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TRANSCRIPT OF INTERVIEW OF

JANEZ STANOVNIK

BY

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THOMAS G. WEISS: It is Sunday morning, 7 January 2001 in downtown Ljubljana. This is Thomas Weiss interviewing Janez Stanovnik. Also with us is Yves Berthelot. Good morning, Janez. I wonder if we could start at the beginning and whether you could tell me a little bit about your family background and what it was like to grow up in Slovenia in the 1930s and the 1940s, and whether or how this background actually had an impact subsequently on your interest in international affairs or in international cooperation and multilateralism in general.

JANEZ STANOVNIK: I was born here in this city in 1922. We were a large family, seven children. My father was a lawyer. His office was very close, fifty meters from here. But he was also active in politics, particularly in local politics. He was vice mayor of Ljubljana immediately after the First World War and again after the Second. But it looks as if politics was somehow in the blood of the family, as my grandfather was deputy already in Vienna, in the Austro-Hungarian Parliament. And he was also deputy to the first constitutional Parliament in Belgrade after the First World War. Elementary school, I went to a monastery school here in Ljubljana for the public school's four years. And I was lucky in being admitted to the High School of Classical Studies, again here in Ljubljana. So I learned Latin and Greek over eight years.

In my youth, I expected to become a priest. But life's destiny turned my dice differently. So after puberty, at fourteen or fifteen years, I had made a rather basic turn over, partially, I would say, because of psychological and physical maturity, and partially because of the developments in Europe. You would remember that those were—in 1935 and 1936—years of the Spanish Civil War, turbulent years in Austria. There was great pressure on our western border by [Benito] Mussolini's fascist Italy and by [Adolf] Hitler in the north after the Anschluss

of Austria. So my generation felt, at that time, very much besieged. And I think that this situation determined very, very much my later life career and way.

In 1940, I studied law at the University of Ljubljana. And I just finished the first year of legal studies when the late Yugoslav government signed a tripartite agreement with Hitler. This, for my generation, was so outrageous that here on the streets of Ljubljana (at the place where we will go this evening) I was beaten by the police on 27 March 1941 when we went to a demonstration against the pact. Demonstrations were all over Yugoslavia. And, as you know, in Belgrade they had overturned the government. And as much as I was anti-monarchist, at that time I demonstrated in support of King Peter II, as he was anti-Hitler. Slovenia, whether left or right or whatever it was, was very auto-nomistic—not separatistic, but pressing for much greater autonomy with Yugoslavia. This for several reasons: one certainly was that Slovenia, before the war, was very much under the Catholic, or I would even say, Vatican influence, while the Serbs were Orthodox. You people would probably not have as much feeling for how great the animosity was between Catholics and Orthodox here in the Balkans. This is the area where East and West historically have split. And it was not only religion. It was culture, history. Generally, you see, Muslims and Orthodox were considered as oriental culture while we considered ourselves western culture.

Now, in parenthesis again, I could say that this Yugoslav idea—namely, after the Austro-Hungarian Empire collapsed—the Yugoslav idea was conceived as Slavs in the empire and not as unification with the Kingdom of Serbia. It was considered Yugoslavs of the empire, which means Croats, Bosnians, Slovenes, and Serbs from Croatia and Bosnia. So at the end of Austria-Hungary, there was much talk about the so-called trialism, where the Slavs of the empire were demanding equal constitutional status with Hungarians, and the emperor of Austria was quite

sympathetic at the end to this idea. But when the Slovenian leader, who was a conservative priest at that time, when the emperor offered him this, he said, “Sorry, it is too late. We have already opted to go out.”

This was particularly important. As you know, [Woodrow] Wilson in his Fourth Point promised self-determination, which for Slovenia was particularly important, so much so that Slovenes were calling Wilson the “father of the nation.” At that time, the delegation met Wilson in Paris, and the leader of the delegation greeted Wilson in Latin, alluding to Roman history, “*Ave Wilson morituri slovinci te salutant.*” This is, “Hail, Wilson, dying Slovenians salute you.”

Joining Yugoslavia, as it turned out then, was a necessity. There was such a pressure on the western border by Italians and on the northern border by Austrians that Slovenes felt at that time, without any army of their own, so much oppressed that very quickly, together with Croats, they decided to go to Belgrade and to accept Serbian King Alexander’s terms. And this is how the first Yugoslavia was born.

My generation was never very happy in this old Yugoslavia, particularly because Serbs, unlike, for instance, Swiss Germans, who are aware that the responsibility of the majority nation is to tolerate sometimes even the arrogance of the smaller nation—Serbs were unable to understand this. They instituted a very centralist constitutional arrangement in Yugoslavia. And as democracy under these conditions worked very poorly, it was in a way almost natural that King Alexander in 1929 established a dictatorship. Some kind of democracy was re-established by 1935. Elections in 1935, and again in 1938, were generally democratic although not according to present day standards.

So Yugoslavia was then lingering between the Nazis, the fascists, on the one hand, and the western powers, France and the United Kingdom, on the other. America at that time was far

away. There was, particularly in large masses, relatively little sympathy for Russia. I mean revolutionary Russia. The sympathy for Russia increased tremendously during the war, but not before. So even the Communist Party, which was, of course, very much pro-Soviet, was very small. According to the historians, when the war started in 1941, there were probably here in Slovenia not much more than 1,000 members of the Communist Party.

These developments—the takeover of the Nazis in Austria, which, I would like to remind you, was not the first victim of Nazis as declared after the war—we have lived this thing completely differently. Namely, the Anschluss was by plebiscite, accepted by 99 percent in Austria. And Hitler's army was not an occupying army but was invited—including by the church. Cardinal Innitzer was greeting the Nazis in Austria. I am telling you all this so that you could understand that our anxiety was so much greater at the time because we had no friends—in neither the north nor west. Yugoslavia was, until this time, not a state which we would particularly favor and like, but, when it was attacked by Hitler, we were all in support and defense of it.

I am talking of my generation because there was also a generation gap between my father's generation and mine. My father's generation was all the time somehow mindful of Austro-Hungary, while my generation were very much Slavic, nationalistic. While we were later very great friends, my father and me, I think that I must have gotten on his nerves during my adolescence because we were all the time reproaching his generation that they are responsible for the loss of Carinthia, which was earlier settled by Slovenians. There were about 150,000 Slovenes living in this province. Today there are not more than 15,000, if even this much, which could give you a statistical impression of quiet "ethnic cleansing" over there. I am not necessarily saying it was by force, but when a country gets industrialized, it is logical that the

peasant people from the mountains go into the town and while in the town they learn the language and change nationality. And they are also switching over to a different culture. And this is what happened to the Slovenes there. Again in parentheses, this is what I was telling my compatriots all the time. What happened to Carinthia could happen over here, unless they would manage prudently their national and European policies.

Now this is, rather at length, the before-the-war period. Then, when Hitler attacked, my generation, as volunteers, all wanted to go into the army, which did not accept us because the army was very much under Serb control. The reasons that this Yugoslav army capitulated so quickly, in a matter of a week, of ten days, was manifold. Partially they were poorly armed. Partially there were these internal differences between Serbs and Croats. I must interpolate here. You see, in the split in between the Serbs and Croats, Slovenes were always a kind of arbitrator. We were considered friends of Serbs, because we were afraid that if Croats separate from Yugoslavia then we were lost in space. Therefore, we had thought that as unsatisfactory as the constitutional arrangement in Yugoslavia was, we did feel that this was the only solution protecting us from German and Roman pressures. Therefore, it should come as no surprise that even during the war we were fighting for our own small country. But, particularly at the moment when Tito's army down in Bosnia and Croatia became somewhat stronger in the second half of 1942 and 1943, we joined with them in a fight for a new Yugoslavia.

Now for the war. I went with all my youthful energy and enthusiasm immediately into the resistance. I would like for you, as foreigners who may not be very much familiar with the debates which are even today going on here in this country, for the sake of correcting the historical record and what I consider truth, it is not correct to say that the resistance was entirely under communist leadership. I was Christian socialist. The resistance was a kind of tripartite

coalition: liberals, Christian socialists, and communists. Our group, the Christian socialists, was the largest in numbers and was again composed of three parts. Mine was probably the smallest part; the largest were the trade unions and intellectuals. We were students. I could remind you that probably few of the European universities have a record like Ljubljana's university. Namely, you will find a monument at the entrance to the rectory at the university where the names of the wartime victims are all enshrined. The university lost about 25 percent of its students in partisan warfare.

This was a kind of delicate operation for us. Namely, the university was for us a kind of cornerstone of our nationhood. And we were very proud that we got a university in old Yugoslavia, because under Austro-Hungary we were never able to have one. Now, here comes the occupation. Slovenia was divided into three parts. This part was occupied by Italian forces. The largest part was occupied by Germans, and one part by Hungarians.

Italians did not close the university immediately because they had a kind of paternalistic attitude at the beginning toward us. Now, we were very careful not to press too hard to let them close the university. Some considered, even under wartime, our actions should be "cultural silence" and therefore the university should be closed. We did not take this attitude. We had taken only the attitude that the diplomas which would be obtained for the price of being members of the so-called GUF (Gioventú Universitaria Fascista), which was a fascist organization in the university, would not be recognized after the war. So we did not say that nobody should study anymore. We rather said that you could study, but you should not join the fascist organization. Of course, this was a little bit contradictory because it was hard to get a diploma not being a member of the fascist organization.

So I was very much active in this resistance. I was then arrested by Italians already late in October 1941. I was put in prison very close to here. Behind the high court there was a local prison. I spent four months there. It may interest you that in 1941 the support for the liberation movement, which was clandestine of course, for the resistance, was so complete that we established a “state within a state”: people were paying, voluntarily, a “liberation tax,” a percentage of their income for resistance. That is, there was no traitor among the Slovenes. But this was only in 1941.

To give you just an anecdote, the 29th of October was a day or two before I was arrested. This was a national holiday. The 29th of October was the date when the first Slovenian state, after the First World War, was established here. But it lasted only for a month. But we partisans wanted, as a matter of historical memory, to celebrate this date. And we decided that in the evening, between seven and eight, nobody would appear on the streets. The streets would be completely empty. And so it was. There was not a soul on the streets of Ljubljana on the 29th of October in the evening. The youngsters had climbed the bell tower here at Franciscan church and put a Slovenian flag on the top. In the morning, the Italians spotted the flag on the top. People were laughing first, and then they all went into the church where the priests immediately served holy mass. Italians, though, were shooting at the flag because they were unable to climb the tower because they were unfamiliar with the way to get there.

This anecdote I tell you only to demonstrate what complete unanimity there was in 1941 about the resistance. The split, which was very profound, came later. The reasons for that are manifold. First, on the partisan side, particularly communists, in my view, have been pressing too hard. They were simply searching for the so-called traitors. There were evidently people denouncing us to the Italians. But there were several executions here on the streets by urban

guerillas. My party, the Christian Socialists, was strongly against that. The political leader of my group was my uncle, who was arrested and shot as a hostage early in 1942 as a reprisal for such killing. Now everybody knew that he and his group, within the liberation movement, voted against the executions, which were then carried out even against the will of one of the tripartite members. This at the time did not cause the political split within the resistance, but there was some tension because of that.

After I came out from prison in March 1942, I then went immediately to the forests. I was then a partisan over the wartime, from 1942 to 1945, in various parts of Slovenia. I was what was called an “instructor,” a kind of liaison officer between headquarters and the detached units. Unlike Tito’s army in Bosnia, which was immediately formed in larger military groupings—battalions, brigades—the transport and other conditions here in Slovenia did not permit this kind of warfare. So we managed the guerrilla warfare much longer, which was one of the reasons for tension between Tito’s generals and the Slovenian leadership. They were forcing us into forming larger units to, as they called it, “liberate territory,” while we were more for the sabotage actions, local military actions, but not frontal war. We considered that the road network was so dense that the enemy with tanks would easily force us into retreat.

The last part of the war I had spent in Slovene Istria, Slovenia, which is west, around Trieste, where I was also a member of the provincial clandestine political leadership. I became a member of the wartime Parliament. But even before the war was over, I was called to Belgrade to the *chef de cabinet* of the man number two in Yugoslavia at that time, who was Slovene. At that time, he was minister for the constitution. Later on, he became minister of foreign affairs. Now this is then, if you wish, only the beginning, the pre-history of my entry into the international arena.

TGW: Before we leave the beginning, I wondered whether you could tell us what kind of impact the Great Depression had on Slovenia, and on your own thinking about economic cooperation. In particular, I was wondering whether, during your schooling or during any of your discussions, whether as a partisan or a student, the efforts by the League of Nations had come up, or whether this was a topic that was totally absent.

JS: Let me start with the League of Nations. I cannot find the names and the words to describe to you what a kind of almost worship for the League of Nations there was. Partially, it is probably due to my educators. Here I would particularly like to single out the professor of Slavic languages, Professor Ivan Grafenauer. His son was one of the greatest Slovenian historians. But this man, Dr. Grafenauer, who later became university professor, member of the academy, and so on, more than anybody else, introduced us into the international world and, more particularly, a sound nationalism which he related very much to the ideals of the League of Nations and peace. Now, to tell you, very emotionally, when I went to the conference of foreign ministers in Paris, in 1946, this was by Simplon train. When we came over Lausanne towards Vallorbe, a friend of mine, who was also a member of this delegation, had shown to me the lights down, "Look, this is Geneva." Now, Geneva, for my generation, was really such a far away symbol of peace and diplomacy.

I would remember, in school, we had, for the League of Nations Day, a kind of competition where we had been writing essays about the League. And the best essay was then rewarded. So everybody was familiar with the League of Nations. You see all these big names of Briand, Titulescu, Benes, and so forth. Those were all very familiar to us. For reasons which I described already earlier, we have been here as a small nation, but oppressed or in danger by fascist Italy. Our sympathies were very much with Ethiopia and on Haile Salassie's side. So

Haile Salassie's appearance before the League of Nations was something that related directly to ourselves, less so Manchuria. The abandonment of Hitler's Germany and the breakdown of the League of Nations was, for my generation, particularly painful.

We followed probably less the economic cooperation activities of the League of Nations at the time. While we were familiar—I mean familiar because of our teachers—with the activities of the League of Nations in Austria and Hungary in reconstruction immediately after the war. But the League of Nations on our territory, here in Yugoslavia, had not done very much. Except that I think it was Dr. Martin—his true name, because he was Jewish, and therefore when he came to England he took the name Dr. Martin, but Mendelbaum was his true name—he wrote a book in the League of Nations about the economic problems of Southeastern Europe, where he first introduced the term “backward agrarian countries,” not “developing,” “less-developed,” but “backward agrarian countries.” And he made the analysis of the economic problems of the Balkans, including our own, which we found rather very accurate for the circumstances of the time because he advocated industrialization. As you know, Yugoslavia suffered during the agrarian crisis during in the 1930s.

Here I come to the Depression, which was very profound here. Suddenly, everything had broken down. If you wish, again just a little anecdote. When for Christmas, the Christmas tree in my family was suddenly decorated by the cakes that mama prepared herself, and not by the decorations which usually were bought, at that time, as a child—I was ten years old—I had a feeling that now our family is broke. This was not quite accurate because my father had savings he had invested into the land property, so he managed over the crisis. But I would remember, you see, after every meal, there were two or three people ringing on the door, asking if something was left after lunch.

There was real starvation. In my childhood, I felt this very much, more particularly than later when, after puberty, I matured, and through father's acquaintances I became more closely associated with the labor movement and trade unionists who, incidentally, here were not communists but Christian Socialists. They had been religious, but they had been for socialist order. So I became, through them, also more associated with the circles of trade unions. And I was even, as a student, writing articles to the labor workers' weekly.

Asking about the Depression, I cannot now go into any greater detail how this influenced Yugoslavia's macroeconomic situation. It is true that through the Depression, Yugoslavia was brought into the German strategy of the Danubian Basin, which was a kind of strategy very much akin to what the Russian economic strategy in Eastern Europe, later, was. Namely, they were bringing the Danubian states under their influence, through making agreements with them that they delivered agrarian products, particularly wheat and livestock, for barter trade in return for industrial products which came from Germany. And this is the way that Yugoslavia came into the German economic orbit through the Depression.

TGW: Two things have come up several times during the conversation, and I wondered whether we could tease them out in the development of your own ideas or your own approach. First, the fact that you are from a small country, exactly what did this contribute? And second, you mentioned thinking about becoming a priest and setting that aside. But you have mentioned the Christian Socialists, with an emphasis on *Christian*. To what extent did religious convictions, or religious motivations, contribute to your own ideas and your own political development?

JS: Christian Socialists, much like the ideological orientation that developed also in Austro-Hungary, grew out of Pope Leo XIII's encyclical, *Rerum Novarum*. In this encyclical,

the pope brought forward the need for the new understanding of the modern industrial state and working people—he would not say “working class.” He therefore preached and invited the church to have more understanding, not only of the agrarian state of society as they were before, but to the new society which was emerging from industrialization. Now this new line in the church’s thinking led them to, within the church, particularly among the younger people, to be more oriented towards the social solidarity problems within the society. One of the greatest leaders of the Catholic political side—of course, I must immediately here interpolate—Slovenia, in Austro-Hungary, in between the two wars, was like an island. We were completely Catholic. And the Catholic Church was not only a religious leader, but was very, very much a political force also.

Now again, biographically if you wish, the brother of the archbishop was my grandfather. The archbishop was a kind of a local king. He was actually a king maker. All the politics were managed by him. So, through my mother’s line, I was very, very close and familiar with the developments at this close circle of church domination. The political leader, before 1918—which means in Austro-Hungary, when the Christian Socialists first emerged as a political force—was Dr. Krek. While he was a priest, he was very much a kind of populist politician. Now his main book bears a title, *Socialism*. He analyzed socialism mainly from the point of view of a just society and not from the more ideological point of view of values of the Catholic Church and the values of socialism. At that time, the Bolsheviks were not yet on the scene.

Christian Socialists were a kind of workers’ wing within the generally Catholic environment. They came in conflict with the official church on two scores. First, during the Spanish Civil War, we were very much against [Francisco] Franco’s attack on the republic,

which we considered being duly democratically elected. Second, and this was the main reason, was the Basques.

The Basques were a small nation. They were Catholics. And they were attacked by Franco, who was supported by the Vatican, Nazis, and fascists. Here was our collusion. You see, a small nation is being attacked by the Nazis and fascists, which enjoyed all the support of the church. And this led, also inside, to bitter discussions. I remember participating as a student, fifteen years old here at this hotel, to a meeting where the emissary of the archbishop wanted to address the audience and convince it that Franco was fighting a just case. The audience just did not let him speak.

The second step was that Pope Pious XI issued the encyclical *Quadragesimo Anno*, which was forty years after Leo's *Rerum Novarum*, in which he, word by word, condemned Christian Socialists, in saying that there cannot be any cooperation in between Catholics and socialists. This hurt us very much, and also estranged Christian Socialists who, in a way that is very contradictory, were religiously very puritanical. This stand of the Catholic Church was amplified even more strongly by Pope Pious XII in the encyclical *Divini Redemptoris*.

This breach became very profound during the wartime, when the church openly joined Nazis and fascists, and created even a military force of their own, which had been under the command of the occupying forces then fighting us. This, of course, changed my Christian Socialist's attitude towards the church. Consequently, it depends how and for whom. For me, I certainly could say that in very great part I started rethinking even theologically the matters under the impact of the church's behavior during the wartime.

Now a small nation, this is extremely important. The question of being a small nation and a "latecomer" on the political arena figured through all of our political history. The

problems in a small nation are different from the problems of a bigger one. This is one of the reasons that I was a bit skeptical about Slovenia's independence and about becoming an independent state in the 1990s. Among other reasons, I had two great reasons. One was economic, because I did not believe that we could survive as a nation of less than two million people. Particularly, if we were not internationally recognized. And number two, I was afraid of what unfortunately today is coming true: Italian and Austrian pressure on our state.

But there was also the fear of smallness. Here again, I could tell you, as you might have detected a little bit already from my story, in a nation of two million people, almost everybody knows everybody else. Everybody is in family relation with everybody else. Wherever I go, everybody will say, "I am in the relation with your uncle." Therefore, you do not have this "melting pot" which you have in a big nation. I think one of the greatest advantages of democracy is that democracy gives free way for the right talents to come to the right places. If you have, though, too much of these friendly and family ties, then willy-nilly, nepotism as a special kind of corruption comes into play. I am very pleased with the way that Slovenia's democracy is developing, particularly today. But I will not say that it is entirely free of this kind of influences of family and other relations before the qualifications and the strictly professional criteria, which could become and does become, in a democracy, a problem.

When it comes to the small nations, it is a great thing for the UN that you have in the UN this principle of one country, one vote. But because you have this principle of one country, one vote—and mind you, countries like mine with two million people represent more than half of the United Nations—it is completely illogical that the operational decisions be carried out under the principle of one country, one vote, because this would then be against the basic democratic principle of one person, one vote. This is why the United Nations, as an organization, cannot

really vote the decisions with executive power. You could have in the UN a very useful forum, but the moment when things have to be carried out, you must out-farm it to the bodies like the World Bank and the IMF (International Monetary Fund), which have weighted vote systems and are therefore more operational than the United Nations bodies.

It is like in the federal state, as Yugoslavia was, where we had resolved the situation by having two chambers. One was the Chamber of Nationalities; each republic or nation had one vote. And we were equal. Namely, Serbs with 10 million had the same vote as Slovenia, with two million. But then in the Principle Chamber, there was the principle of one person, one vote. In this way, in the federal Parliament, you could somehow protect the principle of democracy, one person, one vote. At the same time, you could protect the rights of larger societal groups like nations. This was the basis of Yugoslav federalism.

Something similar, I think, is required on the global scale. On the global scale, you cannot keep large countries, like the United States or the USSR (Union of Soviet Socialist Republics)—again, if you wish, an anecdote. Once in discussions about UNCTAD (UN Conference on Trade and Development), the Russian delegate, Arkadiev, in polemics with me on a matter where I just, in passing, told him, “Why would the Russians not buy more lemon? The *babushka* would like to have some lemon in her tea.” Arkadiev replied to me, “Who do you think you are? You are a small buck, sitting on the top of my hat, and I am the bullock howling the plough. And you are shouting “we are plowing.” “No, I am plowing and you are just sitting on my head!”

I said this as an anecdote to try to describe the fact that when it comes to the operational matters, there must be an understanding for the bigger powers, not only because of the bigger numbers of their citizens, but also because of the much bigger responsibility which they have.

The Slovenian army—I usually say it would be much better to just keep a small detachment of 100 people just for parades and for the protocol matters—but not having supersonic airplanes, how could you have, really, in small Slovenia, an airforce? The moment when an airplane takes off, he is already in a foreign country. Really, we are all equal, but some are more equal than others. And it has to be accepted that unless there will be an understanding among the smaller countries for the greater responsibility which is carried out by the larger countries, I am afraid to say I don't see a smooth and happy world order. There must also be understanding on the other side of course.

TGW: You mentioned the United Nations, the World Bank, and the IMF. What do you recall in 1944, 1945, 1946 was your attitude and your colleagues' attitudes towards the founding of the second generation of international organizations, this new experiment in international cooperation after the League had failed, after the Second World War? What do you remember from those moments?

JS: You wouldn't mind if I start with an anecdote again?

TGW: Absolutely not.

JS: I knew little about the UN during the guerilla war. Of course, I knew of the Atlantic Charter, which was mentioned even in the program of the clandestine movement, which was a program of ten points. One of the points directly refers to the Atlantic Charter. Our entire political resistance movement was based on the right to self determination. The UN Charter was an outcome of this same philosophy and thinking which had led to the Atlantic Charter. Historians relate that [Winston] Churchill said to [Franklin] Roosevelt, on the ship where they were signing the Atlantic Charter, "This will not relate to the non-self-governing territories." Roosevelt said, "Oh no, to everybody." According to historians, Churchill did not reply. But it

was a consistent policy of the United States that this applies to everybody. On this political philosophy and principle, then, the United Nations was created and the right of self-determination enshrined into the Charter.

Now my anecdote is the following: after the war, in May 1945, I came to Belgrade. I had only one pair of shoes. When my shoe was a little bit used, I went to the shoemaker. It was in Belgrade, in a cellar, a small little shop. While I was sitting there, I took off my shoe. While he was repairing it, I spotted on the wall a page torn out of the daily newspaper on which the Charter of the United Nations was printed. I asked the shoemaker how it comes that he has taken just this document and he answered: "I was bombarded by Germans in 1941. I was bombarded by the British in 1944. I was all this time saying prayers for peace. Here is now the organization of peace." He said, "I don't care whether it is communists or *Chetniks* who are governing this country. But I do care that there is peace in the world." Now this simple, uneducated man really had such tremendous faith in what he considered being the principle positive outcome of the Second World War. I carried this message of this man throughout.

More practically, because I was *chef de cabinet* of the foreign minister, I was accompanying him on all his travels. So, as I said already, I was at the foreign ministers' conference in Paris and Moscow. I was at the peace conference later, in early 1946 or 1947. I was in Moscow, again for a foreign ministers' conference. And I came in 1947, the first time to New York. And in 1948, at *Palais Chaillot*, I was also there with him, for the Third Assembly. And at the Fourth Assembly in New York, I also accompanied him.

So, I became more familiar then with the work and mission of the UN. One of the delegates of the Yugoslav delegation, who was my greatest life friend, Jo_e Vilfan, was representative to the economic committee of the GA (General Assembly). It was partially

because of this friendship, and partially because of my growing interest in the international economic affairs, that I was accompanying him in the Second Committee. I was fascinated by what was going on there at that time. Namely, they were discussing land reform. You see, I was convinced that these, let me say, “damn imperialists,” would never even permit to think of something like land reform. Now here was Senator Spellman coming, and his deputy and advisor was Kellogg, the nephew of the late Kellogg. Here were they in the first front of advocating land reform, and speaking highly of the land reform out in Japan.

Gradually I gathered a different picture of this world than I had had from my earlier experience and reading of predominantly Marxian literature. I was so much taken by the economic work of the economic committee that I have neglected my duties as a secretary to the foreign minister and he has complained to my friend: “If Janez wants to work on economic matters this is OK, but then I need somebody else to work with me.”

But the foreign minister was towards me very friendly. His name was [Edvard] Kardelj. He was the chief theoretical man of the party in the former Yugoslavia. But he was towards me personally very good. Kardelj and his wife considered me a member of the family. In parentheses, again I must tell you I lost my first wife in 1948, after the birth of our second child. So I was suddenly alone with two children. They helped me immensely. I remarried in 1952, and we have now a very happy family of four sons. Two of them are university professors. One is an architect and one is a businessman.

This interest of mine for economic matters was so intense that I have decided, in 1952, to request Kardelj and if I could leave my job as *chef de cabinet* and devote myself completely to international economic matters. He agreed. I came then, from 1952 to 1956, as economic counselor to the permanent mission in New York, where I became much more familiar with the

UN. Here again are many things which we may wish to discuss. At that time—it was before 1952—the leader of the economic department in the secretariat of the UN was David Owen. I have the highest esteem for David Owen. As under-secretary, as chief of the department, as much as later on the chief of the Expanded Programme of Technical Assistance (EPTA), he remains in my recollection, one of the greatest figures of UN diplomacy. He was Fabian-Labour and was honored by H.M. into the knightship.

