

**ESTONIA, LATVIA, AND LITHUANIA AND UNITED  
STATES BALTIC POLICY**

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**HEARING**  
BEFORE THE  
SUBCOMMITTEE ON EUROPEAN AFFAIRS  
OF THE  
COMMITTEE ON FOREIGN RELATIONS  
UNITED STATES SENATE  
ONE HUNDRED FIFTH CONGRESS  
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## **ESTONIA, LATVIA, AND LITHUANIA AND UNITED STATES BALTIC POLICY**

**WEDNESDAY, JULY 15, 1998**

U.S. SENATE,  
SUBCOMMITTEE ON EUROPEAN AFFAIRS  
OF THE COMMITTEE ON FOREIGN RELATIONS,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 2:02 p.m. in room SD-419, Dirksen Senate Office Building, Hon. Gordon H. Smith, [chairman of the subcommittee], presiding.

Present: Senators Smith and Biden.

Senator SMITH. Ladies and gentlemen, we will call to order this committee hearing of the European Subcommittee of the Committee on Foreign Relations. It is a pleasure to welcome you all here, and particularly Assistant Secretary Marc Grossman, to testify on U.S. Baltic policy.

Specifically, the subcommittee will review the current state of affairs in Estonia, Latvia, and Lithuania, and the goal of U.S. foreign policy in these countries. Mr. Grossman's testimony will be followed by that of three outside experts, Dr. Richard Krickus of Mary Washington College, Dr. Andrejs Plakans of Iowa State University, and Dr. Toivo Raun of Indiana University.

We thank these gentlemen. I apologize if I mispronounced your names. We thank you for your willingness to help us better understand the state of affairs in these three important countries.

In 1991, after nearly a half century of occupation, Estonia, Latvia, and Lithuania regained their independence, yet while these two halves of Europe are no longer separated by concrete walls or opposing armies, a division persists in the minds of many, who simply cannot comprehend the meaning of the end of the cold war.

With the end of the cold war, every single nation in Europe has earned the right to choose democratically the direction of their policies, and the institutions they will join to ensure the prosperity and security of their citizens. Those who seek to block the aspirations of democratic Governments to develop the fullest potential of their own nations in this regard stand against the tide of history that brought down the Berlin Wall.

I am encouraged by United States policy toward Estonia, Latvia, and Lithuania, a product of close consultation between the executive branch and Congress.

Mr. Grossman, I commend you and your staff for developing a creative, realistic policy that offers the possibility of integrating Estonia, Latvia, and Lithuania fully into the community of Europe and the United States.

Last May, when 59 U.S. Senators voted to reject any arbitrary pause on consideration of future NATO members, the Senate sent an unmistakable message that Poland, Hungary, and the Czech Republic are not just the newest and will not be the last countries to be considered for NATO membership. I am confident that a substantial majority in the Senate still welcomes the aspirations of Estonia, Latvia, and Lithuania to join NATO, and will work closely with the administration over time to achieve that reality.

In the interim, we seek new ways to promote the prosperity and strengthen the security of these three countries, and we must oppose any attempt by any other power to coerce these countries through force or economic pressure to change their democratic course. The cold war is over, and the ideology and geography of the former Soviet Union have, indeed, be consigned to history.

I believe Senator Biden will join us shortly. He has just voted, and is on his way back, but Secretary Grossman, again we thank you, and we welcome, now, your testimony.

**STATEMENT OF HON. MARC GROSSMAN, ASSISTANT SECRETARY OF STATE FOR EUROPEAN AND CANADIAN AFFAIRS**

Mr. GROSSMAN. Mr. Chairman, thank you very much. It is a pleasure—really, it is an honor to appear before you today to discuss U.S. policy toward the Republics of Estonia, Latvia, and Lithuania. With your permission, Mr. Chairman, I thought I would read a shortened version of a longer statement which we would obviously submit for the record, if that would be acceptable to you.

Senator SMITH. It is. We welcome that.

Mr. GROSSMAN. Let me first of all pick up on a point that you made in your opening remarks, which is that my first job, really, is to thank you and all of your colleagues in the Senate and the House for your strong support of our policy not only in the Baltics but in Northern Europe generally. Our joint efforts have led to many accomplishments and, in fact, we certainly encourage travel by Senators, and I know Mr. Beigun and I have talked about the possibility of a Senate Foreign Relations Committee staff trip to the area, and we would certainly welcome that, because we believe that this policy is a result of close consultation and work that you and I and all of us have done together, so I thank you very much for those points.

I would also like to thank you, if I could, for scheduling hearings tomorrow for our Ambassadors-designate to Estonia and to Latvia.

Senator SMITH. You are welcome.

Mr. GROSSMAN. Excellent nominees.

Mr. Chairman, you have it right. This administration is proud of its Baltic policy. In fact, Secretary Albright often refers to the signing ceremony of the U.S. Baltic Charter in the East room of the White House this past January as one of the great days of her tenure as Secretary of State.

At that signing ceremony, President Clinton said, "that NATO's door is and will remain open to every partner nation, and America is determined to create the conditions under which Estonia, Latvia, and Lithuania can one day walk through that door."

Today, my job is to report to you on where we stand since the signing of the U.S. Baltic Charter of partnership on January 16 by

President Clinton and the presidents of Estonia, Lithuania, and Latvia.

Indeed, just last week, Deputy Secretary of State Talbott led the U.S. delegation to the inaugural meeting of the partnership commission set up under the charter.

[See appendix for the July 8, 1998 remarks of Mr. Talbott]

Mr. GROSSMAN. With your permission, I would like to just step back for a moment and review our goals, our objectives, and then our accomplishments. This administration's Baltic policy—you can sum anything up in a short phrase. This administration's Baltic policy can be summed up in three words: Champion of integration. We want the United States to be the champion of integration of Estonia, Latvia, and Lithuania into European and transatlantic institutions. That is what the Baltic Charter is all about.

Now, we have set ourselves the following goals in order to meet this requirement. First, we set out to manage the NATO enlargement process in a fashion that would not only increase the security of those who are currently invited to join the alliance, but also those who may join later or who may for their own reasons choose never to join.

Second, we want to build a new Europe without dividing lines, as you say, where the old zero sum politics of the cold war are replaced by what Secretary Albright I think has very rightly called win-win mentality.

Last week in Riga Strobe Talbott said, "it is in the national interests of the United States that the Baltic States regain their rightful place in the European mainstream. The upheavals of the 20th Century have taught us that when any part of Europe is isolated, repressed, unstable, or torn by violence, the peace of the entire Euro-Atlantic community is at risk. We learned that lesson the hard way in the 20th Century, and we must apply it in the right way in the 21st."

The third goal. The Baltic Charter sends the message that we and the Baltic States share a common vision of a new Europe and a new Euro-Atlantic community, and that Estonia, Latvia, and Lithuania are part of that vision.

The charter makes clear that the Baltics will not be excluded or discriminated against because of geography or history, or because of the injustices of the past. At the same time, the charter does not contain pre-commitments, but underscores that these States, like other aspiring countries, need to meet the same high standards that NATO sets for all new members, and the alliance as a whole must reach consensus that inclusion would serve our collective security interests.

Let me highlight now our accomplishments and review our objectives for the future. Let me start, if I could, with some of the accomplishments in the political area. Mr. Chairman, one of the most important things we have done together in the political field is to provide a clear perspective for the eventual integration of these countries into European and Transatlantic institutions.

We find that the leaders of these countries are no longer pre-occupied that they might be left in some kind of a gray zone. Instead, they are focused on what they need to do to make themselves the strongest possible candidates for the future integration

to European and Euro-Atlantic institutions. Politically, we are working together to consolidate the transition to democracy of these three countries.

Let me give you some examples of how we are doing that. We are supporting the development of civil society, joining with the Soros Foundation to found and to fund the Baltic American Partnership Foundation, which will provide \$15 million to develop and sustain local nongovernmental organizations in the Baltic States.

In addition, we are assisting these countries, especially Estonia and Latvia, in the area of social integration, particularly in support of legislation that meets the OSCE's recommendations on citizenship, and so therefore we salute the Baltic States for the important steps that they have taken to translate these ideas in to reality.

Throughout the debate on this important issue, the United States has supported those seeking to bring national legislation into conformity with OSCE recommendations and at the same time we have made it clear that the OSCE's recommendations are the only benchmark we recognize, and that we will not support any additional demands for moving the goal posts on these issues.

We are also taking concrete steps to support the Riga Graduate Law School, which is being created by several Council of Baltic Sea States members. The school is an important effort to ensure that students from the Republics of Estonia, Latvia, and Lithuania, notably including ethnic minorities, will receive high quality legal training.

One other point, Mr. Chairman. In May we salute the fact that Presidents Meri, Ulmanis, and Adamkus jointly announced that they would establish national commissions to study the period of the Holocaust and of the totalitarian rule in each of their countries.

Our close political ties with Estonia, Latvia, and Lithuania extend to broad agreement on a number of key regional and world issues as well, and to cite just one example, earlier this year, when the United States sought support in the event that military action might be necessary against Saddam Hussein, Estonia, Latvia, and Lithuania all volunteered to send whatever support they could provide.

Mr. Chairman, we have also had some accomplishments in the economic area I would like to report to you, because we see stronger economic and commercial ties with these three countries as critical to our overall strategy of integration, and to the prosperity and security of these countries.

This spring, the economic bilateral working groups established under the Baltic Charter were held under the chairmanship of Under secretary of State for Economic Affairs Stu Eizenstadt, and with the Baltic countries we set priority issues to focus our efforts on energy, telecommunications, transportation, the environment.

We are working closely with our embassies in the countries located on the Baltic. We are developing a regional economic and commercial strategy to bolster U.S. investment and to highlight the potential role of the three Baltic States as an economic platform from which companies can access markets in the European Union, the Baltic States, and in Northwestern Russia.

Our strategy is designed to help the Baltic States regain the status and the role they once enjoyed as key trading partners at a



time, now, when Northern Europe enjoys some of the fastest growing economies in Europe as a whole, but for this to happen, we need to encourage the Baltic States, and they need to see themselves as part of a larger market, not just the 10 million people in the Baltic States, but of 100 million people in the Baltic region, the five Nordics, the three Baltic States, Poland, Russia, especially Northwestern Russia.

We will pursue that strategy bilaterally as well as through regional organizations, such as the Council on Baltic Sea States, seeking to reduce regional trade barriers and to create a more attractive environment for regional and American businesses.

In this connection we are reaching out to our private sector to engage American businesses, and at the inaugural Baltic Charter Partnership Commission last week in Riga, we had more than 30 business leaders from the private sector who identified 12 specific recommendations and offered to work with Government authorities to set up goals and timetables to meet these objectives.

We want to employ, to use, to buildup the successful methods developed in partnerships like we have with the European Union in the Transatlantic business dialog to address key concerns of the private sector and to identify ways that we can help improve trade and investment links between the United States and the Baltic links, and to help make good on this commitment, the Department of Commerce has agreed to increase staffing at our embassy in Stockholm, adding an officer with regional responsibilities for Estonia, Latvia, and Lithuania.

We also continue to support the Baltic-American Enterprise Fund, which provides an average of \$1 million a month in loans and investments throughout the Baltic States, and in 3 years it has made over 100 business loans to and investments in small and medium-sized enterprises and approved more than 250 mortgages to individuals.

In this connection, I also think it is important to highlight, and there is more in my statement for the record, our very good cooperation in combating organized crime in the area, because we think that these joint efforts to combat crime address a real problem, help build regional and Transatlantic ties among law enforcement professionals, and hold out the hope of improving the business environment for local entrepreneurs and American business people as well.

And finally, we continue to support the efforts of the three Baltic States to join the European Union, and obviously we are not members of the European Union, but our goal is to assure that our support for their aspirations is clear and consistent.

Last January, President Clinton committed the United States to work to help these countries to gain entry into the World Trade Organization on the appropriate commercial basis.

Finally, Mr. Chairman, a few words about security accomplishments, because we have made security cooperation a top priority in our relations with Estonia, Latvia, and Lithuania.

Following Secretary Albright's visit to Vilnius last July, we agreed on the need to establish a long-term modernization plan for the defense forces of Estonia, Latvia, and Lithuania which would simultaneously strengthen their own self defense capabilities as

well as their ability to contribute to European security, and last fall the Department of Defense took the lead in forming a team which was very successfully headed by Major General Buzz Kievenaar, who did a wonderful job that would assist the Baltic States in this effort.

General Kievenaar's team assisted the Baltic countries in identifying current weaknesses in their defense forces, setting priorities as well as developing a force modernization plan that would allow them to develop small but modern and capable militaries. Each of the three Baltic States has welcomed these efforts, and is currently incorporating many of the details into their own national defense planning priorities.

Of course, defense modernization is only one aspect of security in today's Europe, and together with our Baltic partners we have also identified confidence-building measures and arms control as two additional elements that could constitute an overall package approach to security in the region.

Now, the Baltic Security Assistance Group, which is NATO members and non-NATO members, serves as a forum for coordinating donor assistance to the Baltic States, and we want to help the Baltic States improve their defense capabilities. It will also be an important forum for implementing the priorities identified by the DOD study and incorporate it into national defense plans.

The program such as BALTSEA, the Baltic Battalion, the Baltic Air Space Management regime, the Baltic Squadron, and the Baltic Defense College, have already helped these three countries to make a concrete contribution to their own national defense as well as to broader European security. Troops from all three countries have served as peace keepers in Bosnia.

Tomorrow, 16 July, some 2,000 U.S. soldiers will join them in this year's Baltic Challenge, an annual, in the spirit of PFP exercise. This year's exercise will be hosted by Lithuania and will include troops from 11 participating countries.

Last and far from least, with the cooperation of the Congress we have significantly increased the amount of security assistance for the Baltic States under the Warsaw initiative program to \$18.9 million. We hope to maintain a similar level for fiscal year 1999 to help the Baltics meet the challenges identified by the DOD study.

Mr. Chairman, I said in my opening few paragraphs that we see our relationships with the Baltic States as part of our larger effort to do the right thing in Northeastern Europe, and to do that we need to talk, obviously, about Russia, and so I would like to just say a few words, if I could, about relations there.

We all recognize that the relations of the three Baltic States with Russia is one of the most acute challenges we face in our common efforts to enhance democracy, prosperity, and stability throughout the region. For their part, the Baltic peoples harbor deep anxiety and suspicion about Russian motivations and the Russians, too, worry about the prospects of the Baltic States fulfilling their absolutely legitimate desire to join NATO.

President Clinton and Secretary Albright believe that it is in the Russians' interests to get over this particular concern, and this applies to the issue of NATO enlargement in general, as well as the specific issue of possible Baltic membership in the alliance.

In a speech last year at Stanford, Strobe Talbott said, and in the final analysis, Russia will have to make that adjustment by itself, by its own lights, and for its own reasons, but we and our European partners can help.

We can help by applying the same general principle of inclusiveness in specific instances, and that means promoting Russia's involvement to the greatest extent possible in the cooperative development along the Baltic littoral.

Working with the Baltic States, our goal is to convince Russia to see this area not as a zone of influence, not as a buffer against non-existent enemies, but as a gateway outward to the new Europe, of which Russia seeks to be an increasingly active partner.

Mr. Chairman, Northern Europe is an area where we can showcase the strategy that you talked about, which is creating a win-win situation in the new Europe. Recently, the Economist Magazine referred to the region as undergoing a Baltic revolution, a tide of reform and integration that has made this region one of Europe's most promising.

Last September in Norway, in fact the very first thing I did as Assistant Secretary of State for European and Canadian Affairs, we launched our Northern European initiative so that we could participate in and promote these trends.

Our initiative consists of three tracks. The first is to help Estonia, Latvia, and Lithuania help themselves to become the strongest possible candidates for western integration.

The second track is to build on the excellent ties and cooperation we enjoy with the Nordic countries on Baltic issues, and to expand such cooperation with others in the region such as Germany, Poland, and the European Union.

The third and final track is to implement the kind of inclusive policy toward Russia that I described earlier. As a result, we have stepped up our efforts to support regional cooperation in these structures like the Council of Baltic Sea States, the Barents Euro-Arctic Council, the Arctic Council, each of which provides an effective forum for working alongside all nations of the region, including Russia, on a host of economic, social, and environmental issues.

Mr. Chairman, achieving our goals will be far from quick and far from easy, but we have a common set of objectives, and increasingly a shared strategy. Moreover, we are all impressed, filled with admiration of how much the countries of Estonia, Latvia, and Lithuania have accomplished in the short time since regaining their independence.

Thank you very much.

[The prepared statement of Mr. Grossman follows:]

PREPARED STATEMENT OF MARC GROSSMAN

Mr. Chairman, it is a pleasure to appear before you today to discuss U.S. policy towards the Republics of Estonia, Latvia and Lithuania. Let me first thank you and your colleagues in the Senate and the House for your strong support for our Baltic policy. Our joint efforts have led to many of our accomplishments. I would also like to thank you for scheduling the hearings tomorrow for our Ambassador-designates to Estonia and Latvia.

Mr. Chairman, this Administration is proud of its Baltic policy. Secretary Albright often refers to the signing ceremony of the U.S.-Baltic Charter in the East Room of the White House this past January as one of the great days in her tenure as Secretary of State.

My own interest in the Baltic states goes back 15 years to when my spouse served as the State Department desk officer responsible for relations with the Republics of Estonia, Latvia and Lithuania, whose occupation by the Soviet Union the United States never recognized.

I had the opportunity to meet those courageous Ambassadors who kept hope alive, and to work with Members of Congress and other Americans interested in the cause of freedom. I could not help but sense the vitality of the Baltic peoples, their longing for freedom and their desire to regain their ties to the West.

It has been a pleasure to renew my engagement with these countries and with northern Europe as Assistant Secretary of State. My first act overseas as Assistant Secretary of State was to represent Secretary Albright at a meeting of Nordic and Baltic Foreign Ministers to highlight our policy towards northern Europe in Bergehe, Norway in September 1997. Last month I represented the United States in Nyborg, Denmark at a meeting of the Foreign Ministers of the Council of Baltic Sea States where I talked about ways the United States can contribute to greater cooperation and stability around the Baltic littoral.

Today I report to you on where we stand since the signing of the U.S.-Baltic Charter of Partnership on January 16 by President Clinton and the Presidents of Estonia, Latvia and Lithuania. At that signing ceremony, President Clinton said "NATO's door is and will remain open to every partner nation, and America is determined to create the conditions under which Estonia, Lithuania, and Latvia can one day walk through that door."

We are now making good on that commitment. Just last week Deputy Secretary of State Strobe Talbott led the U.S. delegation to the inaugural meeting of the Partnership Commission set up under the Charter. Last Friday, Under Secretary Stuart Eizenstat was in Vilnius, representing the U.S. at a regional trade ministers conference to advance our participation in regional economic cooperation. With your permission, I'd like to review our goals and our activities.

### **Policy Goals**

Mr. Chairman, this Administration's Baltic policy can be summed up in three words—champion of integration. We want the United States to be a champion of the integration of Estonia, Latvia and Lithuania into European and transatlantic institutions. That is what the Baltic Charter is all about.

