I can't say what percent of my time went to defensive action, but it is not a very efficient way to operate. It was necessary, however, because there was always competition about who should do certain sexy things. Very often, I encountered a mood—maybe I fell prey to the same mood—that it doesn't matter whether things

get done; the important thing is that I or my outfit will be seen doing it. That, I think, is one of the main causes of the UN's weaknesses.

YB: So now finally, we are in 2002. Of course, you have left the UN for more than ten years, now.

KS: Fifteen years, actually. Time flies.

YB: This is tape number three. So I was just saying if to conclude your view of the global challenges of today and of the role of the UN—what it should be, and does it imply, despite what you have said? Reforms? How do you see this international world and the role of the UN today?

KS: With all due respect, Yves, your question reminds me of what my twelve year old daughter got as a task in the International School in New York many years ago. Her teacher told her, "Please write about the causes and consequences of World War II. If necessary, use the other side of the paper."

YB: Very good answer.

KS: No, it was a joke, not an answer. Nevertheless, I shall try to give you a few thoughts—just odd bits of thoughts. One is that I think the UN is still needed and is rather useful—more needed and more useful perhaps than ever. When new nations are coming into statehood, they will have to be taught the rules of the game of international civility and so on. So the UN is a school for such countries. Secondly, I think the UN will have an important role in the future, as it has today, in peacekeeping and peace enforcing operations. I hesitate to say more about that because that was not my table in the UN restaurant, so to speak. But that is obvious.

I am less convinced about the UN's role in the economic field, because in the present mood it is not for governments to take the lead in economic matters. That belongs to business. Business can and should be regulated, to some extent, but the UN clearly is not equipped to do that. That is for national governments to do, separately and, increasingly, together. There are better organizations, like the World Trade Organization (WTO), and the ILO, and others to take that kind of measure. The UN proper is not the right agency, perhaps except in some special cases.

Then there are clearinghouse functions, like the ECE was doing in bringing together experts to exchange views and experiences. In today's world of quick communication that, however, is diminishing in importance. I can meet with experts sitting in this very room, using my computer. That can also be arranged multilaterally. Very soon we will have videoconferences and similar things with people meeting in different ways. Now, whether in the long run they will need the UN as a meeting place for that kind of thing, I have some doubt.

There is the old saying that if the UN had to be abolished today, it could not be reconstructed again. It would simply not be possible to find the basic consensus. Think of the issues related to the Security Council, for instance.

The personnel policy of the UN I have criticized already. It is idiotic to speak of country representation in the secretariat when the Charter of the UN, as well as all kinds of subsidiary rules and regulations, clearly say that you should have your interest only in the organization, not in your country. The same could also apply—I'm sorry to say this—to this gender debate. Does it really matter whether you are a man or a woman? Or, like Mao Tse-Tung used to say, "It doesn't matter what color the cat has as long as it catches mice." I can understand that the UN, in its own operations, will have to set an example to backward countries when it comes to gender

or race discrimination. But that should not—and need not—happen at the expense of competence and efficiency.

So I don't know whether I answered your question, but there remains a lot to be done. Who should do it and whether governments are willing to give up some of their controlling power in order to have these problems settled is another matter.

YB: On the different points you have raised—the first one, gender, there are two aspects. One is the attempt, mainly by the West, to use the UN to have its ethics shared by the rest of the world. So the gender issue is seen from this view—and that is consistent with the role you indicated, that the UN is an instrument to educate newcomers or backward countries. So in that case, gender is typically one issue for the UN that you consider. Of course, if it is for itself, that the UN uses women simply for the sake of gender equality instead of competence, I agree with your criticism, which is as valuable for the nationality issue. So competence should come first.

On the second point, which is usefulness of something like ECE, I would say that in keeping a purely European approach, I think Europe has always been divided in different groups and so on. And while we are dealing with ECE and the East-West debate, the dividing line continues. It is now more an income line between South and East, and some eastern parts of Europe. And still today, ECE, OSCE, and Council of Europe are the only three pan-European organizations where to meet. That is still a role. For the time being, the division of labor between these organizations is correct. There is no serious overlapping, not in practice, even if in the text you can see overlapping. So I am concerned, personally, that the tendency in the EU, as I see it, is to have the big EU coordinated from Brussels, and this big EU addressing any other pan-European issue on a bilateral basis. It is what the EU is doing, instead of accepting a multicultural basis, which would be better for many issues and for the construction for a United

Europe, and using only ECE to push its own standards. So I continue to see a need for some debates.

KS: Do I understand you correctly, Yves, that you see the EU as a kind of anonymous bloc of countries where individual countries' views cannot sort of be taken into account?

YB: Not in the multilateral area.

KS: Well, as a multilateral actor, the EU, I agree with you, is clumsy. I have seen, in the GATT for instance already in the old days, how there was only one spokesman. I didn't like that idea. Maybe the EU should be reformed in the direction where individual member-countries could present more nuanced thoughts. That could well be done in certain multilateral negotiations where the issues are very complex or not very political.