The other great figure was Hans Singer. Hans Singer was my great teacher. Please understand that here was a young man, thirsty for knowledge, coming from the eastern world. And here was suddenly, like a father, Hans Singer, who was helping me in every possible respect. He would lend me books. He would arrange for me contacts with Ragnar Nurkse at Columbia University, with [John Kenneth] Galbraith, and other economic celebrities of the time. Whomever I would think of, he would just ring the phone and say, “Would you have tea or lunch with a young man from Yugoslavia? He is interested in this or that matter.” So I had not only the reading, but personal contacts with the people who were generating ideas which have found an echo in the United Nations.

But before I go on, I must tell you that the United Nations in my time, and before 1952 when I was in New York, and later on, but in this early period was a true family of sincere believers, which it is not anymore. Everybody in the UN secretariat at that time had a wartime story of his own. Therefore, whoever wrote the Charter, and wrote this first paragraph, mindful of the “scourge of war”—all these people were mindful of the scourges of the war and have been committed to never having war any more, never again. We were lucky to survive, but we had a moral duty to honor the victims.

True, almost the majority of the people were of Jewish origin. Further, there were people like Michal Kalecki, who was Polish; or Sidney Weintraub, who was American but of German descent; Martin Hill, a British; Father De Brevery, a Frenchman; Keenlyside, a Canadian. Vakil, who was at that time the secretary of the Economic and Social Council (ECOSOC), was from Persia. But they were really friends. They were people who were working in the nights, people who were with us, delegates. We were just one family. I remember a Swedish director of the economic department was Sune Carlson. There were a couple of us from the delegations and from the secretariat who arranged a kind of debating society. We moved from one delegation's premises to another for the meetings. Sune Carlson and his staff would just prepare discussion papers on the matters that were discussed at the Economic and Social Council. But we discussed it not as representatives of governments, representing certain power positions, but strictly on logical and professional grounds. Unfortunately, the Secretary-General—at that time it was [Dag] Hammarskjöld—I must say, had forbidden that to his own people from the secretariat. Namely, complaints were coming from certain delegations that this was a kind of influence of the secretariat on the delegations. Therefore, they had to discontinue this thing that I think was extremely useful. In a completely friendly, disinterested way, we were able to see the gist of the matter. Later on, the instructions come from our national headquarters that we would have to follow, but we would understand the substance of the matter. It was not—as very often happens—that people are taking positions without really knowing what is at stake.

TGW: Before we get to this one big family of idealists, between 1945 and 1952, and your arrival in New York, several momentous events had taken place, including whatever we want to bill under the beginning of the Cold War—the Marshall Plan getting started, Churchill's speech at Fulton, the Berlin blockade, the fall of China, the outbreak of the Korean War, and

then McCarthyism, which probably is one explanation for Hammarskjöld's change of view. How did all of this enter into your own approach, both in Belgrade and then in New York? This seems to be totally against the piece of paper on your shoemaker's wall. We had a number of countercurrents. How did you interpret them?

JS: There were probably, for Yugoslavia, two stages during the period which you are referring to. I will have to explain. One was a stage I was not happy with. I cannot say that I have publicly disagreed inside my own delegation. It was the period 1945 to 1948. Yugoslavia, as you may know, was playing a role of a kind as *enfant terrible* in 1947. Whether this was the Greek war, the civil war in Greece, or whether it was even in the Economic Commission for Europe (ECE) where my, at that time, friend, Leo Mates behaved in an outrageous way in this period. Later on my friend, Jo_e Vilfan came and, of course, his attitude was completely different. But I would like to say that one must know that Yugoslavia immediately after the war was not among the most liberal Eastern European countries, but was a country which very often took extremist positions. Yugoslav diplomacy was "more Catholic than the pope" in defending the Marxist positions.

In 1947, I was already with my interests in the economic matters. There the radical position of Yugoslavia was not very much felt, particularly as the delegate of Yugoslavia was Jo_e Vilfan, who approached the matters with a great deal of reason and moderation. In 1948, as you know, a split occurred between Tito and [Joseph] Stalin. If you ask me about the Cold War, then I would speak from 1948 on, even though the Cold War started earlier. In my view, it started around Berlin. But it was felt already at the peace conference in 1946. The Yugoslav delegation at the peace conference felt a lack of support from the USSR for its claims. [Vyacheslav] Molotov once said to my minister, "You don't possibly think that the Soviet Union

would go into war with the West because of Trieste?" We were so much committed to the national claims that, of course, such attitude we considered outrageous.

As you know, Marshall Tito spoke here, from the balcony of the university, in May of 1945, and he said, "We will never anymore be the victims of the spheres of interest of the big powers." Of course, there was immediate, extremely strong reaction coming from the Soviet Union. Tito had to apologize for that. I think that there were differences during the war already. Russians were secretly storing their grievances against Tito. The split with Yugoslavia did not occur just as a clash between two charismatic leaders.

After the split, Yugoslavia and, more particularly I am speaking for myself, felt suddenly free. Subconsciously we were auto-censuring not only our words, but also our intimate thoughts. Now the curtain was up. Here, sometimes, personally I was a little bit arrogant. So I had a problem with the party leadership during the Hungarian developments, because at one of the large gatherings at Belgrade University, the group of students who supported the Soviet intervention, I shouted, "You shut up. You are smashing the working class by tanks." Of course, the very next morning I was called into the Central Committee of the party and was given a very strong reprimand. During this process, after the so-called resolution of the Cominform, there was intensive discussion within the ranks of the party, among the intellectuals. We were educated on Marxian theoretical background. Here, suddenly, the so-called first country of socialism attacked us. Our first reaction was, "Stalin is misinformed." But as the time passed by, the verbal attack evolved into military threat, we started discovering the roots of the split in discrepancy between our idealistic image of socialism and reality.

The discussion was tremendous. And I was very much in it. I was rather on the liberal side. Namely, my earlier political background was such that certain misapprehensions, or certain

doubts, which I had before suddenly came to the surface. This rethinking on my side was very much what the orthodox Marxist called “revisionism”: class wars, war as continuation of politics with different means, democracy and dictatorship of the proletariat, et cetera.

Your question was about the Cold War—both sides were responsible for that. The Cold War, in my view, was not just a fight between America and Russia. It was very much an instrument of the two leaders of “the block” to control other members of his family. There was a common enemy, and whoever would have a different view would immediately be disciplined with the argument of a need of unity against a common enemy. Therefore, the instrument of keeping the people together was the creation of greater and greater tensions. I repeat—on both sides. Criminalization of “communism” on one side was paralleled with “imperialism” on the other.

You mentioned McCarthy. I was in New York during McCarthy. I remember, if you wish, an anecdote again. One day at the delegation one of my colleagues said, “How is it that we all have company when we drive to work? Always a secret police is following us. You never reported that anyone would be following you.” I said, “Look, they probably know who is doing what.” We were living with our family there at Parkway Village. We never had any problem. When many years later I came to our neighbor and he had two or three whiskeys too much, and then he said, “You know, Janez, we liked you and your family very much. Whenever the FBI came, we always said only the best things about you.”

So much for the Cold War. You asked me if I remember what impact McCarthy’s investigations had on the UN. I think that Hammarskjöld was, of all the Secretaries-General, the number one in defending the integrity of the secretariat. His argument of Article 100 and 101 is still a classic! But still I cannot see why he permitted McCarthy’s investigators to investigate

American members of the secretariat. The accident with Feller, who committed suicide, was evidently connected. If I am permitted to paraphrase, as the Bible says, “You strike the leader, and the herd will behave accordingly.” This was the impact here and there. Namely, the McCarthy investigation here, and the so-called anti-Tito processes on the eastern side—one and the other had the same purpose and the same consequence: discipline because of fear!

I think, though, that there was a very basic difference on the global approach of the two camps. Stalin explained his doctrine in his May 1 speech of 1946, when first he publicly propounded the doctrine of “two world systems,” and when he likened the two world systems to the global class struggle. He argued, “Just as in society you have capitalists and working class, so on the global level we are representing the working class and they are representing the capitalists.” Still, people like [Nikita] Khrushchev, who in his peasant thinking wanted to change matters, was still innocently convinced into dogmas. It was not just rhetoric when he said, “We shall bury you.” He truly believed that, in a kind of historic determinism, his socialist system must win and the capitalist system must perish by a kind of natural law.

This then, in a translated way, had grown into the so-called “growthmanship” period in the 1960s. It started under [Leonid] Brezhnev, but continued also under Khrushchev. Khrushchev publicly stated that “we are going to catch up with the capitalists in per capita income and in growth of production up to the year 1970, and we will overtake the capitalist world by 1980.” His doctrine, accordingly, and theirs was the doctrine of socialism as the world system, which has to take over by competition or “peaceful coexistence.” It was then in the background of Africa, or Angola, or all the adventures which they embarked upon, while the western world was more under the doctrine of “globalism” as we have it today. Namely, if you look back to the Baruch Plan in 1945, or developments later, you would see that American and

western thinking was much more “one-world” thinking. Therefore, Roosevelt’s four freedoms, the defense of free trade policies, the lowering of tariffs, the lowering of other barriers, was all the time motivated by the fact that they have been a much stronger economic power than the other. Namely, the western economic power was about one to ten.

I think that it was very largely the arms race which has brought the socialist camp down. They had come to the point where they had been economically unable to sustain the arms race. Unlike many people, who think that the principal cause of communism’s breakdown was popular dissatisfaction in eastern Germany, where people were leaving East Germany and joining West Germany, I think the breakdown was in fact economic. Namely, the eastern side had come to the point of no return. The basic matter was the declining capital productivity. As the rate of return on capital had been dramatically coming down, and the possibilities of accumulation were definitely limited. They had already been keeping the standard of living so low, and the cost of armaments, which in the case of western countries might have been up to 10 percent of GNP. In the case of the USSR it was much above 30 percent and probably closer to 40 or 50 percent. So they had come to the point of no return: the declining capital productivity was the consequence of the misallocation of capital, which was implied in the system. I had very often said that if you invest for glory and not for profit, then of course you must have misallocation. And they did have misallocation because of political criteria and not economic criteria of investment.

Number two: they had full employment. But this full employment was actually the phenomenon of hidden unemployment. And this hidden underemployment in the socialist societies came up to I dare to say 50 percent of the employed. Also the productive ones had not been stimulated to produce. The final element was the lack of invention and innovation. The Soviet economist [Vadim] Trapeznikov has said great truth in one sentence. He said, “You can

have invention neither by call to patriotism nor by pressure of police force. If you want to have invention and innovation, the peoples' thinking must be free.”

Gorbachev understood this. And this is why he innovated with *glasnost*, which of course was necessary. But he finally understood that the problem was not only economic but also very much related to the structure of society. Therefore, to come to my point, I think that this doctrine of two world markets—the so-called capitalist markets and “socialist markets”—collapsed on the grounds of internal inconsistencies of the socialist doctrine. I do not say that economists have already found definite solutions, as much as I think that excessive liberalism—which is also practiced in my country at the moment—is not the only right answer. I think you have waves in economic history. You have a wave of *dirigisme*. You have a wave of liberalism. But then one teaches the other, and you find a kind of proper balance. I think in this case we are not today at the proper balance. We are in an imbalance at this moment. But I am rather confident that in the not-too-distant future, if a recession occurs in the United States, as is likely, the people will say, “But we have already had the instruments which corrected the working of the market.”

TGW: I am going to go back here a moment to the 1950s, when you were in New York. Then you returned to Belgrade. But during the period when you were in Belgrade, you were also coming to UN sessions in New York. I wonder whether you could reflect a bit on the role of the General Assembly, or big assemblies, and also the role of the secretariat relationship to the assembly in terms of putting ideas in front of publics. What actually is the utility of this secretariat, and what is the utility of an assembly, a General Assembly or other kind of assembly, in terms of fostering ideas?

JS: I think that one of the greatest things which the Charter provides to the Secretary-General, is the freedom of initiative. He is the chief administrator and so on. This is well and

nice. But where the Secretary-General is a true institution—one of the three pillars of the organization—and not only a person, and as such is a part of the structure of the UN, is his right of initiative. I am sorry to say that, with the exception of partially Trygve Lie, very much Hammarskjöld, very partially U Thant, all other Secretaries-General did not use this right or did not use it properly. I could give you, as an example of improper use of initiative, the very recent suggestion of the present Secretary-General, Kofi Annan, with his suggestion to make a federation between Serbs, Bulgarian, and Montenegrins. Would he, before he made this initiative, have consulted anybody who was even vaguely familiar with the Balkan situation, he would have said, “For goodness sake, don’t do that.” Because this is condemned to be rejected by everybody, from the three and also from those who know what the real problems are in the Balkans.

You see, the right of initiative has to be used very, very prudently. Poor Hammarskjöld had, on Congo, initiative and he perished on it. He wanted to establish what he considered being right. I remember very much, again if you wish an anecdote: in 1960 I was as chairman of the Second Committee also a member of the General Committee. We had weekly lunches. So I was sitting at the side of Hammarskjöld, and I asked him once over the lunch, “What would you, with all your experience, suggest to the newcomer, as I am?” He said the following: “You know, in international affairs, you have several theories which are consistent within, but inconsistent among, themselves. When you have decided for one set of a logical system of international law, then you must follow it.” He said, “I know that at this moment,” and this was just at the Congo crisis, “I am at the low side. But I should not change the line. I should keep it straight.”

This was probably keeping him straight on his doctrine—not yielding either to the Russian pressure nor to American pressure, but objecting to the Belgian intervention there. This,

in my view, brought his plane down. He was, in my view, a great Secretary-General who used this power of initiative and had several times gone to the Security Council with very, very brave proposals. From his time on, big powers never anymore accepted a brave, independently minded Secretary-General. They considered it a kind of danger. They knew all the time that the UN is a potential “moral big power.” And they considered that a Secretary-General must be a custodian and implementing instrument of compromises, which are being reached among the big powers.

About the influence of the secretariat, and the secretariat’s ideas on the General Assembly, I think that I am also probably more qualified to speak of economic matters. Many very useful initiatives in this respect came from the secretariat. If I go back into the history, one very, very small matter was published in 1947. It was called *National and Per Capita Income of 49 Countries*. It consisted of ten pages only, with a big cover. But it had demonstrated from the Statistical Office of the UN a tremendous difference between rich and poor countries in the world. It started the thinking of “underdeveloped countries,” which led to the creation of UNCTAD, and which is the central problem of the present day’s world economy.

The most important role of the UN secretariat is not just in performing a function of a “think tank,” but rather a function of “vehicle or transmitter” of the ideas which germinate in the academic and intellectual circles outside the UN into the network of global action. The principal instrument with which the UN secretariat reaches this objective are the analytical reports prepared by the groups of world renowned experts. I can quote a number of such reports, which became the cornerstones of the postwar world economic development: the report on the *Measures for Economic Development*. I will call it Lewis’ report, because I think he, Arthur Lewis, was the spirit behind it. It was basically him, even though Georges Hakim was chairman of this group. But Hakim was more of a diplomat. You take then the Angel report or [Nicholas]

Kaldor's report on full employment in the world. You take Ghaudrian's report on the commodity trade. I cannot even recollect all of the names and reports. The last, which was not the UN, but GATT (General Agreement of Tariffs and Trade), was the Haberler report (*Trends in International Trade*), which we may come to later when we speak of UNCTAD.

These reports have had tremendous impact not only on the General Assembly, but also on thinking outside. The thing which may interest you is, in the Yugoslav case, as I was delegate to the economic matters, I was called to the cabinet meeting of the Yugoslav government to give them a brief report. I was given only five or ten minutes, but the question which the president of the government would put to me, "You just tell us now in just five minutes, what are your impressions? Where is the world going? What is happening in the world which we must be aware of?" I would look at the last session of the General Assembly. "Everybody is now speaking of inflation. But, for the causes of inflation, they think differently." Anyway, they have got hints of the world trends in development and thinking, which means there was a connection between what was going on in the General Assembly and what was going on in national governments.

The United Nations is and was educating national governments. You probably know that I was also a member of the Brundtland Commission. The Brundtland Commission has had tremendous impact on governmental policy thinking. Documents of my little country's government now always speak of "sustainable development," of the policies of sustainable development. I think that the "father" of this thinking is Nitin Desai, who was economic adviser to the commission. Certainly Sonny Ramphal has had a contribution to that. But theoretically as an economist, it was Nitin who was the "think tank," let me say. These I wanted to give as examples where ideas which are being germinated within the secretariat or with the secretariat's

wisdom by appointing the right persons from outside the world to write the right kind of reports, which then come on the governments' table.

If you would permit me just a moment, as I think this may be of relevance to your own task. The route in between the idea to the action is not very straight. You may have, among academics, a certain line of thinking. Let me say [John Maynard] Keynes' doctrine is suddenly affecting the entire academic world. Everybody was Keynesian in the 1950s and the 1960s. This then got translated into development policies. It is then Robert Solow or Hans Singer or Raúl Prebisch or Sumitro in Indonesian or Evsey Domar who are translating this general theory into more special developmental theory. Of course, this then influences also the delegates who are all educated in universities or by their own life experience. They are part of this intellectual atmosphere which is being created. Then, of course, this is reflected in UN discussions. The dialogue among the delegates in the UN leads to intellectual compromises. But from here on, it comes then to the practical action. If you would consider this appropriate later on, I could give you the example of the so-called SUNFED (Special UN Fund for Economic Development), which is a classical example from theory to the diplomatic action and then to the practical influence on the operational mechanism. My theory is that the UN works always more for "byproducts," not for the action of its own.

The biggest result of the pressure for a new world trade organization was Part IV of GATT. The big result of the pressure for SUNFED in the UN was the IDA (International Development Association) in the World Bank. So, you do not really get the result on the spot where you want it. But the thinking, the arguments are compelling. Then those who are responsible for action, they then could judge what is consistent and what is not consistent with

the balance of power. But it is not the wisdom which governs the world. It is not the logic, but the interest that governs the world.

When once logically you have things fitted together, then comes the interests, which must be compromised. But after intellectually the logical side is once cleared, this is the process from the secretariat to the General Assembly and then to the operational activities. This is how the world gets changed. Whoever would tell me that the UN has had no impact on world development, I would say this is ridiculous. The whole world would not be as it is, were it not for the United Nations. But the people are thinking only from the strictly peacekeeping side and saying, “Well, see, people are still fighting. Look at the tragedy in the Balkans. You all have been so much for the UN and look what a mess you have created here.” When I look at the matters from an economic point of view, it is considerably different.

The United Nations in my view is primarily a world forum. This is where different ideas, policies, and interests meet. The principal purpose is not passing the resolutions with a majority vote. The principal purpose is reaching the compromises by confronting the arguments. The implementation of the compromise agreements should then be out-farmed to the implementing agencies, which are not constructed on the logic of arguments, but on the logic of money, power, and interests. The power of the UN is not in majority of votes, nor in coordinated economic power and even less military power. Its authority is in moral power, in the fact that the people of the world believe that this is an organization which stands for peace, for justice, for equality, for development, for human rights—for survival of humanity. And as the new ideas are the most creative of all human endeavors, it is only natural that the UN is the vehicle from human thinking into human action.

TGW: We are at the beginning of tape number two. At the end of the period in New York, as you are going back to Belgrade, there is an event which subsequently looks quite important for world politics and in which Tito in Yugoslavia played an important role, namely the Bandung conference (Asian-African Conference). Some people look at this in retrospect as a momentous event. Some people have looked back and said that at that time they were totally unaware of Bandung and its importance. How do you look back on Bandung? And, if you can, situate yourself in 1955 and what the world looked like then. Was this a political risk on Yugoslavia's part? Or was it really obvious at that point in time that the world was moving in a new direction and that decolonization was in full swing and that there would be a new constellation of forces in what became known as the South?

JS: I will try to respond to your question very candidly from the way I lived through this. I would rather like to caution that my views on the matter may not be correct. Bandung was not understood as such a momentous, world-shaking development as sometimes it is portrayed today. We felt that it was more an Asian matter and, as such, too much under Chinese influence at the time. As you know, this was the period where China became rather expansive, to remind you only of Chinese ventures in the corner of Africa, as well as certain Maoist movements which exactly at that time started around the world. Therefore, there was, at least in my view, a little bit of a reservation on that. There were behind Bandung, though, principles which were much more an Indian matter than Chinese. As such, they were ripe to be accepted by the world community because already at that time it became clear that the two-bloc world system did not function smoothly.

Bandung was the consequence of the fact that Asia was first decolonized, before Africa, while Latin America was still in, I would say, its traditional path of semi-independence.

Therefore, the entire world at the time was not yet mature for Bandung to be a global affair. It was more regional and, as such, it did have its impact also on the thinking and behaving in the United Nations. Strangely enough, though, I was in very close connection with the Asian delegates, particularly Indian: Ali Yavar Jang, who was leading the Indian delegation at that time; or there was Brillantes from the Philippines, Maramis from Indonesia; Hla Mint from Burma; ul Haq from Pakistan already at the UN at that time. They were present at Bandung, and I was in friendly relations working with them. But they would never press on me very much the Bandung thinking in trying to universalize or make it rather a global affair.

Strangely enough, it was just at that time, the second part of the 1950s, that Latin America, and more particularly Argentina, and Cecilio Morales from Argentina came with the commodity problem, which as such had impressed much more the global scene. Most of the countries from the South were primary commodity producers and former colonial countries. Asia became decolonized largely in the 1950s. Then, in the 1960s, Africa became decolonized and decolonization of Africa had given then a completely different parameter to the whole matter as it influenced Latin America also. Latin Americans, at the beginning, had been mainly passive with the notable exception of Chile. Namely, Brazilians behaved like an aristocracy. They were so big that they did not want to intermingle very much with small peanuts. The Mexicans were extremely cautious and did not want to go very much into any kind of international clubs. When Africa joined the UN then both Asia and Latin America suddenly awakened—1960 was probably a new beginning.

Here I would like to tell you some personal recollection which may have some bearing on your research: the birth of the 77 (Group of 77), how it came about. Normal practice at the UN was that the resolution was sponsored by one country, two or three maximum, but not more.

When we had been from year to year pressing for the SUNFED during 1950s, we had thought that we would add some political weight if the resolutions got sponsored by a larger number. So you could see how from year to year the number of sponsors of the SUNFED resolution increased. Finally, even before 1960, it came to the large number of some forty or so sponsors of the resolution. When then in the 1960s the pressure of the developing countries shifted from financial to the trade field, this strategy of massive sponsorship was adopted as an instrument of political pressure.

Now this thing has been then inherited by UNCTAD's pressure. UNCTAD's pressure for an international trade conference, to complete what had not been completed by Havana, was mainly proposed by Argentina, though supported by many others. Strangely enough, it received great sympathies from New Zealand and Australia. New Zealand at a certain point considered joining the Group of 77. Now when we were pressing for UNCTAD, there came the year 1962 or 1963. Because of the Kennedy Round, the western countries did not want to have UNCTAD before the Kennedy Round was completed. Therefore, they pressed for postponing the date of UNCTAD. So in 1963, we just did not have any more new ideas to put into the resolution about UNCTAD. Everything was ready. The agenda was here. The program was here. What we did then is that we had made a declaration of the developing countries, which was signed by seventy-five countries. We just wanted to make a political impact.

As seventy-five was not enough, we said a round figure was 77. So at the session in Geneva, we convinced, and with great pain, the Latinos to accept Che Guevarra from Cuba, who was there, and Asians to accept North Vietnam. So these two then made the figure of 77. This is how this club of 77, which is probably now 120 or 130, had come in a very accidental manner and not very much planned beforehand. But there is one big thing. Namely, that in these

discussions already about SUNFED—on which we may choose to have a word or two later—but more so in the preparatory work for the UNCTAD conference, a solidarity among the southern countries and a declaration of common platform of the South came into being.

Here I would immodestly consider that Yugoslavia has played a role in finding a common denominator. Why? Because Latinos were too much pressing on commodity stabilization only, and more particularly compensation. And the coffee interests became in direct conflict with African coffee producers. There was a permanent conflict between the so-called associated African countries and Brazil, Colombia, and others in Latin America. So it was actually Yugoslavia that proposed a program which contained not only commodities, but also finance, industrialization, and intellectual property, and opened the door to other problems. Gamani Corea had brought—monetary problems during the conference—and had then called for a larger economic conference which was more acceptable to the West also. The schemes to resolve the commodity compensation problem were, all of them, to such an extent *dirigiste* or state interventionist, that the western free market thinking was afraid of them. Where it was stabilization via buffer stocks, or by an agreement on the markets, or whatever instrument you have taken, for every instrument you required an international authority with very great power, and in addition to that, with much money.

This western countries were unwilling to accept. This thing would work if all countries would truly be solidaristic with other developing countries, which they have not. At the moment oil producing countries—they came after 1973 to the biggest wealth ever—they were unable to produce two or three billion which were necessary to start a commodity compensation scheme. Things being like that, the compromise could be found only if one argued the old Keynesian argument. Namely, to work out a system which would comprise long-term capital investment, or

the World Bank, which includes a balance of payment stabilization, which is the IMF, and add to this a third leg to deal with commodity stabilization. So we came to this old Keynesian argument and, with him, were able then to establish a kind of conceptual background which was, of course, much more profoundly expounded and argued by Prebisch's report for the conference. I believe, even today, that the fact that we made the whole thing a bit larger had made for success at UNCTAD. The western powers were firmly committed that they would not permit a new agency to be created. And this is why UNCTAD, at the beginning, had to be created as a kind of compromise with an uncertain future.

TGW: How comfortable was Yugoslavia as part of a grouping of developing countries? You clearly broke away from Eastern Europe, but you were somewhat linked to the West and Western Europe. You were trying to build bridges. Did it make sense for Yugoslavia to be part, also, of a third grouping of developing countries? It obviously made political sense, but did it make economic sense?

JS: Let me start from where you finished your question. Economically, it was complete nonsense for Yugoslavia. In addition to that, this was a great burden for Yugoslavia. As I was, in 1965 and 1966, minister for foreign economic relations in the Yugoslav government, I could tell you that this whole thing was extremely costly for Yugoslavia. There were in Yugoslavia a couple of large companies which were simply following President Tito's travels around the world. And wherever Tito would come, whether at Guinea or Sierra Leone or whatever, he would always promise credits. But Yugoslavia was in need for credits itself. We did not have excess capital. Now these companies would just be following Tito's path and would build hydropower plants, hotels, pulp and paper plants on supplier's credits which were never repaid.

Of course all these matters were complete economic nonsense. For instance, a large slaughtering house in Guinea, which reminds me of the capital of Guinea where you had, on the main plaza, a snowplow which was donated by the Soviet Union to Guinea and was just a museum piece there, as it never did snow in Guinea. So when you ask me about the economics, it was absolutely a failure. Certain matters in the UN I accepted for reasons of solidarity with developing countries were contrary to the economic interest of Yugoslavia. I could give you examples. I would accept in the UN an import quota of coffee or cocoa, but to get their domestic importers to follow that would be a tremendous uphill fight. While trading with African countries, traders or investors would always come to the government and ask for “a blue envelope.” My great late friend Gunnar Myrdal wrote in *Asian Drama* about the corruption in Asian countries.