In diplomacy, as in other walks of life, there is at times a temptation to ignore or defer on difficult or sensitive issues in the hope that they may somehow become easier to deal with in the future. The Baltic issue is a sensitive one. Some would suggest it be put in the "too hard" box.

This Administration has adopted a different approach. From the outset, it recognized the importance and the sensitivity of the Baltic issue, especially in the NATO enlargement debate. This is one reason why we set for ourselves the following goals:

First, we set out to manage the NATO enlargement process in a fashion that not only increased the security of those currently invited to join the Alliance, but also those who may join later or who may choose never to join. That is why Secretary Albright says that she has spent as much time thinking about those countries not yet ready to join Western institutions as those which already have been invited.

Second, we want our European strategy to foster building a new Europe without dividing lines, where the old "zero sum" politics of the Cold War are replaced by what Secretary Albright calls a "win-win" mentality. During his visit last week to the region, Deputy Secretary Strobe Talbott said that "it is in the national interest of the United States that the Baltic states regain their rightful place in the European mainstream. The upheavals of the 20th century have taught us that when any part of Europe is isolated, repressed, unstable or torn by violence, the peace of the entire Euro-Atlantic community is at risk. We learned that lesson the hard way in the 20th century; we must apply it in the right way in the 21st."

Third, we designed the Baltic Charter to send the message that we and the Baltic states share a common vision of a new Europe and Euro-Atlantic community—and that Estonia, Latvia and Lithuania are part of that vision. It makes clear that the Baltics will not be excluded or discriminated against because of geography or history and the injustices of the past. The Baltic states will enjoy a level playing field when it comes to their aspirations to join institutions such as the European Union or NATO.

At the same time, the Charter does not contain precommitments. It is a politically, rather than a legally binding document. While the Administration can speak for itself, it cannot speak for NATO as a whole—nor for the U.S. Senate. The Charter also underscores that these states—like all other aspiring countries—must meet the same high standards that NATO sets for all new members. And, the Alliance

as a whole must reach consensus that inclusion would serve our collective strategic interests.

This is a race that the Baltic states have to run themselves. But they understand that this race is a marathon, not a sprint. The point is to stay in the race and finish. We can help coach them—and make it clear that one day we want them to successfully cross the finish line.

Let me now highlight our accomplishments and review the objectives we have set for our future cooperation.

#### **Political Accomplishments**

Mr. Chairman, one of the most important things we have accomplished together in the political realm is to provide a clear and shared perspective for the eventual integration of these countries into European and transatlantic institutions. The leaders of these countries are no longer preoccupied that they might be left in some kind of “gray zone.” Instead, they are focused on what they need to be doing to make themselves the strongest possible candidates for their future integration into European and Euro-Atlantic institutions.

Politically, we are working together to consolidate the transition to democracy in these three countries. We are supporting the development of civil societies, joining with the Soros Foundation to fund the Baltic-American Partnership Foundation which will provide \$15 million to develop and sustain local NGOs in the Baltic states.

In addition, we are assisting these countries, especially Estonia and Latvia, in the area of social integration, particularly in support of legislation that meets the OSCE’s recommendations on citizenship. In the Baltic Charter, all four of our Presidents affirmed a shared commitment to the rule of law and to the responsibility of all just societies to protect and respect human rights and civil liberties and vowed to work toward making inclusiveness and reconciliation watchwords for the future.

We salute the Baltic states for the important steps they have taken to translate these ideas into reality. On June 22, the Latvian Parliament passed amendments to Latvia’s citizenship laws to make the process of naturalization easier. To support the implementation of this new legislation, we have pledged \$500,000 to a practical project which will assist the government of Latvia in carrying out the provisions of the new law.

We also are taking steps to support the Riga graduate law school, which is being created by several Council of Baltic Sea States (CBSS) member states. The school is an important effort to ensure that students from the Republics of Estonia, Latvia and Lithuania, notably including ethnic minorities, will receive high-quality legal training in a range of subjects to help consolidate the rule of law, human rights and democracy in the region.

Throughout debate on this important issue the U.S. has supported those seeking to bring national legislation into conformity with OSCE recommendations. While we salute the progress that Estonia and Latvia have made, we all understand that there is always room for improvement.

At the same time, we have made it clear that the OSCE’s recommendations are the only benchmark we recognize and that we will not support any additional demands or “moving of the goal posts” on this issue.

Mr. Chairman, I’d like to mention one final example which underscores the commitment of these countries to the cause of reconciliation and justice, values we embraced in the Charter. In May, Presidents Meri, Ulmanis and Adamkus jointly announced that they would establish national commissions to study the period of the Holocaust and of totalitarian rule in each of their countries. We salute them for that.

Our close political ties with Estonia, Latvia and Lithuania extend beyond bilateral issues. We are in broad agreement on a number of key regional and global issues. To cite one example, earlier this year, the United States sought support in the event that military action against Iraq might be necessary. Estonia, Latvia and Lithuania all volunteered to send whatever support they could provide.

#### **Economic Accomplishments**

Mr. Chairman, we also see stronger economic and commercial ties with these three countries as critical to our overall strategy of integration and to the prosperity and security of these countries. We have stepped up our efforts to expand our bilateral economic relations with each of these countries. We want to promote a regional economic and commercial strategy that would attract American business and investment and support the economic integration of each of these three countries into the European Union as well as the World Trade Organization.

This spring the economic bilateral working groups established under the Charter were held under the chairmanship of Undersecretary of State for Economic Affairs Stuart Eizenstat. They brought together representatives of a broad range of agencies and departments, from Commerce to OPIC and from Energy to Treasury to review with their counterparts the status of key economic, trade, financial and commercial issues. Together, we set priority areas in which to focus our efforts: energy, telecommunications, transportation and the environment.

Working closely with our Embassies in the countries located on the Baltic, we are developing a regional economic and commercial strategy to bolster U.S. investment and to highlight the potential role of the three Baltic states as an economic platform from which companies can access markets in the European Union, Northern Europe, and Russia. The countries of Northern Europe are among the wealthiest in the world—and they have gained that prosperity in large part through trade. Our strategy is designed to help the Baltic states regain the status and role they once enjoyed as key trading partners at a time when Northern Europe enjoys some of the fastest growing economies in Europe as a whole. But for this to happen, the Baltic states must see themselves as part of a larger market—not just of 10 million in the Baltic states, but of 100 million in the Baltic region—the five Nordics, the three Baltics, Poland and Russia, especially the northwestern part. We will pursue that strategy bilaterally as well as through regional organizations such as the Council of Baltic Sea States (CBSS), seeking to reduce regional trade barriers, and create a more attractive environment for regional and American business. We also have been working with our allies and the European Union to make sure that our initiatives complement or bring “value added” to EU assistance activities that support these regional goals. To that end, Under Secretary of State Stuart Eizenstat attended the Council of Baltic Sea States (CBSS) Trade Ministers’ meeting in Vilnius July 10. He reinforced our message that the reduction or elimination of barriers to trade is critical to regional development and prosperity.

In this connection we are reaching out to the private sector to engage American business. At the inaugural Baltic Charter Partnership Commission meeting last week in Riga, more than 30 business leaders from the private sector met to discuss creating a partnership between the public and private sectors to boost U.S.-Baltic economic ties. We want to employ the successful methods developed in partnerships like the Trans-Atlantic Business Dialogue to address the key concerns of the private sector and to identify steps that can help improve trade and investment links between the U.S. and the Baltic states.

This group identified 12 specific recommendations to the governments of the U.S., Estonia, Latvia and Lithuania and offered to work with government authorities to set up concrete goals and timetables to meet those goals. To help make good on that commitment, the Department of Commerce has agreed to increase staffing at our Embassy in Stockholm, adding an officer with regional responsibilities solely for Estonia, Latvia and Lithuania.

We continue to support the Baltic-American Enterprise Fund, which provides an average of \$1 million per month in loans and investments throughout the Baltic states. In three years it has made over 100 business loans to and investments in small and medium-sized enterprises and approved more than 250 mortgages to individuals.

In this connection, I might also mention our cooperation in combating organized crime. In response to requests from the governments of Latvia and Lithuania, in recent months the FBI has supplied training teams to boost the skills of local investigators. More broadly, we have developed a strategy for cooperating regionally, notably with the CBSS Task Force on Organized Crime chaired by Sweden, to assist in the regional fight against crime. Such assistance and cooperation addresses a real crime problem, helps build regional and transatlantic ties among law enforcement professionals, and holds out the hope of improving the business environment for local entrepreneurs and American business people alike.

Finally, we continue to support the efforts of the three Baltic states to join the European Union. While we are not members of the EU, our goal is to ensure that our support for their aspirations to join the EU is clear and consistent, while at the same time ensuring that US companies will not be unfairly disadvantaged as the Baltic states make necessary adjustments to bring them in line with the EU *acquis communautaire*. Last January President Clinton also committed the U.S. to work to help these countries gain entry to the WTO on the appropriate commercial basis.

#### **Security Accomplishments**

Mr. Chairman, we have also made security cooperation a top priority in our relations with Estonia, Latvia and Lithuania. Following Secretary Albright’s visit to Vilnius last July, we agreed on the need to establish a long-term modernization plan

for the defense forces of Estonia, Latvia and Lithuania which would simultaneously strengthen their own self-defense capabilities as well as their ability to contribute to overall European security.

Last fall the Department of Defense took the lead in forming a team (headed by Major General "Buzz" Kievenaar) that would assist the Baltic states in this effort. They conducted a baseline assessment of the current status of the national defense forces in each of these countries. Working together with Estonia, Latvia and Lithuania, Kievenaar's team assisted these countries in identifying current weaknesses, setting priorities as well as developing a force modernization plan that would allow them to develop small but modern and capable militaries. The study's emphasis on defense basics and quality of life issues will also help our partners plan their assistance requests. Each of the three Baltic states has welcomed these efforts and is currently incorporating many of the details into their own national defense planning and priorities.

Defense modernization is only one aspect of security in today's Europe. Together with our Baltic partners, we have also identified confidence-building measures and arms control as two additional elements that could constitute an overall package approach to security in the region. On the margins of the Luxembourg NAC, we and our Baltic partners reached agreement on a "common agenda" on CSBMs and possible arms control measures.

The Baltic Security Assistance Group (BALTSEA) serves as the forum for coordinating donor assistance to the Baltic states. This group brings together NATO and non-NATO countries committed to helping the Baltic states improve their defense capabilities. At quarterly meetings Baltic officials discuss their priorities and needs with DOD officials and their counterparts and coordinate progress on projects such as the Baltic Battalion (BaltBat), Baltic Airspace Management Regime (BaltNet), the Baltic squadron (Baltron), and the Baltic Defense College (BaltDefCol) BALTSEA will also be a critical forum for implementing the priorities identified by the DOD study and incorporated into national defense plans.

Such programs have already helped these three countries to make a concrete contribution to their own national defense as well as broader European security. Troops from all three countries have served as peace keepers in Bosnia. The Baltic states have been active in PIP programs. Starting tomorrow (July 16), some 2,000 U.S. soldiers will join them for this year's Baltic challenge, an annual "in the spirit of PIP" exercise. This year's exercise will be hosted by Lithuania and will include troops from 11 participating countries.

Last, but far from least, with the cooperation of Congress, we have significantly increased the amount of security assistance for the Baltic states under the Warsaw Initiative program to \$18.9 million. This was a fourfold increase over previous years and reflects in large part the construction of the Baltic Regional Airspace Initiative. We hope to maintain a similar level for FY99 to help the Baltics meet the challenges identified by the DOD study.

#### **Russia and the The Northern European Initiative (NEI)**

Mr. Chairman, I'd also like to say a word about another Baltic littoral country with which the three Baltic states share a complex and often tragic history. That country is Russia. We all recognize that the relationships of the three Baltic countries with Russia is one of the most acute challenges we face in our common efforts to enhance democracy, prosperity and stability throughout the region. For their part, the Baltic peoples harbor deep anxieties and suspicions about Russian motivations. The Russians, too, worry about the prospect of the Baltic states fulfilling their legitimate desire to join NATO.

President Clinton and Secretary Albright believe that it is in the Russians' interest to get over this particular concern. This applies to the issue of NATO enlargement in general as well as the specific issue of possible Baltic membership in the Alliance.

In a speech last year at Stanford University, Deputy Secretary Strobe Talbott said, "In the final analysis, Russia will have to make that adjustment itself, by its own lights and for its own reasons. But we and our European partners can help." We can help by applying the same general principle of inclusiveness in specific instances. That means promoting Russia's involvement to the greatest extent possible in the political, commercial, environmental and other forms of cooperation developing among the states of the Baltic littoral.

In the Baltic Charter we underscored our common interest in Russia's continued democratic development. Today we can support the forces of positive change in Russia by reaching out to that country in the same ways that the countries of the region are reaching out to each other. We regard expanded cooperation with Russia in this region as useful and productive—as long, of course, as it takes place within a frame-

work of mutual respect for the sovereignty and independence of all nations, large and small. Working with the Baltic states, our goal is to convince Russia to see the Baltic states not as a zone of influence, not as a pathway for invading armies nor a buffer against non-existent enemies, but as a gateway outward to the new Europe of which Russia seeks to be an increasingly active part.

Mr. Chairman, Northern Europe is an area where we can showcase our strategy of creating a "win-win" situation in the new Europe. Recently the Economist referred to this region as undergoing a "Baltic Revolution"—a tide of reform and integration that has made this region one of Europe's most promising.

Last September in Norway, this Administration launched a Northern European Initiative (NEI) to participate in and promote these positive trends. This is a region that includes some of our closest allies. While time does not permit me to detail our policy efforts in this area, I would like to note for the record that our working relations with the Nordic countries have become especially close in recent years.

Our NEI consists of three tracks. The first is to help Estonia, Latvia and Lithuania help themselves become the strongest possible candidates for Western integration. A top priority has been to work together with other like-minded countries and to leverage our own efforts with those of other "Friends of the Balts" who share our vision and our goals.

The second track is to build on the excellent ties and cooperation we enjoy with the Nordic countries on Baltic issues and to expand such cooperation with other actors in the region such as Germany, Poland and the European Union. Our objective is to form a broad based coalition of countries committed to working together to build democracy, prosperity and security in the region.

The third and final track is to implement the kind of inclusive policy toward Russia I described earlier. As a result, we have stepped up our efforts to promote democracy, prosperity and security in the region by becoming involved in regional structures such as the Council of Baltic Sea States (CBSS), the Barents Euro-Arctic Council (BEAC) as well as the Arctic Council, each of which provides an effective forum for working alongside all nations in the region, including Russia, on a host of economic, social, and environmental issues.

### **Conclusion**

Mr. Chairman, achieving our goals will be far from quick or easy. But we have a common set of objectives and, increasingly, a shared strategy. Moreover, we are all impressed and filled with admiration at how much the countries of Estonia, Latvia and Lithuania have accomplished in the short time since regaining their independence.

Thank you.

Senator SMITH. Thank you, Mr. Secretary. I wanted to give my colleague, Senator Biden, a chance for him to make an opening statement, but I want to do it first by singing his praises, because when the U.S. Senate took up the issue of NATO enlargement some of my colleagues made comments that, well, frankly, in light of history were rather offensive.

Senator Biden, with great emotion and a lot of noise and a lot of feeling responded as truly a friend and a champion of the Baltic countries, so with that, I give you my colleague.

Senator BIDEN. Well, thank you very much. Being educated to try cases, I was told if the witness said what you want, don't ask any questions, so I will put my opening statement in the record and wait for questions.

I just would comment, though, that we have before us, I think, one of the most innovative members of the State Department. I have had a chance to work with him on other matters. He is what I think career diplomats should be. He knows the party line, follows what his President suggests, but is not at all timid in suggesting to the administration and to those who will listen innovative approaches to deal with problems. I am happy he is here.

I know from my staff two of the three public witnesses who are going to testify, and we could not have a better panel to follow in



terms of expertise on the Baltic states, and so I am anxious to hear the panel.

[The prepared statement of Senator Biden follows:]

PREPARED STATEMENT OF SENATOR JOSEPH R. BIDEN, JR.

Mr. Chairman, I would like to commend you for having scheduled this hearing. Too often the smaller countries of Europe are neglected up here.

Moreover, as we all know, we tend to hold hearings in response to crises, rather than regularly reviewing important issues and countries.

But today we will examine Estonia, Latvia, and Lithuania—three small countries that, fortunately, are not in crisis.

The Baltic states remind me of the “small is beautiful” dictum. But not only attractive, they are also important to this country.

They are important because among the countries formerly under Soviet rule, the Baltic countries ranked near the top of the suffering list.

Second, among the new independent states, the three Baltic countries have emerged as the most successful economically.

Third, the Baltic states occupy an important piece of European real estate.

And last but not least, several million Americans have ties of kinship to Estonia, Latvia, or Lithuania.

As an American, I am proud that for a half-century our government never yielded to pressure to recognize the illegal occupation of the Baltic states by the Soviet Union.

And as an American, I am delighted at the close and friendly relationships that have developed between the United States and each of the free and independent Baltic countries.

I am eager to hear the Administration’s views on U.S. policy toward the Baltic area from my friend Secretary Grossman.

And I am also looking forward to in-depth analyses on current conditions in the three Baltic countries from our three expert academic witnesses.

Thank you, Mr. Chairman.

Senator SMITH. Thank you, Senator, and your comments will be included in the record.

Senator BIDEN. Thank you for the comments.

Senator SMITH. Secretary Grossman, when the Iron Curtain fell, Poland and Hungary and the Czech Republic made it real clear that they wanted inclusion in the West. It seems to me one of the conspicuous ways they did that was to change their laws with respect to visas, so they did not even require a visa of Americans. That led to lots of exchanges and lots of goodwill and helped to build a political constituency for their inclusion in this country.

I wonder if you can comment about whether this is being done in the Baltics, and I do not want to set you up, but you know my frustration currently with the numbers of calls we receive from businessmen, from Baptist religious workers, from Mormon missionaries who have been expelled under visa requirements seemingly designed more to keep out spies than people of goodwill bringing capital or a religious message.

Can you comment on the status and what, if anything—how can we respond, as U.S. Senators, to encourage the kind of openness these other new members of NATO have shown so that we can help these countries help themselves be included in the West?

Mr. GROSSMAN. Thank you very much. Before I answer that, if I might just thank Senator Biden for his kindness. We do the very best we can.

Senator, let me say, as you and I have talked about this subject before, that I believe your philosophy—your first few sentences are one, exactly, that we share. We think that openness, inclusion, integration, welcoming people whether they are Americans or Euro-

peans, or they are missionaries or business people, is all part and parcel of becoming part of the West, so I could not agree with you more that our common objective ought to be seeking the kinds of visa regimes and other regimes in countries that are open and transparent, and allow our citizens to travel back and forth.

In the specific case that you mention, Estonia, if I could I would just make three points. One is that we understand that Estonia enacted new visa legislation in January which does restrict the ability of U.S. missionaries and business people to stay for longer than 90 days in any 6-month period and, in fact, our embassy in Tallinn was the very first group to alert Americans to this problem and are working very closely with American citizens in this regard.

We have had a conversation, actually a number of conversations with the Estonian Government about this, and they assure us that the effect of this law on missionaries and business people was inadvertent, and what we said in response is, it is very important that they understand that people who are there to do business, are there on legitimate, international business, should not be subject to a restrictive visa regime because, as you say, it is a very important part of integrating into new European structures.