Also, I think that there should be room left in the EU for individual countries to have a policy towards the East. Think for instance of Finland and Russia. The boundary between Finland and Russia is the frontier line of the EU, where the differences of living standards are the biggest. I have some experience of this, having dealt quite a lot with the Republic of Karelia, which is a part of the Russian Federation. Nobody should stop Finland from taking an interest in Karelia, least of all the EU. Not to forget the mechanisms used by private enterprise. Nokia, for instance, would not need the ECE.

YB: I agree with you that Nokia does not need ECE. I think the UN has still one element of prestige—at least I have witnessed that—which is its neutrality. So the countries feel at home. For instance, I have been at the OECD, UNCTAD, and ECE. All three have steel committees. You could consider that you do business in OECD, because OECD has the best—but it's not true. More business was done, and the western steel manufacturers were very much interested in ECE.

KS: I remember that, yes.

YB: There the East was part of the game.

KS: The East was an important player in the steel field.

YB: Yes, exactly. That is one aspect. But its neutrality, and its capacity to give small countries an opportunity to say something—I think that is something which is inherent in the UN. If Nokia organized meetings, it would organize meetings with players useful to Nokia, not inviting those who would not matter. And so on, whoever it is. So the interest of the UN, or of a pan-European body—it could be OSCE or the Council of Europe—is the recognition that everybody has something to say, even if, of course, in the final decision the biggest player has a bigger role.

KS: I think you put it very well, Yves. I would have no quarrel with that—namely, that the ECE can be useful in certain fields under certain circumstances. But what I tried to argue against would be the notion that the ECE would somehow have a monopoly on East-West relations, even at the technical level. There should, in other words, be competition.

YB: There is now. There is no choice.

KS: Let's see who does things best. Let ECE do it if it is good. I know of several good ECE activities. For instance, in the fields of welding, and steel, and timber, ECE used to be highly respected.

YB: It still is.

KS: I have no doubt about that. But then there are other fields where ECE, I think, is wasting time and resources. Let me provoke you by mentioning the environment. There might be other, better, environment agencies. Water—we discussed that already. What does the ECE achieve in the field of water? And what about agriculture?

YB: I think I have suppressed that.

KS: You have suppressed that. Well, I think you did a good thing.

YB: But on the environment, I frankly disagree with you on that point. I think on air pollution, ECE was the first to act.

KS: I was part of the process. I remember it well.

YB: And still today. Even the later agreement signed during my time was one of the many protocols to the air pollution. ECE continues to be the place where—because it is ECE, with its technicality, a relative homogeneity, and freedom from North-South debates—we achieved agreements. And because these agreements were achieved, they are used and extended to part of the rest of the world, or its totality. And ECE continues to be a place where you can achieve that. For instance, there are negotiations on heavy metals and pollutants at the world level. The basic instrument used as a reference is the ECE agreement.

KS: I think I can agree with that.

YB: And UNEP (UN Environment Programme), which is a global body, cannot achieve that.

KS: Cannot achieve it, because it is, let's say, too global. I agree with you that there are two facets—if that's what you meant—of ECE's technical work. One is exchange of information; another one is norm setting. Those norms basically should be generated in the industrially-advanced countries, because here most problems come to the fore first. Otherwise, if we tried to use those forums, the developing countries, who are primarily interested in survival, not in sophisticated instruments, would stop that. I agree with you that there are such cases, but probably not every case is such where this approach would work.

YB: No, no, but I was just objecting to your point on the environment. I think it is one which is important. What I am a little bit sad of it that the last time that I went to this conference on environment and air pollution, which was in Sweden, the scientists who helped ECE to reach an agreement—because it is very complicated to see the compensation between countries on these matters—said, “What you do is very well, but don’t forget that in ten years from now all that you have done will be jeopardized by the air pollution coming from Asia.” So of course the obvious priority now for ECE is to try precisely to disseminate its conventions. It can do that more easily than a non-UN body, because precisely the developing countries can attend technical ECE meetings as observers. They are free to attend and to join, individually or not, the conventions we have done. Many of the conversations are joined by the rest. And that is easy. If it were not UN, they could not.

KS: Certainly. But isn’t your attitude also a little patronizing? You think that the white man—the white western man, or women by all means—can do things better, and let then the Asians, and maybe much later the Africans, come and learn from us.

YB: I could have objected the same to you in some of the sentences you said earlier. What you spoke about education for backward countries—

KS: Yes, of course.

YB: No. I simply think like you that on technical matters we were confronted earlier than those who are less advanced technically. We can set precedents. I am not saying that they should take our conventions. But they should know that they exist, and that they could see how they operate, and if they can use them to their advantage. The TIR convention, you know very well, is a convention which is applied, and we did nothing for that in North Africa, the Middle East. And now it is beginning to be applied in Asia because of the Euro-Asia links.

KS: I would be the last one to try to diminish the role of the UN.