So it is not a secret that within the Yugoslav government there were various groups. Tito was very sympathetic to the idea of the Non-Aligned Movement (NAM) as this increased his political weight, particularly dealing with the USSR who considered the former colonial countries as “natural allies.” I was, in a way, instrumental in carrying out these Yugoslav policies in the United Nations. I could very candidly tell you today that I was convinced that that was a right political strategy. But I was equally convinced that developing countries have to dovetail into the western trading system. All attempts by the USSR were directed towards including the developing countries into the “socialist world market” and increasing their global political weight. Because if you take even the UNCTAD first conference, you would see that what the Russians were only interested in were “principles,” which means a political fight around “trade discrimination”; they were not interested in truly economic matters. The structure of former colonies was such that they could have come to a sound pattern of economic

development only by increasing export earnings. And they could increase export earnings only by exporting to the West. The Soviet Union was not accepting the commodities which were very largely for the Soviet Union luxury goods. Take coffee or cocoa or sugar or lemons or oranges, whatever. In minerals or industrial consumer products, the Soviet Union was well off. The Soviet Union is very rich in oil and gas. For this they don't have a need. While exporting industrial products, the quality of Soviet industrial products was so much inferior in comparison to the West that it was noncompetitive.

Therefore, you just look into the records of UNCTAD, and you will see that the Soviet Union at UNCTAD performed vigorously only at the committee which had a list of this set of principles. They were asking for nondiscrimination while the USSR had a state monopoly on trade. This set of principles, nothing ever came out of that. Within the Group of 77 and within the Non-Aligned Movement, Yugoslavia was playing a middle-road strategy and was often a mediator between more radical—predominately African with Cuba group—and more free market-oriented Latin America and parts of Asia. In retrospect I consider this was a good policy for Yugoslavia on several scores. First, it was a morally right policy on the global scale. Second, it was a peacekeeping policy, as it interpolated between the two blocs and prevented either one to prevail globally. Third, it did help—while modestly—the economic advancement of the poorer countries, and fourth—most important for Yugoslav national interest—it increased Yugoslav national prestige in the world and thus indirectly helped Yugoslavia to resist pressure from the USSR.

Those were our attempts. Therefore, you would see that Yugoslavia has played an equally constructive role within GATT, parallel with being very active on the UNCTAD side. And I think that this was well understood by the West. Particularly, I would like to say that my

rather intimate connection with Isaiah Frank and Jo Greenwald, who, as you know, was chief delegate at the first UNCTAD—I was talking about these matters clearly and candidly. And more than that, maybe some of your assistants could look into *Foreign Affairs* where I published at that time an article on this, let me say, strategic background of UNCTAD. I was very clear. Namely, I said it is for the West futile to think that the East-West issue could be resolved only by conflagration or by a war. The West has tremendous opportunity to win the markets of the South with much less cost than an arms race. To invest into the economic development of the South does actually resolve this struggling in its favor.

If you wish, a little bit of anecdote. I visited Walter Rostow when he was [John F.] Kennedy's advisor to the White House. And we were friends. I argued with him, "Look Walt, I think you are wrong with this tremendous investment when you want to put a man on the moon. I think you are wrong with managing this war in Indochina. I was fighting a guerilla war, and I tell you, you could never win this war. You could be 100 times more powerful than they are, but as long as they are fighting this war on their own territory with the patriotic support of the local population, you will never win. Finally," I said, "you are wrong also in not financially supporting the South." Now, I admit today that I was wrong in as far as putting the man on the moon goes. I think that putting the man on the moon was a tremendous incentive for American technological advance. But I still maintain today that the reluctance of the West to turn towards the South was fatal. It is strange enough that only today, during the globalism, it is only private initiative and private capital which is going South while public capital assistance is declining, while according to economic reasoning, it should have been the first to go South. But unfortunately it didn't. And I think the consequences are there.

I think mainly that this project of sincerely helping the South on several scores—not only on the trade side, but also on the financial side and foremost on the advice on economic policies, technical assistance in administration, technical assistance in economic policies, et cetera—would have made the world entirely different from the one we are actually living in.

TGW: One question. You mentioned that the Non-Aligned Movement was useful to Tito in terms of asserting his independence and also playing a role that he wouldn't have played otherwise. Was there any unease with the fact that other members of the Non-Aligned Movement were much less nonaligned, or more aligned, than Yugoslavia. Of the Latin Americans, many were tied to the United States; but Cuba, certainly, or North Vietnam, was closely aligned with the Soviet Union. Were you uncomfortable with this kind of nonalignment, which seems to me quite different from the one that Yugoslavia championed in 1955?

JS: Yes. It was, I think, not once in politics or diplomacy that you have internal inconsistencies, which clearly there were. Let me give you an example of the first Non-Aligned conference, which occurred immediately after the Russians exploded their atomic bomb. While the nonaligned, including Tito, were very much condemning the atomic bomb tests, they did not condemn the Russians, which was clearly inconsistent. Poor George Kennan, who at that time was ambassador to Belgrade, protested to Tito. But as much as they had been in good personal relations, his protest was in vain. This already shows the internal inconsistency. But you must also know that most African countries were very much Soviet clients, unlike, with the exception of Cuba, the Latin Americans, who were USA clients.

Now India was so tremendously big and powerful that they were able to play equally on both sides. Galbraith was ambassador to India at that time. He was, I think, very much able to influence Indians to keep the balance. They have taken help from FAO (Food and Agriculture

Organization) for their agricultural program, which, in my view, was a very great success in India. But, at the same time, they have had their agreements with the USSR. So we know this family of the Non-Aligned Movement was everything but truly nonaligned internally. As I have argued before, Yugoslavia within the nonaligned played a balancing role. Tito's international prestige has made it possible. He followed an independent socialist self-government policy domestically, and he had a reputation to resist Stalin's dictate.

The inconsistencies existed also clandestinely. For instance, Yugoslav official policy was strongly pro-Arab, but Slovenia was with its sympathies on the side of Israel. Peres recently, in a television interview, discovered that it was actually the president of Slovenia who clandestinely organized with him the road of the Jews from the Soviet Union into Israel, via Yugoslavia, which was absolutely contrary to the official policies, which had been strongly pro-Arab.

The answer to your question is yes, there were inconsistencies. But, evidently, even though some were more leaning to the eastern side, the other one to the western side, but everybody had a practical interest to stick together and declare himself as nonaligned.

TGW: Was there a division of labor, in the sense that the NAM was more political and the G-77 was more economic in orientation? That's the way it started. But then, over time, it seemed to me that the agendas of both—one became more economic, the other became more political. Is that true? And if it is true, is there anything distinct that came from the Non-Aligned Movement in terms of economic ideas or economic initiatives, or economic and social initiatives, as distinct from the G-77?

JS: Number one, the Cairo economic conference for developing countries (Conference on the Problems of Economic Development)—I think it was July 1962—was convened on the

initiative of the Non-Aligned Movement. Much as I did participate at this conference, strangely enough, again a little bit personally, this was the moment when I was in great disfavor in Belgrade, so much so that they fired me as the director of the research institute. At that time they had been preparing for the Cairo conference. The leader of the delegation, who was the late Vladimir Popovitch, phoned me and said, "You are going with me to Cairo." I said, "I am sorry, I have a large family, and I must write practically daily an article if I want to feed them." "How," he said, "are you writing an article for money?" I said, "Because I don't receive any salary anymore." "How is that?," he said. I said, rather nicely, "They fired me from the institute, and I will have to move to Slovenia." He said, "Leave this matter to me. I will talk to Marshall." Believe it or not, the same day in the afternoon, somebody rang the bell on the door and a man brought me the salary for the last two months. So, I went with him to Cairo for the conference of developing countries, which was the outgrowth of the Belgrade conference (first NAM conference) and which I was not very happy with. I was, at that time, completely involved in UNCTAD, and I had thought that this Cairo conference only took wind from the sails of UNCTAD and that it was, therefore, totally unnecessary. I think the outcome also proved that my point was right. It was just another declaration, and this made the whole thing profane.

Otherwise, there was not really very much competition between NAM and the Group of 77. NAM had not had more tangible things on which they could show the usefulness of their existence. The Non-Aligned Movement has not been able to resolve any regional conflict. In my recollection, there is not one single case of that. Or that they raised any big new political initiative. As a Non-Aligned Movement, they have been rather reactive in opposing certain things but not in creating new ideas or new projects, whether on the human rights side and even on the side of decolonization. Decolonization actually went its own logic and speed without

much involvement from the Non-Aligned Movement. The Non-Aligned Movement only had conference after conference. Every conference ended up with another declaration. They then created a kind of consultative machinery within the United Nations. They were a tremendous voting machine within the United Nations. But, otherwise, I don't think there was much.

I think on the economic side, we have been speaking from the beginning of this interview, the UN has much to its credit. But to answer your question again, I don't think that there was, inside the Non-Aligned Movement, any great conflict. I think it is in every diplomacy that political diplomats consider themselves a kind of aristocracy. In old Rome, they distinguished the so-called *sordide artes* and *artes liberales*. *Artes liberales* had been intellectuals, poets, philosophers, scientists. But *sordid artes* was economy, manual dirty work. You had to deal with these dirty things, like primary commodities, money matters, and so on. And the political diplomats looked down to the sector of trade, finance. There always was some competition among various branches of diplomacy. My talk is a proof of this.

Now in this respect, there was also a little bit of animosity between the political side of NAM and the more economic side of the G-77. Much as I may say that, in the G-77 we did not much like it either when the political people came and tried to teach us the right kind of creed.

TGW: In the midst of the first NAM summit in Belgrade and the beginnings of UNCTAD, one other event took place that was really quite important in terms of the world of ideas, which was the First Development Decade. Of course, subsequently we had a second and a third and a fourth. At the time, or in retrospect, did you look at this document as a useful snapshot? Was it an important way to measure where we were trying to go with aid and trade? Was it a useful device? And in general, how do you look upon political devices like the Development Decades?

JS: I would reply to this in a rather arrogant way. We looked at it as a nuisance, without real enthusiasm, without believing that anything useful could come out of it. Now, some have thought even that this was an attempt of developed countries to deviate the interests from the true matters into a kind of econometric exercise. The operators from the developing countries, they wanted to have tangible and practical results. They wanted to have finance aid, or some concessions on commodities, but something that they could come home and say, "I brought this or that." While the Development Decades, they considered, I will tell you frankly, they considered them a self-propelled secretariat exercise. The secretariat would have plenty of work to deal with the Development Decades, but there would not be a practical benefit for the countries' policies. It was mainly a paper work. This is a candid answer, which you may check with others.

TGW: One of the other decisions that you had something to do with, and we spoke about briefly yesterday evening, was the creation of the Economic Commission for Africa (ECA). You mentioned the host of countries becoming independent in Asia earlier, and then the mass of African countries becoming independent beginning with Ghana in the mid-1950s, and then the onrush in the 1960s. What was the problem with creating a special group for Africans?

JS: The problem was the fact that the former colonial powers did not look at the transition from colonialism to independence the same way as the United Nations. The former colonial powers had, in my view, the principle interest in having colonies to secure sources of supply and as outlets for export markets. Therefore, the gist of the colonial system was a protectionist, closed system, but divided among the principle powers. The moment when the supplies became so abundant that you did not need anymore to have a protected source of supply, because the supply was plentiful and available on the world markets, the colonial powers

lost part of the interest in direct possession and in directly administering certain territories. In short, the market satisfied their needs, particularly with the evolution of the industries which were not anymore just textiles or reprocessing coffee and cocoa, or refining sugar, but became more science-intensive.

They did want to maintain, which is only logical, and this was also shown by the Commonwealth agreement at the moment when the British Empire was transforming itself into dominions, they did have the interest to maintain a monetary union and to maintain established business contacts. So it was not that, for instance, the French would leave Upper Volta, but would leave Upper Volta and say, "Please, Americans and British, come in." This is why, then, the western, former colonial powers agreed to this associated countries agreement, where they, among themselves, also agreed that there would not be a fight amongst themselves but that all these countries would enjoy a particularly preferential treatment within the common market.

Now, there must have been an American interest not to let the African countries themselves unite too much into the kind of trade union and system of their own, much as their must have been on the western countries' side also an interest to maintain what remained from the past and not abruptly to let everything drift away. Anyway, I could only tell you that this fight for an African commission lasted a couple of years in the General Assembly. Nobody, though, has spelled out clearly the real reason for it or against.

Again, if you wish, a fine anecdote. I will tell you the following. It happened in the Second Committee. We had been short of time, so I as the chairman said, "Look, gentlemen, Christmas is approaching. Don't keep on having these long talks. Let us agree that everybody will speak only five minutes. And please forget about 'his excellency' here, 'his excellency' there, 'thanks' here, 'thanks' there. We are all excellencies. Just go to the point." Now here is

Sulé from Nigeria, who says, “Look my dear friend, I agree usually with everything you say, but not on this matter, because,” he said, “when Mr. Villot, who was the delegate of France, was economic counselor in the French Commissariat in Lagos, I was the running boy for him. I like it now when he calls me ‘excellency.’”

TGW: We are going to resume after lunch at the beginning of tape three.

TGW: This is the beginning of tape three. We are interested in something that you mentioned at the outset, the importance of documents. In relation to UNCTAD, you mentioned the Haberler report. And I presume also at least the Singer/Prebisch thoughts and writings on the terms of trade were consequential. Could you go back and just talk a little about what happened to get the UNCTAD preparations off the ground, what the atmosphere was like, and the importance of these documents?

JS: Yes. Several developments should be mentioned to understand the atmosphere within which the idea of UNCTAD was actually born. First, the Kennedy Round was underway and developing countries were feeling that they were pushed to the side. The actual talks were amongst the big traders, and developing countries had been put in the waiting room until the big traders found an understanding amongst themselves. This created a malaise amongst the developing countries. On the more theoretical side, statistics would prove that during this period, in the 1950s, the prices of primary products suffered considerably. So I remember that whenever we were writing or preparing any resolution—we had called the introductory part the “chronology of scandals”—prices of primary products in relation to industrial products were declining so much. The per capita income in developing countries fell, the barriers to exports to developing countries increased, et cetera. All of this data in UNCTAD documents were being used to demonstrate the crisis, the world tragedy, in this respect.

During this period of the 1950s, the situations of commodity or primary product exporting countries deteriorated dramatically. On the theoretical side, though, somewhat simultaneously, Singer's and Prebisch's theories on the long-term trends in terms of trade developed. As you know, first the secretariat published, on their own responsibility, a study on the long-term trends in terms of trade between developed and developing countries. This was bitterly attacked by the industrial countries, because they considered that this was outrageous that the secretariat on its own responsibility, not being asked for that, produced a statistical document like this which gave a very clear evidence that there was a long-term fall in commodity terms of trade. And also, in countries' terms of trade—I mean commodity producing versus industrial countries.

Somewhat at the same time, Prebisch and Singer developed their own theories. Maybe there are differences in particularly the theoretical analysis of that. Prebisch goes much more into demonstrating that there is a basic disparity between the negotiating strength of trade unions in the industrial countries and the primary producers in the developing countries, who do not have monopoly power as they are not unionized. While the workforce in the industrial countries had monopoly power, therefore, the prices of industrial products are stable or rising, the prices of primary products are under constant pressure and falling. This was more Prebisch's argument than Singer's. There are differences, but both, whether you take Singer's theory or Prebisch's, build on the previous theoretical knowledge, particularly Floke Hilgerdt's study from the League of Nations on industrialization and foreign trade, which also had already calculated the long-term trends and had come to the similar conclusion.

So this was not a novel revelation in economics. This was known. And at that time, longer-term trends—because after the Second World War the structural changes in the national

economies, rapid technological innovation in the industrial countries were particularly profound, and therefore the interest in historical studies, like for instance, Walter Rostow's study on the stages of growth, assumed the same. Economists suddenly became more interested in economic history. And in this atmosphere, it became more and more clear that the underprivileged position of developing countries was neither destiny nor climate, nor could you ascribe everything to differences in human capital. There must be something in the operation of the world market or the operation in the world system as such. As Prebisch later wrote about capitalism on the periphery, where he also tried to demonstrate that capitalism operates differently on the periphery which means a success in the center but a failure on the periphery. And he went into the argument as to how and why.

Now this, theoretically, was certainly very important. At that moment—this was the post-Peronista period—Argentina came on the diplomatic front with a particularly strong argument in demonstrating the underprivileged position of primary exporters. As you probably know, Prebisch later demonstrated that the ill fate of Argentina was not only due to the terms of foreign trade, but also to the structure of the Argentine economy inside—namely, wrongly-designed industrialization. Prebisch very much criticized this kind of industrialization which was mainly made under the pressure of trade unions and not on the grounds of economic considerations.

Let me intermix with an anecdote again. Prebisch told me once that when he was quarreling with [Juan] Perón, as governor of Argentina's central bank, he went to him and said, "Look, Mr. President, we will have to devalue." Perón said, "I won't devalue ever." Prebisch said, "Alright then, we will overvalue all other currencies." This was typically Raúl's way of humor.

Now, this development in the world economy, in international economics, had given enough ammunition to the diplomacy of developing countries to start debate around trade. Until that moment, trade was a “forbidden zone.” Whenever you touched trade, in the UN, there was always somebody who said, “This is not the place to discuss trade. Trade we discuss in GATT. Here we discuss general economics. Finances we discuss in the World Bank. But here we will not discuss trade.” I think that one of the great breakthroughs for the G-77 was that they imposed the trade discussion on the General Assembly and on the Economic and Social Council. And, willy-nilly, the West had to yield under the pressure of arguments based on a number of trade studies prepared within the secretariat.

Somehow, simultaneously—this I don’t know as well, because I was not a delegate to GATT, and I do not know how it came about that GATT had made a move for Haberler’s study of trends in international trade, which was the main ammunition for UNCTAD. Namely, first was the authority of the authors. Among the authors you have had such authorities as James Meade, Roberto Campos, Jan Tinbergen, and of course Gottfried Haberler himself. Now, while GATT specifically asked them in a resolution not to go into policy recommendations, they, particularly moralists like Jan Tinbergen, were absolutely unable to write a report without saying what they thought was the right way out of that. They had clearly come, in Haberler’s report—which is still today a marvelous piece of economic analysis—to the conclusion that the original setting on which GATT was pragmatically evolving, did not satisfy anymore the needs of, particularly technologically, a very fast developing world economy. This, of course, was a plea for Part IV within the GATT. On the other hand, it did not exclude simultaneous pressure for UNCTAD. As that was a report which came from the rich man’s club, the moral authority was so much bigger. As I told you already earlier, somewhat luckily, these developments came

at the moment when the so-called SUNFED discussion was already completed. I cannot now for sure say whether it was 1956 or 1957 that the General Assembly had accepted the resolution with which it had asked the World Bank to establish a noncommercial financial facility for the so-called non-self-liquidating projects.

I do remember Eugene Black, who was president of the Bank at the early stage, coming to the Economic and Social Council. There was a discussion that countries were not receiving from the World Bank loans for agriculture and general infrastructure and that it was very difficult to get loans for certain other infrastructural projects and that there was a need that countries get noncommercial loans for these kinds of investments. This would help develop the basic infrastructure on which productive enterprise could start. Eugene Black replied to this, “fuzzy loans, never!” Now this “never” was very soon reversed. In a matter of five years or so, it was converted into IDA. That was in many respects different from the basic concept of SUNFED. Namely, the idea of IDA was that the World Bank would have a little bit of carrot with a stick. They would give a loan under commercial terms, but then they would add a little bit of fat from the IDA under noncommercial terms and would thus make to the countries in question an easier repayment.

This was not the basic idea of SUNFED, but in a derivative way, one could argue that the argument for SUNFED brought IDA into being. Now as I said, by 1957, this argument of finance had been practically exhausted. And the thinking in the academic economic circles was changing also. After the Second World War, and much under the influence of Keynes, the emphasis of everything but everything was on capital. Keynes’s formula was that the national income increases with the increase of capital and the improvement of capital productivity. It means the more productive the capital and the more capital you have, the faster you grow. This

was, let me say, rather simplistic. It was also true that America, with the Marshall Plan, somehow gave food to this thinking in demonstrating that they could strengthen European economies by pumping American financial assistance into Europe.

Accordingly, this first decade after the war was all under the Keynesian impact that capital, or if I put it bluntly, money, is the main factor in economic growth. Now, as the time advanced, it became more and more evident that it was not just capital, but that so-called human capital is equally important. Here, the studies which were done by the National Institute for Economic Research. They are at Madison Avenue; Arthur Burns was the director of the institute. They have demonstrated again very strongly the role and impact of human capital. Simultaneously with this, Bob Solow of Harvard had developed also a new model of economic growth with technology. But again, technology more as human capital had been introduced into the equation of economic growth. Hollis Chenery, though, produced at about the same time the study of Southeast Asian countries and argued strongly that countries which have been very successful in foreign trade were also successful in growth.

I know that you are interested in the impact of ideas or new concepts on the diplomatic action in the UN and thus on the trends in the world economy. This is where the theoretical model of Soviet development policies went wrong. It was built on Karl Marx's "enlarged reproduction schemes." This model emphasized primarily physical quantities and neglected the aspect of value or quality. This is why the Soviet economy developed primarily in quantity terms, borrowing technology mainly from the West. This is also why things went so badly wrong in "competitive coexistence growthsmanship." They produced more and more tons of steel but of low quality, which was then turned into other products, which were again of low quality. The Soviet example—as the country developed in a relative isolation from the world

economy—was during the UNCTAD debates an example leading to the realization that trade—and related to it the transfer of technology and quality rather than quantity—leads to economic development rather than mere growth of quantity of production.

In addition to this, this was the period after Kennedy in 1961. Kennedy appeared as a newly elected president before the General Assembly. He simply had taken us breathless, when he, as president of the United States, declared that economic development without political advancement is a farce. This was a sentence in his statement. Now of course that had given tremendous impulse to anticolonialism, to pressure for economic development. And also there were signs in the American administration that they had been much more broad-minded on matters of economic development of the South. You know that at that time, the idea of the partnership with Latin America developed. First steps towards Africa were taken and much effort to establish good relations with India were undertaken.

So, generally, it was not any more this kind of rigid attitude which America has had. I remember in the Second Committee Henry Ford was representing the USA. Then, we had another tycoon from California—Zelerman, or something like that, was his name. The Republican administration appointed only, as chief delegates to the economic committee, the top people from business, who had little understanding of the problems of basic needs, as the ILO (International Labour Organization) later developed, or the problems of the poor, as [Robert] McNamara, the president of the World Bank, emphasized.

This period was, let me say, the “period of meager cows” for us. But the incoming of Kennedy was a big push, which also contributes to understanding why suddenly the industrialized countries which did not permit earlier, even discussion over trade, had suddenly accepted not only discussion over trade, but were willing to cooperate in constructive projects

and ideas about international economy. I say this because, you see, the fact that the idea of “compensatory financing for the shortfalls in commodity export earnings” had evolved into supplementary finance, which was then given to the Bank for implementation. It is very similar to what I was earlier saying about SUNFED’s idea and IDA. Here again, you are arguing for “compensation” and you get “supplementary” finance.

But this idea of supplementary finance was suggested by Americans and British. It was not something which would have arrived after hard bargaining. Bernie Zagorin was the American delegate. As chief delegate he was proposing, supported by the British, this idea of supplementary finance. But this was already at the session of UNCTAD. This much I would say of how it came to its transition, from the resistance to discuss trade into the readiness not simply to discuss trade but also to take certain measures to remedy the situation.

TGW: How would you describe the institutional solution that UNCTAD became? We did not have an International Trade Organization (ITO). That fell apart after Havana. That was clearly what the Group of 77 was looking for: a counter-GATT or an anti-GATT. But you started out with a conference, which becomes a permanent conference. Were there any discussions about making this a specialized agency or at least a body in itself? And were there also any discussions about the need to have a peculiarly Third World secretariat, perhaps an idea that came up later? But I just wondered whether early on this was also a concern?

JS: This was present all the time, from the very beginning. There were, what I would call, the more radical members of the G-77, among whom the most influential were: Ismat Kitani from Iraq. Then there was also the Burmese delegate, U Maung, and Moteiro from Brazil. They were, from the beginning, pressing for a new organization which would substitute for GATT. Of course, this was a “red flag in front of a bullock.” I was, on this matter, at a basic disagreement

with Vladek Malinowski, who had great merit for many things at the early days of the United Nations and was Prebisch's right hand in the preparatory committee. But on this matter—we were friends of Raúl Prebisch—we disagreed completely. He was pressing for a new organization, while I thought that it would be much more impressive to have a small “think tank” around Raúl Prebisch. The logic was to produce ideas with which we would then press in the General Assembly, the ECOSOC, and other forums, and would get results within the existing order.

I was opposed to a large international bureaucracy and have considered that our strength is not in numbers and new international institutions, but rather in ideas in schemes and arguments for improving the existing situation. I thought that there is no point in having a large international secretariat, which is opposed by the developed world and has therefore no financial means to carry out sound projects. It all boiled down to a reformist and a more revolutionary approach. I was defending a reformist approach, convinced that there are reasonable people also in the developed world who could support sound ideas coming from the South. If I speak in a more figurative way, I was against “international class war” among the North and the South.

Now, here was this revolutionary and evolutionary approach. The revolutionary was for a New International Economic Order (NIEO), in fact, from the beginning. So what later evolved into NIEO was, I think, simply a collection of the ideas which accumulated over years. I regretted, and I still regret today, that Prebisch somehow, as much as I owe him a tremendous lot and he was so good to me, but on this matter I did not have his ear. You probably have heard that also in preparation for UNCTAD, Jack Mosak, who was an excellent economist, was quite at odds, and there were difficult hours in between Jack Mosak and Raúl Prebisch, as Prebisch insisted that he elaborated a complete econometric model on the “trade gap.” Jack was arguing

back that there were such loopholes in the whole concept that he said, “When I come to the mathematical expression of the ideas, the things must be rigorously correct. I cannot bridge the gaps with verbalisms.”

Prebisch was dissatisfied with the way Jack Mosak had been doing this. He gave it then to Sidney Dell. It was finally Sidney Dell who produced the model which was then also used by Prebisch in his report to UNCTAD.

I have departed from the main theme, and I do not recollect anymore your basic question.

TGW: The question was really the balance of forces between evolution and revolution. The other part was whether or not, early on, and maybe this is implicit in your idea of a think tank, whether there was a notion about creating a purely Third World, as opposed to a universal, institution.

JS: When you ask me about the revolutionary opposed to evolutionary approach to the building of the UNCTAD institution, I must point out that there was behind the strategic approach of one or the other also a very basic political—if I do not say ideological—consideration. The revolutionary approach—which I have opposed—would lead unavoidably to a confrontation with the western industrialized countries. And this would willy-nilly bring the G-77 into a position of “natural ally” and in the threshold of the Cold War and the two world blocs antagonisms. The evolutionary approach—and a hope of gradual change through the strong argument and right ideas in a dialogue with the industrialized countries—presupposed a fuller and more just integration of the developing world into the world economy. In fact the evolutionary approach has had as a basic assumption the unity of the world market. If you wish it was an extrapolation of [Immanuel] Wallerstein’s concept of world economy against Varga-Mendelson’s theory of “two world systems.” As for the “Third World

secretariat,” it has not been discussed at this time. This might have happened later, but at that time distinctly not. We were all the time eager to have everybody in play, including the Russians, even though what we may discuss later—the Russians had been playing a not particularly useful role throughout the whole story of UNCTAD. They were all the time pressing for their own conference on trade discrimination based on the differences in economic systems. This is not an offense to anybody, but even [Vladimir] Lenin, in his writings, demanded a state monopoly over foreign trade. Therefore, if I say that the Soviet system was built on the state monopoly of foreign trade, it is a statement of fact and state monopoly equals to 100 percent restriction. Therefore, they tried to channel the whole discussion in UNCTAD to discrimination. Their theory was, “Look, you poor chaps in the South, you are being discriminated against, we are being discriminated against. Let us join forces. You are our national allies. Let us press on this capitalist world and get a New International Economic Order.”