I can report to you that Strobe Talbott, who was in the Baltic States last week, made this a very specific point of his presentation, and we have repeatedly urged the Government of Estonia to interpret its legislation as broadly as possible and to see if they cannot find some way, or establish a special visa category to deal with some of these concerns.

I think the fact that you have raised this with me here in this hearing, the fact that we have tried to do some work, will alert people to this concern, and we need to continue to work together on it.

Senator SMITH. My first message to Estonia and the other countries, specifically Estonia is, I am their friend. I want to help and I want to be their champion on these issues that are so important to their security and their inclusion in the West, but it is hard. It is very difficult when Americans are not, frankly—are not very welcome in some circumstances.

So if you can counsel us, if you see us stepping beyond the line or whatever, as their friends, to make these changes—we respect that they are a sovereign nation and can make laws, but I think that kind of openness and exchange are sort of a predicate for making much progress on much larger issues like inclusion in NATO. So enough said about that.

I recall from a history lesson that in 1939 Stalin and Hitler signed a pact that essentially annexed the Baltic countries to the Soviet Union. Has that ever been renounced in Russia?

Mr. GROSSMAN. I do not believe so, Senator.

Senator SMITH. Is there any effort to renounce that? What is the status of that? Is that sort of seen as gone with Russia, or with the Soviet Union? Does anyone in Russia regard that now—in their Government, do they regard these countries as part of a deal they made?

Mr. GROSSMAN. Well, of course, I mean, our perspective is, we have to speak for ourselves, and this was, it seems to me, one of the single most important and steadfast policies of the U.S. Gov-

ernment for many, many years. I think both the Senate and the House and the administration, we can all be proud of the fact that we never recognized the forceful integration of those countries into the Soviet Union, and I think that is an important thing to remember.

I really cannot speak on behalf of the Russians today. Actually, I met a gentleman here just before the hearing from the Baltic-American Freedom League who talked to me about this and said that they had sent some letters around. I have not seen the letter about renouncing this pact. It is something we would be certainly interested in looking at.

From my perspective, I think the most important thing that we can do now is see if we can encourage this win-win attitude in the area, and that is, see if we cannot include the Russians, find ways to work with Northwest Russia, help the clean up of some of the environmental and other areas.

So we have had a principled policy for a long time. We really cannot speak on behalf of anybody else. As I said, I would be glad to look at any recommendations, but we want to be, as we say, the champions of integration here.

Senator SMITH. Well, maybe it is all just so much of a sad history, but I wonder if President Clinton is planning in his meetings with President Yeltsin any discussion of the Baltics, and this relationship we are trying to forge with them.

Obviously, we care about Russia's feelings, but we do not acknowledge any claim on those countries, sovereign countries. Do you know if this will be part of the agenda, and what will likely be said?

Mr. GROSSMAN. Well, I am sure that the President will be prepared to talk about our strategy in Northeast Europe. It is a natural thing to talk about, precisely because it involves, and we hope it involves in a positive way, Northwest Russia.

So I would think that on a list of issues—and obviously I cannot speak for the President and have not seen his agenda, but I would think that he would want to and we would want to highlight the importance of our relationship with the Baltic States, what we are doing in Northeastern Europe, and how this can positively affect Russia and Russia's interest in the area.

Senator SMITH. Senator Biden.

Senator BIDEN. Thank you very much, Mr. Chairman. I would like to follow up on your first question and put it in a little bit of context with the Secretary, who I know knows the nuanced portion of what I am about to ask.

The chairman and I just had the honor of hosting a luncheon for the President of Romania. Romania badly wants to be included in the second, as you foreign policy types say, tranche. I call it second round.

Mr. GROSSMAN. We will call it second round.

Senator BIDEN. Second round, good. I am glad, because those of us who deal in foreign policy attach phrases to our actions that make us sound more important than we are. The things we do are quite frankly less complicated than working out HCFA at HHS, but we think they are more important and we act very important about it.

At any rate, the second round, and I have been impressed over the last 2 years how very sophisticated and sensitive Romania and Romanian Americans have been about what they believe would appeal to Western Europe and to the United States in looking more favorably on their candidacy.

For example, had the present President of Romania not taken the initiative relative to the Hungarian minority in his country there would be no possibility, none—zero, none—of Romania's being included in the second round, third round, fourth round, fifth round, any round.

Romanian Americans know that as well—and I will not go into details, because today's was a private lunch, but the president, demonstrating to all Senators of both parties the degree of sophistication that they had in terms of companies with whom they deal, and how they deal, and what they are doing.

I do have a deep emotional attachment to the idea of the complete, total, de facto and de jure and independence of the Baltic States. What the chairman was referencing was that I was mildly outraged on the Senate floor when one of my colleagues referenced the relationship of the Baltic States to Russia in a way that absolutely ignored history.

But I am dismayed, as well as the chairman, as to some of the things that the Baltic-American community and the Baltic States fail to understand they are going to have to do to get my colleagues to arrive at the point that he and I have arrived at about Baltic membership.

The EU, I am told, has already told Estonia that unless they can figure out a way to more fully integrate Russian-speaking minority within the community, they are going to have a problem getting into the EU. If the EU, which is usually brain dead on matters relating to those kinds of sensitivities—and you can tell I am not a diplomat, I am a Senator—if they understand that, can you imagine what it would be here in the United States?

So my question is, those of us who are supporters, when we say things like the chairman said, are we viewed as interfering with sovereignty? Are we viewed as trying to have the heavy hand of the United States of America dictate, or are we viewed in the way we mean it, that it is very important to understand the sensibilities Americans have about matters of that kind when we are asking American taxpayers to spend a lot more money to integrate a part of the world into the alliance? Most Americans are not going to sleep more easily knowing Estonia is a member of NATO, or for that matter that a large country like Poland is a member of NATO. Maybe they should, but they do not think of it that way.

So could you, a man who has been around on these issues, try to explain to me, in layman's terms, why NATO enlargement to include the Baltic states is worth it.

Unless I can go home in southern Delaware, where not a single Baltic-American lives, and explain to them why it is important—why it is important that their taxes go up to enhance their security and meet, in my view, a historical moral obligation, unless they can accept that, it is not going to happen. It is not going to happen.

So I just wonder if you could just talk to me a little bit, just as if we were in a town meeting. I mean, tell me, how would you ex-

plain to the people at a town meeting in Portland, Oregon, or Wilmington, Delaware, what is the thinking? What is going on?

Please let me say one other thing for the record. I am not suggesting there is any gross violation of human rights in any of the three countries. I am not suggesting that there is a motivation to exclude people. I am suggesting that there is an image problem.

There really is an image problem. That is not very focused now, because nothing is being asked, but it will become center stage if and when we get to the point that I think we agree the chairman would like to see us get to relative to admission of the Baltic States, all three, into NATO.

Just talk to me a little bit, because you are good at this.

Mr. GROSSMAN. Well, thank you very much, Senator.

Let me just try to talk to you. We will just leave aside as much of the diplospeak as we possibly can.

I think the answer to your question, are we heavy handed—the answer is no.

Senator BIDEN. Are we perceived as heavy handed?

Mr. GROSSMAN. No, that's what I mean. Are we perceived as heavy handed? I think the answer to that ought to be no. I mean, whether people perceive us that way or not, I do not know.

You have, as a United States Senator, it seems to me, an absolute right to raise very important issues that are important not only to you, Senator Smith in terms of visas, but also to your constituents, because those are the questions you have to answer in Delaware.

Senator BIDEN. We do not stay here unless our constituents get responded to.

Mr. GROSSMAN. Yes, exactly right.

Senator BIDEN. We are their hire.

Mr. GROSSMAN. Right, and that's exactly the point, so I say no, I do not think that we ought to be perceived as heavy handed. We ought to be perceived, and this—I put us both on the same team. We ought to be perceived as doing exactly what we all want, which is what, which is to be champions of integration of these three countries.

We ought to be perceived as exactly what we are, which is helping Latvia, Lithuania, and Estonia be the best possible candidates to walk through the open door, and I think the practical answer to your question, Senator, is, Poland, Hungary, and the Czech Republic.

I mean, do you look back now and think that anybody perceived us as being heavy handed to try to move forward reform efforts in the Czech Republic, or Poland, or Hungary? No.

Senator BIDEN. Poland basically came and said, would you like us to stand on our head? Would you like us to do cartwheels? What would you like us to do? I mean, what is it we have to do to prove this?

Mr. GROSSMAN. I think that is the answer to your question. One of the more—and again, like you, I do not want to sort of give out great diplomatic secrets about private conversations, but one of the things that really struck me at the meeting between the Polish prime minister and Secretary Albright last Friday was the Polish prime minister talking to the Secretary about all the things that

Poland could do to export security outside of Poland, what could we do in this area, what could we do in that area, how can we help you, and I think that is what we are after.

The answer to your question is, you ought to have standards. You ought to try to keep people to certain standards. It is, after all, our alliance. The President has to make a decision The Senate has to make a decision, and just like you did, you have to vote and discuss these things, and you ought to also have a plan, in my view, Senator, is—I know this is sort of hard to read—but this is our plan.

This is my long answer to your question, which is, if we can do these things in the economic area and security area, the political area, and we can do them with the Baltic States, with the Nordics, to the extent possible with Russia, then when the time comes, when we have made them the best possible candidates and they can walk through that door, just like Poland, the Czech Republic, and Hungary, no one is going to remember that you were perceived as heavy handed. People are going to remember that you set good standards, you had a plan, people achieved them, and you got the right result.

Senator BIDEN. For the record, if any group of nations from a moral or security standpoint warrants being in NATO, I cannot think of any three nations that meet these criteria more than the Balts, the Baltic nations, so I am looking forward to working with the leadership of each of those countries, and they have been very forthcoming, by the way.

Because I think the day, God willing, and as they say in southern Delaware, and the crick not rising, the day is going to come sooner than later, I hope, when we are voting on it before the U.S. Senate.

At any rate, I thank you. My time is up. I thank the chairman.

Senator SMITH. Mr. Secretary, to what degree is the tension between the Baltic States and Russia a product of one versus the other, and does Russia understand that maintaining that tension is a way to frustrate NATO membership for the Baltics? How do we avoid holding the Baltics responsible for problems emanating from Moscow?

Mr. GROSSMAN. Well, I think our objective, Senator, as I said, is to try to create as much as we can a kind of win-win philosophy out there, which is, if we can do some business with Russia, Northwest Russia, for example, on cleaning up nuclear waste, work on nuclear safety, and do that with the Baltic States, with the Nordic States, that is a plus, and our objective over time is to make this, as I say, a positive for everybody.

Now, when things are hard, though—I do not want to be misunderstood. For example, when the Russians, for example, talk about economic pressure on Latvia, we want to be real clear, as we were at the time and would be again, that that is not acceptable and, worse, we think it is counterproductive. It does not work.

So our dialog with Russia on this ought to be of two parts, which is to say, there are a lot of positives out there, and things you can do and things we can do together that ought to be good for everybody, but there is a line—economic sanctions, or economic pres-

sure—that you should not cross, and we have not been slow to say that, and we have not been afraid to say that.

Senator SMITH. Is there blame on both sides?

Mr. GROSSMAN. Well, I think blame is—I do not know about the blame game. One of the things that we have said all along, and I have said in my testimony, is in countries like Latvia, for example, Latvia has to work hard to deal with its Russian-speaking minority, and that is why I made such a point in my testimony of drawing attention to the OSCE standards.

You had Max Van der Stoep, their representative go and give a list of the kinds of things that needed to be done, and I was really lucky. I happened to be representing the United States at the Council of Baltic Sea States on 22 June when the Latvian parliament voted in favor of the two most important of these changes, and I had the good fortune to talk about it there, congratulate the Latvian foreign minister—Mr. Primakov was there as well—and we had a chance to really talk about these things.

The Estonians, for example, of the 30 recommendations that the OSCE have given, they have completed 29 of them, and the thirtieth one is due for a vote by their parliament in September. It is one of the reasons, as I said in my testimony, that we are supporting this Riga Law School, because people ought to be able to go, people of all kinds of languages and backgrounds ought to go to law school and be able to defend themselves and protect their legal rights.

So I sort of pass on that, but what we want to do is encourage people, as Senator Biden said, to live up to a certain set of standards.

Senator BIDEN. Can I ask one question, Mr. Chairman?

Senator SMITH. Yes.

Senator BIDEN. And you can pass on this question if you like, but the next panel cannot. They can, but I hope they will not, and it might not be able to be answered with any degree of certainty.

In your view, if in each of the Baltic States, their leadership were told tomorrow they could join right now either the EU or NATO, but only one, which would they choose, in your view—Latvia, Lithuania, Estonia. What would you guess?

If you do not have a view, or you would rather not express it—

Mr. GROSSMAN. I do not have any idea. I mean, I pass. I have not thought about that one, and I do not know how to answer the question.

Senator BIDEN. The reason I ask the question, I hope, is obvious. One of the things that is said, including today in the speech by the President of Romania on the floor of the U.S. Congress in a joint session, and was also the thing that was said to me in my visits to Poland, the Czech Republic, Hungary, and Slovenia and a number of other places I have been recently, was that this is a heck of a lot less about security and feeling any direct threat from Russia or any former Warsaw Pact member, than it is about being integrated into the West, and NATO is a guaranteed anchor.

Once in NATO, you are in the West. You have all the benefits that flow from that, including an economic advantage that grows out of a perceived sense of being not vulnerable to outside influence. So, I just wondered how, in your view, it might be viewed by

the Baltic countries, or if it may be viewed differently in each country. I am not lumping them all together.

Mr. GROSSMAN. I think I would pass on your bigger question, but I think it is an important point that you make, which is to say, there is this question that integrating with the West is the big security, capital S, if you will, and I think that the days are long gone when you could kind of worry about your military security on Monday and Tuesday and democracy on Wednesday and Thursday, and your economy on Friday and Saturday.

Things are simultaneous today, and that is why, it seems to me, people want to be a part of what we are doing.

You say that they want to integrate with the West. I think the reason that people want to integrate is values and security, and one of the reasons we have chosen to do some political things, economic things, and some security things is that it is the whole package.

When we talk about champion of integration, that is really what we mean. It seems to me that the more integrated you are, the more secure you are.

Senator BIDEN. Thank you very much, Mr. Chairman.

Senator SMITH. I share your observation, Senator Biden. As we have dealt with these countries of the former Eastern Europe, the former Soviet Union, their first desire is for security and then prosperity, and I think that is a human motive that all of us can understand. Being rich does not make you safe. You need to be safe. I have been amazed at that.

Senator BIDEN. One of the ironies is, Mr. Chairman, and I apologize for our dialog here, but one of the ironies, it seems to me, for the witnesses, is that the more any one of the countries seeking admission to NATO—from the Balkans to the Baltics—talks about the political and economic security that flows from being a member of NATO, the more fodder it gives to those who do not want to see NATO expanded to say that we are turning this from a military alliance into a political institution.

It has always been a political institution, but it is hard to get that point through. That is why I just wondered if you had a sense of what the driving motivation was, if it could be identified in any one of those countries, just for my own insight.

I thank you very much. Thank you, Mr. Chairman.

Senator SMITH. Mr. Secretary, thank you for answering our questions. We are grateful for your contribution to our desire to bring the Baltic countries into the western sphere.

Mr. GROSSMAN. Thank you very much. I appreciate it.

Senator SMITH. We will now call up our second panel, Dr. Krickus, Dr. Plakans, and Dr. Raun.

Senator SMITH. Gentlemen, we welcome you. We are going to include into the record—I request unanimous consent, myself and my colleague—testimony from the Lithuanian-American community. The statement of the Central and East European Coalition, and the Joint Baltic-American National Committee. We are pleased to receive your comments and they will be part of the record.

[The material referred to appears in the appendix.]

Senator SMITH. Let us begin, Dr. Krickus, with you. Welcome.



**STATEMENT OF DR. RICHARD J. KRICKUS, DEPARTMENT OF  
POLITICAL SCIENCE, MARY WASHINGTON COLLEGE, FRED-  
ERICKSBURG, VIRGINIA**

Dr. KRICKUS. Mr. Chairman and members of the committee, I welcome the opportunity to share with you my observations on Lithuania and American foreign policy priorities.

For several years the administration and Members of Congress have said that the door to NATO is open to the Baltic democracies. The time has come to live up to that promise and accelerate it by extending membership to Lithuania.

In much the same fashion that Estonia has earned the right to be the first of the three Baltic democracies to enter the EU, Lithuania has earned the right to enter NATO first. Through this step-by-step process, NATO membership for Estonia and Latvia will be facilitated.

Providing membership to the Baltic democracies is consistent with two major American foreign policy objectives in post cold war Europe. The first is safe-guarding the zone of democracy which has appeared with the collapse of the Soviet empire. This is one of NATO's fundamental missions. An enlargement advances that goal.

Second, while NATO moves eastward, Russia must be integrated into the Euro-Atlantic community.

Opponents of the Baltic democracies in NATO claim they are not a vital U.S. interest and cannot make a military contribution to the alliance. To include them in NATO is to needlessly provoke Russia. There is no threat that justifies their membership at this time. Should one materialize, then we can waive them in.

The above arguments are made by serious people, and they cannot be blithely ignored, but all of them have their roots in fears and ideas driven by the cold war, not today's world.

Safeguarding democracy in Europe and empowering people who share our values is a vital interest. The West has the capacity to field many divisions armed with the most advanced weapons, but we do not know how to establish stable democracies. The most extensive military contributions that the Baltic countries can conceivably make to NATO is vastly less important than the advantages that flow from having viable democracies in the heartland of Europe.

The most serious security problem that Russia faces is economic turmoil at home, which is linked to the failure of the economic oligarchs and the rich to pay their taxes.

Russia's principal military threat is in the Caucasus, in the territories of the former Soviet Central Asian States, and in the long-term, China. It is in Russia's vital interest, then, to have good relations with an alliance of stable democracies on its European flank.

Instability and the resurrection of antidemocratic movements in the heartland of Europe could have a pernicious impact on the ability of Germany and Russia to develop a relationship that is beneficial and nonthreatening to both States. Russian defense analysts are not happy with NATO enlargement, but they do not believe NATO represents a military threat to them. The disintegration of their armed forces and weapons systems have forced them to dwell upon real, not imagined threat to their security.

For the Russian people, it is economic destitution that preoccupies them. They do not care about the Balts getting into NATO.

Finally, the greatest threat to stability in Europe today is the upheaval promulgated by the transition from communism to an open society. Coping with this threat is NATO's most challenging mission. The prospects that neo-Soviets and ultranationalists will exploit Russia's daunting problems to gain power is a threat to all of Russia's neighbors. That is why the Baltic countries want to find a safe harbor in NATO.

Their major worry is not a strike across their borders, but the turmoil that is wreaking havoc to their east. Today, President Yeltsin is talking about a *coups d'etat*, and his opponents are threatening to sweep his prime minister from power and to replace the Government with an emergency committee. Does that constitute a sufficient threat to honor our pledge and bring the Balts into the alliance? I think it does.