YB: We are in the UN, theoretically, not ECE. About the UN, you said what you wanted? There is no other point? Maybe a last one, because I asked this question to Boutros-Ghali—a problem for the world is the monopoly of the power at the world level by the United States. Only one single superpower—how do you see this issue? Will it change? Will Russia be back, China matter, Europe matter? What is the future?

KS: I can't predict the future, but one thing I know is that things change all the time. I could very well imagine, in the long run, that Russia becomes an important power. It will take a long time. Europe perhaps tomorrow, if we can manage to settle certain differences—agricultural policy and so on. Things change. I don't think it is good, theoretically and in principle, to have one big superpower who is not counterbalanced by anything. On the other hand, to have two big superpowers is not good either. We have seen examples of that. Maybe to have three or four would be better? But we have to live with the notion of superpower, and what can we do about it? To criticize, as some Finns do, and I suppose some French do, too, the U.S. for being a superpower, and for doing things in a way which we don't like, is not very fruitful.

YB: The answer Boutros gave is that Europe is out, Russia is not likely to recover its political power, and China is the only possible counter-power to the U.S. I just wanted to see if you would have said the same thing about Europe. Boutros saw no future for Europe. That was the point.

KS: Why did he see no future for Europe? How would Europe fall apart? Would we be lagging behind or would we split?

YB: Surviving with relatively narrow preoccupations and not able to have a vision of the world, and the capacity to exercise this vision—too much division inside Europe.

KS: Well, there is division inside Europe, and small wonder when we think of our history—Germany and France, and England and France, and whatever. But we have made strides of progress in the last twenty years or thirty years. I see no reason why that could not continue. Or do you think that developments are going in such a way in Europe that we will start going backwards?

YB: I don't think so. I just wanted to hear your view.

KS: I think we have a good chance of achieving something. We are on the right way. And if I extrapolate the developments so far, I am optimistic. I see nothing which would kill that development.

YB: You are right. We cannot construct the world of tomorrow. But for the UN to be able to play a role, Kofi Annan is nevertheless trying to make some reforms in a world where the enterprises are playing a global role, and play the role in setting international rules or international practices at least, and where NGOs (non-governmental organizations) and civil society more generally take over some responsibilities traditionally carried on by the governments. What do you think of the efforts made by the SG in trying to have this Global Compact, as he called it, with the enterprises, and trying to find room for the NGOs? And as you were yourself a representative of a government, how do you see the role of governments, NGOs, enterprises in a reformed UN?

KS: First, two reservations. I am not quite familiar with Kofi's proposals. I have met him a couple of times in his capacity as Secretary-General, but I have not discussed this with him. I have not read those papers, so my answer must be very general. Secondly, and just for

clarity's sake, you mentioned that I was representing Finland. What I saw now obviously does not reflect Finnish officialdom.

YB: No, no, of course.

KS: Speaking as a private citizen, a fisherman from Korppoo, I can say the following. I think that Kofi Annan is on the right track if he wants to include in the UN more of what could be called the third sector, NGOs, or whatever—other players than the governments. Now I can also understand that governments—especially some governments who are more governments than others—do not like this idea. As I hopefully have been able to communicate to you, I felt from the beginning at the UNCTC, that everybody should benefit from the active presence of those non-governmental players. As to NGOs, I have to be a little bit more specific. Not all NGOs should be there. There are NGOs which would like—and actually have as a main objective—to diminish the role of governments, even by violent means—kind of Trotskyist movements. I don't think they could contribute. There the UN should be a little bit discriminating.

On the other hand, NGOs should of course not comprise only commercial enterprises. They should be counterbalanced, as we did in the UNCTC, by trade unions and workers' representatives. You don't have only shareholders, you have stakeholders as well. If that could be achieved in the UN without offending or without being too rude to governments, I think that would be helpful in two ways. Firstly, governments sometimes tend to be more rigid in their views—which are not always democratic. I think if you take the governments of the world, a minority of them are democratic and a majority are not. So their legitimacy, even if formally recognized in international law and by the UN, from a moral point is not always what it should be. Secondly, these NGOs, be they academics, business, or trade unions, have a lot to contribute.

So if mechanisms could be found to solve this equation, that would certainly help the UN. That would also make the UN more popular and better understood among ordinary people. I think Kofi Annan is on the right track and I wish him well.

YB: Well, I think his Global Compact, that you have not read, goes along this line indeed. The problem is that, again, there was not so much follow-up practically. Some enterprises elected themselves as part of the Global Compact because it served their purposes.

KS: Their interests.

YB: And there is no criteria. So it is not yet elaborated enough to be very useful. But I agree with you, it goes in the right direction.

KS: If I were ten years younger, and if Kofi were really smart, he might hire me as an operator to bring in those enterprises and trade unions. Yves, let me end our session by this joke.

YB: There is no better conclusion. So thank you, Klaus, for your kindness and for responding so willingly to so many questions.

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