As you know, this matter of the organization had become particularly difficult at the last phase of the first UNCTAD session, when they had had at the Inter-Continental Hotel, on the top floor, nights and nights of bargaining over this matter. And they were unable to come to any solution. It was British prime minister Edward Heath who finally broke the dead-lock. They were already coming to the plenary session with the conclusion, “The whole thing is a failure.” Then he went to the rostrum and said, “No, it cannot be a failure. We have put so much effort into this matter. It must succeed. Let us put our negotiators back to the negotiating table. They must produce a result.”

The result which they produced was a kind of hybrid, in between an organization and a periodic conference. But still there was the embryo of an organization. And from this point on, UNCTAD evolved, if I could anticipate, in my view too much on the line of bureaucracy.

UNCTAD became overloaded with personnel, instead of having first class people on the top of individual projects, which UNCTAD should have been developing.

TGW: May I digress just a minute, since you brought up UN personnel or the international civil service of which you eventually became a member. In those first years, or at the end of your time at the ECE, as you look at the international civil service, would you feel comfortable about generalizing about it? There always are stars and dolts. But do you believe that the so-called international community gets what it pays for? Are there enough high-powered intellects around? How would you compare the international civil service with a good national civil service or a good social science faculty at the university here?

JS: None of the questions was for me so challenging as this one. I did not conceal that I had the greatest admiration for the secretariat during the first decade. They were the people of brain and heart, particularly from the beginning. I don't know who was the recruiting officer. It certainly was not Trygve Lie himself, but whoever it was really recruited the best people from the point of view of human character and the point of professional competence. If I were to go on enumerating how many, practically I would say that there was no one single great name in economic writings in the period of 1945 to 1955 that was not in one way or the other associated with the United Nations. Just look at this parade of a little bit before, where we were quoting people who were producing reports. If we go on from here, [Wassily] Leontief, again a Nobel Prize winner, produced the report on the future of the world economy. Then Lawrence Klein was again closely associated with the Development Decade and energy. On the British side, from Meade to Kaldor. Then take Harry Johnson on the other side. We mentioned earlier [Gerald] Helleiner. This was a little bit later, though. But Holmes, for instance, from Canada. There was no big name which you could now quote to me—take [Ingvar] Svernilson from

Sweden, or [Ragnar] Frisch from Norway, whatever country, you will tell me one big name and I will tell you immediately how and where he was associated with the UN.

At that time, the world did not have that many research centers. Today you have OECD (Organisation for Economic Co-operation and Development), the EC (Economic Community) in Brussels. Every country has its own research institute and so on. And for bright economists, I love it because the story goes that Kalecki came to [Edward] Lipi_ski, and after an effort, he got an audience. Lipi_ski was the top Polish economist. He said, “Look, I am a Jew and I am bright. I am ready to work for you.” So, as you know, Kalecki had developed the very first basic concepts that later Keynes elaborated. As a young diplomat, I was coming to the building on the East River to discuss with the Great Kalecki who, was dealing with Eastern Europe.

All these illustrious, creative idea producers were in one way or another associated with the UN. In addition to this, none of them was ideologically infected by of the great split in the world. But they were truly all mindful of catastrophe, which we have been living through the World War, and were sincerely devoted to the ideas of the UN. I can, as an old man, just tell you what kind of emotional atmosphere it was working with the secretariat or within this organization at that time.

Then came two catastrophic developments. On the American side it was, of course, McCarthy. There was, simultaneously with this, growing nationalism around the world. And here, I dare to say that also the advent of the smaller developing countries in the UN were often nationalistic. In addition to this, in many developing countries, the liberating elites were not coming to their leading position via a democratic process. So we have got, starting from about 1960, this disease of nepotism the UN. I could cite examples which do not relate only to the Soviet Union—where of course the practices have been the worst—but also respected western

countries were often trying to get an influence on the secretariat of the UN by the way of “political appointments.” The Charter’s principle of “just geographic representation” was greatly misinterpreted.

But as executive-secretary of ECE, I was much exposed to this. May I say not only from member countries but also from the authorities within the UN secretariat. Now this has degraded the quality of the secretariat. All through my reign in ECE, if I may say so, I was time and again quoting Articles 100 and 101 to the ambassadors who were pressing on me for the appointment of their nationals. The article that Hammarskjöld wrote in the *International Law Review* is a classic. You know that Hammarskjöld unfortunately yielded a little bit to McCarthy’s pressure. In this article though, he formulates very, very clearly [Eric] Drummond’s—the first secretary of the League of Nations—principles on the recruitment of the international secretariat.

You see, in the first period it was mainly loyalty to the organization and the ideas of the organization, and professional quality; the so-called “just geographic distribution” was just a kind of shadow attached to that. Over the years, the so-called “just geographical distribution” became number one, and this kind of periodic bulletins which have shown “over-representation” or under-representation of so-called countries was the main instrument of recruitment.

YVES BERTHELOT: And gender!

JS: Yes. Now, I am sorry to say, that this has very much irritated and has also hurt the working morale of the very best workers. You were very kind in bringing me, Yves, from Paul Raymond, a copy of the last survey. People like Raymond, and practically the whole outfit there in the Research Department, were first-class people, and absolutely an authority in the professional world. Namely, I was once at a big discussion with the London *Economist* editors because they were quoting ECE findings and figures but never giving credit to ECE, but to some

obscure German paper which copied from ECE. But the real source for accurate information, and particularly on East-West relations, was ECE. Through these fellows, whether it was Nita Watts, who was the director of the office in the early 1950s, or Eckhardt, Kaiser, Fagen, Chossudovsky, there is a long list of eminent economists who have served UN/ECE. But they were truly the worldwide authorities. They were publishing articles in professional journals for which they have earned international recognition.

But, in certain divisions, there was “dead wood,” who were not a credit to the organization. I think that this was much, much less in the ECE than in other parts of the secretariat. I am just going to give quickly an example—a highly qualified expert in pharmaceutical science was the director of the Narcotics Division. He gets fired, and who gets the job? The daughter of the Secretary-General, who has absolutely not the slightest knowledge of the field, but gets a D-2. You see, things like this irritated, and have hurt the morale.

Yves, you know that we have had a director of personnel—this was reported through the secretariat newspaper—where people testified with their signature that he was asking them for loans to be promoted to higher grade. Now, the Secretary-General had to fire him. But the moment when he fired him, he was appointed by his country ambassador to Moscow.

You see, when scandals of that kind occur, this hurts not only internal morale, but how can I then stand eye-to-eye with an American senator who shoves these kinds of things into my face? You see, I do very much regret that these things were happening. I am glad that today things, in my view, are under control with Kofi Annan who knows these matters very well because he was working with us here in Geneva. We know him very well. He and his wife are really the two people for whom I would say I would give my right hand into the fire. I hope that he is already cleaning the house.

TGW: I am glad I opened that parenthesis. I wonder whether we could go back. What were you asked to do as special advisor to Prebisch? And if you could also say a little bit about him as a person, in particular, his openness to ideas. There is quite a distinct set of views on the extent to which he was tolerant and open, or authoritarian. So what was your own experience?

JS: As a preface, I am speaking of a man whom I consider my intellectual father, to whom I owe a tremendous lot for my life career, in every possible respect. Therefore, I might not be entirely objective. When I speak about Raúl, I just cannot run away from certain emotions. I first met Raúl at a session of the Economic and Social Council in early 1950s. This was the glorious period when Gunnar Myrdal was the executive-secretary of ECE, Raúl Prebisch was the executive-secretary of ECLA (Economic Commission for Latin America), and, mind you, an émigré from Argentina living in Mexico. He was appointed by the Secretary-General as executive-secretary of ECLA. It says something about U Thant. I mean, his integrity, but it does say something also about the man who had gotten this appointment. He impressed me with the way he presented the annual report of ECLA. I did not mention [Palamadai] Lokanathan, who was the Asian executive-secretary. They were all three absolutely outstanding. More particularly, each one of them was an outstanding expert on the region which he represented.

At that time, as a younger member of the delegation, I was councilor. In a discussion over agriculture, I explained how and why, in Yugoslavia, we had put a limit on land possession in agriculture. Namely, in the quick process of industrialization in Yugoslavia, there was a fear that letting things free in agriculture, the pressure on cities could be too big. This was demonstrated later, when we opened the borders and one million of the labor force flew to Germany from Yugoslavia. Now, to keep the people on the spot, we had to take this rather uneconomic measure of ten hectares being an agricultural maximum. As I was explaining this to

the council, Raúl got interested in the matter and—he came to me almost as a deity, and I a small councilor to a mission—he said, “I am very much interested in what you have said because this urban proletariat represents a problem for us in Latin America. We have this kind of laborer, all around the big city, people who take marginal employment. They are neither agriculturists, anymore, neither are they in services. They are just battling for survival in a “gray economy.”

So we had this first encounter. We then, occasionally, met. Then it came to this thing of selecting a secretary-general for UNCTAD. There were several candidates. Sir Douglas Copland was one. Also, the Australian, Shaw, was another. Both were strongly supported by the West, while we, the developing 77, had been pressing for Prebisch. U Thant, who was Prebisch’s friend, and mine also, was hesitant on the appointment. So I made, at that time, a great trick. The western countries were very keen on getting the Federal Republic of Germany into UNCTAD, because the Federal Republic was not yet at that time a member of the United Nations. And I got the entire Group of 77 to support me on this horse trading. So I said, let us stand firm on Prebisch, but we could tell that we would accept the Federal Republic into UNCTAD provided that Prebisch gets the appointment. Now I went with this to C. V. Narasimhan who, of course, immediately rejected it. He said, “What do you think with this thing! How do you dare! This is not horse trading.” But somehow, you see—I cannot say I was not part of it—Prebisch got appointed and the Federal Republic got in.

This was a great day for UNCTAD. I was, at the moment, a little bit disappointed. But I was not right. Namely, we wanted to have the conference as early as possible because implicitly we did want to make a little bit of competition with the Kennedy Round. Raúl though, came and said, “Look, I need at least a full year to prepare the conference.” So it was actually he who, in a way, influenced us that we accepted the postponement of the conference until 1964. But it was

largely due to the fact that he was assisted by Sidney Dell, Vladek Malinowski, and David Pollock. They were assisting Raúl. He withdrew from the UN and other duties to prepare his report.

Now, you were asking me about his personal qualities. First, already something will tell you about him if I tell you how I got appointed as his personal assistant or advisor. I never said a word to Raúl, but I got in great political trouble back home. This was already the fight for Tito's succession in Yugoslavia. The main contender on the Serbian side was the minister of interior, [Aleksandar] Ranković. Due to my earlier association with Kardelj—who was Tito's protégé—Ranković thought that I was kind of Kardelj's "campaign manager" which was not true. But he engineered an intrigue so that I was fired from the post of the director of the institute in Belgrade and that I was disqualified to participate in any delegation. After this UNCTAD session, when I was chairman of the Second Committee, Raúl noticed that I was not on the list of the Yugoslav delegation for the first session of the board. So he knew that something had happened to me, especially as I had to move from Belgrade to my home-town here in Ljubljana. He had just called me by phone and offered me a job. I never discussed this matter with him. About a year later, the man who was responsible for my firing had fallen into disgrace—he was the police minister, and he was eliminated because Tito discovered that he was bugging his bedroom. This was the victory of Kardelj and "liberals" in Yugoslavia. They invited me to Yugoslavia to be minister for foreign economic relations. So I came to Raúl. I felt a little bit embarrassed in saying, "I am almost fresh to come into the secretariat, which is not yet fully formed, but they are asking me now come back home." Raúl said, "Janez, be quiet. I knew that this would happen." From this, I then anticipated that he knew that I was in political trouble at home at the time that he invited me to Geneva. Later on, when I was leading the Yugoslav

delegation to the meeting of the G-77 in Algiers, I got a cable from home in which they informed me that the foreign minister, who was at the time, Marko Nikezi_, had had a talk with U Thant in New York. U Thant was asking him for me to be released, and that I would take over the ECE. I went to Raúl and said, "What nasty joke is that? Everybody knows that I was a kind of *enfant terrible* in the G-77. Now I get an invitation for the fortress of the rich man's club in ECE?"

Raúl was just smiling. He said, "It is not a joke. We have been talking about that. It is my plan to retire in due course, and I am considering you as a possible candidate for my succession in UNCTAD. But," he said, "before this could happen, you must win the confidence of the developed world." I said, "But usually such appointments need a concurrence of the big powers. If I say yes at the moment the big powers would be consulted, they would say, "No, not this fellow." He said, "This is a justified question, and I will send a cable to ask U Thant." Usually these things have been done in New York. Then came back a cable, which I am keeping in my personal archives, in which Narasimhan replied for U Thant, and says, "The big powers have been duly consulted and they accept. They agree."

I was then a little bit more at ease. But then trouble started at home because the prime minister did not want to release me. This was the time when he was retreating from liberal reforms and was afraid that the people would say, "Some people are already leaving the boat," particularly as this might be true. I did join the government, because this was a government that had been committed to basic reform, to a market economy. But while I was in the government, bit by bit, the government started drifting away. So I knew, once again, from this economic reform, nothing would come and the country would come back to the old course as did actually happen until the country reached a complete collapse. Under these circumstances, I accepted this nomination for the ECE.

I have narrated this personal story at some length, not because of me but because of Raúl. The story, namely, demonstrates that Raúl was a politician at his heart. He was a “political animal” in the best sense of the word. His professional and analytical thinking was always overshadowed by his political judgement. He was a great public speaker, as he knew that you must win the confidence of the people if you wish to lead them to reach the objectives. Raúl was a compassionate friend. Enrique Iglesias, now president of the Inter-American Bank, told me that he has consulted Raúl when he has received an offer for a new job. Raúl answered him briefly, “Follow your destiny!” He was a liberal, non-dogmatic thinker. He was not afraid to quote [Karl] Marx, but has not underestimated the “Chicago boys” either. He was a great listener. He would listen to economists from all over the world, but this just to check his own ideas, like to have a cup of good wine, and then he would be telling jokes, which had always a point or a practical lesson.

Now back to Raúl Prebisch, you hinted at the possibility of his being intolerant. I don't dare to say that. Maybe there are one or two instances where I did not concur with him. One was, for instance, the Indian director of the Commodities Division, Vorah. Unfortunately, as much as I liked the man personally, he was a failure as director of the division. Raúl just had to do something. He then got Alf Maizels, who was outstanding. And whoever would tell me that his appointment of Alf instead of Vorah was any kind of personal favoritism, I could not possibly agree.

Also, what I particularly appreciated with Raúl was his ideological tolerance. Harry Johnson was a rather conservative economist. But Raúl went so nicely with him. And this was one of the very great advantages of Raúl that he opened the door to new ideas. It was he who convened the meeting of professional economists and had put to them certain professional

questions to deliberate at the round table. So, truly, at no instance have I noticed anything that I could say was his bias or his lack of tolerance.

True, there is one thing, which let me say, certain people disliked. Raúl was not only an economist. Raúl was also a politician, as I am also a politician. Therefore, I didn't see anything wrong in the way that Raúl liked to stand up and deliver the speech. Now, people said that he was delivering all the time the same speech. Well, yes, you know, he was so devoted to this whole matter that no wonder he repeated himself, particularly if you went from one place to the other always listening to him. Of course, certain ideas, certain portions of the speeches, did repeat themselves. But it is true that, as an organizer of a secretariat, he was not really the best. This was not the matter that he liked. But, therefore, he had Paul Berthoud as his right hand for organizational matters. As I mentioned before, at a certain moment we were at odds with Vladek Malinowski, who was a kind of coordination director at the early UNCTAD.

Vladek was a different personality than Raúl. Vladek could be acrimonious. He could be very, very partial, talking to certain people about some things and to other people about different things. And then people came together. This is true, but this was not Raúl. But he had, then, David Pollock. He was accompanying him all the time. David is a very candid character and personality. So, when you ask me about Raúl's personality, if you wish for me to be very candid, our wives, particularly mine, have been great friends with Adelita, his first wife. They couldn't swallow the fact that he finally had a son with another woman. But, look, if Adelita understood that—because she was unable to give him a successor—and she was living there in Santiago, and I was coming to their home, and she was behaving to Raúl as if absolutely nothing was wrong between them, therefore, I say, “Look, if they have understood each other, why should you ladies from outside make scandals?” I think that he resigned prematurely. UNCTAD

is and will remain his baby. Manuel [Perez-Guerrero] was a very successful diplomat, but I don't think that Manuel was the best choice for secretary-general of UNCTAD. Gamani Corea certainly was. And I am sure that this study will do justice to him because Gamani is a very good economist. He is creative. Now his character, though, is different from Raúl's. But I think that Gamani Corea definitely has a name in UNCTAD's history.

TGW: Thank you for putting all of that on the table. But before we switch and move to ECE, I wondered whether you could just say a few things about Group D within UNCTAD. Most people understand the dynamics of groups trying to get together in advance. Africans, Asians, and Latin Americans get together. And OECD tried to fix up the western view by organizing consultations among different countries. Even though Yugoslavia was on the outside, it was still part of Eastern Europe, as well as part of the 77. I just wondered what Soviet heavy-handedness looked like on the inside. You mentioned their attitude towards their own nationals, who were international civil servants. And I have had other people express the kinds of short leashes that were held. What happened within Group D in order to come to a position that was always uniform?

JS: Would you permit me to relax a little bit and tell you a Yugoslav joke? The joke says that a Kosovar and an Albanian from Kosovo went to a conference in Belgrade where the Prime Minister Ante Marković, who was a big reformer at the last period of Yugoslavia, explained that Yugoslavia is like a train. There is a locomotive and there are many cars which are following. The Kosovar comes back home and says, "They have explained how our economy works. They said that Slovenes and Croats are like a locomotive. They just pull the whole composition, but we from Kosovo are the last car and we are just breaking the whole

thing. Otherwise, everything would go to hell.” So, if you ask me about Group D, they are just behind and trying to slow down the whole thing.

They are not like other groups. Number one, they consider the matters very politically. If you ask me how it is, I don't know how it is today. Does Group D still exist? I don't think so. Now, how was it? The Soviet system—unlike colonial systems, where the metropolis provided the industrial goods and the periphery provided the primary products which were then reprocessed, whether this was Portugal or it was Britain or it was France—in the Soviet system it was just the reverse. It was the Soviet Union that was the primary producer and which supplied oil, metals, coal, wheat, cotton to Poland, Czechoslovakia, Hungary.

Now, the countries that I enumerated, they are usually called “satellite countries.” They earned their economic independence from Russia the moment that you accepted this so-called planned barter trade, which is the trade among socialist countries, as Jacob Viner in his report in the League of Nations, entitled *Trade Between Free Enterprise and State-Controlled Countries*. He already at that time described how a free-enterprise economy comes into problems when it has to trade with a state-controlled country, while the two state-controlled countries exchange the least of commodities which they trade. Of course, if one party does not fill the list, then the other party has access to arbitration. Just or not, it is still arbitration. Trade between “socialist” countries was basically a barter trade. The countries would agree on the “trade lists,” where exact quantities of certain goods would be exchanged for the list of goods of another country. There were basically two categories of goods: “hard” and “soft” goods. Oil, gas, wheat, etc., were hard goods, while marmalade, for example, was a soft good, unless it was ready to carry trade surplus from year to year.

Therefore, the ECE in early days developed a special facility for compensation. Namely, there were countries trading with socialist countries and they had on their import lists certain commodities which they did not need. So free-enterprise economies then exchanged amongst themselves this kind of commodity list. And ECE was an intermediary for that. The surpluses and minuses on this commodity list in trading with socialist countries had been neutralized with the intermediary of ECE in the early stages of its existence.

I once again drifted away to describe that trading among socialist countries is something completely different from trading among the free-enterprise economies. Therefore, logically socialist countries never did have the same kinds of interests in a kind of organization like UNCTAD. In UNCTAD, they really had only one interest—to support, in principle, the demands of developing countries and to get political sympathy. But they did not engage in a truly multilateral dialogue, because their approach was so ideological, so political. The only thing which they were really interested in was to denounce the western embargo on certain commodities. Adam Smith very rightly said, “The highest objective of the economy is producing wealth, but when the country is being attacked, then the defense of the country is the first objective.”

Therefore, I would say, when we come to the war economy or defense economy, don't try to ask me to formulate economic rules and laws. There are no economic rules. The defense of the country is number one, and this is all. Now, if you have a state-controlled economy, then this country behaves like a permanent war economy. Everything is being controlled, and it is like the free economies do not permit monopolies within their own economy, as they distort the market. Trading with a state monopoly country distorts the internal market of a free economy country.

Here, it was just that the Soviet Union was all the time searching for an opportunity to denounce this western embargo and to discuss principles, which means it was more propaganda. It was more political business than really serious economic matters. You ask me how I think, this group I think I described to you earlier. The Soviet Union was in such a dominating position within the group, operated within UNCTAD. The Soviet Union was in such a dominating position within the group because they delivered the basic materials to others. Now, the Yugoslav experience. Yugoslavia was a relatively free market economy. Not full, but we were introducing certain market mechanisms, so that in our case it was not the foreign trade ministry, foreign countries, but individual enterprises. It was truly enterprises. But there were certain enterprises, which were exporting practically their total production into the USSR, while the whole Yugoslav economy had to absorb the low-quality goods, which were delivered in reverse. In brief, Serbia was the main exporter to the USSR. Slovenia was unable to absorb all of these low-quality products which the USSR was offering for compensation. We, therefore, always had on the payments balance very great surpluses in our trade balance with the USSR.

Strangely enough, these surpluses became a weapon on the Soviet side and not on ours. We were creditors, but they were extorting us because of this crediting position, which is still today, if you wish, an item if we talk about the collapse of Yugoslavia. One of the items of secession negotiations was these surpluses with the USSR, which was ridiculous, of course. This is just what I would like to somehow convey to you: the almost insurmountable difficulties in organizing multilateral cooperation among the countries which are non-compatible. They did not converge. They could not negotiate quid pro quo.

TGW: Actually, that provides an apt transition to ECE. What was the interest then in participating more fully in ECE? What purpose did ECE serve for these countries as a meeting

ground? Several people have mentioned that oftentimes it provided a second opinion. It provided some alternative statistics. It provided a place to meet in the corridors. What, in your view, was the main purpose and utility for Eastern European countries? And what was your agenda when you got to ECE?

JS: In ECE's history—I hope that Yves will concur with me—there were several stages, during which the behavior of the USSR and other Eastern European countries changed very much over time as the general European situation changed. Strangely enough, at the beginning, the Soviet Union was against the establishment of the ECE. Until the very moment of the first session, Myrdal was not certain whether they would come or not. They did come. Zorin was the Soviet ambassador to Prague, who was the leader of the Soviet delegation at the first session. Poor Myrdal was so happy when he learned that Zorin was coming that he sent the chief of administration to Cornavin to meet Zorin, who came by train from Prague and to conduct him into the hotel where Myrdal reserved rooms for him and his delegation.

Also, strangely enough, it was at that time America and Britain who were the main supporters of the proposal to establish ECE. The basic idea came, though, from Poland. Poland at that time still had more than half of its foreign trade with the West and not with Russia or other Eastern countries that came into the socialist orbit. It is therefore quite natural that Poland, for the sake of following their own national purpose, were trying to maintain trade relations as they had them before the war. But under Russian pressure, even Poland was yielding then in the course of discussion. It is also strange that Czechoslovakia's foreign minister at that time was the son of the late [Jan] Masaryk, who committed suicide, as you know, after the Russian re-occupation of Czechoslovakia. But also Czechoslovakia, or Masaryk, who was proposed by the West for the chairman of the first session of the ECE, was opposed by the USSR.

This beginning of the commission was accordingly, in my view, contradictory to what happened later. At a certain moment, what historical records show, Americans, particularly George Kennan, who was the head of the policy planning staff in the State Department, were thinking of channeling Marshall aid through ECE, while Clayton, who was assistant-secretary for multilateral organizations, opposed that. The very fact that there were a number of people within the department who were favorable to the idea of channelizing the Marshall Plan through ECE shows what great importance they attached to ECE at the time. The idea was that Americans were, from the beginning, very much concerned about the complete disintegration of Europe which, of course, politically would be very dangerous. As you know, after war, you always have workers' dissatisfaction because the economy doesn't run smoothly, standards of living are low, and so on. So Americans rightly anticipated that all of this would lead Europe into trouble, as Europe did go this time rather left after the Second World War.

Now, this was the very first phase. But very soon, when the Cold War started, the situation was changing. First, after tensions with Berlin, and the blockade, there were threats on other sites and other locations, so that American enthusiasm for ECE—where East and West were sitting together—was quickly withering away. And, over the peak of the Cold War, the Soviet Union did not have any particular interest in ECE either. So there was a period, from say, 1955 until sometime in the early 1960s—Myrdal retired shortly before 1960, but during the last of his stay in ECE, he already did not have much interest in ECE because things were all retrogressing or stagnant. The Committee on the Development of Trade did not meet at all. Other committees were, how shall I say, just surviving but not doing any useful work. Myrdal was trying all kinds of private conversations and consultations with no success. And he decided

to write a book. So Myrdal wrote *International Economy*, which I think is a marvelous piece of work. This he wrote during his last couple of years.

Now, nasty tongues say that Myrdal was unable to swallow the fact that Hammarskjöld was his boss. Hammarskjöld had been his student. But there is a fact which the records in your organization (or our former organization, Yves) would show, that Myrdal did not have any kind of contract for almost half a year at the end of his stay. He was getting just monthly extensions. The organization was moribund by the end of Myrdal's term.

Then came [Sakari] Tuomioja, who was the Finnish ambassador to London. I met him several times. More particularly, he came once to Belgrade and was trying to get me interested in a kind of energy conference. I was at that time associated with this World Energy Conference. I did go to it but nothing came out of it. So Tuomioja's term, which I think was only two or three years, was also nothing particular.

Then came my personal friend and compatriot, Vladimir Velebit, who is now ninety-four. He was first Tito's diplomat, who established the relationship with the West. But then, when it came to the split with Stalin, in a most nasty way which only the Russians are able to do, in a public paper they denounced him as a British agent. So his situation at home became almost untenable. I am not talking about a friend. He is really fantastic. At the age of ninety-four his upper floor is as clear as any youngster's. He is able to quote dates, names, discussing everything, whatever you want. During the last year, three books appeared with his interviews. He is absolutely fantastic. But he was disillusioned on ECE also. He was unable at that time—this was the period of 1962 to 1967, and he was unhappy. I was very often visiting him. As I told you also, our families are in best friendship. My sons and his are continuing the friendship. So that I know from this intimate contact that he was very unhappy in ECE.