Lithuania, as a recent Department of Defense report indicates, is the best qualified of the Baltic countries to enter NATO. It has the largest number of troops under arms, and it has made the largest contribution of resources to its armed forces. For example, in 2 years Lithuania intends to spend 2 percent of its GDP on defense. By contrast, Germany today spends a lesser percentage of its GDP on its armed forces.

All of Lithuania's major political parties and a plurality of its people want to join NATO. As Poland's neighbor, Lithuania is contiguous to a State soon to be a member of the alliance. Lithuania has moved further toward democratization than any of the 15 former Soviet republics. It has a stable party system. It has conducted several fair and open legislative and Presidential elections. It has a liberal citizenship law and, as Freedom House has indicated, it has the freest press of all the former communist lands of Europe.

The second major foreign policy objective in Europe is to integrate Russia into the Europe-Atlantic community. This is not likely to happen in one great leap, but through a series of small steps. I have just returned from a visit to Moscow and to Kaliningrad, and I would agree with many Russian and western observers that the exclave may serve as a test case for Russian-western cooperation. There has been a dramatic decline in the number of troops that are stationed in the Oblast. U.S. forces say they constitute about 23,000, while the Poles say 40,000 troops remain in Kaliningrad.

Kaliningrad's neighbors may argue that the number is too high, but they all concede that the downsizing is good news and are less concerned about the militarization issue than even a year ago.

Russian defense analysts claim that economic pressures alone are not responsible for the shrinkage. There is a second reason for it. They do not believe that the exclave is defensible. Note that they are making this claim even prior to Poland's becoming an active member of NATO. Moving NATO eastward has no bearing on Kaliningrad's security, nor Russia, for that matter.

Some Russian commentators may continue to threaten to deploy nukes in Kaliningrad, but no serious security analyst in Moscow is thinking in these terms today.

Meanwhile, Russian fears that western militarization and economic development proposals are meant to deny Russia control of the Oblast have declined as well. No Government in the region, German, Lithuanian, or Polish, challenges Russian control of Kaliningrad. EU experts I spoke to in Kaliningrad, however, fear the Oblast could become a black hole in the Baltic Sea region and, because of a deteriorating economic and social situation there, threaten stability in the Baltic Sea.

They are recommending the EU go beyond the provision of technical assistance and provide the Oblast with capital development funds as well. It is my understanding that the U.S. Government does not intend to play a major role in economic development programs and other initiatives designed to stabilize the situation in Kaliningrad, but it can play an important supportive role.

Through cooperative Russian-western programs in Kaliningrad, we may determine how joint efforts can help the Russian Federal resolve its economic, social, and ecological problems and build a free market economy. Of course, at some future time, when hard security questions reemerge, perhaps with the development of U.S. infrastructure installations in Poland, or as a result of reassessment of CFE, the American role in resolving the Kaliningrad question may take on greater and different dimensions.

Through its quiet diplomacy and the investment of its entrepreneurs, Lithuania is contributing to the development of Kaliningrad and the recent visit of Russian foreign minister Primakov to Lithuania testifies to the warm relations that Vilnius and Moscow enjoy. As President Adamkus has recently indicated, he sees no problem that the constructive relations with Russia will be jeopardized by Lithuania's bid for NATO membership. Remember, in Article II of the 1990 treaty between Lithuania and Soviet Russia, both sides agreed to the following, quote, the high contracting parties recognize each other's right to independently realize their sovereignty in the area of defense and security in ways they find acceptable, unquote.

Finally, from the vantage point of the United States, the following should be kept in mind: By including the Baltic democracies in NATO and striving to address Moscow's legitimate security concerns, the West can safeguard democracy in the heart of Europe. This objective is in the interests of the West, the former Soviet republics, and a democratic Russia as well.

Thank you.

[The prepared statement of Dr. Krickus follows:]

PREPARED STATEMENT OF RICHARD J. KRICKUS

Mr. Chairman and members of the committee, I welcome the opportunity to share with you my observations on Lithuania and U.S. foreign policy priorities.

For several years the administration and members of Congress have said that the door to NATO is open to the Baltic democracies. The time has come to live up to that promise and accelerate it by extending membership to Lithuania.

In much the same fashion that Estonia has earned the right to be the first of the three Baltic democracies to enter the EU, Lithuania has earned the right to enter NATO first. Through this step-by-step process, NATO membership for Estonia and Latvia will be facilitated.

To provide justification for this initiative a little historical background is required. Estonia and Latvia were the first of the 15 Soviet Republic to form grass-roots movements which Mikhail Gorbachev believed would provide momentum for Perestroika.

Lithuania followed their lead and in March 1990 restored the Lithuanian state which had been forcefully annexed into the Soviet Union in 1940.

Recognizing that the Lithuanian rebellion represented a threat to the USSR, Gorbachev sought to crush it. On January 13, 1991 a massacre took place at a TV tower in Vilnius but through peaceful resistance the Lithuanian people prevailed and saved their independent government.

What became known as Bloody Sunday set into motion events which led to the August 1991 coup and the collapse of the Soviet Empire in December of that year.

No longer deeming Gorbachev their leader, the democrats embraced Boris Yeltsin. Gorbachev then agreed to a new union treaty which when implemented would drain power from the hard-liners in Moscow and pave the way for Baltic secession from the union.

It was this prospect which led to the neo-Stalinist Putsch of August 1991.

But events in Lithuania revitalized a badly demoralized Russian democratic movement and provided the Yeltsimtes with lessons to abort the August Putsch.

The commander of the KGB Alpha unit which was responsible for Bloody Sunday later explained why his men did not attack the Russian White House in August. An attack which certainty would have crushed the democratic activists who gathered there.

"Vilnius was the last straw and our patience ran out. ... Honestly, had it not been for Vilnius we would not have refused to storm the White House."

Democrats everywhere, Americans, Europeans and Russian owe a debt of gratitude to the Baltic peoples for helping end the Cold War.

During that period about 100,000 Americans were killed in combat and three times that number were wounded in battle at a cost of billions of dollars to the national treasury.

This awesome sacrifice has provided millions of Europeans with the prospect of living in open societies and to enjoy the fruits of a free enterprise economy. We must not deny them that prospect in the aftermath of the Cold War less those sacrifices be made in vain.

Providing NATO membership to the Baltic democracies is consistent with two major American foreign policy objectives in post-Cold War Europe.

The first is safeguarding the zone of democracy which has appeared with the collapse of the Soviet Empire. This is one of NATO's fundamental missions and enlargement advances that goal.

Second, while NATO moves eastward, Russia must be integrated into the Euro-Atlantic community.

Opponents of including the Baltic democracies in NATO claim:

- They are not a vital U.S. interest and cannot make a military contribution to the alliance.
- To include them in NATO is to needlessly provoke Russia.
- There is no threat that justifies their membership at this time. Should one materialize, then they can be waved in.

The above arguments are made by serious people and they cannot be blithely ignored but all of them have their roots in fears and ideas driven by the Cold War era, not today's world.

Safeguarding democracy in Europe and empowering people who share our values is a vital interest. The West has the capacity to field many divisions armed with the most advanced weapons but we do not know how to establish stable democracies.

The most extensive military contribution that the Baltic countries can conceivably make to NATO is vastly less important than the advantages that flow from having viable democracies in the heartland of Europe.

The most serious security problem that Russia faces is economic turmoil at home which is linked to the failure of the economic oligarchs and rich to pay their taxes.

Russia's principle military threat is in the Caucasus, in the territories of the former Soviet Central Asian states, and in the long term China.

It is in Russia's vital interest then to have good relations with an alliance of stable democracies on its European flank.

Instability and the resurrection of anti-democratic movements in the heartland of Europe could have a pernicious impact on the ability of Germany and Russia to develop a relationship that is beneficial and non-threatening to both states.

Russian defense analysts are not happy with NATO enlargement but they do not believe NATO represents a military threat to them. The disintegration in their armed forces and weapons systems have forced them to dwell upon real not imagined threats to their security.

For the Russian people it is economic destitution that preoccupies them, they don't care about the Balts getting into NATO.

Finally, the greatest threat to stability in Europe today is the upheaval promulgated by the transition from communism to an open society. Coping with this threat is NATO's most challenging mission.

The prospects that neo-Soviets and ultra-nationalists will exploit Russia's daunting problems to regain power is a threat to all of Russia's neighbors. That is why the Baltic countries want to find a safe harbor in NATO.

Their major worry is not a strike across their borders but the turmoil that is wreaking havoc to their east.

Today President Yeltsin is talking about a coup d'etat and his opponents are threatening to sweep his Prime Minister from power and to replace the government with an emergency committee.

Does that constitute a sufficient threat to honor our pledge and bring the Balts into the alliance?

Lithuania, as a recent Department of Defense report indicates, is the best qualified of the three Baltic countries to enter NATO.

It has the largest number of troops under arms and it has made the largest contribution of resources to its armed forces. For example, in two years Lithuania intends to spend 2% of its GDP on defense. By contrast, Germany today spends a lesser percentage of its GDP on its armed forces.

All of Lithuania's major political parties and a plurality of its people want to join NATO. As Poland's neighbor, Lithuania is contiguous to a state soon to be a member of the alliance.

Lithuania has moved further toward democratization than any of the 15 former Soviet Republics. It has a stable party system, it has conducted several fair and open legislative and presidential elections, it has a liberal citizenship law, and as Freedom House has indicated it has the freest press of all the former communist lands of Europe.

The second major foreign policy objective in Europe is to integrate Russia into the Euro-Atlantic community.

This is not likely to happen in one great leap but through a series of small steps.

I have just returned from a visit to Moscow and Kaliningrad and I would agree with many Russian and Western observers that the exclave may serve as a test case for Russian-Western cooperation.

There has been a dramatic decline in the number of troops that are stationed in the Oblast. U.S. sources say they constitute about 23,000 while the Poles say 40,000 troops remain in Kaliningrad.

Kaliningrad's neighbors may argue that the number is too high but they all concede that the downsizing is good news and are less concerned about the militarization issue there than even a year ago.

Russian defense analysts claim that economic pressures alone are not responsible for the shrinkage; there is a second reason for it. They do not believe that the exclave is defensible.

Note that they are making this claim even prior to Poland's becoming an active member of NATO. Moving NATO eastward has no real bearing on Kaliningrad's security nor Russia for that matter.

Some Russian commentators may continue to threaten to deploy nukes in Kaliningrad but no serious security analyst in Moscow is thinking in these terms today.

Meanwhile, Russian fears that Western demilitarization and economic development proposals are meant to deny Russian control of the Oblast have declined as well.

No government in the region, German, Lithuanian or Polish challenges Russian control of Kaliningrad.

EU experts that I spoke to in Kaliningrad, however, fear the Oblast could become a black hole in the Baltic Sea region, and because of a deteriorating economic and social situation threaten stability there.

They are recommending the EU go beyond the provision of technical assistance (through their TACIS Program) and provide the Oblast with capital development funds as well.

It is my understanding that the U.S. government does not intend to play a major role in economic development programs and other initiatives designed to stabilize the situation in Kaliningrad but it can play an important supportive role.

Through cooperative Russian-Western programs in Kaliningrad, we may determine how joint efforts can help the Russian Federation resolve its economic, social and ecological problems and build a free market economy.

Of course, at some future time when hard security questions reemerge—perhaps with the development of NATO infrastructure installations in Poland or as a result of reassessment of CFB—the American role in resolving the Kaliningrad Question may take on greater and different dimensions.

Through its quiet diplomacy and the investment of its entrepreneurs, Lithuania is contributing to the development of Kaliningrad. And the recent visit of Russian Foreign Minister Gennadi Priinakov to Lithuania testifies to the warm relations that Vilnius and Moscow enjoy.

As President Valdas Adainkus has recently indicated, he sees no problem that constructive relations with Russia will be jeopardized by Lithuania's bid for NATO membership.

Remember in Article 2 of the 1991 treaty between Lithuania and Soviet Russia both sides agreed to the following:

"The High Contracting Parties recognize each other's right to independently realize their sovereignty in the area of defense and security in ways they find acceptable..."

From the vantage-point of the United States, the following should be kept in mind. By including the Baltic democracies in NATO and striving to address Moscow's legitimate security concerns, the West can safeguard democracy in the heart of Europe. This objective is in the interest of the West, the former Soviet republics and a democratic Russia as well.

Senator SMITH. Thank you very much, doctor. Dr. Plakans.

**STATEMENT OF DR. ANDREJS PLAKANS, DEPARTMENT OF HISTORY, IOWA STATE UNIVERSITY, AMES, IA**

Dr. PLAKANS. Thank you, Mr. Chairman. I have a longer statement that is submitted for the record. The shorter statement is basically a precis of that and I am going to be talking about Latvia, and I will be addressing the question of what has been done in the last 7 years since 1991 and what remains to be done and, given the time shortage, I am going to be talking more in my oral statement about the unfinished business of Latvia.

As I see it, there are six areas in which the Latvian State has unfinished business. The first of these is the large proportion of the stateless inhabitants of Latvia, which constitute at this moment about 27.1 percent of the total population. This is of a population of 2.47 million.

This situation, of course, as is known, grew out of the Soviet policy that reduced the indigenous Latvian population to about 52 percent of the total in the 1989 census and reduced Latvians to a minority status in seven out of the eight largest cities by that same date. This is a policy which most Latvians in Latvia perceive as having been deliberate russification of their country.

The fear of national extinction has been part of Latvian thinking for a very long time, and it now informs the citizenship debate within Latvia. This fear, however, directly conflicts with another desired goal, the wish to join pan-European institutions and other international institutions. This requires careful negotiation for the expectations of all parties, the European institutions, the U.S., Latvians, and the stateless inhabitants of Latvia, to be reconciled.

Unfinished business number 2 in my view involves the question of a strong central Government. By contrast with the stated goal of creating a vital private sector, the national Government in Latvia remains central to virtually every aspect of Latvian affairs.

There are historical trends at work here. In the 1920's, immediately after the acquisition of the first independence, there was

only one institution, the new national Government, that could mobilize the population and resources for the necessary tasks of State-building.

The Soviet period, of course, enhanced the role of the central Government and central planning beyond anything the pre-1940 republic contained. This very strong and continuing sense of dependence on the central Government in Latvia explains, I think, in large part why the cultivation of private initiative, the creation and maintenance of NGO's, and other appurtenances of a healthy private sector has been so problematic in Latvia and continues, in my view, to be problematic.

The third area of unfinished business involves demography, demographic indicators. In every year since 1991, the total population of the country, of Latvia, has fallen by a few percentage points, thus diminishing from 2.6 million in 1991 to 2.4 million in 1997, due in large part to the immigration or re-migration of the Slavic language population.

Moreover, during every year since 1993, the proportion of the older, past-working-age population has increased relative to the younger, before-working-age population. The fertility rate in the country has declined since 1991 in every age category. The number of abortions has increased from 128 per 100 births in 1991 to 148 in 1996.

Senator BIDEN. Excuse me, doctor, 128 versus 100?

Dr. PLAKANS. 128 abortions per every 100 births, live and still births, to 148 now.

Senator BIDEN. So almost 50 percent more fetuses are aborted than taken to term.

Dr. PLAKANS. The life expectancy at birth for both men, which is now 63.9 years in 1996, and women, 75.6 in 1996, has declined since 1991 at a somewhat more rapid rate than in other post communist societies.

In short, the Latvian population is not replacing itself, and its slowly diminishing numbers are aging. In absolute numbers, there were more Latvians in Latvia in 1935, 1.46 million, than there were in 1996, 1.37 million, which is a drop of about 6.1 percent.

These demographic characteristics are a source of no small worry to the Latvian Government, which has to think in terms of tax revenues, the labor supply, army recruitment, and the like, and they certainly feed the fear of national extinction in the general population.

A fourth area of unfinished business concerns the law-based State. An immense amount of rapid practical thinking was needed in the period from 1990 to 1991, when separation from the U.S.S.R. became a possibility, about how to transform Latvia from a Soviet republic in which law was frequently overridden by the Communist Party, to a State in which law was paramount and equal for all.

The process of revising and adapting the 1922 constitution has been going on since 1991. The Latvians actually renewed the 1922 constitution rather than writing a new one, and this process of revision and adaptation continues at this writing.

In fact, the difficulties encountered in all of this have led President Guntis Ulmanis to reflect recently that perhaps an entirely new constitution is needed, and this thought appears to be sup-

ported by about 52 percent of the population, according to latest opinion polls.

Legal reform has involved primarily the extrication of the country's legal system from the now-defunct Soviet system, with one additional complication. Latvia's desire to become integrated with western, especially Western European, institutions, has meant that basic laws, as well as parliamentary legislation, has had to be coordinated with western codes and legal ideas, especially with such relatively new and somewhat mysterious matters as human rights.

While the trajectory toward a law-based State is clearly present in Latvia, the time needed for this task has been much longer than anyone had expected.

The fifth area of unfinished business involves political democratization. During the past 6 years there have been two peaceful parliamentary elections, 1993 and 1995, and a third will take place in October of this year. In both 1993 and 1995 voter participation was substantially above the 65 percent mark.

There have been two rounds of municipal local elections in 1994 and 1997 and a single president head of State who was elected by the parliament in 1993 and reelected in 1995. Five prime ministers have headed cabinets during these years, and in each parliamentary election a large number of political parties, altogether 24 parties in 1993 and 29 parties in 1995, have contended for supremacy.

Given the fact that Latvia had not had a direct experience with democratic politics since 1934, when the president at that moment, Karlis Ulmanis, established his popular authoritarian regime, this record, judged by such standards as the acceptance of political defeat, peaceful surrender of power, and continued high levels of voter participation, has to be judged as fairly good, and the prospects for political continuity high.

At the same time, commentators both in Latvia and outside note three things about the current political climate, especially as it relates to questions of democratization.

First, the competitive, possibly excessively competitive, multiparty system and proportional representation have produced a belief, widespread in the population, that most politicians and parties seek power in order to enhance personal prestige and wealth rather than the common good. This mistrust by the electorate of its political leaders places under a cloud the unquestionable success of democratic procedures.

Third, observers also continue to note that a very high proportion of Latvia's resident population continues to be excluded from political participation by citizenship laws, so that while Latvian politics at this moment represents all shades of opinion of Latvian opinion, it does not represent all shades of the total population of Latvia.

Finally, unfinished business in the economic realm. The annual GDP statistics in Latvia show that the earlier dramatic fall of the GDP which began in 1990 ceased in 1993, and that since that time levels have risen by about 5 to 6 percent with each year, at least since 1995.

Latvian structural adjustment to the withdrawal from the planned economy of the Soviet Union, therefore, is over, and macro-economic trends seem all to be pointing upward, though on a much less steep incline than Estonia's.



Nonetheless, the past 3 or 4 years have not brought respite from the continuing problems that economic transition did produce. A current, though somewhat questionable, statistic suggests that some 75 to 80 percent of the population is managing to live on incomes below the official minimum income for survival.

Most farmland, for example, has been privatized, creating some 50,000 or more family farms, but a very high proportion of these, perhaps most, are likely to fail because of lack of resources. The numbers of the very rich and the very poor have grown at a much faster pace than the number of middle income individuals and families, demonstrating that the creation of a large middle class as measured by income will continue to be a very slow process. Though economic relations with Western Europe continue to develop, there is still a very great dependence on the Russian economy, especially for fuel supplies.