We discussed this matter, but neither he nor I thought that I would come as his successor, which in a way did occur. When I came in, I think I must have some special privilege with destiny. At that time, things started improving. Brezhnev came in with the *détente* doctrine. After him, Khrushchev followed. Then the succession of [Yuri] Andropov and [Konstantin] Chernenko and finally [Mikhail] Gorbachev. So that the whole thing then developed from *détente* and coexistence into *perestroika*. I dare to say that in this respect that things with the East and the USSR particularly—with no credit for myself or ECE—were improving all the time.

How and why this happened? I think first, as time passes by, also things are changing in many, many respects. Particularly, this entire period of the 1960s was a period of tremendously dramatic technological progress, which the USSR was unable to follow. Therefore, they were heavily importing technological goods from the West. So much so that the import of technology became almost a kind of parameter in their equation, so that they were an economy that did not develop industrial technology of its own. Even a small key was simply being imported from the West. Whether they were aware or not, I don't know. I was telling them this all the time that if they are importing technology, they are always importing T minus 1. Nobody would be exporting the last word in technology. Therefore, if they want to lag behind, this is the way their technological research was heavily concentrated in the military field—space particularly.

But ECE was, for them, an institution or a channel through which they were able to first get information on what was going on in the West. Once Sidorenko, who was deputy minister, I think in the coal and gas ministry, said—because I wanted to discontinue the coal committee as nobody was anymore mining coal—he came and said, “For no sake will I permit this. Particularly the gas committee is of tremendous value for us. You know, each time I come to a session of the gas committee, it is worth at least \$10 million for my country. This much

information and knowledge I get through the gas committee.” This means that they were looking at ECE also as a vehicle of western technology and general information. So that they were willing to soften their opposition even on such matters as trade policies, I was able to restart the Trade Committee, but on the grounds that the secretariat prepared an information paper on the developments in trade policies. Our people were absolutely objectively recording the happening or developments in one or the other side with respect to the trade policies.

Socialist countries participated more fully in various technical committees. And, what is particularly interesting, they were inviting more than any other country, seminars to the USSR, which will confirm, I hope, my thesis of their interest on technological information, which through these papers that were delivered in such seminars, they got that.

Again, I will speak anecdotally, but it is important. My first task that I got from the commission was the reorganization of the commission. At that time, the commission had 101 subsidiary bodies. So I had to trim the forest. I was trying my best. I was particularly successful in suggesting, let me say, three kind of super bodies—one for the environment, one for technology, and one for economic advisors. They were called “senior governmental advisors.” And they were really doing a good job, all three of them. When I had made this trimming exercise, I visited Moscow. At that time, Nestorenko was the director of the Foreign Relations Department in the Foreign Ministry. And Nestorenko said the following to me: “We are quite satisfied with your report, and we will support your report. But now I would like to tell you something. In the afternoon, you will have a meeting with the foreign trade minister Patolichev. And he is against your proposals. But please don’t engage in quarreling with him, because it will not be him who will speak in Geneva. It will be me.”

It shows that also within the Soviet government there were very great differences in the approach to ECE. The Foreign Ministry probably was closer to the head of the government and were more accurately expressing priorities of the government than the Foreign Trade Ministry. The Foreign Trade Ministry was the administrator of the whole trade. They were the top of the trade monopoly. And they were probably afraid that the activation of ECE may, in one way or another, hurt their monopoly position. This might be just my guess.

From this, I would like to say that this is phase number two, which is different from phase number one. Then comes phase number three, which is CSCE (Conference on Security and Co-operation in Europe) in Helsinki. I thought that I understood somehow the developments within the socialist camp, as it was called. I was certainly following the developments, reading Russian and Yugoslav periodicals. I must say that more and more very interesting stuff was coming in the form of economic analysis from the USSR. So was the case in Poland and more so even in Hungary. So I was aware that something very deep was going on within the socialist world. And I jumped fully into this water of preparing CSCE. [Urho] Kekkonen, the Finnish president, who was instrumental for bringing about this conference, called me several times to Helsinki and very openly consulted me on this matter of the conference. Namely, he said, "Look, the Russians are, in addition to security, very much pressing for economic cooperation." He said, "I don't understand why. Could you tell me what is your view why they should have such an interest on this economic cooperation as an instrument to strengthen security in Europe?" So I gave him more or less the same line of thinking which I am explaining to you, that a need for the transfer of technology is the reason. Similarly, the Belgian foreign minister [Pierre] Harmel was very influential on the western side. He convinced his closest collaborators and also exposed me in saying, "Look, this is not ECE in Belgium. We appreciate you personally. We

would just like to have a frank exchange of views with you on this matter. We have very great hesitations and doubts. This may be another Russian hook.”

I explained again to them that I thought that things were changing within this group of countries and this was an opportunity to engage. This was not like earlier proposals for these economic conferences. And the West should go in. Similar, Van Lennep in OECD, with whom I also developed a very cordial relationship, we had an agreement that he would admit ECE to certain meetings and certain activities of OECD. But he said, “Please, don’t send to me ever any observer who comes from a country which does not belong to OECD.” He was aware of the structure of the UN. Namely, in brief, he would say, “Don’t send me your Russian deputy.” Again, this cooperation with OECD developed very well, particularly on the environment and energy later.

I wanted to say that in this new phase of the ECE relationship, or the Russian evolution with CSCE, the Soviet Union was truly prepared for major changes. The fact that they had accepted the second basket—human rights—as much as you may say, “They kept their fingers crossed in their pockets.” The actual development shows that the result of the Final Act of Helsinki did have, also internally in the USSR, a certain impact. Things are not anymore the same as they used to be before. Then of course, one step further, is Gorbachev. But when it comes to Gorbachev, this is not anymore my time. Yyes, it is already your time.

TGW: This is the beginning of the fourth tape. I just wanted to go back and explore one proposition that we have, namely, that big events are important in fostering either institutional crises or new approaches to ideas. I just wondered whether, during your tenure, you could say a little bit about a couple of either political or economic crises. Shortly after you arrived, we have the famous Prague Spring, which did not bring many pleasures to many people. But then after,

we have the collapse of the Bretton Woods system and the end of the gold standard, within a short period of time, the oil shock and the NIEO. And sometimes toward the end, the debt crisis. I just wondered—these of course, are very different kinds of events—what each one of them meant for you as the head of a secretariat and for the secretariat in general. How did you confront these crises?

JS: A very good question. Of the four instances and crises which you enumerated, by far the most important and with the great impact on ECE activities was, of course, the oil crisis in 1973. This, in a way, was in many respects revolutionary for the ECE activities. First, we developed a very ramified energy program. We almost did not mention OPEC (Organization of Petroleum Exporting Countries), but we developed large activities on energy conservation, the impact of energy on the environment, and practically every subsidiary body, whether it was housing, agriculture, timber, or whatever it was that had a special project on energy, energy production, energy conservation, or other aspects of the energy economy. Also, our cooperation with the OECD, for this particular area of energy, was extremely successful. As you know, OECD developed also a program of their own, and it was, in this agreement with Van Lennep of which I was speaking before, understood that we would carefully study the projects and programs of OECD, and would see then what of these projects we could just make our own in extending them to the East, so that we would bring the eastern countries into the same orbit of the new energy policies. Surprisingly enough, the Soviet and Eastern European sides were willing to cooperate. They went along with developing this energy program, knowing again that the energy crisis will force the West to new technological solutions.

Now, in addition to energy, I would like to emphasize as a particular challenge for ECE, the environment. We became alert on environmental problems much before headquarters in

New York. Because of the fact that ECE, due to the circumstances into which we had been brought, was by force of developments less really active on economic policy matters, and more on technology matters. We were interested in pragmatic economic matters, such as we were doing a lot of work on housing, on water quality and quantity, in timber, equally in agriculture. I will not enumerate how one by one every single so-called branch committee was increasingly dealing with the problems connected with the environment. The whole thing started, strangely enough, with architects and urban planners. At that time, Czechoslovakia, particularly the short-lived Czechoslovakia which you mentioned—I mean [Alexander] Dub_ek's Czechoslovakia—was energetically jumping into this area of the environment, because they had at Moravia, the main coal mining area of Czechoslovakia, much devastation and very, very bad pollution. So they were, for national reasons, very much alert over this matter and they brought it to ECE.

We did not have any specialized committee for the environment. But as the whole thing spread over so many committees, I then brought it to the commission session, to the awareness of the top governmental representatives of the commission. They decided that they would have a conference at Prague on the environment. This was before the Stockholm conference in 1972. Now starts a typical ECE ceremony—the GDR (German Democratic Republic), East Germany. Namely, the condition of the socialist countries was that they would participate at this conference if it could be called a conference and not a seminar, accordingly political and not technical. And number two, if the GDR would be admitted. And number three, which of course was not spelled out publicly, if it would not be called “Democratic Republic of Germany,” but it would be called “German Democratic Republic.”

Democratic Republic of Germany means that it is just one republic of a unified Germany. It is just the Democratic Republic *of* Germany, and Germany is one unit. German Democratic Republic is a completely separate state. This semantic theology was so important that I had to look through a magnifying glass at each individual document. And I could have been damn sure that the moment when a document went through the hands of my deputy, who was the Russian, there would appear German Democratic Republic. And I would have to correct it.

This matter was so serious that Johan Kaufmann, who was chairman of the commission at the time said, "All right, the conference will open as a conference. And, at that time, the GDR or DDR (Deutsche Demokratische Republik) will not be present and will not be listed in the list of delegates. But it will then convert into the technical seminar. The second part, where, due to the international character of the issue of the environment, the executive-secretary is right when he says that the winds are blowing in all directions and water is flowing in all different countries and does not recognize national borders." Therefore, it does not recognize the GDR borders either. Therefore, the GDR will be admitted, but we will simply ignore in what capacity.

The conference was successfully held. Maurice Strong was very happy with it and has considered it an almost preparatory committee for Stockholm (UN Conference on the Human Environment). For ECE, it was also very important because this was the start of the work in the field of the environment. Now, it may interest you, at about that time, the Americans proposed that NATO (North Atlantic Treaty Organization) should get concerned with the environment. So in my visit to Washington, I was in the White House, and the project leader was later Senator Moynihan. I said to him, "Look, this matter of NATO now being concerned with the environment, and here are we, the ECE, who are also concerned with the environment. When I go to Moscow, they will want from me an explanation of what NATO has to do with the

environment. This means that this whole thing of the environment is a hook. Therefore, we Russians have a suspicion that you have something behind your back with this getting us involved in the environment.” Their thesis was that we socialists are clean. Only capitalists pollute. Therefore, they said, “We do not have a very great interest in the environment.”

[Daniel] Moynihan said, “No, you very quietly go to Moscow. You tell them that we seriously think with this matter that we want to demilitarize NATO. The time has come when we should put strong emphasis from military matters to such a civilian issue like the environment and, accordingly, that we are with this matter very serious.” This reminds me of the advice which Myrdal had given to me when we first met in Geneva in 1968. He was always behaving like a father towards ECE and calling me “brother.” He had given me the following advice. He said, “Whenever you go to Washington, you speak like you were in Moscow. And whenever you are in Moscow, you speak like you were in Washington. Because the two fellows will anyhow come together and will tell each other what you told them.”

This is the story of the environment, which I think was the next such crisis which occurred to ECE. For the rest, I don’t think that ECE was really very much concerned with monetary collapse—if this was a collapse. Anyway, the collapse of the fixed exchange rate, yes. But as we had nothing to do with the strictly financial, and even less with monetary matters, so with the exception of our general economic outlook, in which, of course, the impact of this change was very much analyzed. ECE activity at that time already was very much concentrated on branch technical committees. ECE was not very much affected by monetary developments.

TGW: What about Prague?

JS: Prague was, in a way, for us at the beginning, when it happened, a great positive development. And of course, very intimately, we had been hoping for spreading which had

already blooming in other parts of Eastern Europe. I had, on the side of the secretariat, a problem which will tell you something about the Secretary-General, U Thant, at the time. When the Prague Spring finally collapsed, the new government immediately asked that the entire staff, which was appointed during Dub_ek's time, be fired. Now, I got a call from U Thant that he would like me to come immediately to New York, that he had had a visit from the Czech ambassador, that he does not want to talk to me by phone but eye to eye. He asked me to immediately take a plane, and he would send me his personal car to the airfield, which he did.

It was already midnight. He was still in his office when the driver brought me there. And he said to me the following. "Look, Czechs are asking that the entire staff of Czech and Slovak nationality, be removed. I am afraid that we will be unable to resist this because behind that is also the USSR. Therefore, let this be entirely between the two of us. You please write a very good personal, periodic report on each one of the staff members which you have on your staff, and recommend each one of them for promotion and for extension of their contracts." He said, "Now, this you will send to headquarters. The matter will than be taken by us, with no participation of yours. Our people here will reject your recommendations, but I will then find the ground, that due to your mistake, because you have recommended extension to these people, I will say legally their boss has recommended the extension. Accordingly, I have to pay to them two years salary to everybody." So he did. And he paid to every single member of the Czech nationality two years salary, which was enough for them to somehow manage through, and they did.

You have for instance, [Friedrich] Levcik, who is now in the Vienna Institute. You have this statistician, Skolka, who is, I think, at Innsbruck. They are all doing very well. They never have considered that an injustice has happened to them. Neither did I ever explain to them how

this all happened that U Thant gave them two years salary, which is of course not what is a repatriation grant. But it was due to the juridical litigation.

Now about U Thant, for whom you know that he was buried in Burma, on the university campus, and that the regime excavated his remains and threw it into the Mekong River, because he was considered by the students of Rangoon as being a great promoter of human rights and democracy, and therefore they wanted to have him buried on the university campus.

TGW: I didn't know either of those stories. Thank you. Let's go back to the environment, which you mentioned came on the ECE agenda earlier than it had in headquarters.

YB: It was before Helsinki. That's the point that is important.

JS: Yes, Helsinki was 1975, the signing of the Final Act. And the Prague meeting was 1971. Also then, the Prague meeting was in spring, and Stockholm was summer. So there was just a couple of months.

TGW: I was actually interested in two things—the stimulus provided by global ad hoc conferences and independent reports. You gave, I think, a partial answer yesterday in responding about the long time needed for governments to act. But I wondered if you could think a moment about Stockholm as one of the first major events, then followed by a whole series of conferences in the 1970s. So, what did either Stockholm or any of the other conferences mean to a secretariat? How did you have to react to them? Prepare for them? Were they a good gimmick, so to speak, to push an issue? In this case, you had already been working on the environment. And the second part of my concern, which is linked I believe, is the importance of independent looks, frequently through independent commissions or independent scientific analyses. For Stockholm, I think many people point to the *Limits to Growth*, the econometric model done by the MIT (Massachusetts Institute of Technology) folks. But for each

of these conferences, there was usually a report. So I wondered whether you could talk about these as vehicles for pushing ideas—global ad hoc conferences and independent reports.

JS: First about global conferences, there was no other but the Stockholm conference that has had such a profound impact on ECE activities and generally on governments' policies. Stockholm, in every possible respect was a success. It is not only self-praise, but I believe that it really was so, such that Maurice Strong wanted to move with his headquarters close to our quarters because he considered that our people have had a lot of experience so far, which he could make use of, which he actually did later, before he moved then to Nairobi. Our member countries were so interested. You must appreciate the fact that politically this compromise about Prague was for the West quite a concession. They were seriously interested to do work on this matter and to have it here in ECE together with Eastern Europe because they were aware that some of this trans-boundary pollution they were getting was from the East. Or, if the East argues so, some of their own pollution may go east.

Thinking in retrospect on reasons for this relatively sudden interest and concern on environment, I think there was a convergence of a number of developments in various fields, which led to this awakening. The postwar dynamic economic growth, together with the demographic expansion, has no doubt, in quantitative terms increased the problem of secondary effects, waste, pollution, noise, land planning, et cetera, of industrial production. The technology of chemisation contributed to this. The increasing the role of science, the unprecedented increase of knowledge and abundant use of scientific discoveries in technology and production increased also the societal voice of scientists. Research and extrapolation of trends yielded serious concern about the future. It goes to U Thant's wisdom that he has convened an ad hoc conference of scientists and an NGO consultation—at which he gave me a privilege to give them an opening

statement. There were also political reasons: the social unrest of 1968 evolved gradually into the environmental movement—many leftist radicals who were protesting in the 1960s because of Vietnam moved now into environmental rebellion. The energy crisis contributed greatly to this societal change. There had to be a constructive answer to this.

Equally, and this was before Chernobyl, they were aware of nuclear dangers as well. And they were also aware already, at that time, that the Soviet area had a different technology which, as a byproduct, produces plutonium. And this was particularly dangerous. So, I may say, I did trust Moynihan that they had a serious interest in looking into this matter while I did not believe that this would replace the military option. But I say that the impact of the environment conference was unique. Because of other conferences my appreciation is quite different. Take for instance, 1974—the World Food Conference in Rome. At that time, you remember, they accepted as a target that no child would go hungry to bed after 1980. We are now 2001, and more children are going hungry to bed than at the time of the conference. There was the Bucharest population conference, where again everybody agreed on this blah, blah, blah that development is the best instrument for family planning. Again, you see, it was just verbal nonsense. Nothing has ever occurred. Why? Because they have really not understood development in the way of also cultural, societal change. They have been looking at the matter only as we will give a little bit more financial aid, and GDP may grow a couple of percentages and people will be more interested in having a bicycle rather than a child. This will not have any impact on population growth. Maybe the women's conference in Mexico has had some better impact. But if you take the Seattle housing conference, we had a very productive and very active housing committee in ECE. I didn't see any impact of the conference itself on the work, which I think was very well conceived and very well carried out, but not due to the Seattle conference.

So I am quite skeptical about this conference mania, and even more about these “years”—a water year, a family year, a children’s year. Look, this really does not convey the real concern of the society over individual issues. In my experience, particularly now when I have returned home, the ambassadors of UNICEF (UN Children’s Fund)—this is a good instrument. Particularly if they are famous people, in the field of entertainment or in the field of science, when they come and visit the president of the country, give a conference in public, or go into parliament and talk to the deputies, this does have an impact. But the conferences themselves, you have a national delegation which, if it is Paris, then from Slovenia will come certainly a crowd of people in the delegation. If it is Tirana in Albania, they will hardly find one. It is more a matter of travel and tourism than really a productive action. I wonder why the UN insists. The resolution was already once passed by the General Assembly that they would discontinue with so-called years devoted to certain issues, but after a while they proliferate. Now this matter is more than was the case before. This much I would say on this issue.

TGW: What about independent reports? You mentioned that you yourself were a member of the Brundtland Commission, which was after you left the ECE and the environment. But shortly before your time, the first of these, the Pearson report, came out and sometimes towards the end came the Brandt Commission. When did these reports, if ever, make a difference? Are they important vehicles in this long-term process that you mentioned earlier about changing views and getting governments to change their policies and act differently?

JS: Generally, these reports are important, sometimes path breaking, as I have argued already. If a personality like Willi Brandt or Lester Pearson, chairs a committee, much as this committee may repeat all the things which we all know—it is now Willi Brandt who stands behind it. Now, he proposes then a kind of Marshall Plan for the developing countries. Of

course, he is not the first one. Barbara Ward had been proposing it much before him. And [Bruno] Kreisky, similarly. It is not that he could claim authorship for that. But, still, this is the nature of politicians. When a big name like Brandt appears on something, then they suddenly listen, while otherwise they would not. It is similarly true for the Brundtland report (*Our Common Future*). I think that the Brundtland report has got a very, very good echo and impact in international organizations and governments. Much credit goes to Gro [Brundtland], who now continues her dynamic leadership in health organizations.

I may have a slightly different view of the Meadows report (*Limits to Growth*), because in the economic circles, this thesis of theirs and the graphs and extrapolations which they made, did not really make much sense for an economist. Namely, it is not resources and tangible materials which count. You could speak of resources only if you speak resources plus technology. And technology is all the time changing. Therefore, you cannot say that there is a final limit to a certain resource, whether it is water or coal or iron ore or whatever it is, the case of nitrate from Chile is a good example. The materials get replaced all the time. Just look at what plastics have been doing to our economy—how much wood, how much iron we were using before for things which are now being done by plastics. But with plastics we are, on the other hand, making a much bigger environmental problem than ever.

But things are not as simple as they look in the Meadows report. But on one thing they are right. Namely, not in proposing zero growth, but where they are right is implicitly they are proposing what we in the Brundtland report did—sustainable development. That while we are using a certain resource, it is not what in Marxian terms is “exploitation.” I have difficulties to understand economic exploitation, but I certainly have more difficulties with exploitation of nature, because then you imply that in exploiting nature, you are doing damage to nature. I think

that we could well conceive to have a type of economy which, while using primary materials, we will give back to nature at least as much as we have taken away from it, if not more. What the meaning of creative economic activity is that we are giving our image to our environment, which means to make it a more human environment, not just what by accident nature provided for us. We should speak rather of “creative transformation” than of “exploitation.”

Now, there are a number of other reports. The Nyerere report's (*The Challenge to the South*) impact, in my view, was nil. I don't know how its impact was on UNCTAD. I have not felt it. It appeared when I was back on the national scene already, and I could only tell you that there wasn't any impact. [Luis] Echeverría produced certain reports on so-called state sovereignty and resources. Again, the impact was nil. So I cannot give you a general judgment in saying the reports are always good. The reports are good if there is some substance in it, and if the bearer of the name is the right personality.

TGW: It seems to me that for these reports—and I say this because I am now involved in a new commission on intervention—timing is critical. One of the soundest reports in terms of the argumentation is the Brandt report (*North-South: A Programme for Survival*). But the Brandt report actually came out with Mrs. [Margaret] Thatcher and Mr. [Ronald] Reagan. Therefore, the receptivity to the report was not exactly great. You mentioned Helsinki's second basket on human rights. How did the “generation” debate about human rights play itself out in the ECE? And how did Yugoslavia, in particular, look at the differences between first and second and third generation rights? Everyone today now seems to agree that we have to put them together, except the United States. But during the Cold War, there was a real emphasis on both the weight accorded civil and political, as well as the sequencing—that those came before economic and

social. And the eastern bloc and Third World argued the opposite. How did this debate play itself out in the ECE, and how did that look here or in Belgrade?

JS: Of the impact on ECE, I really cannot say much. Namely, the kind of activities in ECE went in such a direction, and due to the sensitivity to the issue on the East-West side, I am not even sure whether it was ever mentioned. It is like, you see, the rope is not being mentioned in the house of the hanged. Now in this country where you are now, the impact was tremendous. The whole democratic transition, which occurred during my presidency of this country, had been carried by the Committee for Human Rights. They were not called to position, only after the first pluralistic, multiparty, truly democratic elections. They then had formed the opposition, which was called the Democratic Opposition of Slovenia (Demos). But before, they had called themselves the Committee for the Protection of Human Rights. Under this title, they developed the whole activity first for democratic transition within the country, and for an attempt to induce a democratic way of transition in Yugoslavia, which you know failed.

But here, again, if you would like me more to explain this over dinner, I would gladly do. I think, namely, that the things which Yugoslavia started getting wrong in 1971, when Tito fired the liberal leaders in all the republics when they appeared. Then, instead of strong, vigorous, young, democratic people came people who were just nodding at orders. So the crucial matter which then occurred only later, none, with the exception of Slovenia—sorry, I am really immodest—had very strong leadership, except for the wrong leadership that occurred in Serbia. But this is a completely different story.

One thing I would like to add here. I am all for this second basket, for emphasizing human rights and so on. But, as in all matters, I believe that one should have the sense of proportion. This, I say, in connection with China. I ask here, “What kind of human rights did

we have here in Europe before the French Revolution? What kind of human rights did you have in the United States before your revolution, which occurred before the French?” You say one has to accept that a China, with a completely different cultural background, may also need some more time to develop cultural values and political and societal values which will more correspond to the present day than they did in the past. But as our past is not only glorious, so the Chinese past might also not be only glorious. We Slovenes settled here in the sixth century. Don’t ask me what we did with the settlers who were before here. There must have been a massacre, I guess. Similarly, I think everybody would have to be a little bit more modest when he thinks about his own past—including Americans!

TGW: I have, working for the team, a number of female graduate students. They would like me to ask a question. And you actually mentioned the 1975 women’s conference earlier. If we fast-forward to today, it is literally impossible to think about economic and social development without a gender dimension. Some people would argue that we haven’t gone fast enough or that it is not concrete enough. But there has certainly been a change in mindset. When, in your view, did this issue become central in development thinking? And when did it also enter the ECE work program?

JS: Inasmuch as I know, there almost isn’t any special project on the ECE work program, unless in your time Yves you introduced something?

YB: The gender issue, yes.

JS: Not in my time. I remember only a scandal. Helvi Sipilä, a Finnish lady, was in my time under-secretary-general for women’s rights matters. She came to talk to ECE. And a scandal for ECE, most delegates walked out. So she got an empty room. This was a real scandal. Particularly if you take Europe, where you have, number one, Scandinavian countries,

where certainly the gender problem does not exist anymore. Now in the socialist countries, they were very much boosting how constitutionally they decided that men and women are equal. But when you go into the parliament, there are only males. There are no females anywhere. They have always great difficulty to produce any lady as a member of government but just for cosmetic purposes. Now I can, though, say something about this country. Before I did go to ECE, I was teaching and I was even dean of the Department of Economics here in Ljubljana. At that time, the Department of Economics was, let me say, 80 percent male. Today, it is 80 percent female. One of my sons is now teaching there, and he tells me about some 600 to 700 first-year students of economics. It is practically only female. If you go to the Department of Medicine, again it is 90 percent female. Males go to electro-technics, where I have another son teaching. There is no female at all on electro-technics. Namely, this is rather strange. And, also, if you judge according to the performance at the university, females are doing immensely better than males. Now, if I could judge from the present position in Slovenia, among the most successful managers of the enterprises again are female. Now, as far as Parliament goes, I think that rightly there is a complaint that still males are in the greatest majority. But the present prime minister has done it very well in bringing a number of first class ladies, for instance the minister of education, the minister of economy, which is the largest ministry ever, the ministry of culture—all those are covered by females. So, in this country, the gender problem, in my view, almost does not exist anymore, in as far as those areas that I mentioned are concerned. But when it comes to the statistics of salaries, still the same phenomenon. Statistically, the male salaries come higher than female, which means that the leading positions are held predominately by males. Even though one cannot look too deeply into the statistics, but this probably is one of the

consequences of the past, namely, during the past, females were not represented as normally as they are today.

If I could make a rather general comment on this. The gender problem is still not properly understood nor is it adequately dealt with in national governments and in contemporary society in general. In the UN, much has been done to bring illustrious women to the leading positions: Louise Fréchette as deputy-secretary-general, Mary Robinson as high commissioner for human rights, Carol Bellamy at UNICEF, Kerstin Trone in the population field, just a few names which come to my mind at this moment. But it is still approached as a kind of “affirmative action,” as a matter of “cultural behavior,” and not as a vital need for the modern technological—and in many parts of the world post-industrial—society. The new role of women in the society is not just the consequence of a “feministic movement,” but is much more the consequence of technological and economic change. This has brought about a change in family and therefore in the entire societal structure. The dramatic change in gender composition of population in higher education in this country, which I have mentioned earlier, only indicates the societal change, which will occur already in the next decade or two. And for this societal change, we are not properly prepared.