Economically, the transition has not yet carried Latvia to a point of unfeigned self-confidence, but the trajectory is certainly in that direction.

Those are six areas in which there is unfinished business in my view, and with that I end my statement.

[The prepared statement of Dr. Plakans follows:]

PREPARED STATEMENT OF ANDREJS PLAKANS

During 1998 the Baltic states of Estonia, Latvia, and Lithuania will have marked their eightieth anniversaries as independent countries, and their seventh year as post-Soviet states. Which of these facts is more important for understanding the past seven years depends upon one's vantage point. From the external viewpoint, it is their post-Soviet status that seems more significant, because placing these countries in the "post-Soviet" category allows for a more inclusive and comparative analysis. From the Baltic standpoint, however, the longer historical context is also quite significant, because the Baltics want to acknowledge the national pasts that for fifty years were derided as evil and irrelevant (the communist period being portrayed by the Party as a higher stage of history). It is the half-century-long Soviet rule that is now portrayed as a period of deformation, during which the management of national development was removed from the hands of the governments in Tallin, Riga, and Vilnius and placed in the hands of Moscow. My short survey of the Baltic will employ these two themes—past and present—in interaction, and I will concentrate on Latvia as my case study. Though it is tempting to dwell on successes—the negotiated removal of the Soviet/Russian army, a positive GDP in the past three years, unremarkable political turnovers after national elections, participation in European and international institutions—I will be concerned primarily with the continuing unresolved problems of the post-1991 period. Many of these problems echo and in some ways are continuations of problems of earlier periods of history, although now the Latvian state has to find solutions appropriate to the international climate in which its second independence period was born.

Let me begin with the problem that recently has attracted more attention than others: the large number of inhabitants of Latvia—some 27.1% of a total population of 2.47 million—who are not citizens. This now is judged by many to be the most serious unresolved issue of the post-1991 years. The situation is rooted in the Soviet period, and is really a continuing problem only in Estonia and Latvia. In the Latvian case, with full knowledge of the inadequate supply of labor in Latvia, Moscow planners in the 1950s launched grandiose industrialization plans for the country, which included massive labor recruitment from the Slavic area of the Soviet Union. This policy—maintained over the next three decades—reduced the indigenous Latvian population to about 52% of the total (1989 census), and reduced Latvians to minority status in seven out of the eight largest cities. The policy was recognized as inimical to national survival even by nationally-minded Latvian communists in the late 1950's, and, as a result, in 1959-60 some 1,500 party members suspected of "bourgeois nationalism" were purged by Khrushchev from their jobs and party memberships. To many Latvians then, and particularly now when national history is coming to be better known, this was an example of deliberate "russification" of the Latvian population, analogous to the Czarist russification policies of the 1885-1914

period. Whether statistically well-grounded or not, the fear of national extinction has been part of Latvian thinking for a very long time, and it now informs the citizenship debate within Latvia. Resistance to what in the immediate post-1991 period was called the “zero-option” (immediate citizenship to all residents, as implemented in Lithuania) continues to be strong in far larger circles than just the political parties of the right. Unfortunately, in this case historical memory collides directly with another desired goal—the wish to join pan-European institutions—and this conflict will require careful negotiation for the expectation of all parties (European institutions, Latvians, the stateless inhabitants of Latvia) to be reconciled. My point is that the concerns of all these participants are very real, and that Latvians have to become convinced that the creation, for example, of a two-language state (as some Russian inhabitants of Latvia want); or the rapid relaxation of citizenship requirements will not result in their gradual peripheralization in a state that bear their name. They are not convinced of this at the present.

A second unresolved problem of the past seven years has been the role of the government in the country's affairs; or, put inversely, the expansion and growth of the private sectors of society. In statistical terms (government expenditures as proportion of GDP, proportion of incomes deriving from the national budget), during the past three years there has been a small but noticeable shift toward private sector activity, but, psychologically, the national government remains central to virtually every aspect of Latvian affairs. The flowering of the free market and of the private sector that was to come with the disappearance of the centrally planned society and of the totalitarian Communist Party has not been as rapid nor as thorough as one would have liked. There are historical trends at work here. From 1918 onward, Latvian political culture and political thinking countenanced a very powerful, activist, and intrusive central government. The explanation for this is simple. In the 1920s there was only one institution—the new national government—that could mobilize the population and resources for the necessary tasks of state-building, and these impulses (a Latvian version of French economic *dirigisme*) were far from spent in the 1930s, when Karlis Ulmanis in 1934 suspended the parliament and political parties and created his six-year authoritarian presidential rule. The Soviet period, of course, enhanced the role of the central government and central planning beyond anything the pre-1940 republic contained, and dependency in the Soviet-period was deliberately cultivated. In any event, dependency of the population on the central government is deeply rooted in the Latvian political world, which explains in part why the cultivation of private initiative, NGOs, and the other appurtenances of a healthy private sector has been so problematic. There continues to be the strongly held belief that success in private ventures, and regional and local governments, is incomplete unless it leads the successful businessman or political leader to a position in the national government. In contrast to the United States, in which a relatively weak national government was a fact of life for the first century of national existence, Latvia began its national existence with an overwhelmingly strong national government, and this tradition continues to be very difficult to reverse.

A third problem—really a cluster of unresolved lesser problems—has to do with what Latvians believe to be highly unfavorable demographic indicators. To begin with, in every year since 1991 the total population of the country has fallen by few percentage points (diminishing from 2.66 million in 1991, to 2.47 million in 1991), in large part due to the emigration or remigration of the Slavic-language population. Moreover, during every year since 1993 the proportion of the older past-working-age population has increased relative to the younger before-working-age population, or, in other words, the population is aging. The fertility rate has declined since 1991 in every age category. The proportion of extra-marital births has increased steadily from 21.5% of all live births in 1991 to 36.2% in 1997; and the number of abortions has increased from 128 per 100 live and stillbirths in 1991 to 148 in 1996. The divorce rate is very high (in 1996 there were 9634 marriages, but 6051 divorces), the average number of children per married couple appears to be declining, and life expectancy at birth for both men (63.9 in 1996) and women (75.6 in 1996) has declined since 1991 at a slightly somewhat more rapid rate than in other post-Communist societies. Although the proportion of ethnic Latvians in the total population has increased by a few percentage points since 1991 (52.0% in 1989; 55.3% in 1997), the Latvian population is not replacing itself. In absolute numbers, there were more Latvians in Latvia in 1935 (1.46 million) than there were in 1996 (1.37 million) a drop of 6.1%

These demographic characteristics are a source of no small worry to the Latvian government, which has to think in terms of tax revenues, the labor supply, army recruitment, and the like; and they certainly feed the fear of national extinction in the general population. Still, reviewing Latvian demographic development in the longterm, it has to be observed that public disquiet over unfavorable demographic

trends has been almost a constant theme. The fact is that the Latvian population since the nineteenth century, in spite of pro-natalist policies, has always exhibited slow rates of growth, due in part to relatively late age at marriage, in part to economic development that made it more advantageous to have small rather than large numbers of children, and in part, especially in the twentieth century, to periodic cataclysms (wars, emigration, deportation) and slower processes, such as assimilation. Still, a large decline in the absolute number of Latvians has not happened since World War I, and, before that, since the early eighteenth century. In the current situation, constrained incomes and increasingly expensive living space have reduced incentives for couples to have more than one or two children. Although these trends are all well known, it is difficult to see how—in the present economic circumstances—the Latvian government can afford large expenditures on pro-natalist social policy, even if the population, especially women, were receptive to it. The behaviors and attitudes that produce these trends may be beyond shaping by government policy, but they are nonetheless capable of producing severe consequences for the economy and for national security.

A fourth unresolved problem revolves around the effort to create a law-based state, an ideal espoused by Latvian political leaders from 1991 onward and recognized by them as a precondition for “entering the West” and for continued economic growth (e.g. commercial law). An immense amount of rapid practical thinking was needed in the period from 1990-1991, when separation from the USSR became a possibility about how to transform Latvia from a Soviet republic in which law was frequently overridden by the Communist Party, to a state in which law was paramount and equal for all. Rather than write a new constitution, the 1990-91 reformists opted to renew the Latvian Constitution of 1922, recognizing that this document would have to be adapted to the new circumstances in which the country would be acting as a sovereign state. The process of revising and adapting the 1922 Constitution has been going on since 1991, and continues at this writing. In fact, the difficulties encountered have led President Guntis Ulmanis to reflect recently that perhaps an entirely new constitution is needed, and this thought appears to be supported by about 52% of the population, according to opinion polls.

The problem of creating a new regime of viable law for Latvia is not an unprecedented one: it was faced by the 1918 republic as it sought to extricate itself from the legal system of the old Romanov Empire. Whereas in the new USSR Imperial law was rewritten quickly, in Latvia some part of the old Russian law code—such as criminal law—under which all Latvians had been living before 1918—continued as the basis for the law of the land in the post-1918 period until as late as 1937. Currently, since 1991, legal reform has involved primarily the extrication of the country’s legal system from the now defunct Soviet system, with an additional complication. Latvia’s desire to become integrated with western (especially western European) institution has meant that basic laws as well as parliamentary legislation has had to be coordinated with western codes and legal ideas, especially in such relatively new and somewhat mysterious domains as human rights. Further, since in the Soviet system commercial dealings were state-directed, a commercial law has had to be created; and since property rights were only minimally recognized in Soviet law, this domain also has had to be created almost anew. In 1996, the Latvian parliament created a Constitutional Court whose function it would be to resolve conflicts growing out of an evolving constitution, as well as conflicts created by law codes being created at different speeds, but this court has not yet developed a widely recognized stature in the legal system. While the trajectory toward a law-based state is clearly present, the time needed for this task has been much longer than anyone had expected.

With respect to legal reform, one major difference between the 1920s and the 1990s has been that in the former period, even though Tsarist laws were still very much part of the picture, there was widespread confidence in the population that the new government would revise and adapt them fairly. Currently, the general population is much more cynical about legal reform, perhaps because of the holdovers within the current political elite from the Soviet to the post-1991 period. Except for a few well-known individual cases, Latvia did not create lustration laws after 1991, producing among the most cynical the attitude of “old wine in new bottles.”

A fifth problem concerns the question of deeply political democratization has settled within the population of the country. The institutional framework within which democratic political impulses could play themselves out was been in place from 1991 onward, and will continue to supply the ground rules for some years to come. During the past six years there have been two peaceful national parliamentary elections (1993; 1995; a third will take place in October 1998), in both of which voter participation was substantially above the 65% mark; two rounds of municipal local and elections (1994, 1997); and a single president—head of state—who was elected by

the parliament in 1993 and reelected in 1995. Five prime ministers have headed cabinets during these years, and in each parliamentary election a large number of political parties (1993–23; 1995–29) have contented for supremacy. Since the Constitution of 1922 requires a multi-party parliamentary system with proportional representation, the proliferation of political parties was predictable from the very beginning of the return to electoral politics in 1993.

Given the fact that Latvia had not had a direct experience with democratic politics since 1934 (when Karlis Ulmanis established his popular authoritarian regime), this record—judged by such standards as the acceptance of political defeat, peaceful surrender of power, and continued high levels of voter participation—has to be judged as fairly good, and the prospects for continued political stability high. At the same time, Latvian commentators note three things about the current political climate. First, a multiparty system and proportional representation have produced an atmosphere similar to that which existed in the 1920s and early 1930s—the widespread belief that most politicians and parties seek power in order to enhance personal prestige and wealth, rather than the common good. The popularity of most political leaders—save the President—has not been long-lived, and political parties that seemed at the outset to command widespread loyalty have shown themselves as incapable of transforming this initial advantage into a permanent presence on the political scene. As a consequence, governance by cabinet has been through coalitions of the moment and sometimes razor thin majorities. Even the right-of-center parties—some of which have been a part of the Latvian political world for a decade now—do not have sufficient electoral strength to govern without seeking coalitions with the center. The parties of the left are fragmented and appear unable to form an effective opposition to the replace center-right coalitions.

Second, observers continue to note the mistrust in the electorate of its political leaders, which places under a cloud the unquestionable success of democratic *procedures*. It is almost as if the voting population periodically engages in a ritual thought to be necessary for the new political world, without expecting elected leaders to actually accomplish anything of great importance. In some respects it is possible to say that the cynicism of the later Soviet period has returned to the political system, but is this time directed against democratically elected political leaders. Third, observers also continue to note that a very high proportion of Latvia's resident population continues to be excluded from political participation by citizenship laws. This is something of a dilemma: there is fear that the enfranchisement of those presently excluded will inevitably lead to a two-community state, but there is also the fact that continuing exclusion in fact tends to produce the same result. The current political debate certainly includes discussion of how, and with what speed, the non-citizens will become politically active once enfranchised, but it is not very clear what political effects that would have. Informed opinion holds that most of the newly enfranchised would vote for parties of the left.

Finally, a sixth unresolved problem—again, really a problem cluster—concerns the Latvian economy. The annual GDP statistics show that the earlier dramatic fall of the GDP—which began in 1990—ceased in 1993 and that since that time levels have risen slightly by 3 to 4% with each year at least since 1995. Latvian structural adjustment to the withdrawal from the planned economy of the Soviet Union therefore is over, and macro-economic trends seem all to be pointing upward (though on much less of an incline than Estonia's). Nonetheless, the past three or four years have not brought respite from the continuing hardships of the transition. A current—though questionable—statistic suggests that some 75–80% of the population is managing to live on incomes below the official minimum, but it is not clear that this income statistic includes more than the official income-producing job. In fact, most employed persons have more than one source of income—sometimes as many as three or four. The Latvian economy belongs within the category of unresolved problems because in its accomplishment contrasts so greatly with continued deficiencies. Most farmland, for example, has been privatized (creating more than 50,000 family farms), but a very high proportion of these—perhaps most—are likely to fail because of lack of resources. In terms of absolute numbers, the very rich and the very poor have grown at a much faster pace than middle-income individuals and families, demonstrating that the creation of large “middle-class” (as measured by income) will continue to be a very slow process. There has been a very rapid growth of commercial and service jobs (especially in cities) in the private sector, but a very high proportion of the employed—teachers, for example, and medical personnel—are still tied to the so-called “budget jobs,” i.e. their salaries come from the national budget. Most banks in Latvia are now solvent, but confidence in the banking system has not yet returned to the levels of the year before the “bank crisis” of 1995–1996. Though economic relations with western Europe continue to develop, there is still very great dependence on the Russian economy (especially for fuel supplies). Eco-

nomically, the transition has not yet carried Latvia to a point of unfeigned selfconfidence, but the trajectory is certainly in that direction

Senator SMITH. Thank you very much. That is very informative. Dr. Raun.

**STATEMENT OF DR. TOIVO RAUN, DEPARTMENT OF CENTRAL EURASIAN STUDIES, INDIANA UNIVERSITY, BLOOMINGTON, IN**

Dr. RAUN. Thank you, Mr. Chairman. I do have a somewhat longer statement that I have submitted to the committee, and I would like to summarize and abbreviate that now.

Senator SMITH. Thank you.

Dr. RAUN. What I want to do is offer an assessment of Estonia's political, economic, and social development in the 7 years since the restoration of independence in August-September 1991.

Politically, Estonia has made substantial progress in the process of democratization certainly comparable to the levels achieved by its Baltic neighbors and by the Visegrad countries of East Central Europe.

Among the States formerly under Soviet rule, Estonia was the first to adopt a new constitution in June 1992 and to hold post-communist parliamentary and Presidential elections in September of that year. Drawing on the liberal democratic tradition of Estonia's first independence period, and on western models, the 1992 constitution established the supremacy of parliament as was the case in the 1920's.

The framers of the constitution clearly intended that Presidential powers be more ceremonial than real, looking back to problems with authoritarian rule in the 1930's. In practice, however, the evolution of Estonia's political system in the 1990's has witnessed some shifting of power toward the presidency.

For various reasons, including an electoral system, as in Latvia, based on the principle of proportional representation, the parliament, or Riigikogu, has remained relatively fragmented and has often not provided decisive leadership in national politics.

For example, since March 1997, Prime Minister Mart Siimann has led a minority Government whose options for showing initiative are sharply limited.

On the other hand, the incumbent President Lennart Meri, elected in 1992 and reelected in 1996, is a charismatic figure whose approval rating is consistently higher than that of any other Estonian politician, and he has chosen to play an activist role in both foreign and domestic policy.

Whether the current balance of power, or the shift in balance of power is a temporary phenomenon, or whether it has more lasting precedence, remain to be seen. According to the constitution, Meri cannot serve more than two consecutive terms and must vacate the presidency following the next elections in 2001.

It is also likely that the fragmentation in parliament will be somewhat remedied because of a new law going into effect in March 1999 requiring a minimum of 1,000 members for the right to compete in national elections for any political party.

Despite the parliamentary fragmentation, the considerable turnover in the cabinet, and the occasional scandals associated with

prominent politicians, the political system as a whole has functioned smoothly with strict adherence to the new constitution.

All elections, both national and local, have been held as scheduled, and international observers have declared them fair and free.

As in the waning years, in the tense waning years of Soviet rule, the post-communist era in Estonia has been characterized by a notable absence of political violence.

The voter turnouts in the two parliamentary elections in 1992 and 1995 was about two-thirds, a clear decline from levels established in the relatively free elections at the end of the Soviet era, but not much below recent voter turnout, for example, in neighboring Finland.

The most painful legacy of Soviet occupation in Estonia was the massive emergence of a non-Estonian presence which grew to just over 600,000 persons in a country of around 1.5 million in 1989, 39 percent of the population versus an estimated only 3 percent in 1945.

Mainly because of emigration in the early 1990's, the Russian and other non-Estonian population fell by nearly 100,000 persons by the start of 1998, raising the Estonian share of the population to just over 65 percent. Nevertheless, by last year, out-migration had virtually come to a halt, and it is clear that the remaining non-Estonians in Estonia are there to stay.

Overall, as in nearly all postcommunist societies in Europe, all nationalities in Estonia have experienced a negative natural population increase since the early 1990's, and this trend can be expected to continue for the foreseeable future.

The citizenship issue is certainly a very complicated one. Only about 80,000 non-Estonians receive citizenship by descent from the previously existing Republic of Estonia before Soviet rule in June 1940. A naturalization law was passed in November 1991 which restored the 1938 citizenship law, and because it required 2 plus 1 years of waiting time, it meant that in the 1992 elections, the national parliamentary elections, there were very few non-Estonians who participated.

Nevertheless, the proportion of non-Estonians participating in the elections is growing as citizenship is growing, and the number of naturalized citizens since 1992 has reached, now, about 100,000, and in March 1999 one can expect at least 15 percent of the electorate will be formed by non-Estonians, and it is not, certainly, to be assumed that non-Estonians will engage in ethnic bloc voting, voting, simply, let us say, for Russian parties. A considerable number will support Estonian-led parties, especially the Center Party, but others as well.

In the 1990's, Estonia's foreign policy has focused on two major issues, integration with the West, especially Europe, and reaching a modus vivendi with its large eastern neighbor, the Russian Federation.

An early success for Estonia was admission to the Council of Europe, already in May 1993 despite vocal Russian opposition. Predictably in recent years attention has focused, of course, on the European Union and NATO, and Estonia, as we know, was invited to join the short list of candidate States for possible EU membership in 1997.

Nevertheless, it should not be assumed that there is overwhelming support in Estonian public opinion for joining these organizations. Regarding the EU, for example, there is considerable opposition among the agrarian sector on the political right, and among cultural nationalists.

Whatever the specific ties Estonia develops with the EU and NATO turn out to be, it is clearly in the country's interest to fashion a wide range of international connections to offset the opposing presence of Russia on its border. An identity crisis that continues to bedevil the Russian political elite has had a major impact on Estonian-Russian relations, making it difficult to resolve such issues as the border dispute between the two countries.

One can hope for a change in Russian thinking over time if democratization and economic development succeed but, in the meantime, the Baltic States clearly need vigorous western support in charting relations with the main heir to the Soviet empire.

In the economic sphere, Estonia took the lead among former Soviet republics in introducing its own currency, the crown—kroon—already in June 1992, allowing it to escape the ruble zone and the rampant inflation associated with it.

With the reestablished Bank of Estonia keeping a tight rein on the money supply, inflation was brought under control by mid-1993.

An independent currency also fostered diversification of trade relations, and Finland replaced Russia as Estonia's leading trading partner before the end of 1992.

Estonia's first post-independence Government under Mart Laar pursued an aggressive free market policy and created an attractive environment for direct foreign investment. On a per capita basis, Estonia ranked very near the top in this regard among all post-communist countries.

The greatest involvement in investment came from neighboring Scandinavia, especially Finland, with whom Estonia has had strong cultural and linguistic ties. After several years of inevitable economic downturn in the early transition years, Estonia's GDP has grown at a substantial rate in the recent past, a little over 4 percent in 1995 and 1996 and even 11 percent in 1997, a projected 8 percent in 1998.

Despite recent problems with the Rural Bank, a minor player on the financial scene in Estonia, the banking sector in the country has established probably the best reputation for sound management in the Baltic States.

On the negative side of the economic ledger, one should note the negative balance of foreign trade as imports continue to outweigh exports, a problem for which no solution appears to be in sight. The wide-open nature of the transitional economy has allowed some individuals, especially those in the financial sector, to strike it rich. It has also left certain groups behind. For example, retired persons and those employed in agriculture and education. The result has been a heightening of inequality of income and wealth, as well as social tensions.

A further challenge for the Estonian economy is to overcome regional differences. Estonia is only half the size of Indiana, but there are important regional differences which have developed over

recent years, especially between the prosperous capital city of Tallinn, which has a large 30 percent of the total population, and some of the poorer outlying areas such as the rural southeast of the country.

In view of the massive population shifts and changes wrought in the national composition of Estonia under Soviet rule, ethnic relations have remained a key issue during the 1990's. A striking point that needs to be stressed is that, despite tensions, relations among Estonians and non-Estonians have been nonviolent, manageable, and gradually improving.

Opinion polls suggest that a certain rapprochement is taking place, and that younger generations and non-Estonians increasingly identify with Estonia. Nevertheless, the challenges of integrating a foreign-born population that reached 26 percent of the total in 1989 remain formidable.

Moreover, there are important regional differences in ethnic composition in various parts of the country. Russians and other non-Estonians are concentrated in the urban areas in the industrial northeast. For example, they form 96 percent of the population of Estonia's third largest city, Narva.

The most workable solution to Estonia's ethnic mosaic would be the development and encouragement of multiple identities, or that individual ethnic groups would retain their linguistic and cultural uniqueness, but also accept a civic identity associated with Estonia as a whole.

The educational sector has a great potential as an agent of integration, and in theory provides a solid knowledge of Estonian as the State language to members of all nationalities. In practice, however, the resources, both human and material, to achieve this aim in any systematic way, are at present lacking.

A Western visitor who comes to the capital of Estonia today, especially the bustling central city, will be impressed by what he sees. However, social divisions have grown, as I mentioned, and it behooves the Estonian authorities to maintain and further develop a social safety net. State pensions tripled in the years 1994 to 1997, but the level of benefits remains relatively low.

As in other post-communist societies, crime remains a serious problem and has to be addressed, and a less visible and crucial social issue is the psychological legacy of 5 decades of Soviet rule under a political system that routinely engaged in intimidation and repression of the population.

As in other societies that have lived through highly repressive regimes, there is broad agreement that the best way to deal with this burden of the past is not to ignore it and to sweep it under the rug, but to deal with it openly.

Overall, let me conclude by suggesting that the record of Estonia's political, economic, and social development in the past 7 years is distinctly positive. Challenges remain, but in view of the difficult legacies of communist rule and the social and economic problems with which the country was saddled, the achievements have been striking.

Thank you.

[The prepared statement of Dr. Raun follows:]



## PREPARED STATEMENT OF TOIVO U. RAUN

In the seven years since the restoration of its independence in August-September 1991, Estonia has made substantial progress in the process of democratization, certainly comparable to the levels achieved by its Baltic neighbors and the Visegrad countries of East Central Europe. Among the states formerly under Soviet rule, Estonia was the first to adopt a new constitution in June 1992 and to hold post-communist parliamentary and presidential elections in September 1992. Drawing on the liberal democratic tradition of Estonia's first independence period in the interwar era and on various Western models, the 1992 constitution established the supremacy of the Riigikogu, a unicameral parliament with 101 members, by giving it ultimate authority over all key political decisions, including legislation, appointment of ministers, longevity of governments, and treaties with foreign countries. The Riigikogu also elects the president, although there is much support—both among voters and politicians—for a system of direct popular elections. Indeed, direct election of the president took place under a one-time compromise in 1992, and the issue continues to inspire public debate. The framers of the 1992 constitution clearly intended that presidential powers be more ceremonial than real, but the president does represent the country in international relations, nominates the first two choices for prime minister, and can force parliament to reconsider legislation.

In practice, the evolution of Estonia's political system in the 1990s has witnessed some shifting of power toward the presidency. For various reasons, including an electoral system based on the principle of proportional representation, the Riigikogu has remained relatively fragmented and has often not provided decisive leadership in national politics. For example, since March 1997, Prime Minister Mart Siimann has led a minority government whose options for showing initiative are sharply limited. On the other hand, the incumbent president, Lennart Meri, who was elected in 1992 and reelected in 1996, is a charismatic figure whose approval rating is consistently higher than that of any other Estonian politician. He has chosen to play an activist role in both foreign and domestic policy, seeking to interpret the constitution in ways that would enhance presidential power. Whether the current balance of power is a temporary phenomenon or whether more lasting precedents have been set remains to be seen. According to the constitution, Meri cannot serve more than two consecutive terms and must vacate the presidency following the next elections in 2001. It is also likely that the number of political parties represented in the Riigikogu will decline following the next parliamentary elections, slated for March 1999, because of a new law requiring a minimum of 1,000 members for the right to compete in national elections.

Despite parliamentary fragmentation, the considerable turnover in cabinets, and occasional scandals associated with prominent politicians, the political system as a whole has functioned smoothly with strict adherence to the new constitution. All elections, both national and local, have been held as scheduled, and international observers have declared them fair and free. As was the case during the tense waning years of Soviet rule, the post-communist era in Estonia has been characterized by the notable absence of political violence. About two-thirds of the eligible voters participated in the 1992 and 1995 Riigikogu elections, a clear decline from the levels established in the relatively free elections held at the end of the Soviet era, but not much below recent voter turnout in neighboring Finland. On the local level, where non-citizen permanent residents can vote (but not run for office), the rate of participation was just over 50 percent in both 1993 and 1996. It seems clear that for many potential voters much less was at stake in the elections following the restoration of independence, and it is also likely that the socioeconomic disorientation of the early years of transition contributed to voter alienation.

The most painful legacy of Soviet occupation in Estonia was the massive non-Estonian presence which grew to just over 600,000 persons in 1989 (38.5 percent of the total population compared to an estimated 3 percent in 1945). About 80 percent of the non-Estonians in 1989 were ethnic Russians. Mainly because of emigration in the early 1990s, the Russian and other non-Estonian population fell by nearly 100,000 persons by the start of 1998, raising the Estonian proportion of the total population to over 65 percent. However, by 1997, out-migration had virtually come to a halt, and it is clear that the remaining non-Estonians in Estonia are there to stay. Overall, as in nearly all post-communist societies in Europe, all nationalities in Estonia have experienced a negative natural increase in population since the early 1990s, a trend that can be expected to continue for the foreseeable future. In this demographic situation the issue of citizenship became a crucial factor in Estonian political life.

In the restored state of Estonia, all those who were citizens before Soviet occupation in June 1940, and their descendants (overwhelmingly ethnic Estonians, but in-

cluding some 80,000 non-Estonians), were automatically considered citizens. The status of non-citizens was regulated by the 1938 citizenship law, restored by the Riigikogu in November 1991. Naturalization required two years of residence and an additional one-year waiting period, modest competence in Estonian, and an oath of loyalty to the constitution. Thus, participation by non-Estonians in the 1992 national elections was perforce limited, but already by 1995 a non-Estonian electoral alliance called Our Home Is Estonia secured six seats in the Riigikogu. The proportion of citizens of Estonia among non-Estonians has continued to rise (in 1996-1997 by about 33,000 persons) and reached a total of over one-third by mid-1998. It is clear that the role of Russian and other non-Estonian voters, who will form at least 15 percent of the electorate in the March 1999 parliamentary elections, will be even greater than in previous ballots. Nevertheless, it is not likely that the non-Estonians will engage in ethnic bloc voting. As in 1995, a considerable number will support Estonian-led parties, especially the Center Party, but also the Moderates, the Coalition Party, and the Reform Party.

In the 1990s Estonia's foreign policy has focused on two major issues: (1) integration with the West, especially Europe, and (2) reaching a modus vivendi with its large eastern neighbor, the Russian Federation. An early success for Estonia was admission to the Council of Europe, already in May 1993, despite vocal Russian opposition. In the recent years attention has predictably centered on candidacy for the European Union and NATO. Although not selected for the first round of post-Cold War expansion by NATO in 1997, Estonia was invited to join the short list of candidate states for possible EU membership in the same year. It should not be assumed, however, that there is overwhelming support among Estonian public opinion for joining these organizations. Regarding the EU, for example, there is considerable opposition among the agrarian sector, the political right, and cultural nationalists. Whatever the specific ties that Estonia develops with the EU and NATO turn out to be, it is clearly in the country's interest to fashion a wide range of international connections to help offset the imposing presence of Russia on its border. The identity crisis that continues to bedevil the Russian political elite has had a major impact on Estonian-Russian relations, making it difficult to resolve such issues as the border dispute between the two countries. Still swayed by an imperial mentality, many Russian politicians are loath to give up on any means to retain influence in Estonia and the other Baltic states. One can hope for a change of thinking over time in Russia, if democratization and economic development succeed, but in the meantime Estonia, Latvia, and Lithuania clearly need vigorous Western support in charting relations with the main heir to the Soviet empire.

In the economic sphere Estonia took the lead among former Soviet republics in introducing its own currency, the kroon (crown), already in June 1992, allowing it to escape from the "ruble zone" and the rampant inflation associated with it. With the reestablished Bank of Estonia keeping a tight rein on the money supply, inflation was brought under control by mid-1993. An independent currency also fostered diversification of trade relations, and Finland replaced Russia as Estonia's leading trading partner before the end of 1992. Estonia's first post-independence government under Prime Minister Mart Laar pursued an aggressive free market policy and created an attractive environment for direct foreign investments. On a per capita basis, Estonia ranked very near the top in this regard among all post-communist countries, including those in East Central Europe. The greatest involvement came from neighboring Scandinavia, especially Finland, with whom Estonia also has strong cultural and linguistic ties. After several years of inevitable economic downturn in the early transition years, Estonia's GDP has grown at a substantial rate in the recent past: 4.3 percent in 1995, 4.5 percent in 1996, 11.4 percent in 1997, and a projected 8 percent in 1998. Despite recent problems with the Maapank (Rural Bank), a minor player on the financial scene, the banking sector in Estonia has established the best reputation for sound management among those in the Baltic states.

On the negative side of the economic ledger one should note the negative balance of foreign trade as imports continue to outweigh exports, a problem for which no solution appears to be in sight. The wide-open nature of the transitional economy has allowed some individuals, especially those in the financial sector, to strike it rich, but it has also left certain groups behind, e.g., retired persons and those employed in agriculture and education. The result has been a heightening of inequality of income and wealth as well as social tensions. A further challenge for the Estonian economy is to overcome the regional differences that have developed in recent years, especially between the prosperous capital city of Tallinn (with just under 30 percent of the total population in the country) and some of the poorer outlying rural areas such as the southeast.

In view of the massive population shifts and the changes wrought in the nationality composition of the population under Soviet rule, ethnic relations have remained a key issue in Estonia during the 1990s. The striking point that needs to be stressed is that despite tensions, relations among Estonians and non-Estonians have been non-violent, manageable, and gradually improving. Opinion polls suggest that a certain rapprochement is taking place and that the younger generations of non-Estonians identify increasingly with Estonia. Nevertheless, the challenges of integrating a foreign-born population that reached 26.3 percent of the total in 1989 remain formidable. Moreover, there are important regional differences in ethnic composition in various parts of the country. Russians and other non-Estonians are concentrated in the urban areas, and in the industrial northeast they form 96 percent of the population of Narva, Estonia's third-largest city. The most workable solution to Estonia's ethnic mosaic could be the development of multiple identities whereby individual ethnic groups would retain their linguistic and cultural uniqueness, but also accept a civic identity associated with Estonia as a whole. The educational sector has great potential as an agent of integration and in theory provides a solid knowledge of Estonian as the state language to members of all nationalities. However, in practice, the resources—both human and material—to achieve this aim in any systematic way are at present lacking. More foreign aid, already available to some extent, could be a crucial factor in helping to meet this challenge.

A Western visitor who comes to Tallinn today, especially the bustling central city, will be impressed by what he sees. As noted above, however, social divisions have grown in the 1990s, and it behooves the Estonian authorities to maintain and further develop a social safety net. State pensions tripled in the years 1994-1997, for example, but the level of benefits remains relatively low. As in other post-communist societies, crime is a serious problem, especially theft and crimes against property, which continue to grow. A positive sign is that the number of murders peaked in 1994 and has dropped every year since then. A less visible, but crucial social issue is the psychological legacy of five decades of Soviet rule under a political system that routinely engaged in intimidation and repression of the population. As in other societies that have lived through highly repressive regimes, there is broad agreement that the best way to deal with this burden of the past is not to ignore it, but to deal with it openly.

Overall, the record of Estonia's political, economic, and social development in the past seven years is distinctly positive. In view of the difficult legacies of communist rule and the social and economic problems with which the country was saddled, the achievements have been striking.

Senator SMITH. Thank you very much, Dr. Raun.

When you talk about support in Estonia for EU and NATO membership, do you have a percentage? Have you seen polling?

Dr. RAUN. Of course, one of the important phenomena of the post communist era is introduction of polls almost every week, so one can choose one's poll, practically.

Senator SMITH. Are they scientific?

Dr. RAUN. I think they are quite good, given the background. That is, that the country had 50 years of being cutoff from this and had very little experience in it.

One probably should take them with a bit of a grain of salt, and it does depend on the context, but recent polls suggest that clearly a plurality and maybe a slight majority favor both the EU and NATO, and NATO probably higher, to go back to the question that perhaps was raised earlier that NATO is perhaps perceived as offering more immediate solution to the problem of security.

EU does raise this question—it raises the question of what will be the impact of further inundation of international mass culture in a small society which has survived 50 years of Soviet rule and then imposition of all things Russian, and some cultural critics suggest we are not resisting the coming of international mass culture and all the things—we are accepting uncritically everything that comes from the West because we are so happy to be away from So-

viet rule, the question of perhaps inundation of labor if the borders are opened in terms of membership in the EU.

I think Estonia in particular looks very much to its northern neighbor, Finland, with which it has very close ties, and I think a lot of people have been reassured that Finland has not become some sort of outpost of, let us say, Western Europe, or has totally become Americanized or Anglicized because of this process of being in the European Union for the last 3 years.

But it is fairly close, but I would say that the sentiment for NATO is a bit stronger.

Senator SMITH. Thank you. Dr. Plakans, when you speak of the depopulation of Latvians, it seemed like you were suggesting numbers that are even greater than in Europe generally. Depopulation is increasingly a problem in social welfare States. Is it a greater problem? Is anything being done to address this, or to turn it back?

Dr. PLAKANS. Depopulation?

Senator SMITH. That is what it seems like. They are not repopulating themselves as a nation if they are smaller today than they were in 1938, I think was the number you gave.

Dr. PLAKANS. This phenomenon of low fertility in all age groups and other demographic behaviors that reduce the total population is very similar, as you say, to the demographic characteristics of fully industrialized countries.

The problem for Latvia is that it comes at a time when the national ego is already very fragile, and then to be faced with the prospect, which is perhaps more imagined than real, but still it has psychological reality, of somehow diminishing to the point of zero, just exacerbates all of the other problems.

There is not going to be a disappearance of the Latvian population, but it does make for a very potent political symbol to talk as if there were such a possibility.

In terms of the practical questions of tax revenues, the army, labor force and so on, there is no doubt whatsoever that this is going to be a set of problems. It is unfortunate. It is one thing for these characteristics to show up in a very robust industrialized country, say, Sweden, but another one, another problem entirely, when they show up in a country which is just barely pulling itself out of the Soviet system of a planned economy, and trying to establish a free market economy. It is very problematic.

Senator SMITH. I assume that they have social welfare expectations, and I assume, if they do, they are then demographically unsustainable.

Dr. PLAKANS. Well, in the very long run they are unsustainable. My guess is that there are going to be things done to expand the social safety net, especially for the older people, and so on, but it is problematic. The resources are not there.

Senator SMITH. Dr. Krickus, you, if I understand your testimony, were saying that inclusion in NATO or in the EU should not be regarded as all or nothing, but each can come in on its own merit and timetable. If you were king for a day, what timetable would you set for these countries to be included in NATO, first, and/or the European Union?

Dr. KRICKUS. First, let me say about NATO, I think that most of the critics of enlargement have it all wrong. I listened to the de-

bates very closely. Many people I admire very much in the Senate who are usually right on most issues, but they have a right to be wrong on some, said that the people who support the Balts in NATO are so-called warriors. Well, it is just the opposite.

The idea that the Baltic countries have to make an effort militarily in order to gain membership in NATO is based upon the proposition that we are going to deal with the Soviet Army moving through the Fulda Gap. That is not going to happen again.

The major problem in Europe is the transition from closed to open societies, and all the problems that these gentlemen and others have been talking about.

Now, there is a military component to it, because we have to deal with fascists like Milosevic in the Balkans, but the reality is that the major goal for NATO is to keep its powder dry, but to bring in those countries which are democratic because stability is going to be a fundamental issue.

I would say to Senator Biden's constituents—from time to time when I drive to Rehobeth I eat their chicken on Route 50—listen, it is in everyone's interest to have stability in Europe because instability costs you more. Baltic countries are democratic. Their history has been such that they were the people who brought down the Soviet Union.