TGW: You mentioned a rather close cooperation with Western European institutions, eventually CSCE, but also OECD and the European Community, now the European Union (EU). Did you have any relationships with COMECON (Council for Mutual Economic Assistance)?

JS: Yes. Whenever I would go to Moscow, a visit to COMECON headquarters was an obligatory figure on my agenda. But, with the exception of a very, very nice banquet that they would offer, there was very little of substance. Their work program was so different from ours. They actually were the managers of trade among the socialist countries. As trade was a state

monopoly, managed by the foreign trade ministries, therefore foreign trade ministers who met then within COMECON agreed on certain measures which usually they did not fulfill. They did not really observe what they had agreed. Therefore, this so-called integration of the socialist market never worked out.

TGW: As a national, and then an international, participant in international economic affairs—and you have made a lot of comments on socialist systems of trade and economics, and the importance of market economies—did you, in any way, anticipate the eventual collapse of the Soviet Union? Or were you, like the rest of the western world and the CIA, somewhat taken aback by both the speed and the extent of the collapse?

JS: We did anticipate it, but not in the way it happened. If you go back to the various back issues of the *Economic Survey for Europe*, the analysis which had been prepared from year to year sounded the alarm bell over the fact that the rates of growth in the USSR and socialist countries were constantly declining. There was an accumulation of the kinds of problems, which the existing, centrally-planned system was simply unable to resolve. It was very clear that they were coming to the point of no return. But that it would happen in a spectacular way, as it did in Eastern Germany, after particularly the Eastern Germans started moving towards Western Germany via Hungary, and what then led to the collapse of the Berlin Wall—this we did not anticipate. And I almost dare to say, nobody did. It surprised even the best western “criminologists.”

As much as I must say, I did not either anticipate the collapse of Yugoslavia. More particularly, not in the way as it actually happened. Whoever would be asking me about Yugoslavia after Tito, my answer would be, “It will just have to go democratic. This will take some time, but I think that now the whole thing is so deeply rooted that it just cannot split apart,”

as it actually did. So you could see that as much as I was at a certain moment even an actor in this game, even at the height of my duties, I was thinking of a transformation in a kind of confederation, but never in a split, and even less a civil war, as actually occurred.

TGW: You mentioned the *Economic Survey*, and Yves brought along a recent one. What role did this report play during the three periods of ECE history that you have outlined? Was it more or less useful during any of those periods?

JS: You mean the annual issues of the *Economic Survey*? I think that the *Economic Survey* always was extremely useful. For the first ten years, which I would call “Myrdal years,” Myrdal himself, in his valedictory statement, has emphasized the tremendous importance of the annual reports, which have given to the member countries, whether East or West, a very candid assessment and analysis of the situation. Very often, the governments were not satisfied.

Here I would like to tell you something. I had—I don’t know, Yves, how it was with you—but I had, very often, difficulties with the eastern delegations where they did not like our assessment, or the conclusions to which we had come. They would argue, “Your figures are wrong.” My answer always was, “Fine, give me better figures. We are working only on official data which we get from you.” But I never got them because our people were careful in making estimates. If they would give us different figures, our Statistical Department was following the official data and would check the consistency. And we were working only on this official data. Where these data were missing, then we made estimates, but careful estimates and taking into account all other parameters. You see, now if they went as high here, then they couldn’t have gone on this other. Namely, they cannot produce this much iron if they did not produce iron ore and coal. Now, if the figure for coal says this and the figure for iron ore says this, the figure for the final product or iron or steel cannot be what they say. So we made estimates of our own.

Whenever there was a criticism—I repeat, at the annual sessions there almost always was. There were also individual countries that were dissatisfied with our assessment.

Now, here I could tell you only a story of my own country. When, in 1978, the annual survey said, “Yugoslavia is coming to a dangerous limit with its indebtedness,” this was for us a very simple matter. Namely, we calculated that the coming payments for the repayment of capital and interest goes beyond the export capacity or earning capacity of the country. It was as simple as that. Now, they were very angry. They asked for a correction. At the same time, in the country, the amount of indebtedness was considered “state secret number one.” And when I came back and became advisor to the federal prime minister, I discovered the federal prime minister did not even know what is the volume of the country’s indebtedness. And he then hired a private consulting firm from the United Kingdom to make an assessment of the actual indebtedness of the country.

This I can say for my country, because I have had this experience. But similar were probably the experiences of other countries, including the USSR. I remember that I attended a meeting of Business International in Geneva after 1973. And I was very worried at that time, particularly because of financial flows toward the oil producing countries. I said that this could very easily lead to a financial breakdown. At the meeting, these people—and they were Swiss bankers, which you know are good—were just laughing at me. They said, “But look, all of this money has to come back into our banks. They are not able to eat it. They are unable to circulate this money. And the moment when this money comes into our bank, we will then be the big distributors of this tremendous liquidity, which is now true OPEC coming in.” And this actually happened more or less this way. It was one of the principal vehicles of globalization.

The whole oil crisis postponed the crisis of the socialist economies. Socialist economies had been, for the structural reasons that I explained this morning, in crisis for a long time past. From the first so-called reforms, which they were trying to introduce, it was not because rationally they came to the conclusions that the kind of central planning that they were practicing is nonsense. It was because they had fundamental problems. Therefore, they asked for reforms. Now, when I inquired about these reforms, they said, “You see, our problem is that we do not have enough powerful computers. With more powerful computers, we shall be able to calculate more accurately the inputs and outputs for individual enterprises.” This only shows that they had been conceptually wrong. They had thought that the problem is in technique of estimation, while the real problem was in the lack of a market.

Now, you ask me, did we foresee this matter? In ECE, particularly in the Research Department of ECE, and on the basis of the material end report that was coming from the Novosibirsk Institute, the report that we got from this institute only, in a more convincing way, including practical results and practical examples, confirmed our analysis. They were for instance giving examples of how goods were being transported thousands of kilometers because the plan was detailed in a way that the product of a certain factory comes into the input of another factory a thousand kilometers away. This kind of nonsense, which had been produced by the misallocation of resources, had been, in the most vivid way, demonstrated in the reports that they produced. And late in my stay in ECE, also Soviet experts—I would particularly like to mention Lebedinsky, who was vice-chairman of the planning commission—made a very great impression on me. He was behaving like a western economist or, sorry, no offense, but a university professor, and not as a vice-chairman of the planning commission. He was ready to discuss the weak points in Soviet economy. He was himself, putting on the table problems that

they were facing. And he would very candidly say, “We don’t have an answer for these things. This is the kind of problem that we still don’t have an answer for.”

But this is the very last period of my stay with ECE. I did notice this very critical, self-searching attitude of the experts from the Soviet Union who had been coming to the meetings of senior economic advisors. No wonder the director of Novosibirsk Economic Institute became the principal advisor to Gorbachev.

TGW: Before we leave the ECE, and perhaps call it a day, I just wondered whether you could talk a little about interagency cooperation, or lack of cooperation as the case may be. What kind of relationships did you have with other regional commissions? Not personal relationships, but professional links. And what kinds of support from or tensions with UN headquarters did you experience?

JS: First, to relax again, and inasmuch as the relationship with headquarters goes, I will tell you a joke which my colleague, U Nyun, executive-secretary of the Asian commission, told at one of our annual gatherings. We usually came together in July, the executive-secretaries together with the under-secretary-general for economic affairs. We had then two-day meetings here in Geneva. We fully cooperated and coordinated our work. It was then my privilege, being the host here in Geneva. I invited them there at the lakeside for a comradely meeting where the executive-secretaries had the task, one by one, to tell jokes and the others to enjoy it. U Nyun’s joke was the following: There was a heavy rain in a sanctuary in Burma—he was Burmese—and after the rain was over, from the earth comes a worm and enjoys the sunshine. He looks around, and in no time another worm comes from the soil and also enjoys the sun. The first one asks the other one, “Where are you from?” He said, “I am from here.” “Well,” he says, “what do you think about this Vietnam War?” “Oh, these bloody Americans,” and so on. They discuss.

“What do you think about Japanese prosperity?” Again, “Oh, I fully agree with you also on this.” Then, he said, “How is it that whatever issue I raise you always fully agree with me? How is that?” “Well,” he said, “I am your other end.” So U Nyun says, “You see,” and Philippe de Seynes was the under-secretary, “we are just your other end. This is how we agree on practically everything.” Philippe de Seynes, who was, as you know, *chef de cabinet* of [Pierre] Mendes-France, and for a number of years he was French delegate to the Second Committee, where we first met, and then I think he was under-secretary-general for economic affairs over the longest period. I think it was twenty years or even more. Anyway, I think that George Picot was at the beginning of my term, and then Philippe came. Now, with Philippe, we were very happy. There were never any problems with him. He was helpful in every possible respect. There might have been some slight tensions occurring occasionally over the analysis of Eastern European economies. The economic analysis of the trends in Western Europe was regularly done by our research division, which was regularly headed by a western economist, while the section for Eastern Europe has been over years guided by a Yugoslav. First, Samardjija, later Vasi_. They have been doing very professional work. In New York, they have had a parallel unit, which was headed by a Russian, Menchikow. There was occasionally some tension in my evaluation of trends.

There were a number of brilliant experts for Eastern and Western Europe, working in ECE on the analysis of socialist economies, while at headquarters they had, by definition, the nationals from Eastern European countries. Therefore, already this tells you why they have always thought that there was something wrong in our approach, in our analysis. They have always been more optimistic than we had been. But this never developed into a kind of feud and particularly it did not because of Philippe de Seynes. Critical remarks would never come from

Jack Mosak, who was a director, but from his subordinates, not a phone call but a letter to the director of the ECE division. And the director of the division would then come to me with this matter. If I only mentioned the matter then to Philippe, Philippe would say, "Ignore it. I will see it. But don't start any great quarrel about this matter."

So I would like to say that with headquarters the relationship was very good. With other regional commissioners, there were very friendly relationships but very little operational cooperation. The problems may be, for instance, with the Mediterranean. The moment when we have shown some interest in Malta or Cyprus, the African commission wanted simply to know what we were doing on this matter. I remember that once we held a seminar over the spring vegetable that is grown in Algeria and Tunisia but supplied to European markets. But, of course, it took a very, very simple explanation, nothing much about it.

The more difficult question is the other part of your question. The cooperation with other agencies—here you touch the soaring wound of the United Nations and of the structure of all governments. You see, the government is organized on the basis of compartmentalization. But the foreign minister in every government is second to the prime minister and has an implicit role of coordination as he speaks for the government to the world. He is in charge of foreign relations of everything, including transport, agriculture, and so on. His colleagues, the departmental ministers of transport, of agriculture, they want to be foreign ministers of their own. Therefore, the departmental ministers will always plot against the foreign minister. This is done in the following way. The minister of health will see to it that the contribution to the World Health Organization (WHO) will be paid not by the foreign minister but by him, through his ministry. And within the cabinet there will be a discussion. He will say, "This goes through my ministry, because in health organization, this is the rule." Now, in the FAO, the minister of

agriculture would come to the cabinet and ask for money for a project. "I need this much money." The others would say, "But this is not a priority matter." He would say, "Well, how could you say that? This matter was already agreed at Rome. You just have to pay the money. You have no competence over this matter. I have, therefore, already agreed."

Now, because of that, you can see that within the organization, from the very inception, the foreign ministry people liked to have direct contacts with the executive-secretary, and they liked very much the executive-secretary of the regional commission to exercise the coordinating role. This was very clearly told to me by the British secretary. He said, "These people from the Board of Trade, they are always doing here different things which they do not report to us at home." He said, "I learned these things from you and not from them. You are absolutely right to stick to the decisions which are taken by the commission where the delegates come from foreign ministry and not by the committees." So the committees are not, in a way, sovereign makers of their own decisions. But their decisions have to be made within the framework which is provided by the commission.

Now, let me tell you about the role of the Secretary-General in the so-called ACC (Administrative Committee on Coordination). You see, this is an exercise in futility, ACC. Namely, the heads of agencies come there around the table and speak very nice things to the Secretary-General, but we all know that back home they do what they like. If the Secretary-General then says, "Well, here is a decision of the General Assembly, for instance on environment where we must establish a common project on which you will all participate." They say, "Yes, we all will participate. We will send you our own contribution. But as it is authorized by our governing body, it cannot be changed in any way by the UN Secretariat."

Originally it was thought, and if you look into the historical documents, you will see that when they established ECE, they at that time, having the experience of the League of Nations, already said that ECE will have the coordinating role over the agencies also. The British delegate asked that the executive-secretary be called director-general for this purpose. He said, “He should not be considered minor, or junior, to the directors-general of the specialized agencies, because he will be able to coordinate only if he will be at the equal level as they are.” Of course, in the course of events, things developed differently.

TGW: Actually, Gert Rosenthal last week said that his definition of the ACC was “ritualized hypocrisy.”

JS: Yes, very much. This is well said—ritualized hypocrisy. It is true.

TGW: If you are not worn out, I think you have worn me out. I would like to thank you for this day. This is the end of tape number four.

TGW: This is Monday, 8 January 2001. This is a continuation of the interview with Janez Stanovnik. This is the beginning of tape number five. I wonder if it is possible, in your view, to summarize what you think were the most important ideas developed or promoted by the ECE, either just before you got there or during your term. And is it possible to evaluate the impact of these ideas on either global thinking or on changes in government policy?

JS: As I have argued already, I think that ECE history could be divided into two or three periods. One is the initial period, which I would call the “founding fathers,” or “Myrdal’s period,” where there were great hopes that ECE may be, after a devastating war, the agency which would reunite Europe, economically at least. These were the hopes before the Cold War started. Now, the main instrument for reaching this objective was expected to be trade. But the moment when the Cold War started, this main link for bringing cooperation among European

countries broke down. The Trade Committee, after I think two or three sessions, discontinued and did not meet for ten years or so. Myrdal desperately tried to bring at least individual governments together to bilateral talks. He succeeded in having bilateral talks, but with no real result. So that trade relations were more and more reduced to a minimum by what Churchill termed the “iron curtain.” They were tightened more and more, and trade relations were reduced to a bare minimum by the middle 1950s.

The whole thing then started showing certain signs of life in the second part of the 1950s, or even the first part of the 1960s. So that only when things changed to the extent that they started talking about détente, not yet so-called “co-existence,” which the assistant to Myrdal, Chossudovsky, termed “cohabitation.” He was Russian by origin, but British-educated. He was a Russian noble. And he has written quite a great deal on various historical subjects. Particularly, he was an expert on the so-called “Tchecherin period” of the Russian foreign relations. Now, he was advising Myrdal on trade and general economic cooperation matters. As an analyst of Soviet policies, he was really first class. I met him several times at various seminars.

This was a period of more or less keeping the whole thing alive. Then, by the middle of the 1960s, more so by the end of the 1960s, relations generally improved. The Soviet Union started talking about coexistence, from détente to coexistence. But still, this was the idea of coexistence of two world systems. They still insisted on the division of the world on two parts. And the ECE fitted into this framework of the so-called peaceful coexistence. There appeared then the possibility to develop some still more technical activities.

Already by the end of his term, Myrdal suggested that as it is not possible to establish cooperation on the essential trade policy matters, it might still be possible to establish

cooperation on some very technical matters. When I say technical matters, I could quote a couple of examples. For instance, road safety, transportation of dangerous goods, trade documentation, certain measures of standardization, cooperation in the field of statistics, et cetera. While I am mentioning statistics, for instance ECE engaged in a rather interesting project. The idea was developed by Eva Ehrlich, from Hungary. Namely, the conversion key from the GDP calculation in the West into the NMP/net material product used in the East. There appeared a difference between 10 and 15 percent in between one and the other calculation. But Eva Ehrlich developed a model by which individual component parts of calculation have been able to be isolated so that the aggregates were comparable. This was very useful, because in this way comparison between the performance of western and eastern economies were more easy.

But I am rather giving this as an example of what kinds of projects have been under way, which have been strictly nonpolitical, but technical. Also, in trade facilitation, for instance, there have been certain matters. But on some, again, the cooperation was not really perfect. I will give you the example, for instance, of trade formalities. There are a number of administrative matters to be completed when the goods move across the border. Generally, the people don't know that this administrative cost in foreign trade amounts to about 10 percent of the cost of the exported or imported product. Accordingly, an effort to reduce this cost, particularly to unify the formalities which are needed for customs purposes and formalities which are needed for statistical purposes, or for purposes of safety and sanitary control, could be unified just in one form. On those matters, the activities started to develop in the 1960s and some very useful work has been done. The East had shown very great interest in some of these matters. I will give you the example of gas, where the distributing stations' technique was a matter of interest, not so much the pumping stations. Another thing was, for instance, electric interconnection. A project

was initiated in the East and the West. Both had shown great interest because as eastern countries at that time already developed quite a large number of nuclear power stations so that they had surpluses in electric power and were very much keen to offer surpluses for export. But, when the study once started, experts came across tremendous technical difficulties. I am not an electro-technician, but apparently, in voltage there always was a problem. But, more particularly, it was a problem of inconsistency in supplies. Namely, the eastern system was not adjusted for a rather constant flow of tension at a certain level. The principal problem turned out to be the reliability. So, a study was initiated, but it never came to the point when it would be implementable because the technicians have found technical difficulties of such amount that nothing useful really came out.

This was in the 1960s. Now, in the 1970s, I would almost say that this was the golden era of the ECE, because this was also the era of CSCE—the Helsinki Final Act in 1975. The issue of the environment came in, the challenge of energy, and increasingly also trade. Then there was more interest also on the western side to cooperate on such matters as certain basic energy carriers, like coal, natural gas. The West was increasingly interested in importing particularly natural gas from different sources, because the nature of the gas supply is such that you should never rely on one source only. You must have two or three. So the very plentiful was supply coming through the Netherlands from Norway, from the sea. The other source was Algerian gas, which came in liquefied from to Marseilles and was then transformed into gas. And the third one was the Russian gas. Russia is the richest country in the world in natural gas.

So these were possibilities, particularly as the West was squeezed at that time in oil supplies because of the difficulties with OPEC. And surprisingly enough, the Soviet Union was willing to cooperate. Namely, there was a great anxiety about whether the Soviet Union would

play the game with OPEC. They did not. They, of course, did take care of what OPEC strategies had been. But they put their own national interest before the interests of an Arab monopoly. So this was a period of great expansion of Soviet exports of primary energy carriers, particularly gas and oil, much less electricity.

This led to CSCE, which was not only economic but was very heavily a political challenge. But the important thing is that CSCE had on both sides, West and East, agreed that on economic matters the work started by ECE should continue in ECE. So you would see that in the Final Act of Helsinki, certain projects are directly farmed out to ECE. I was called several times during the CSCE procedure to appear before them, to give them an account, and to be available for questioning over the work and operation of ECE. Foremost was, of course, the environment interest, but also in energy, standardization, and statistics. And generally, the atmosphere there, which I had found at CSCE, was very appreciative with respect to ECE, whether this was the meeting at Helsinki—I was twice in Helsinki—or when they later on moved to Geneva. I was also called once or twice in Geneva during their proceedings. I have also accompanied the Secretary-General to Helsinki at the signing of the Final Act, where they gave to the United Nations much credit. So while this was a venture outside of the UN scope proper, the willingness to cooperate with the UN was all over. So, as I said earlier, I really felt rather lucky in coming in at the period when these relations in the area improved to the extent that some useful work of ECE was possible, which earlier had not been possible.

TGW: Apparently at one time, there had been a proposal perhaps to attach the ECE to the CSCE rather than the UN. Was there an advantage of being in the UN coming to the CSCE, or would it have actually been better for follow-up and follow-on to be incorporated into the CSCE?

JS: This is strange, but I must tell you that I am hearing that for the first time.

YB: It was not during your time. It was later on; [Gerald] Hinteregger suggested it.

JS: I did not know that. But the question makes me think about that. I never really gave much thought to this matter why they wanted to have CSCE outside the United Nations. I was called to the preparatory stage of the CSCE. Also at that time, they consulted me and were calling me to Helsinki. There was a place outside Helsinki where they had these preparatory meetings. But I think that it was mainly western countries who did not want to have this matter within the UN. But the Russians were not keen either. Russians, at that time, were very keen that the project—they called it the “Peaceful Coexistence Project,” while western countries were keener to keep it outside of the UN while they were very courteous, particularly to ECE. They wanted ECE to be in. You have surprised me with this information. I could see on the side of western countries one reason for keeping CSCE outside the UN. The UN was for their taste too much under the influence of the South and they would not like a joint pressure of East and South.

This CSCE was rather a curious matter. You see, I have called them this “second basket”—“bright fellows from European diplomacy.” Namely, whoever it was really who invented this second basket, and discovered that the human rights issue is the key problem to test the sincerity of cooperation between East and West, must have been a very lucid strategy thinker. If you would have asked me at that time, I would have had ideas and thoughts of all kinds of conditions which one could put to the other—but not human rights. Now these fellows, very likely, had come to the conclusion that human rights, with all its implications, whether it was the meeting of families, meeting across the border, facilitation of information, journalists, and so on, but they understood that transparency of the two systems is the first and the most important step to be taken. I was probably too much taken by the practical work of ECE and had therefore not

been thinking on this issue of broader strategy, while these bright fellows from European diplomacy had stuck their heads together. And when we try to appreciate the role of CSCE in later development on our continent, we must confess that it was a prelude of what has happened than in the 1990s. Even today, the Helsinki Watch and national committees are playing an exceptionally important role in the development of democracy in Eastern Europe.

I think I have already stated at an earlier stage of this interview, when we have discussed the UN in general, that I consider one of the most important provisions of the Charter that it gives to the Secretary-General the freedom of undertaking the initiative. He is therefore called upon to be an intellectual leader. In a derivative sense, this relates also to the branches of the secretariat under his leadership. The flow of ideas and leadership in initiatives does not follow a standardized pattern, sometimes.

TGW: This brings up a question in my mind. When initiatives are taken—you mentioned the second basket, but if we go back to the ECE—to what extent is there a role for creative leadership? That is, do initiatives usually come from the secretariat? Or do initiatives come from member states, and then the secretariat reacts and is able to follow up? So, what is the role for creative UN leadership?

JS: Sometimes, the idea matures within the secretariat. More often, though, it is the dialogue in between the secretariat and delegations. Delegations are people with different capacities and much depends on human material. You have periods where you have, in the delegations, two or three bright fellows whose brains work, I would say, a little bit faster and more creatively than others. They come to certain ideas which they then check in dialogue with the secretariat. Namely, the secretariat they would consider more as a technical instrument which would tell them whether this is feasible or not. They would ask for statistical or legal

support and advice. And in this dialogue, then, most often ideas mature. I look at this matter very practically. For instance, I distinctly remember a colleague, Klaus Brendow, who was working in the energy field. But he was also very active in the World Energy Conference, which was a nongovernmental organization (NGO). Klaus, as a personality, is a very communicative person, so that many projects of, for instance energy saving, he would develop first in this World Energy Conference, where again were mostly energy experts from energy enterprises in individual countries, not from government. But, as he was active there, so he had seen there in the World Energy Conference what the business people think of or need. He had, then, in Geneva, a very good relationship with delegations, and particularly with the more professional people who were dealing with economic matters in permanent delegations in Geneva. And, at the commission sessions, when governments usually have been sending to the energy committees, whether it was coal, gas, or the so-called senior advisors on energy, he was then able with these people, who were the key people for energy policies in the government, to check the ideas. So, a technical idea would be checked and confronted with political interest and gradually a new cooperative project would be born.

But, again I say that it was not the formation of the idea. I cannot localize one particular source only. It is more often a fruitful creative intercourse between several sources. But you have to have two or three persons who really carry the whole matter.

TGW: Actually, you finally mentioned the new sacred word, NGO, or nongovernmental organization. These have come, in recent years, to play a prominent role. And there are increasing numbers of them. And even at the outset, of course Charter Article 71 makes room for them in certain fields. In human rights and the environment, they have played an essential

role. What is your sense about nongovernmental organizations within the commission, and what is the future role of these private institutions?

JS: In my experience and recollection, not only do we have Category A, B, and C NGOs, but they are very different. It is one thing when you would speak of the International Chamber of Commerce (ICC), and it is an entirely different matter if you speak of an international organization for the protection of cats and dogs. Some of Category A, like the Chamber of Commerce and the Customs Coordination Council (CCC)—you see those have been absolutely essential where ECE was cooperating like an intergovernmental organization. In particular, the Chamber of Commerce I would point out. On some other areas in the UN, this is different. NGOs are in fact instruments of a “civil society.” We realize today that the mere instruments of formal democracy—free elections, state of law, tripartite division of power, representative government, et cetera—is not enough for a healthy society. Democratic institutions could prosper only in a democratic atmosphere, and a democratic atmosphere should be created by unwritten laws of political morale and structure of civil society. And what is true for a sound and open society on the national level must be true also on the global level. NGOs cannot be a decision-maker because they have no democratic mandate for that. They could have, though, a tremendous role as creators and promoters of the ideas and educators for democratic and cooperative culture.

I would like to add to the tremendous importance of NGOs that the report which the Secretary-General prepared for the Millenium Summit very rightly points to this fact, namely, that the UN is “We the Peoples,” and not high contracting parties or the governments. Now I fully support Kofi Annan’s direction that “We the Peoples” must come more to the fore of the UN, and that UN was not only what we usually think—namely, intergovernmental cooperation.

It was much, I would say, a semi-religious idea which has, as such, had tremendous power. When people were really desperate, they would say, "Let us call the United Nations." I was at the UN when the petitioners had been coming from Africa to the Trusteeship Council. Almost a worship of the United Nations developed there among these people who, at that time, were fighting for their independence and survival. And they have really seen in the United Nations a, let me say, universal salvation.

Therefore, I think for mobilizing people and not only governmental machinery, NGOs are really instrumental.

TGW: We discussed yesterday and this morning your interactions with CSCE, and yesterday to some extent with OECD and somewhat less so COMECON. We haven't actually mentioned Brussels very much and the European Community. What kinds of cooperative or tension-filled relationships did you have with Brussels?

JS: In Brussels, people participated very intensively at practically all ECE activities. But, surprisingly enough, to my recollection I have only once at Brussels a talk with one of the commissioners. I cannot now recollect the name. But the talk at that level was a *batons rompus*—no practical result. It was Mr. Kawan who was mainly coming to our meetings. He was a foremost expert on trade matters. As you know, Brussels has had some extremely important competence, particularly in the field of trade, so he was actually participating in trade discussion as a member. Namely, governments surrendered or transmitted their sovereign rights in certain trade policy matters directly to Brussels so that Brussels was able to speak on behalf of the member countries. There was already common policy there. And Brussels was the executing agency for the government. So that when dialogue or trade policy discussion developed within ECE, it was usually a discussion between Mr. Kawan, speaking for the

West—it was not delegations speaking, but Mr. Kawan was speaking for the western delegations—and Mr. Nyergesh, from Hungary, was speaking for COMECON. They are both extremely bright, so that these dialogues or polemics were often very interesting.

Now, there was a very fruitful collaboration with them in statistics. This was a triangle: OECD, which had been doing very great work in statistics, then communities, and ECE. The work started in ECE, but OECD has taken a lot of projects which have been initiated earlier by ECE and have made them their own. So that at certain moments, there was even a little bit of tension, but still it required clarification and discussion on the matter of who is doing what and who will be doing what. While the community has taken over, particularly in standardization matters in statistics, usually they have not given credit to ECE. The results of ECE work have not been classified. Therefore, they simply continued the work which earlier was started by ECE.

On such matters as the so-called branch committees, there was less cooperation because in Brussels they have had less competence on the technological matters. This was still within the competence of national governments. When it comes to such matters, of course, as a common agricultural policy in the agricultural committee, which was a joint committee of FAO and ECE, but never really came to a clash. While, of course, common agricultural policy of the communities was a great matter of concern for socialist countries. But as eastern countries were also members of FAO, therefore, the delegates which were coming to this joint ECE/FAO agricultural committee were not very keen to come to a polemical discussion with the communities. They were more searching for neutral, non-controversial cooperative issues and not issues to gain on the political dialogue.

TGW: How have your own ideas, your own thinking, changed since the founding of the United Nations, or perhaps, since your initial contact with UNCTAD in the middle 1960s? What has happened to the evolution in your own ideas over this period of time?

JS: Very provocative question. I have changed a lot. A lot! I was very much taken, as a young 23 or 24 year old man, by the UN. After a four-year period of cruel guerilla war, the UN was a revelation of peace. The UN was for me a truly new world, which also emotionally has very much absorbed me. The rupture with the USSR was another shaking development in my personal development, which coincided with the sudden death of my wife. I was twenty-five years old, alone in the wide world. This was a kind of breaking point in my life, namely, disillusionment with the USSR, which we had admired because of their wartime performance. I must say that you younger people will not be able to understand what, for guerrillas living in forests here, it meant that there was hope. After Stalingrad, we said, “This beast can be bitten.” Therefore, we did not reflect much at that time on what happened inside of the USSR. We were just admiring the patriotic energy, which was evidently behind the Soviet military performance.

I was, in 1946, for the first time in the USSR. Could I tell you something from my diary? I was staying at Gostinica Moskva, in Moscow, and we had a giant room with my great friend, Vilfan, whom I mentioned yesterday, who was at that time the deputy foreign minister. And, in my diary from Moscow, there is a passage, which reads as follows: “We come into the room, and my friend opens the drawer, and with a finger he pulls there and shows to me dust on the finger. I make the comment, ‘my dear friend comes to the first country of socialism, and he sees nothing but dust.’” This will tell you not about my friend, but about me and how I was feeling then about the USSR. I have seen in Moscow tremendous misery. Again, I remember going to the so-called *Kolhozni Rinok*—the market for peasant products, which they had been growing

around their modest houses. I saw there people who were offering the daily ration of bread, which came in cubes, and they have been offering two cubes of bread there. I came there and asked him why he is selling the cubes, because I have seen that he is so hungry that he would easily eat this bread on the spot. He whispered, "I need medicine." You see women who have been carrying their children wrapped in blankets. This misery, which of course I understood at that time, was the consequence of the wartime devastation. In 1946, the signs of destruction in the USSR were still evident all over. Now, of course, this experience with the reality of the USSR was shocking. I was not critical of the Soviet authorities because of that. But I knew that this was not what I earlier had thought—a country of tremendous potentialities. I am telling you this so that you will understand the disillusionment which came then at the moment of rupture with the USSR. Then comes the period of search for the answers on this dilemma. We have realized that our dreams were false. How and where shall we find an answer?

You know that then came in Yugoslavia the period of worker self-management, on which many liberals in the world were very keen. I would remember, for instance, Professor Jan Vanek from Harvard and later Cornell, who has written a lot on self management. He was very high in the economic elite. They were seriously considering this being a possible answer to the great dilemmas which had been put before the world in between socialism and capitalism, namely, that there might be something like the so-called "people's capitalism" that had been developed in America, where they thought that by making share ownership rather widely spread and that this would make capitalism more attractive. Now, here the people started thinking that maybe a way in between would be worker self-management which, as you know, in Germany developed into a more economically efficient and operational *mitbestimmung*, which was not really workers' management, but was rather a cooperation of workers trade unions with the management of the

enterprise. This has given certain positive elements which are still there, not only in Germany, but today practically all over.

The evolution of my thinking on the UN role in world economic affairs from the early preparatory work for UNCTAD all the way to NIEO, I have already explained amply. Early in the 1980s, after my return home, I published a book on the world economy, which I have subtitled, *From Domination to Equality*. Then came globalism and “the end of the history.” And even my friends have thought that the argument of my book was all wrong: private capital was flowing into the developing world more abundantly than public assistance ever did. Manufactured goods—particularly consumer’s products—from developing countries flooded the markets of the developed world. Oil prices were again rising. National sovereignty was ebbing. And integration became the slogan of the day. But not before long, the dark side of the moon has shown up. Almost for a decade—during the 1990s—the people have forgotten of the South, thinking that “globalization” will resolve the problem. It has now emerged more frightening than ever. At the end of my 600 page book, I have written that destiny of the developing countries will mark the destiny of mankind. Today, I believe this more than ever.

TGW: Yves, did you want to ask a few questions?

YB: Just to come back to CSCE. You explained how ECE was associated in the preparation for Helsinki, and how CSCE was recognized in the Final Act. You still remained executive-secretary for seven years in ECE. What was the relationship with CSCE during this time?

JS: Very little, because CSCE, as you know, was not really an organization. I even do not now distinctly remember—was it a kind of circular flow, maybe, that individual governments have been taking over responsibility for chairing the periodic gatherings of this CSCE? But they

did not have either a permanent secretariat, so that outside of the period gatherings and the conferences, there was no possibility to contact them. It was rather more the governments who participated at CSCE, and who would then, in their double capacity as members of ECE and members of CSCE, they would then, particularly in their cooperation whether at the annual meetings of the commission or at the presentation at the branch committees, approach the subjects in this double capacity. Particularly the comments of governments at the commission session were more and more influenced by references to CSCE. But, to the best of my recollection, I would not remember any formal contact with the governments who were at the moment or in a certain year chairing the CSCE procedure.

As you know, CSCE also later on did establish a kind of a nuclear secretariat and probably this was your experience that you might have had with them. But in my time, they did not have any permanent secretariat. It was just a kind of delegated matter to the national diplomacy of the president's country. In this respect, I did not have any real formal relationship.

YB: So CSCE contributed to improve the atmosphere and the climate?

JS: Very much so.

YB: On a completely different matter, yesterday you referred to economic analyses, and this morning to normative activities. Was there any technical assistance activity, particularly for Southern Europe, which was initiated by Myrdal and which came up after the end of the Cold War? During your time, was there any technical assistance?

JS: Again, not in a very formalized way. But I may give one or two examples. There was a project of rural electrification, which had been started by the Electric Power Committee on ECE, where then the Expanded Programme of Technical Assistance, Meyer Cohen, who was resident representative of the Expanded Programme in Belgrade, has taken over this project of

“electrification of Sevojno.” The Expanded Programme gave money. Meyer Cohen then, as resident representative, mobilized a couple of people from the Energy Division in ECE to come on the spot and, in an example which was Sevojno, a village in Serbia, where they carried out, on the spot, this pilot project of rural electrification. This is an instance, I think, where I remember directly that ECE staff was taken, but not that they would start a technical assistance project. But it was in combination with the Expanded Programme.

A similar matter was a project on the so-called winter energy. The idea was the following. As there are a number of rivers in the Dalmatian Coast which do not freeze over the winter, there was a possibility to develop hydropower during the wintertime when particularly Italy was short of electric power. And there was an interest in Italy and an interest in Yugoslavia at the time to develop hydropower stations over these several rivers there in the Dalmatian hinterland, and that this would be financed by Italians. Energy would be then transferred to Italy. Now this again was a project where directly staff members from ECE came on the spot. There must be documentation of that in ECE archives. It never was realized. But I also know the names of the people. It was Engineer Hahn on the Yugoslav side, and it was Seivette on the ECE side. He was at that time the director of the Energy Division. But, again, it never came to the implementation state. It was explored. Studies were made.

YB: Maybe a more general question. Could I ask you what were your major successes from your point of view during your time in ECE? You mentioned yesterday, and also this morning, CSCE and the contribution to CSCE. You mentioned the reform of the secretariat. But maybe there are other important points that you consider as successes. And also, where do you have the impression that ECE has missed the boat during this period? Where was there failure, or things you regret not to have been able to push?

JS: This is a very, very difficult question, because this might be also a little bit of problem of a lack of modesty in reply to your question. But sincerely I think that reorganization was the right thing I have done. There was a lot of resistance within the secretariat. And I certainly was not a popular person, particularly for the first one or two years. The directors were not happy with that. I had even great difficulties because I did not ask for a budget increase. And I was very much challenged inside the secretariat for taking this conservative attitude, while, of course, the governments liked that. But the heads of divisions wanted to have more people, while I was transferring posts from division to the other where I saw more need, and in the others I saw declining returns. Of course, this was very, very unpopular. But, I think in the final extent it has proven that this was the correct step.

I also think that this idea of making the three groups of senior advisors was a rather right one. As you know, the branch committees develop, in a way, as closed clubs. Like lobbyists, they have interests of their own, and "don't touch me." They have great lobby power in the national governments also. When I was federal minister and I learned more of how a national government operates, I can tell you that this was a great pride within the national government that somebody, in addition to being a director within the ministry, that he was a delegate to the branch committee in Geneva. He was something special because, you see, he was not only in the national government, but he had this ECE relation also. I could say that, for a vice minister of foreign affairs, being delegate to the annual session of ECE was a very prestigious matter. And there was always a great rivalry among the deputy foreign ministers who would actually be a delegate to the ECE sessions, accordingly responsible for the overall supervision of ECE.

So I think that the establishment of these senior advisors, for instance on energy and on environment, was a very good step. Why? When the environment issue, as a sudden awakening

has come to Europe, you have had in some governments the environmental issue in the Interior Ministry, like in Germany. In Great Britain, you had a super minister for environment. In Sweden, you had the agricultural minister who was responsible for environment. Then you had, in Poland, an office at the prime minister. You see, the national government evidently simply did not know how administratively to do with this new issue which has come about. Now the fact that ECE has had these senior advisors on environment led towards a greater unification. Probably it was not only ECE. Certainly Maurice Strong and his activities contributed also to a more unified approach to this matter. But, immodestly, I do think that here ECE did have its own impact.

Now, economic advisors, I think that here, at least for me—I never tested this on the side of governments—but I think that economists who have played a key role in economic transition in eastern countries participated in the work of senior economic advisors. Lebedinski, the vice-chairman of the Soviet Gosplan, the government planning agency, with his openness, broadmindedness, and frankness in bringing the troubles and problems which the Soviet economy was facing participated in ECE. And it has shown that such a high official could come and have a critical attitude on the matters that we detected. But this was revealing, and of course extremely stimulating for the western countries. I remember that his counterpart was a Canadian, whose name I would not be able to produce now, who then reciprocated in the same way as Lebedinsky frankly spoke about the Soviet problems. He said, “Well, here are our problems.” They then were able really to engage.

But they were really all senior people in their national governments. They spoke or they debated in a non-polemical way about the similar problems. Not that they would say, “Well, our system is better than yours.” They said, “Well, we are facing similar problems.” We also have a

kind of planning, or at least long-term policy thinking in our governments. And in this thinking, we come across similar problems that you do. Now, you have approached that and we have started. Accordingly, a rather useful matter had started.

I feel though that senior technological advisors have been a failure. Nothing really useful has come out of that committee through the so-called science and technology advisors. Even when I have been coming to visit the governments and have spoken to the ministers responsible for science and technology, I am sorry to say it was too much philosophy all over and not really concrete matters. Everybody was also speaking about how technology is important, how science must be more brought into the economy. But then when you say, "Well, but what shall we do? Where are our practical projects to help this flow really to go?" There was nothing. Neither were we, on the side of the secretariat, able to develop any really practical projects, even though it was Norman Scott in the secretariat who was responsible for that. He was certainly the best that you could possibly find in the secretariat. But even he was unable to help them develop anything of practical value.

Now, when you are asking me about what I consider successes and failures, I do not have a straight answer. I feel that ECE might have been useful in this club of executive-secretaries. You know that they have jokingly called us "Knights of the Round Table," with Philippe de Seynes being King Arthur, of course. But we have had regions with very, very many different problems. Philippe de Seynes has called ECE "*boutique de luxe*," because, you see, ECLA and ECAFE (Economic Commission for Asia and the Far East) have been really confronted with tough problems of economic development, poverty, natural disasters, and so on, while we have been concerned with standardization, road safety, and statistics. But I think that at these meetings, because I have had earlier not only regional but more global experience, that my role

might have been useful in this effort towards the so-called decentralization in the UN activities. So that even when I had completed my term—you probably know, [George] Davidson, who was at that time the top under-secretary for management in the UN—and I had been appointed to produce a report for the Secretary-General on this matter of decentralization.

I think that even today, the organization is still, in certain matters, too much centralized. This is true particularly on economic matters. I feel this way because the nature of the problems in different parts of the world are so different. There are common problems, and with globalization coming in, of course, this commonality of problems becomes even more evident. But in addition to that, you cannot run away from difference in historical development, differences in natural conditions. Namely, Latin America is basically different from Africa. Therefore, you see, to put them only in a kind of a straight jacket of unification and to approach them on the same pattern does not yield the best result. Therefore, the degree of decentralization, and even a greater decentralization within the organization, is desirable.

Now, here I do not speak so much of UNDP (UN Development Programme), which is already to a degree decentralized, but more so by the economic research effort. Here I think that regional commissions should have stronger, I think, research resources. I would just think that, for instance, the analysis of economic problems of Europe should be within ECE secretariat, and that headquarters should more or less just take over research findings and not develop in parallel their own regional research program. But this probably should be in the same way for other regions also. Therefore, this kind of duality, in my view, was unproductive. Even Philippe de Seynes on this matter was somewhat ambiguous. He had tried this first when I came in. By the way, he considered research directors in regional commissions more of a kind of his own out-posted staff.

TGW: This is the beginning of the sixth, and final, tape. It is time to leave Geneva. Why, exactly, did you come back to Slovenia? And could you briefly describe your six years as a politician? You said you had politics in the blood from your father. So perhaps this period from 1983 to 1990 when you retired was a return to those origins.

JS: There were several reasons for my resignation on the post of executive-secretary of the UN/ECE. First, and foremost, after fourteen years of service in one post I have become almost a part of the inventory of the institution. I thought that there is a need for some new and younger blood. I have led the organization through the period of détente and co-existence, through the greatest challenge of the CSCE process, and now the organization faces new challenges. Second, I have reached the age of sixty, which was the normal time of retirement in the UN. Third—and my further career has shown that this was probably the most important—the developments back home indicated that the country faced great challenges to overcome the crisis of the post-Tito period.

You have mentioned kindly my earlier reference of “having politics in my blood.” I have followed domestic developments all the time during my term in Geneva. Two of my sons were living here in Ljubljana. We have been visiting Ljubljana at every long weekend. Often I would be driving in the night from Geneva to Ljubljana just to have more time here for talks with relatives and friends. As my political engagement goes, I was member of the first Slovenian Parliament during the war, at the age of twenty-one. During the 1960s, I was elected twice into the federal Parliament, 1966-67. I was even a member of federal government. So I have never lost touch with the development of my native country, while I was entirely loyal to the principles of the Charter to remain independent of the possible influences of the special interests of my home country.

My intention was not the re-entry into the active politics of the country. As I was aware of my age, I thought that I shall contribute to the overcoming of the crisis at home by writing and public appearances within the civil society. And so I have started in 1983. I have got the highest national scientific award for my book on international economy, and I have produced another one on the debt problem—which was problem number one in foreign relations of the country. I have also got one of the highest decorations of the country from my work in the UN.

It soon turned out that my plan to engage in political activities somewhat “privately” was an illusion. The then resident of the country called me once into his office—he was my wartime friend—and invited me to join him in his new term of presidency. He pointed out at that occasion that my “civic-society” activities raise questions in the public, as I am critical of certain aspects of official politics while not on the dissident side. He emphasized though that I would keep my entire intellectual freedom as a member of the presidency and could continue my publishing and other public activities. So I have accepted his invitation and was elected member of the presidency in 1984.

My native country Slovenia was at that time in full democratic swing. The borders were open and the people were free to go anywhere they wanted. One quarter of the Slovenian work force worked in Austria and Germany as *gastarbeiter* (guest workers). This has contributed to the free flow of ideas. People visiting the western countries or even working abroad were bringing democratic spirit into the country. The conviction that the only way from the present crisis is a complete change-over and the introduction of western democratic rule in politics and economy became generally accepted. This was my line also.

By 1987 the four-year term of the presidency—of which I was a member also—approached its termination and the new elections were preparing. The electoral system in

Yugoslavia was in two stages. As in the USA, there was first a kind of primary at which the candidates were selected, and then there was the general election of the president and members of the presidency. Until then, it was the established practice that a former president of the Communist Party was elected new president of the republic. So also this time, it was generally considered that the Communist Party machinery will elect former president of the party, who was, like me, already a member of the former presidency. But the primaries gave a great majority to my name. The emerging democratic opposition, which was still informal, but gathered around the youth movement and its weekly “*Mladina*,” which was openly on a dissident side, opposed him and advanced their own candidate Mrs. Mojca Drar-Murko, who was a distinguished journalist. She came second on the list of primaries. So, I find myself in the midst of a political whirlpool.

I was elected with a large majority. This has put me on the very top of boiling turmoil in my native country and in Yugoslavia. Slovenia was emerging in the first line of fight for democratization. The developments within Yugoslavia have also come to the boiling point. So the challenge was not any more just of how to meet the democratic demands of the emerging dissident opposition within the republic, but also how to manage the republic’s role within the federation.

TGW: Actually, there seem to be two arguments—that Tito’s death inevitably meant the end of the federation and that it did not. Which is your argument? What, in your view was the contribution of the World Bank and the IMF to the explosion that actually occurred? Susan Woodward, in *The Balkan Tragedy*, basically argues that structural adjustment exacerbated tendencies towards ethnic rivalries. Do you see it that way?

JS: There are a couple of things to be explained in reply to your question: Tito's death and its relation to the development of the "Yugoslav tragedy"; then the underlying causes of the Yugoslav drama, a possible role of international financial institutions, and the IMF in particular, versus internal causes of the crisis of the socialist economic system, including the self-managing system of Yugoslavia; and lastly the Woodward thesis.

I have already explained that the causes of the Yugoslav drama started much before the whole world became aware of it. The principal cause was in the malfunction of socialist self-management system. It was an attempt to marry a market system with the socialist dogma of public ownership over the means of production. I think that it is axiomatically impossible to have a system of free market competition together with the principle of socialized capital. Capital is one of the factors of production, and it cannot be treated as a public good like water or air. Capital must have a price, like labor and input materials. If not, capital is then wasted and you have built into the system a principle of political allocation of capital. As I used to say: investment is for rentability and profit and not for political glory. Worker's self-management was a tremendous improvement on the Soviet system of a centrally planned economy, but it still carried with it the socialist dogma of public ownership over capital. Therefore the Yugoslav economic system was in crisis already from the mid-sixties, when I was in the federal government and left it as the prime minister started drifting back from economic reform into the waters of politically distributive economy.

This economic crisis was the background of political dissatisfaction. The brightest people—the younger generation mainly educated at the western universities—within the Communist Party were aware of a need for fundamental change. They were called "liberals." They have appeared during the 1960s all over the country—I mean in all constituent republics.

The most vigorous was the pressure for change in Croatia at the time under the leadership of Mrs. Savka Dap_evi_-Ku_ar, who was in fact first the secretary-general of the Croatian party and then the prime minister of the Republic of Croatia. This movement was paralleled with the liberal tendencies of the Slovenian prime minister, Stane Kav_i_, and the secretary-general of the Communist Party in Serbia, Marko Nikezi_. The Croatian liberal movement soon turned into nationalistic waters. Under the pressure of the “old guard,” the conservative elements in the party, Tito reprimanded the Croatian liberal leadership and dismissed them from all leading positions. Other people which supported this movement outside the Communist Party and exacerbated the nationalistic elements were even sentenced and put into prison—like Tudjman, Budi_a, Veselica, et cetera. As Tito always kept the balance among the Yugoslav nationalities—this was his way of keeping the heterogeneous federation together—he fired also the liberals in Serbia and Slovenia, equally in Bosnia and Macedonia. In their place, he put “yes-man” people who were neither intellectually nor morally apt to govern the country. The underlying nationalistic sentiment developed further all over. Yugoslavia was thus already in political and economic disarray when Tito died. In this general atmosphere, over which came the international debt crisis, started the political fight for Tito’s succession.

And here comes [Slobodan] Milo_ovic into the picture. I met him several times. I have studied him, and I am convinced that he is a man with neither personal nor political morals. The force which propels him is a thirst for power and nothing else. I have first met him as a secretary of the Belgrade party organization. Some of my liberal Serbian friends—Crnobrnja, Bajec, et cetera—introduced me to him, but I was not impressed by this “banker” as apparent new Serbian leader. Milo_ovic knew that the first step to dominate Yugoslavia is the domination over Serbia. He has come into the post of leadership of Serbia by a most immoral and disgusting political

coup d'etat within the Serbian party, betraying his best friend [Ivan] Stamboli_, who recently just “vanished” and the police are unable to find out his whereabouts, if he is still alive. But he knew that the communists are in the minority in Serbia and that old monarchists, Chetniks, and generally nationalists are still large in numbers. He decided, with a devilish plan, to exacerbate Serbian nationalism by opening the “soaring wound” of Kosovo. Thus he has married the remains of communism with the nationalism. Thus the stage for the “Yugoslav drama” was set.

You must know that the basic problem with Serbian nationalism is the fact that one third of the Serbian nation is living as a minority within other Yugoslav republics. Within Croatia, they represented 14 percent of the total population; within Bosnia, some 30 percent; about half of Montenegro; some 10 percent in Macedonia. Only in Slovenia there was not an “original” Serb minority. He started the “deadly dance” within Vojvodina, where the Serbian population represented more than half of the total population of the province. Then in Montenegro and then he went to the large public gathering to Gazimestan, the historic place where Serbs were defeated in 1489 by the Turks, to announce that “further battles are not excluded.”

His strategy with Slovenia was peculiar. Over the seventy years of the existence of Yugoslavia since 1918, Slovenia was always a “balancing factor” between Serbs and Croats. Due to its vulnerability towards the German and Roman pressures, Slovenia was dependent on Yugoslav unity and military support, while the tendencies towards autonomy were always strong and alive. Milo_evic wanted to amputate Slovenia, while verbally he was supporting “Yugoslav unity.” Amputation of Slovenia would give him a more free hand for settling the accounts with Croats. This is where the “unholy alliance” of Slovenian democratic separatists and Serbian centralists coincided. In the attempt to reach his strategic objectives, he wanted to eliminate first Slovenian liberal leadership, which had great sympathies all over Yugoslavia and was thus the

most serious opposition for his “great design” of bringing the plan of Greater Serbia into being. And this is where I have come as an obstacle on his way.

My view on the Yugoslav crisis was based largely on the studies which we have been making within the ECE secretariat. The gist of this analysis was that the crisis is a consequence of political criteria rather than that economics are guiding Yugoslav policies. The crisis therefore is “systematic” and is not conjectural. The outburst of nationalism and a consequential constitutional crisis are related to a malfunction of the economic system. The way out is therefore political democracy and free market economy with a constitutional change transforming federation into confederation. I did not think though that the collapse of the Yugoslav state and its partition into internationally independent republics would be either feasible nor possible nor even desirable. I have thought that this would be the best solution also from Slovenia’s national interest. A larger Slavic confederation would be the best solution also from Slovenia’s national interest: a larger Slavic confederation would shield us from foreign Germanic and Roman pressures. Economically, Slovenia would still have easier access to the Balkan markets, and internationally this would be an entire constitutional evolution and, therefore, fully in line with the provisions of the Helsinki Final Act of “non-violability of borders” in Europe.

I would like to add that I was throughout the evolution of this crisis fully aware that, as small as Slovenia is, it has a strategic position in the “Balkan pot.” The structure of Yugoslavia as conceived by the wartime leadership at AVNOJ (Anti-Fascist Council of National Liberation of Yugoslavia) was namely such that pulling any brick out of the federal structure unavoidably leads towards a collapse of the entire structure. Tito was fully aware of this, and he had therefore suffocated in roots, with often draconian measures, any appearance of nationalism.

In autumn of 1988, I was invited to Washington. The invitation was transmitted to me in the name of the secretary of state, Mr. Schultz, by the U.S. ambassador, Scanlon. The secretary of state has asked me to explain to him and to his closest associates my views on the Yugoslav crisis. In both places I have explained my views as candidly as possible. I was convinced that I had made good service to my country, to inform the centers of world power on the true state of affairs in Yugoslavia. So much bigger was therefore my surprise, when I had seen on my return home, that Milo_evi_ raised an uproar in connection with my visit to Washington. He had demanded that every single institution in the Yugoslav federation accepts a resolution condemning my “unpatriotic” and even “treacherous” statements in Washington. The transcripts of my statements in Washington were published by all Yugoslav newspapers, and the people have rightly asked, “what was so ‘unpatriotic,’ ‘anti-Serbian,’ or even ‘treacherous’ in these statements?” The formal resolution of federal presidency has revealed the real reason for this: in a truly Freudian manner, they revealed the real reason by stating that this condemnation in no way relates to the American secretary of state, who has given me the audience in good faith. It was actually the fact that by this courtesy America has shown that they support the effort to resolve the crisis in a peaceful way by democratization and introduction of free competition.

This was just the beginning. Milo_evi_'s pressure on the liberal Slovenian leadership had intensified from month to month. Milo_evi_ wanted to remove Slovenian leadership by calling for a “meeting of truth” in Ljubljana on the pattern of Novi Sad and Titograd, where they have already removed the leadership this way. But the presidency of Slovenia, supported by the National Assembly, prohibited this meeting and has mobilized the police force to prevent the entry into Slovenia to the trains and buses which were organized to bring several tens of thousands of protesters from Serbia. Milo_evi_ was enraged. He organized a complete

economic blockade of Slovenia. I think that this was unprecedented in international history, that one part of a federal state organizes an economic blockade on another part. This pressure was accompanied by the pressure coming from the side of the Yugoslav army. The army went so far as to organize a process against four civilian journalists before the military court.

The Slovenian public opinion was radicalized because of all these outrageous pressures coming from the federal authorities. The option of transforming the Yugoslav federation into a confederation seemed therefore less and less realistic. There was a general outcry for strengthening the competencies of the Slovenian republic and to take them back from the federal state, to which they were transferred during the war at AVNOJ. We have proposed, and the National Assembly accepted on 27 September 1989, several amendments to the constitution of the Slovenian Republic, increasing its power of national self-determination. On December 29, 1989, we proposed and the Slovenian National Assembly accepted a new law for true democratic, fair multiparty elections. The elections were actually held in April 1990, on which the democratic opposition—a coalition of several rightist, centrist, and even social democratic parties united in DEMOS (Democratic Opposition of Slovenia)—won and formed the new government, which was committed according to pre-electoral promises to a secession from Yugoslavia. A plebiscite was organized on 23 December 1990 at which 88.2 percent of the voters inscribed voted for an independent Slovenian state. The actual independence was proclaimed on 24 June 1991, followed by an intervention of the Yugoslav army. Slovenian police and paramilitary forces resisted in a war which lasted for ten days. After the intervention of the European Community, an armistice was arranged with the agreement that Yugoslav army will leave the Slovenian territory. Slovenia was internationally recognized as an independent state. On May 22, 1992, Slovenia was accepted as a full member of the UN.