We lost 100,000 people during the cold war, three times that number maimed, at a cost of billions of dollars, and when I was in the U.S. Army one of the things they lectured to us, we are not only trying to save the United States from Soviet attack, we are trying to promote democracy, but give other people in the world a prospect of being democratic States.

We now have these democratic States. They are precious commodities. We should not ignore them. It is in our vital self-interest.

So what I am saying is that I think that most of the people who are talking about these folks meeting certain economic requirements in terms of the EU and military requirements in terms of NATO have it all wrong. The reality is, we want stability, and that is good for everyone.

Senator SMITH. Well said.

Senator Biden.

Senator BIDEN. If you watched those debates, doctor, you would notice I took more time than I should have, making the case you just made.

But let me be a devil's advocate with you for a moment. Senator Moynihan and others for whom I have great respect and with whom seldom disagree but found myself at odds with during the debate, and Senator Warner and others, basically said, and I am not speaking for any one of them, "you are right, doctor, you are right, Biden, stability is the answer, stability is best gained through EU membership and economic growth. Meeting the military requirements and the cost of becoming full-fledged members of NATO takes limited dollars away from economies that are struggling out from under a planned economy and devotes them to a military threat that does not exist, and in so doing destabilizes the social fabric of the country in question.

"Therefore, even though you are gaining a 'military alliance' you are destabilizing the country in terms of its well-being and its econ-

omy in countries of fragile egos, to use a phrase someone used a moment ago, and with serious domestic problems relating to the population make-up, they should be using their resources to deal with those issues and not with joining NATO.”

How do you respond to that?

Dr. KRICKUS. Well, they are the ones who established the criteria for entering NATO, by establishing military criteria which have no relevance to the post cold war world. The Soviet Union is not going to be resurrected and attacking Europe any time soon, if ever. They are the ones who established those criteria. The people who live in those countries, if they are prepared to make that sacrifice—and they are, because they have experienced 50 years of oppression.

I spoke to a Finnish businessman who said, well, Finland did very well with the situation it had with the Soviet Union, and I said, yes, sir, but you did not have any Soviet troops in Helsinki, and that is why these people are looking for the safe harbor of NATO.

Senator BIDEN. Well, I understand that, but in all due respect, you have not answered my question. I understand why they are looking for it.

It seems to me, the way you have answered the question is saying that NATO is more of a political alliance now than it is a military alliance, and that is what it should be.

Dr. KRICKUS. It always has been, as you said, and I thought Senator Smith said the same thing, and I would agree.

Senator BIDEN. But it also has had an incredible military component. The point I made and read from the charter of the Washington treaty is that while it was intended to be political, it was to be primarily military. It seems to me your answer is suggesting that we should rethink NATO. We should rethink the rationale for NATO, and the rationale for NATO should be first and foremost based upon political stability, second on military contribution.

Now, if we go the route you are suggesting, you will never get that chicken farmer, who is a hell of a lot smarter than you are, if you gave him the answer you just gave me—there has to be a more articulate rationale for him to agree.

You either say that the positive focus of NATO remains the military alliance, in which membership requires full participation—a first class ticket requires a first class fare to be paid, and you either go it that route or you call it something else, or you do what Moynihan suggests.

You say, EU membership provides you everything you would have gotten, full integration in the economic marketplace of Europe, the ability for your economy to grow, and a spending of dollars, or whatever the currency is in the particular country, on dealing with the domestic dilemma that is faced.

Dr. KRICKUS. Well, as you pointed out, the Europeans have the manpower, they have the technology, they have the wealth to take care of the problems in Europe, but they do not have the political will.

That is why the Germans and the French want us to remain in Europe, and that is why the people in the Baltic countries want us to, because the reality is the United States is the only country which has the capacity, economic and political and military, to play

this role in the world today to stabilize Europe. That is why they want in.

Senator BIDEN. OK, but that has nothing to do with NATO. What you are really saying is they want in because they want the United States in, and that is the bottom line, and the only place the United States is in the game is in NATO. We are not in the EU.

Dr. KRICKUS. Yes, I think that is it.

Senator BIDEN. OK, good. I am glad you got it right, so I could understand it anyway, because the chicken farmer in Delaware will get it. They are smarter, as I said, than you all give them credit for, because I think that is really the core of it.

By the way—and by the way, when you speak to the leadership of the various countries seeking admission they look at you and they actually say things like, “it is in America’s security interest for us to be part of NATO.”

As I said, there is no one in Dagsboro, Delaware, along Route 50 who is going to sleep any more soundly knowing that the Latvian military is there to protect them, or the Estonian military, or the Lithuanian military, or any other military but ours.

They are going to view it as it is - a commitment being made by the United States to invoke Article 5 of the treaty that could get them in a war in an area of a world where many wars have begun. So they view it in the context of, “hey, wait a minute, yo, you are helping my security, Joe? Right.”

One of the things implicit, Dr. Plakans, in your unfinished business list is that I assume that in addition to the six things there are probably 12 things that have already been finished. I assume there are a number of things that, as Mike said—an old pal of yours—he said, “look, there is limited time, focus on the things remaining to be done. Do not read that as meaning a great deal has not been done.”

But part of that political stability, part of the stability of Europe, depends upon the internal political stability of the country seeking admission. Now, one of the things that concerns me about Latvia, and Estonia handled it slightly differently, was that when there was a parade of veterans of the World War II Latvian Waffen SS Division, the Latvian Government allowed senior Government representatives to attend. The Estonian Government concluded that that was not a good idea. The parade went forward, but they did not attend.

Now, you go back to the point that the good doctor and I were talking about a moment ago. You talk about stability. Most Americans consider that it is unstable to have the World War II Latvian Waffen SS Division in a parade and the Government sending high-ranking officials to participate in that parade. That is not the thing you make friends and win influence in this country with.

So my question is, what is the rationale behind that? Why would they not act as the Estonians did in the Estonian Government and basically say, “we cannot stop the parade.”

Now, we let the Ku Klux Klan march, but we do not have the President send a representative from the Joint Chiefs of Staff to march with the Ku Klux Klan, and I am making an analogy here.

Dr. PLAKANS. Well, it is my understanding that the official or officials that did participate have lost their jobs.

Senator BIDEN. OK, good. I did not know that. That is the most encouraging thing I have heard.

Dr. PLAKANS. But the original rationale for allowing them to participate, I do not know what it is. It took me by surprise as well.

Senator BIDEN. Well, they lost their jobs. Maybe they were not allowed in the first place, so I do not know.

Dr. PLAKANS. I might say on that score that in the United States, when veterans celebrate things, they are, all of them, assured of one thing, which is that they all fought on the same side. In Latvia, 140,000 or so young Latvians were conscripted to the German Army. About 80,000 Latvians were conscripted to the Soviet Army at the same time. Frequently these units fought each other under different flags.

Now, 50 years later, those who were conscripted to the German Army finally are allowed to, in a sense, mark their comradeship of the trenches by marching in a parade which is guaranteed to them by their constitution under freedom of assembly. This is something which for 50 years they were not allowed to do, because the Soviet veterans were given the high praise.

There are all sorts of ironies built into this country's situation, and the whole question of who veterans are, whom they served, who should be allowed to celebrate what, is in fact a very sensitive question in the country.

Senator BIDEN. I concede that, and by the way, I would argue their right—as an American, I would argue their right to march. What I was confused about was why the Government appeared to sanction that, again, at a time when the effort is being made to communicate this notion of stability in dealing with these internal conflicts.

Doctor, how about in Estonia?

Dr. RAUN. Well, I can second, I think, the comments made by my colleague, Andrejs Plakans, and it is not just Estonia and Latvia. I think it is many of the smaller peoples of East Central Europe.

In the Baltic States they unfortunately did not have the opportunity in any real sense of fighting for themselves, and their countries were, in effect, liquidated by the Molotov-Ribbentrop pact, as we heard earlier, and you could not fight for Estonia.

Some actually went to Finland, and that was maybe in retrospect the most honorable thing to do. It was actually a very dangerous thing to do, but those who went there put their lives on the line thinking that they could in some way help restore Estonian independence.

There was a lot of hope in things like the Atlantic Charter, and there was a lot of belief—perhaps it was false optimism, but there was a lot of belief that the western allies would restore the independence of the Baltic States after World War II if they could just hold out.

The prime minister of Estonia before the Soviets came back in 1944 made a call for mobilization, and said in so many words, you know what I mean. I am not asking you to fight for the Nazis. I am not asking you to fight for the Germans. I am asking you to



help us to hold the line here, hope against hope that maybe we can still come out of this as an independent country.

Those kinds of choices that people had to make are extremely difficult, and perhaps hard to understand looked at from the outside, and there is this same situation where, in Estonia in particular, since it was the northernmost of the Baltic States, the Soviets were able to forcefully mobilize large numbers of Estonians, many of whom, of course, lost their lives in Soviet labor camps, some of whom ended up fighting on the Soviet side.

Again, ethnic Estonians fought each other on the two sides, and the tragedy is they could not fight for themselves in a real sense, but they tried to do the best they could.

Senator BIDEN. I am not, again, second-guessing those judgments made at the time. I am trying to get at the motivation now, the rationale that is being employed by the leadership in each of these countries to achieve what they wish to achieve, which is integration militarily, economically, and politically in the West.

A last question, if I may, Mr. Chairman. One of the issues in the very beginning of the process with Poland's seeking admission was a sub-issue, just bubbling beneath the surface. It was in the aftermath of some of the controversy surrounding the Solidarity Government's response to alleged insensitivity to antisemitism.

There was a real sense that they had better deal with that problem if they were going to be admitted. I am not suggesting that the synagogue in Riga, which was fire-bombed, makes Riga fundamentally different than any other city in Europe. Similar instances occurred in many places.

But what piqued my interest was when one of you made reference to a Holocaust Commission, or a Holocaust—oh, that was Mr. Grossman. Excuse me.

Can you speak to that for a moment? What is happening in terms of what is the motivation, what is the driving force behind what Secretary Grossman spoke about in terms of the Holocaust, the review of the Holocaust, or the Holocaust Commission? I do not know what the actual title was.

Dr. PLAKANS. Is that for all three of us?

Senator BIDEN. Yes.

Dr. PLAKANS. Let me start on that very briefly. There is the suggestion that an independent commission should be created in each of the countries—at least I know for Estonia and Latvia, I am not sure about Lithuania—that would be composed of people indigenous to the area, as well as outsiders, who would be able in a series of studies to transcend the bitter historical memories of the area and come up with something like an objective account of what happened to the Jewish populations in these three countries from 1941 to 1945.

As far as I know, the Latvian Government is supporting this idea. I am not quite sure how far it has moved in terms of resources or institutions and structures, but if such a commission were created it would obviously have to be one that understood how to deal with historical sources.

It would have to be a commission that had a multilingual staff, because all of the sources that deal with the Holocaust issues, at

least in Latvia, are in three or four different languages, and these sources would have to be all surveyed.

Broadly, it would have to be a commission that had historians that were intimately familiar with the administrative structures of the German occupation government in the Baltic, the Ostland system, which is not an easy thing, because it was somewhat chaotic in any event.

Now, if such a commission were in place, then it is very conceivable to me that a truly objective account in the Baltic of the Holocaust could be written. Until it happens, though, I think that the memories and the pain associated with that period are very much alive among people in the area and outside the area, and the research that is necessary is going to be difficult.

There is a whole hidden history in Latvia of those years, which is hidden even more so because immediately in 1945 the Soviet-era historians clamped down on this whole period, monopolized all the sources, and basically painted it the way they wanted it painted for 50 years, so that all of these layers of falsehood and misrepresentation have to be scraped off before one gets to the bottom of it.

Senator BIDEN. Does either of you want to respond?

Dr. KRICKUS. President Adamkus it seems to me recently said something to the effect, to look at both the Nazi and the Soviet period.

I think what is really important that is happening with Lithuania is, the Lithuanians are working with B'nai B'rith to develop special curricula, as well as textbooks, and they have met, I think, recently training some teachers to deal with that period because of the awful slaughter that occurred, and I think they already have something in the ninth and tenth grade, but they are working with B'nai B'rith to develop a course which explicitly deals with that subject.

I think it is absolutely imperative that all the Baltic countries and all the countries of Europe do the same thing.

Dr. RAUN. Well, yes, there is a similar situation in Estonia. I think President Meri has taken a special interest in this. It is, I think, broader than the Holocaust, in the sense that it deals with the whole issue of repression and the savagery that took place in the second world war and, for that matter, after as well.

The idea, I think, clearly is to try to shed the light of scientific truth on this in the sense that, really, for the reasons Professor Plakans suggested, has not been possible until very recently. The Soviets simply had a political agenda and used what was there for their own purposes.

Resources were difficult to get to. They are difficult to use, and it is only to be welcomed that something like this happens. I very much applaud that it is taking place.

Senator BIDEN. Doctor, I think it is true that part of the story in Estonia is that there has been, in the last 6 or 7 years, progress in dealing with the Russian minority and integrating it into the community. Please rate that progress, assuming it is progress, and it seems to me it is.

Dr. RAUN. I think it is. It depends on what sort of standard, of course, one uses. From the point of view of those non-Estonians who were in Estonia, let us say in 1991 and sought some sort of

zero option—that is, immediate citizenship—clearly would like to see more, but in the context of what happened, in the context of those figures I gave, Estonia was 3 percent Estonian in 1945, only 62 percent Estonian in 1989 because of a direct result of conscious Soviet policy.

In that context, one had to go slowly, I think, in this process, and the rate of integration, I think again one can assess it at different levels. I think it would be too much to ask that people of the older generation, older Russians in some sense, who have felt themselves as, let us say, Soviets for 50 years can turn around at age 60 and make the transition. This is probably not going to happen.

There is an important generational difference, and I think we are seeing this. They are holding, for example, summer camps now for Russian children to study Estonian, and to have interaction with Estonian kids.

The process is a long-term one, but I think the figures suggest that the number of Russian and other ethnic non-Estonians who become new citizens is increasing. By the second parliamentary election we had a Russian-based party.

As I suggest in my remarks, this is not necessarily the best thing. In many ways it would be good if non-Estonians were integrated into general Estonian parties and you had integration on that level as well, that we do not have simply ethnic blocs in terms of voting.

There will be more non-Estonian voters in 1999, as I suggested, and this I think is definitely a sign of gradual progress and it gives people time, I think, to assimilate the changes and to integrate gradually.

Senator SMITH. Thank you, Senator Biden.

If there is no objection, we are going to include in the record a statement by the Baltic-American Freedom League.

Gentlemen, we thank you. You have been very informative, and to all have taken time to attend this, we say that what has motivated this hearing is a desire on the part of the Ranking Member and myself to bring light to this issue, these countries, in the hopes that we can foster their greater inclusion in the West, both economically and in security.

We have done this today as friends and, while some things have been discussed that may have made some uncomfortable, that is what democracy does and, frankly, that is what needs to happen if we are going to be good friends of these great nations and include them in closer relationships with this country.

So with that, we thank you again, all of you, and this committee is adjourned.

[Whereupon, at 4:20 p.m., the subcommittee adjourned, subject to the call of the Chair.]



## APPENDIX

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REMARKS BY STROBE TALBOTT AT U.S.-BAL TIC PARTNERSHIP COMMISSION, RIGA,  
LATVIA, JULY 8, 1988

President Ulmanis, Foreign Minister Saudargas, Foreign Minister Ilves, Foreign Minister Birkavs, ladies and gentlemen, it is a personal pleasure for me to be here today. It was 12 years ago that I first visited Riga. The year was 1986, and I was part of an American delegation attending a path-breaking, window-opening, indeed door-opening conference held in Jurmala. My fellow visitors and I could sense the vitality, the strength and the promise of the Baltic peoples. We also felt their longing for freedom.

I cannot, however, claim that any of us foresaw where those qualities would lead in a few short years: to independence, to democracy, to integration into a new Europe, and to a multidimensional partnership with the United States.

The principal custodian of that partnership on the American side is President Bill Clinton. He has asked me to convey to you all an expression of his greetings—and a reiteration of his commitment. As he told your own Presidents on January 16th in Washington, your American friends are committed to help you as you progress toward—and in due course through—the open doors of the Euro-Atlantic community's evolving and expanding institutions, very much including the new NATO.

It is in the national interest of the United States that you regain your rightful place in the European mainstream. The upheavals of the 20th century have taught us that when any part of Europe is isolated, repressed, unstable or torn by violence, the peace of the entire Euro-Atlantic Community is at risk. We learned that lesson the hard way in the 20th century; we must apply it in the right way in the 21st.

We are already doing so. Over the past six months, the commitments we have made to each other under the Baltic Charter have contributed to the prospects for Estonia, Latvia, and Lithuania as individual, distinct European states and to the prospects for Europe as a whole.

In the realm of politics, we have worked together to consolidate your transition to democracy. The United States is supporting the development of local transition to democracy. The United States is supporting the development of local non governmental organizations through the new Baltic-American Partnership Fund, an initiative that my friend and colleague, the Deputy Administrator of our Agency for International Development, Harriet Babbitt, will be visiting each of your countries to discuss next week. We are also participating in the establishment of a graduate school of law here in Riga that will educate students from around the region.

In addition, we are helping you help yourselves in the field of social integration particularly in support of legislation that meets the OSCE's recommendations on citizenship. Like the United States, Estonia, Latvia, and Lithuania are multi-ethnic societies. That fact presents both great opportunities and daunting challenges. The United States has learned from its own hard experience that if some members of the community are excluded from the benefits, opportunities, and responsibilities of citizenship, then the society and the nation as a whole suffer. In the Baltic Charter, all four of our nations have vowed to work toward inclusiveness and reconciliation as watchwords for the future. Each of your governments has taken important steps to translate those ideas into reality. As just one example, in May your Presidents jointly launched national commissions to study the periods of the Holocaust and of totalitarian rule in each of your countries. We salute you for that.

Let me now turn to economics, another area in which we've made significant progress together. The bilateral working groups envisioned under the Baltic Charter have begun to identify key areas in which we can promote trade and investment. The American co-chair of that bilateral economic effort is my friend and colleague Undersecretary of State Stuart Eizenstat, who is heading this way later this week. He will be working with your colleagues on many of these same issues at the Council of Baltic Sea States Ministerial on Small and Medium Sized Enterprises in Vilnius on Friday, 10 July.

Agriculture is a priority as well. The United States was pleased to join the Baltic States this morning in signing a memorandum of understanding that will expand our cooperation in that critical area.

In all of our economic efforts, we are putting a premium on partnership with the private sector. It is therefore fitting that more than thirty senior representatives of Baltic and American businesses are participating in this inaugural meeting of the Partnership Council. I look forward to discussing with them later today the ways that we can work together to accelerate what has been called a Baltic Revolution—a tide of economic reform and integration that has made this region one of Europe's most promising.

Finally, a word about security. As in the areas of democratization and economic reform, when you gained your independence seven years ago you faced tremendous challenges in meeting your security needs. To help you surmount those challenges, our Department of Defense last year undertook a study of defense plans and programs headed by one of our most capable senior officers, Major General Buzz Kievenaar. I'm very pleased that Admiral Malone and Col. Stolberg could represent the General here today.