After this rather lengthy account, I think that also the remaining part of your question has been answered. In my view, the World Bank and the IMF did not actually contribute to the “Yugoslav explosion.” They have supported the policies of the last prime minister, Ante Markovi_, who was trying to keep Yugoslavia together and had enjoyed the support of these financial institutions in this endeavor, but it was already too late.

As for the theory of Susan Woodward, I could only say rather briefly that structural adjustment was related with the effect of clashes of national interests. But the alternative Yugoslavia was confronted with was not structural adjustment or war, but was rather, for the sake of survival, the transition to democracy and the free market. One could rather argue that the structural maladjustment during the first half century after World War II created the background on which then ethnical rivalries flourished. But it was not the ethnicities which started the disastrous tragedy, but rather the villains, who pushed them into war. On this I agree with Ambassador Warren Zimmerman in his book, *Origins of a Catastrophe*.

TGW: You mentioned the preamble part of the Charter yesterday—that the institution was founded to stop the scourge of war. Do you think it could possibly have stopped Yugoslavia’s kind of war? It was not founded to deal with civil wars. But this seems to be the direction in which the planet is headed. Virtually all wars now are civil wars. How did the United Nations acquit itself, in your view, in the former Yugoslavia?

JS: I am not sure that I got the gist of your question.

TGW: The United Nations was founded. The scourge of war that it was supposed to stop was international conflict. If you consider each of these pockets of the former Yugoslavia separate countries, perhaps you could say that there was an international conflict. But when it started, it really was a civil war. And the United Nations has greater difficulty, I think, dealing

with civil than international wars. How do you feel that the United Nations handled itself in relationship to the Bosnian and Croatian conflicts?

JS: Generally very poorly. I think that there have been two persons whom I would point out. I think [Boutros] Boutros-Ghali's approach to the whole matter was absolutely wrong because the Balkans is not Cambodia. And the way practically under his guidance that [Yasushi] Akashi was handling matters was also wrong. One and the other were not properly briefed about the gist of the Yugoslav problem. You see, for right or for wrong, the world was looking at Yugoslavia rather favorably. Generally, Yugoslavia was liked. As an international official, I was always traveling with a national passport, never with a UN *laissez-passer*. And I was always identified as Yugoslav. People did not say, "Well, he is a former Austrian Slovene." No, I was a Yugoslav. And I really felt this way.

But, people outside who were looking at Yugoslavia were not aware of how painfully this Yugoslavia was actually created. People were told that during wartime there was a kind of communist revolution. But they were unaware that Serbs were killing Moslems, Croats were killing Moslems, Serbs were killing Croats. You see that everybody was killing everybody else. Slovenia had its own internal problem, namely, that the Church organized the opposition which then split the nation into two parts. But it was one nation, not two. And we were also brothers killing brothers in the name of Jesus Christ. While, you see, South of us, they were killing each other in the name of different nationalities. Now, let me tell you, I may be rather critical about many of Tito's policies. But, look, the fact that out of this wartime carnage, he made Yugoslavia—and I tell you there was no other way to keep it together after war but a strong hand. And, whoever for a decade or two did anything to foster internal fights was immediately

eliminated from the political ranks. This was, for a certain period, the only way to get people out of what we had been drawn into by villains during the wartime, 1941-45.

Now, you see, I am talking out of nostalgia, of course. Namely, fifty years is a long period. These are two generations. And in these two generations, like my own family—I told you that my wife is a Serb from Montenegro. Our youngest boy, when this whole thing occurred, was in Geneva. He said, “Now look, you two. You, mother, are a Serb; you, father, are a Slovene. Who am I?” We have four sons. They are now people of fifty and over. But they are best friends. They stick together. We are a mixed family, and there has been in Yugoslavia 20 percent of families with mixtures of nationalities and creeds. And I thought that the strong point of Yugoslavia was Bosnia, where this mixture really occurred. It is not that you could say, “Well, you were living dreams in the clouds.” Look, I was living like an ordinary citizen. I was living for a long time in Belgrade. Never did anybody have anything against me, saying you are a Slovene. They didn’t even know. True, my Serbian was fluent, so that they couldn’t discover that I am a Slovene. Namely, only my name made them discover that I am not a Serb, as I am “Stanovnik” and not “Stanovnic.”

There is a lesson to be drawn by the UN out of this experience, whether in Bosnia, Rwanda, Cambodia, or Angola, hopefully not the Netherlands or Corsica. We are speaking of globalization in economic terms, but are we aware that this will need also a legal infrastructure, that international law will have to follow the developments in the “real” world. We are speaking of “limited sovereignty” in connection with economic integration schemes. When defending human rights—the Helsinki Final Act is very instrumental in this respect—we have accepted the Universal Declaration, and have also organized the European Court for Human Rights. There the commitments and obligations already go beyond the sovereign borders for countries. There

is a Hague court now, trespassing the national jurisdiction. If the UN wants to be truly “We the Peoples” than its instrument will have to be truly international and not just intergovernmental as they still are. The UN cannot be just “peace-keeping” and “war-preventing.” It must be the defender of humanity. This is why I argue so strongly in favor of giving NGOs more place and for introducing “civic society” to the glass wall on the East River.

TGW: Actually, now that we have started on this subject, we could probably go for another two days. But, alas, we have to catch an airplane. We are really very grateful for your having spent these two fascinating days with us. Other folks will thank you in the future as well.

JS: Thank you very much.

INDEX

- Administrative Committee on Coordination (ACC),
100-101
- Africa*, 24, 32-33, 35, 38, 40, 52, 110
and decolonization, 32-33
and Non-Aligned Movement, 38
and the Trusteeship Council, 110
 involvement of China in, 32
 involvement of the Soviet Union in, 40
- Algeria, 99
- Algiers, Algeria, 64
- American Revolution, 89
- Andropov, Yuri, 78
- Angel report, 29
- Angola, 24, 132
- Annan, Kofi, 27, 60, 109
- Anschluss, 1, 4
- Argentina, 33-34, 48, 61
- arms race, 25
- Asia, 32-33, 37-38, 120
and decolonization, 37
- Asian-African Conference (Bandung), 32-33
 impact on UN thinking, 33
- Asian Drama*, 37
- Atlantic Charter, 16
- atomic arms, 40
see also arms race
- atomic power, 85, 105
- Australia, 34
- Austria, 1, 2, 4, 10, 122
- Austro-Hungary, 1, 2, 4, 6, 10-12
- Balkans, the, 2, 10
- Bandung conference, *see* Asian-African Conference
- Baruch Plan for World Government, the, 24
- basic needs, 52
- Belgium, 27
and Congo, 27
- Belgrade Conference, 42-43**
- Belgrade, Yugoslavia, 2, 8, 17, 21, 32, 40, 42-43, 63,
67, 89, 115, 125, 132
- Bellamy, Carol, 92
- Beneš, Eduard, 9
- Berlin, Germany, 20-21, 72
- Berlin Wall, 93
- Berthoud, Paul, 66
- Black, Eugene, 50
- Bolsheviks, 12
- Bosnia, 8, 125-126, 131-132
- Boutros-Ghali, Boutros, 131
- Brevary, Father de, 25
- Briand, Aristide, 9
- Brandt, Willy, 86-87
- Brazil, 33, 35
- Brendow, Klaus, 108
- Bretton Woods institutions, 77
see also International Monetary Fund
see also World Bank
- Brezhnev, Leonid, 24, 74
- British Commonwealth, 45
- Brundtland Commission, 29, 86
 impact on policy, 29
- Brundtland, Gro, 86
- Brundtland report (*Our Common Future*), 87-88
- Brussels, Belgium, 58, 110, 111
- Bucharest Conference, 85
- Burma, 33, 83, 97
- Burns, Arthur, 51
- Business International, 95
- Cairo Conference, 42
- Cairo, Egypt, 42
- California, 52
- Cambodia, 131-132
- Campos, Roberto, 49
- Carlson, Sune, 20
- Catholic Church, 12
- Central Intelligence Agency (CIA), 93
- Chenery, Hollis, 51
- Chernenko, Konstantin, 74
- Chernobyl disaster, 85
- Chicago School of economics, 65
- Chile, 87
- China, 20, 32, 89, 90
and human rights, 90
- Chosudovski, Fagen, 60
- Christian Socialist Party (Slovenia), 4
- Churchill, Winston, 16, 20, 102
- civil society, 109, 122, 133
- civil war, 130
- Cohen, Meyer, 115-116
- Cold War, 20-23, 39, 72, 88, 101, 115
- Colombia, 35
- Columbia University, 19
- Committee for Human Rights, 89
- Committee for the Protection of Human Rights, 89
- Communist Party (Croatia), 125
- Communist Party (Serbia), 125-126
- Communist Party (Slovenia), 4
- Communist Party (Yugoslavia), 22, 123-125
- Conference on Security and Co-operation in Europe
 (CSCE), 76-77, 92, 104-106, 110, 114-115, 121
and the Soviet Union, 77
- Congo, 27
- Copland, Douglas, 62
- Corea, Gamani, 35, 67
- Cornell University, 113
- Corsica, 132
- Council for Mutual Economic Assistance

- (COMECON), 92, 110, 111
 Croatia, 125-126, 131
 Cuba, 34, 38, 40
 and the Non-Aligned Movement, 34, 38
 Customs Coordination Council (CCC), 109
 Cyprus, 99
 Czechoslovakia, 68, 71, 79, 82
 debt, 85, 122, 125
 Declaration of the United Nations, 16-17
 decolonization, 32, 35, 42, 48, 52
 Dell, Sidney, 55, 63
 democracy, 3, 14-15, 23, 83, 107, 109, 127, 130
 and civil society, 104
 and Eastern Europe, 107
 and market economy, 127, 130
 and Slovenia, 14
 and Yugoslavia, 3, 15
 Democratic Opposition of Slovenia, 89
 Dep_ovic-Ku_ar, Savka, 125
 détente, 74, 102, 121
 developing countries, 10, 28, 34, 36-37, 39, 47, 55, 58, 62, 69, 86, 114
 and economic development, 37-38
 and the Soviet Union, 37-38
 and trade, 48
 and United States investment in, 39
 Desai, Nitin, 29
 Development Decades, 43-44, 57
 First Development Decade, 43
 Second Development Decade, 43
 Third Development Decade, 43
 Fourth Development Decade, 43
 Dr_ar-Murko, Mojca, 123
 Dub_ek, Alexander, 79, 82
 East Germany, 25, 79, 93, 80
 see also Germany
 East-West relations, 60
 Eastern Europe, 11, 36, 58, 67, 71, 78, 81, 84, 98, 107
 Echeverria, Luis, 88
 Economic Commission for Africa (ECA), 44-45, 99
 Economic Commission for Asia and the Far East (ECAFE), 119
 Economic Commission for Europe (ECE), 21, 59-61, 64-65, 67, 69-74, 76-81, 84-86, 88-91, 96, 98-101, 103-107, 110, 111, 114, 116-118, 120-121, 127
 and the Conference on Security and Cooperation in Europe, 103-106, 114, 116
 and gender, 90
 and human rights, 88, 107
 and sustainable development, 81, 118
 Electric Power Committee of the, 115
 impact on global thinking, 101
 Economic Commission for Latin America (ECLA), 61, 119
 Economic Conference for Developing Countries (Cairo), 41
 economic cooperation, 9
 and the Great Depression, 9
 economic development, 30, 37-38, 52
 and trade, 52
 impact of United Nations on, 30
 theories of, 30
 economic inequality, 28
 Economic and Social Council (ECOSOC), 49-50, 54, 61
Economic Survey of Europe, 93-94
 Ehrlich, Eva, 103
 employment, 29
End of History, the, 114
 environment, *see* sustainable development
 Ethiopia, 9
 Europe, 1, 51, 71-72, 89-90, 101, 117, 129
 U.S. financial assistance to, 51
 European Community (EC), 58, 92
 see also European Union
 European Court for Human Rights, 132
 European Union (EU), 92, 110
 see also European Community
 Expanded Programme for Technical Assistance (EPTA), 19, 115-116
 family planning, 85
 fascism, 3, 13
 Federal Bureau of Investigation (FBI), 23
 Food and Agriculture Organization (FAO), 41, 99, 111
 Ford, Henry, 52
 France, 3, 45
 Franco, Francisco, 12
 Frank, Isaiah, 39
 Fréchette, Louise, 92
 French Revolution, 89
 Frisch, Ragnar, 57
From Domination to Equality, 114
 Fulton, Missouri, 20
 Galbraith, John Kenneth, 19, 40
 gender, 59, 90-92
 General Agreement on Tariffs and Trade (GATT), 29-30, 38, 49, 53
 Geneva, Switzerland, 9, 34, 60, 63, 75, 81, 95, 97, 105, 108, 132
 Germany, 10-11, 25, 61, 69, 113, 118, 122
 see also East Germany
 see also West Germany
 Ghana, 44
 decolonization of, 44
 Ghaudrian report, 29
glasnost, 26
 global economy, 28
 and inequality, 28
 globalism, 39, 95, 114, 129

- and the South*, 114
 Gorbachev, Mikhail, 26, 74, 77, 97
 Gostinica Moskva, 112
 Grafenauer, Ivan, 9
 Great Depression, 9-11
 and economic cooperation, 9
 Greece, 21
 and civil war, 21
 Greenwald, Jo, 39
 Group of 77 (G-77), 33, 38, 41-43, 49, 53-55, 62, 64, 67
 relation with Non-Alignment Movement, 43
 Guevarra, Che, 34
 Guinea, 36-37
 Haberler, Gottfried, 49
 Haberler report, 46, 49
 Hague, The, 133
 Hakim, George, 29
 Hammarskjöld, Dag, 20, 23, 27-28, 59, 73
 and Congo, 27-28
 Haq, Mahbub ul, 33, 45-46
 Harvard University, 51, 113
 Havana Conference, 34
 Havana, Cuba, 53
 Heath, Edward, 56
 Helleiner, Gerald, 57
 Helsinki Conference, 83, 88, 104-105, 114, 132
 Helsinki, Finland, 76-77, 105-107, 127
 High School of Classical Studies, 1
 Hilgert, Floke, 47
 Hill, Martin, 20
 Hitler, Adolph, 1-2, 4-5
 human rights, 42, 77, 83, 88-89, 92, 106, 109-110, 132
 and nongovernmental organizations, 106
 see also Universal Declaration of Human Rights
 Hungary, 10, 68, 76, 95, 103
 ideas, 11, 26-28, 54, 83, 86, 88, 107, 122
 and Economic and Social Council, 54
 and global ad hoc conferences, 84
 and Group of 77, 54
 and independent reports, 86, 88
 and religious background as influence on, 11
 and UN General Assembly, 26, 28, 54
 and UN leadership, 107
 and UN secretariat, 26, 28
 and UN secretaries-general, 28-29
 and UN specialized agencies, 107
 effect of open borders on, 122
 Iglesias, Enrique, 65
 India, 32, 40-41, 52
 and Food and Agricultural Organization, 41
 Indochina, 39
 and United States, 39
 inequality, 28
 Innitzer, Cardinal, 4
 Innsbruck, Austria, 82
 intellectual property, 35
 Inter-American Bank (IAB), 65
 International Chamber of Commerce (ICC), 109
 international civil service, 56
 International Development Association (IDA), 30, 50, 53
 International Economy, 73
 International Labour Organization (ILO), 52
 international law, 132
 International Law Review, 59
 International Monetary Fund (IMF), 15-16, 35, 123-124, 130
 and Yugoslav crisis, 130
 International Trade Organization (ITO), 53
 Iran, 20
 Iraq, 53
 Israel, 41
 Italy, 1, 9, 116
 Jang, Ali Yavar, 33
 Japan, 18
 Johnson, Harold, 57, 65
 Kaldor, Nicholas, 57
 Kalecki, Michal, 20, 58
 Karinthia, 4-5
 Kaufmann, John, 80
 Kav_i_, Stane, 125
 Kekkonen, Uhro, 76
 Kennan, George, 72
 Kennedy, John Fitzgerald, 39, 52
 Kennedy Round, 34, 46, 62
 Keynes, John Maynard, 30, 50, 58
 Keynesian economics, 35, 51
 Khrushchev, Nikita, 24, 74
 King Alexander, 3
 King Peter II, 2
 Kitani, Ismat, 53
 Klein, Lawrence, 57
 Korean War, 20
 Kosovo, 67, 126
 Kreitsky, Bruno, 86
 Krek, Doctor, 12
 labor movement, 11
 Lagos, Nigeria, 46
 land reform, 18
 Latin America, 32-33, 35, 38, 40, 52, 120
 Lausanne, Switzerland, 9
 League of Nations, 9-10, 16, 47, 59, 68, 101
 Lenin, Vladimir, 56
 Lie, Trygve, 27, 57
 Leontief, Wassily, 54
 Lipi_ski, Edward
 Lewis, Arthur, 28
 Limits to Growth, 83, 87
 Ljubljana, Slovenia, 1, 2, 7, 63, 91, 121, 128
 Macedonia, 125-126

- Maizels, Alf, 65
Malinowski, Valdek, 54, 63, 66
Malta, 99
Manchuria, 9
Maoism, 32
Markovi_, Ante, 67, 130
Marseille, France, 104
Marshall Plan, 20, 51, 72, 86
Martin, Doctor, 10
Marx, Karl, 51, 65
Marxism, 18, 22-23
Massachusetts Institute of Technology (MIT), 83
Mates, Leo, 21
Maung, U, 53
McCarthyism, 20, 23-34
McCarthy, Joseph, 58-59
McNamara, 52
Meade, James, 49, 57
Measures for Economic Development, 28
Mekong River, 83
Mendes-France, Pierre, 28
Mexico, 33, 61, 85
Millenium Summit, 109
Milo_ovic, Slobodan, 125-126, 128
Mint, Hla, 33
Molotov, Vyacheslav, 21
Montenegro, 126, 132
Morales, Cecilio, 33
Moravia, Czechoslovakia, 74
Moscow, Russia, 17, 60, 75, 80-81, 92, 112
Moynihan, Daniel Patrick, 80, 85
Mosak, Jack, 54-55, 99
Mussolini, Benito, 1
Myrdal, Gunnar, 37, 61, 71-73, 81, 94, 101-102, 115
Nairobi, Kenya, 84
Narasimhan, C.V., 62, 64
National and Per Capita Income of 49 Countries, 28
National Institute for Economic Research, 51
nationalism, 58
Nazis, 3-4
Netherlands, the, 104, 132
New International Economic Order (NIEO), 54, 56, 114
New York, New York, 17-20, 23, 26, 32, 64, 79, 82, 98
New Zealand, 34
Nigeria, 46
Nikezi_, Marko, 64, 125
Nobel Prize, 57
Non-Aligned Movement (NAM), 37-38, 40-43
 and human rights, 42
 and decolonization, 42
 and Group of 77, 43
 as voting bloc in UN, 43
nongovernmental organizations (NGOs), 108-110, 133
 and human rights, 108
North Atlantic Treaty Organization (NATO), 80
North Vietnam, 34, 40
Norway, 57, 104
Novosibirsk Economic Institute, 96-97
Nurske, Ragnar, 19
Nyerere report (*The Challenge of the South*), 88
Nyun, U, 97
oil crisis, 78, 96
Organization for Economic Cooperation and Development (OECD), 58, 67, 77-78, 110
Organization of Petroleum Exporting Countries (OPEC), 78, 95, 104-105, 111
 and the Soviet Union, 104-105
Origins of a Catastrophe, 130
Owen, David, 19
Pakistan, 33
Palais Chaillot, 17
Paris, France, 3, 17
Peaceful Coexistence Project, 106
peacekeeping, 38
Pearson, Lester, 86
Pearson report (*Partners in Development*), 86
Peres, Shimon, 41
perestroika, 74
Perez-Guerrero, Manuel, 67
Perón, Juan, 48
personnel, 59-60
 and geographical representation, 60
 and United Nations, 60
Picot, George, 98
Pollock, David, 63, 66
Poland, 68, 76, 118
Pope Leo XIII, 11
Pope Pious XII, 13
Popovitch, Vladimir, 42
population, 85
Portugal, 79
poverty, 119
Prague, Czech Republic, 71, 79, 81, 83-84
Prague Spring, 77, 82
Prebisch, Adelita, 66
Prebisch, Raúl, 30, 36, 46-48, 54-55, 61-67
Ramphal, Sonny, 29
Rangoon, Burma, 83
Raymond, Paul, 59
Reagan, Ronald, 88
Republican Party (U.S.), 52
Robinson, Mary, 92
Roman empire, 43
Rome, Italy, 85, 100
Roosevelt, Franklin Delano, 16, 25
Rosenthal, Gert, 101
Russia, 4
Rustow, Walter, 39, 47
Rwanda, 132

- Salassie, Haile, 9-10
 Santiago, Chile, 66
 Schultz, George, 128
 Scott, Norman, 119
 Seattle, Washington, 85
 self-determination, 16-17
 Serbia, 2, 70, 89, 125-128
 see also Hungary
 Seynes, Philippe de, 98, 119-120
 Sevojno, Serbia, 116
 Sierra Leone, 36
 Singer, Hans, 19, 30, 46-47
 Sipilä, Helvi, 90
 Slovenia, 1-2, 6-7, 9, 12, 14-15, 41-42, 70, 86, 89,
 121-123, 125-139, 131
 and multi-party elections, 129
 Smith, Adam, 69
 socialism, 12-13, 22, 24-26, 37, 41, 68-69, 71, 75-76,
 79, 81, 90, 92-93, 96, 111-113, 124
 and the arms race, 25
 and developing countries, 37
 and gender
 and market system, 26, 93
 and the Soviet Union, 24, 76, 112
 and Tito, Josip, 41
 and trade, 68, 92
 national disputes over, 22
Socialism, 12
 Solow, Robert, 30, 51
 Southern Europe, 115
 sovereignty, 114, 132
 Soviet Union, 4, 15, 23, 25, 27, 37-38, 40-41, 51, 56,
 58, 67, 68, 70-74, 76, 78, 82, 85, 93, 95, 97, 102,
 104, 106, 112-113, 118, 124
 and Congo crisis, 27
 and developing countries, 37-38
 and Group D, 67
 and Organization of Petroleum Exporting
 Countries, 104-105
 and technological development, 74
 development policies of, 51
 Spanish Civil War, 1, 12
 Special UN Fund for Economic Development
 (SUNFED), 30, 34-35, 50, 53
 Stalin, Joseph, 21, 24, 41, 73
 Stalingrad, Soviet Union, 112
 statistics, 28, 103, 119, 111
 Stockholm Conference, 79, 80
 Strong, Maurice, 80, 84, 118
 sustainable development, 29, 78-79, 80-81, 83, 85,
 87-88, 100, 104, 117
 Svenilsson, Ingvar, 57
 Sweden, 57, 118
 technical assistance, 115
 see also Expanded Program of Technical
 Assistance
 technology, 48-49, 51, 74, 76, 85, 87, 119
 and human capital, 51
 transfer of, 76
 Thant, U, 27, 61-62, 64, 81-84
 Thatcher, Margaret, 88
 Third World, 53, 55, 86
 Tinbergen, Jan, 49
 Tirana, Albania, 89
 Tito, Josip Broz, 5, 8, 21-22, 24, 32, 36-37, 40-41,
 63, 73, 93, 121, 123, 125, 127, 131
 and Non-Aligned Movement, 32, 36-37, 40-41
 trade, 34, 37-38, 43, 46-48, 51-52, 56, 68, 76, 92-93,
 101-102, 104, 110
 and developing countries, 37-38, 43, 47-48
 and discrimination, 56
 and economic development, 52
 and the European Union, 101, 110
*Trade Between Free Enterprise and State-Controlled
 Countries*, 68
 Trieste, Italy, 8, 22
 Titulescu, Nicolae, 9
 Trone, Kirsten, 92
 Trusteeship Council, 110
 Tunisia, 99
 Tuomioja, Sakari, 73
 Turkey, 126
 UN Charter, 17, 107, 130
 and warfare, 130
 UN Children's Fund (UNICEF), 86, 92
 UN Conference on Trade and Development
 (UNCTAD), 15, 28-29, 34-38, 39, 42-43, 46, 49,
 55-57, 62-64, 67, 69, 86, 114
 bureaucracy in, 56-57
 UN Conference on Women (Mexico City), 90
 UN Development Programme (UNDP), 120
 UN General Assembly, 26, 28-30, 45, 49-50, 52, 54,
 63, 86, 98, 100
 Second Committee of, 45, 52, 54, 98
 as source of ideas, 26, 28-29
 UN regional commissions, 120
 see also Economic Commission for Africa,
 Economic Commission for Asia and the Far
 East, Economic Commission for Europe,
 Economic Commission for Latin America
 UN secretariat, 26, 28-29, 44, 58-59, 83, 100, 107,
 119
 as source of ideas, 26, 28-29
 U.S. influence in, 59
 UN Statistical Office, 28, 94
 Union of Soviet Socialist Republics (USSR), *see*
 Soviet Union
 United Kingdom (UK), 3, 53, 68, 71, 98, 118
 United States (U.S.), 15, 17, 26, 27, 39-40, 45, 51-53,
 71, 80, 88, 90, 123, 128
 and Congo crisis, 27
 and developing countries, 52

and investment in developing countries, 39
and Vietnam War, 39
United States State Department, 72
Universal Declaration of Human Rights, 132
University of Ljubljana, 1, 6
Upper Volta, 45
Vallorbe, Switzerland, 9
Vanek, Jan, 113
Vatican, 2, 13
Velebit, Vladimir, 73
Vienna, 1
Vienna Institute, 82
Vietnam War, 97
Vilfan, Jo_e, 17, 21, 112
Viner, Jacob, 68
Vojvodina, Yugoslavia, 126
Wallerstein, Immanuel, 55
Ward, Barbara, 86
warfare, 130
and UN Charter, 130
Washington, D.C., 80-81, 128
Watts, Nita, 60
Weintraub, Sidney, 20
West Bank, 15-16, 36, 49-50
West Germany, 25, 62, 93
see also Germany
Western Europe, 36, 92, 98
Wilson, Woodrow, 3
women, 85, 90, 92
see also gender
Woodward, Susan, 123-124, 130
World Bank, 52-53, 123, 130
and Yugoslav crisis
World Energy Conference, 73, 108
World Food Conference (Rome), 85
World War I, 1, 7
World War II, 2, 5, 16-17, 47, 50, 58, 72, 130
Yugoslavia, 2-6, 8, 10-11, 15, 21, 29, 40-41, 61-63,
67, 70, 87-88, 93, 95, 113, 116, 123-128, 131
and Asian-African Conference (Bandung), 32
and developing countries, 36-37
and economic crisis, 124-125
and Non-Aligned Movement, 37-38
and radicalism, 21
and Soviet Union, 21-22
partition of, 127
Zagorin, Bernard, 53
Zimmerman, Warren, 130