We are now working with your defense ministries to design long-term strategies to strengthen your self-defense capabilities and your ability to contribute to European security and stability. As part of that larger effort, we have developed a common position on the positive role that confidence-building measures can play in enhancing regional security, and we have initiated consultations on a range of arms control issues as well.

Those are just a few examples of the growing number of initiatives on which we are working together not just in this region but across the continent.

Let me close with a brief word about one of the countries of the Baltic region that we hope will increasingly participate in various cooperative regional endeavors in all of the areas I've touched upon in my remarks—politics, economics, and security—and in others that also deserve mention, such as preserving the natural environment. That country is Russia, a nation with whom you share a complex and often painful history. If Russia can come to see the Baltic States not as a pathway inward for invading armies or as a buffer against imaginary enemies, but as a gateway outward, to the new Europe of which it seeks to be an increasingly active part, then everyone will benefit—your countries, mine, Russia itself, and the Euro-Atlantic community as a whole. We will all be safer and more secure.

Achieving that goal—like all the objectives I have touched on here today—will be far from quick or easy.

But that said, the extraordinary record of your young democracies gives us, your American friends, reason for confidence and optimism. This past Saturday, on July 4th we in the United States celebrated the 222nd anniversary of our own independence. Your countries regained their independence only seven years ago. That means we have a considerable head-start on you. That is grounds not for self-congratulation—rather it is grounds for congratulating you. We are filled with admiration at how much you have accomplished in so short a time, and we are proud to be at your side in a great task of making sure that our common future vindicates the sacrifices—and avoids the mistakes—of the past.

Thank you very much.

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## U.S.-BAL TIC CHARTER ACHIEVEMENTS

### POLITICAL

- Strengthening civil societies and consolidating the transition to democracy
- Supporting legislation that meets OSCE recommendations on citizenship and fulfills Baltic obligations
- Facilitating efforts by the Baltic states to establish commissions on the legacy of the Nazi and Soviet occupation years, including the Holocaust
- Assisting the Riga Graduate Law School
- Coordinating diplomatic efforts on regional issues, e.g. Iraq

### ECONOMIC

- Promoting a regional economic and commercial strategy to attract investment and support economic integration into the European Union and WTO

- Establishing economic bilateral working groups to set priorities and focus efforts
- Bolstering U.S. investment and the role of the Baltic states as a platform for access to European Union, Russian and Northern European markets
- Working with other structures, including Council of Baltic Sea States, to maximize results, including cooperation in combating organized crime
- Engaging the private sector in economic bilateral working groups and the Partnership Commission to advise us on U.S.-Baltic Charter implementation
- Supporting the Baltic-American Enterprise Fund and the U.S.-Baltic Partnership Fund.

## SECURITY

- Completing the Kievenaar baseline assessment of Baltic national defense forces
- Achieving consensus with Baltic States on a political-military "common agenda" based on Baltic regional CSBMs, arms control, and the Kievenaar study.
- Helping establish BALTSEA, a regional security group that coordinates donor assistance.
- Working together on projects such as BaltBat, BaltNet, Baltron, and the Baltic Defense College
- Increasing significantly Foreign Military Financing (FMF)

## LARGER CONTEXT

- Northern European Initiative (NEI) places Baltic policy in broader context and expands cooperation with other regional actors
- Building on excellent ties with Nordic countries Engaging Russia in a new era in regional cooperation

## U.S.-BAL TIC PARTNERSHIP COMMISSION COMMUNIQUE

The inaugural session of the U.S.-Baltic Partnership Commission convened in Riga, Latvia on July 8, 1998. Latvia's President Guntis Ulmanis opened the session, and Foreign Minister Valdis Birkavcs as host moderated the discussions. Foreign Minister Toomas Hendrik Ilves of Estonia, Foreign Minister Algirdas Saudargas of Lithuania, and Deputy Secretary of State Strobe Talbott of the United States led their countries' delegations. Rapporteurs from Economic and Security Bilateral Working Groups presented the results of their meetings in recent months. Private sector representatives met in conjunction with the Partnership Commission to recommend promising areas for business initiatives in U.S.-Baltic economic cooperation.

The Partnership Commission was established under the Charter of Partnership among the Republics of Estonia, Latvia, and Lithuania and the United States of America which was signed on January 16, 1998. Its purpose is to review annually progress toward meeting Charter goals, and to assess and implement Charter commitments for bilateral cooperation in the political, economic, and security areas. Reflecting the Partners' common vision of a Europe whole and free, the goals of the Charter are jointly to create conditions for the full integration of Estonia, Latvia and Lithuania into European and trans-Atlantic political, economic, security and defense institutions, and to enhance democracy, prosperity, and security in the Baltic Sea region.

In accordance with the principles enshrined in the Charter, the Partners have accomplished the following:

- Committed themselves to promoting Baltic integration into European and trans-Atlantic institutions, to furthering democratic and economic development, to fostering stability, and to maintaining and further promoting constructive and good neighborly relations within the region.
- Affirmed their determination to expand U.S.-Baltic economic relations, particularly in the energy, transportation, communication, technology, and environmental areas, through building a public-private sector partnership focused on the region.
- Finalized plans for military cooperation in the year ahead, noting their support for one another's positions on arms control, regional security issues, and the Security Model in Vienna.

- Applauded the important progress that the Baltic states have made toward social integration in line with OSCE principles.
- Welcomed the continuous and practical work of Estonia, Latvia, and Lithuania that will progress them toward, and eventually through, the open doors of the Euro-Atlantic community's evolving and expanding institutions, including the new NATO.
- Agreed to work together to assure in the near future the accession of Latvia, Estonia, and Lithuania into the World Trade Organization on appropriate commercial terms.
- Promoted further regional cooperation through such fora as the Council of Baltic Sea States and encouraged U.S. involvement in CBSS activities, including in the fields of environmental protection, nuclear safety, international trade, and combating organized crime.
- Welcomed the U.S. Northern European Initiative and agreed to work together, and with the private sector, to identify and implement concrete projects in this framework designed to foster regional energy and transportation strategies, broader trading and investment relationships, greater coordination in the fight against organized crime, and focused efforts for the protection of the environment.
- Agreed to intensify efforts to promote the security, prosperity and stability of the region, including the participation of Russia in regional cooperation.

The Partners concluded by identifying the key areas for U.S.-Baltic cooperation in the year ahead. They expressed their determination to more closely coordinate their diplomacy on a range of issues regarding regional cooperation as well as European security. They agreed to deepen economic cooperation in the target areas of energy, transportation, communication, and the environment and to seek ways of engaging the private sector more fully in these important spheres. The Partners stressed the importance of continuous U.S. military assistance for improving self-defense capabilities and the quality of military life, and for further implementation of Estonia's, Latvia's, and Lithuania's NATO interoperability objectives. In this context, the Partners agreed to move forward expeditiously in implementing the U.S. Defense Assessment study. They also committed themselves to achieving continued progress in fully integrating Latvia, Estonia, and Lithuania into European and trans-Atlantic institutions, including in supporting the preparations for integration with the European Union, NATO, and the World Trade Organization.

Finally, the Partners agreed to convene the next U.S.-Baltic Partnership Commission in Washington, D.C. in 1999.

Toomas Hendrik Ilves  
Minister of Foreign Affairs  
Republic of Estonia

Valdis Birkavs  
Minister of Foreign Affairs  
Republic of Latvia

Algirdas Saudargas  
Minister of Foreign Affairs  
Republic of Lithuania

Strobe Talbott  
Deputy Secretary of State  
United States of America



JOINT BALTIC AMERICAN NATIONAL COMMITTEE, INC.,  
ROCKVILLE, MD 20850,  
*July 15, 1998.*

#### NATO EXPANSION MUST INCLUDE THE BALTIC COUNTRIES

The Joint Baltic American National Committee, Inc. (JBANC) represents over one million Americans of Estonian, Latvian and Lithuanian descent. JBANC extends its gratitude to Subcommittee Chairman Gordon Smith, Members of the Subcommittee and Committee Chairman Jesse Helms, for holding a hearing on Estonia, Latvia and Lithuania and U.S. Baltic Policy.

NATO has successfully concluded its first round of current expansion. Poland, Hungary and the Czech Republic will become new members next April. This is as it should be. It strengthens the security and stability of Europe. And the security and stability of Europe is in the national interest of the United States.

But it cannot stop there. The expansion must continue, and must include Estonia, Latvia and Lithuania. Without Baltic membership, America's desire to see a Europe whole and free, will not be fulfilled. Drawing new lines in Europe will be wrought with far greater dangers.

The United States fought two world wars and a long, debilitating Cold War in Europe. Only too often, we have won wars, but lost the peace. This is an opportunity to learn from past mistakes. It is time to ensure that we will win and keep the peace, that Americans do not have to fight and die in Europe ever again. Only NATO can guarantee a democratic Europe, whole and free, secure in the knowledge that all the peoples of Europe can pursue their God-given right to live without outside intimidation or aggression.

The 1997 NATO Summit in Madrid made it clear that geography is not a factor in NATO membership. It has also been made clear by the United States and its allies that "spheres of influence" cannot be tolerated in today's world. Such spheres, which have usually meant aggression by a large country against its smaller neighbors, have been the harbingers of wars to come.

Estonia, Latvia and Lithuania have no choice about their geography. Russia's leaders even now object to NATO membership for countries in what they call "the former Soviet space." Any Western statesmen who agree with the geography/sphere argument show concern only for Russia and not its former victims.

Estonia, Latvia and Lithuania were independent countries before 1940. They declared neutrality, but became victims of Soviet threats, aggression, occupation and forced annexation in the deadly game of the Nazi-Soviet Pact. There were no Western countries willing to help the Baltics. However, the United States and much of the West refused to recognize the Soviet annexation of the Baltic countries.

The Baltics were forced into the "former Soviet space" against their will, were occupied through military aggression and were never willing participants in anything called "Soviet." It was not until four years ago, in 1994, that they really regained their freedom, for that is when Russian troops finally left Estonia and Latvia. Most of the civilized world celebrated the end of World War Two decades ago. For the Baltics, that war ended only four years ago. For the West to turn its back to the Baltic quest to return to its rightful place in the West, from which it was so cruelly torn, would be a violation of all imaginable human rights, including the rights to their respective national sovereignties that the three countries fully deserve after a long Soviet darkness.

Estonia, Latvia and Lithuania, more than anyone, need security and stability to recover from half a century of forced Soviet terror and misrule. They have had to recreate democratic societies from scratch. They are now free countries with flourishing, stable free market economies. They do not need to have a large neighbor telling them how to behave. They want to be left alone, to pursue foreign and domestic policies as their long-suffering people see them. That means ties to the West. It means membership in the European Union. But most of all, it means the ability to be stable and secure in NATO.

Despite starting from scratch, the Baltic countries are also producers of security. They do not look at NATO membership for their own protection alone. They are secure only if all others are secure. They are active members of the Partnership for Peace, they have peacekeeping troops in Bosnia and they are building their military forces according to Western and NATO standards.

In short, Estonia, Latvia and Lithuania want to be a serious part of the Euro-Atlantic security architecture. Anything less than that will not enhance European security as a whole.

The security of the United States, politically, economically and militarily, is tied to Europe. The United States can be secure only if Europe is secure. NATO enlarge-

ment is an opportunity to create a Europe that for the first time, is fully secure. It is, without any iota of doubt, a vital national interest of the United States.

The overriding fact remains that American leadership is essential for European peace and stability. In turn, peace and stability in Europe is essential for America's own peace and security.

Not many remember the turmoil and animosities in Western Europe before America and NATO came on the scene. NATO, with America's backing, created a democratic, stable and secure Western Europe. With the entrance of Poland, Hungary and the Czech Republic, NATO transcended the view that somehow, NATO should remain an exclusive Western European club. It showed that the East-West dividing line was broken and that dividing lines are dangerous.

Denial of NATO membership to Estonia, Latvia and Lithuania will simply move that dividing line. It will not erase it. Rather, it will create a "gray zone," a "no-man's land," around the three Baltic countries that will consign them, in the manner of the Nazi-Soviet Pact or a new Yalta, to a sphere that Russia will immediately fill.

For the sake of a peaceful, stable and secure Europe, whole and free, this must not be allowed to happen. The consequences of leaving the Baltic countries out of NATO will breed new instabilities that both Europe and America will learn to regret.

Without Estonia, Latvia and Lithuania in NATO, Europe will not be secure. Thus, America will not be secure. It will not be a Europe, whole and free, steeped in democracy and inherently stable to pursue its endeavors in peace.

Therefore, it is now time for a new vision. That vision is Estonia, Latvia and Lithuania as members of NATO, as part and parcel of the Euro-Atlantic Community. That vision should be pursued immediately, as the next round of NATO enlargement may be decided at the NATO Summit in Washington next April. Delay in enlarging NATO into the Baltics could be dangerous to a stable and peaceful Europe and to the security of the Euro-Atlantic community and to the national interest of the United States. Furthermore, any delay could be dangerous to the newly-free, democratic and freedom-loving Estonians, Latvians and Lithuanians.

Sincerely,

AIVARS OSVALDS,  
PRESIDENT, AMERICAN LATVIAN ASSOCIATION, INC.

MATI KOIVA,  
PRESIDENT, ESTONIAN AMERICAN NATIONAL COUNCIL, INC.

JOHN RACKAUSKAS, PH.D.,  
PRESIDENT, LITHUANIAN AMERICAN COUNCIL, INC.

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STATEMENT OF THE CENTRAL AND EAST EUROPEAN COALITION

The Central and East European Coalition (CEEC) encompasses 19 national grass-roots organizations representing over 22 million Americans who trace their heritage to the countries of the region. The CEEC would like to thank Subcommittee Chairman Gordon Smith, Members of the Subcommittee and Committee Chairman Jesse Helms, for holding a hearing on Estonia, Latvia and Lithuania and U.S. Baltic Policy. The CEEC also extends its gratitude to the Senate for the overwhelming vote on the resolution of ratification on the accession of Poland, Hungary and the Czech Republic to becoming full NATO members.

Since the restoration of Baltic independence, Estonia, Latvia and Lithuania have achieved success in implementing economic and democratic reforms and thus, integrating into Western structures. Despite the consequences of the fifty year Soviet occupation, Latvia and Estonia have made great strides in integrating the Russian-speaking populations into their societies.

On January 16, 1998, the U.S.-Baltic Charter of Partnership was signed, emphasizing the U.S. commitment to the Baltic countries' integration into the West. However, six weeks after the charter signing, a series of events took place in Latvia, precipitating a Russian campaign of ill will. After local police reacted to the demonstration of pensioners in Riga, Russia vigorously renewed accusations of human rights violations against the Latvian government. Reports from the OSCE, EU, U.S. Embassy and private sources claim Latvia's government acted judiciously and with restraint.

Latvia is making great strides in reconciling the situation by showing its willingness to compromise on the issue of citizenship. Yet, Russia continues pressuring Latvia, both economically and politically. We are concerned that this situation is a manifestation of a broader policy designed by Russia to keep its neighbors within its sphere of influence.

The CEEC respectfully submits the following three recommendations to the subcommittee:

First, admitting Poland, Hungary and the Czech Republic to NATO is part of a continuing enlargement process that serves as a vital insurance policy for the U.S. We believe NATO enlargement will be completed only when all nations, large and small, who express an interest in joining the alliance and meet membership criteria become members. The CEEC stresses its strong support for the open door policy for enlargement and urges that it be pursued vigorously.

The European Security Act is an integral part of the NATO enlargement process. The Act designates Estonia, Latvia, Lithuania, Bulgaria and Romania as eligible to receive assistance under the program established under section 203 (a) of the NATO Participation Act of 1994. Due to the inclusion of the European Security Act in the State Department Authorization Act, HR1757, the CEEC expresses its strong support for HR1757 and we urge the President to sign it into law.

The Coalition believes that any delay in the enlargement process will draw a new dividing line in Europe, leaving a vacuum which will encourage anti-Western forces in Russia to fill. In the long term, a delay would endanger peace and stability in Central and Eastern Europe which would adversely affect the security interests of the U.S.

Second, the Coalition calls on the Senate to endorse the administration's FY99 budget request for Foreign Military Financing (FMF) and International Military Education and Training (IMET) in this year's Foreign Operations Appropriations Act. The CEEC supports the FY99 budget request of \$3.3 billion for FMF which includes military assistance for Central and Eastern Europe aimed at programs improving military capabilities and strengthening interoperability and standardization with NATO. The CEEC also strongly supports the FY99 budget request of \$50 million for IMET which promotes efficient utilization of participating countries resources, thereby contributing to stability in Central and Eastern Europe.

Third, the CEEC urges continued U.S. support to encourage dialogue between the governments of Latvia and Russia. In addition, we urge the U.S. to issue a public statement of disapproval of Russian interference in the internal affairs of its neighboring countries.

In conclusion, stability in the Baltic Sea region enhances stability in all of Central and Eastern Europe which is in the national security and economic interests of the U.S.

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LITHUANIAN-AMERICAN COMMUNITY, INC.,  
ARLINGTON VA 22201,  
*June 26, 1998.*

HON. GORDON H. SMITH,  
Chairman, Subcommittee on European Affairs  
U.S. Senate

DEAR MR. CHAIRMAN: The Lithuanian American Community would like you to know how much we appreciate your taking the initiative in calling hearings on Lithuania, Latvia, and Estonia. We strongly believe that any display of interest in this region by the Congress, the Administration, and the public contributes to the region's security. Furthermore, we believe that these hearings, followed by discussion, will help facilitate the formulation of a long-term United States policy regarding these countries.

The Lithuanian American Community serves over one million Americans of Lithuanian heritage. We have chapters in 29 states and in the District of Columbia. We write today because we feel a responsibility to share with you and the members of your committee our concerns and recommendations.

It is understood that the enlargement of NATO will be a gradual, step-by-step process which may take several years. The first round will be completed in April, 1999 with the formal admission to the Alliance of Hungary, Poland and the Czech Republic. In the ratification debate, voices were raised against any further enlargement of NATO. The Lithuanian American Community will forever remember the names of the 59 Senators who rejected a proposal to deny any new members for the

next three years. Here, our remarks address the concerns of those who oppose the admission of Lithuania, Latvia and Estonia.

Without doubt, it is in the Baltic nations' best interest that Russia emerge from its present state a friendly, peaceful democratic partner of NATO and the European Union. For this reason, Lithuanians have supported the two-track policy of NATO enlargement linked to partnership and cooperation with Russia. However, the economic recovery of Russia will be beneficial to its neighbors only so long as it is not accompanied by the resurgence of the threat of Russian imperialism. At present, the Russian political elite has yet to be reconciled to the loss of its empire. Yeltsin and other Russian leaders have stated on the record that all territory formerly designated part of the Soviet Union should be considered part of an exclusive Russian sphere of influence, untouchable by NATO or anyone else. Most important and significant of all is the politically and morally outrageous assertion made by the present Russian government that the incorporation of the Baltic states into the Soviet Union by Stalin in 1940 was a consequence of the freely expressed will of these nations. In effect, the present Russian government sanctions the partition of east central Europe between Hitler and Stalin. Furthermore, the attempt to suppress the Chechnya revolt, as well as Russian military intervention in Georgia, Azerbaijan and Moldavia took place under Yeltsin, who is considered in the west as moderate. There remains uncertainty about the future of Russian leadership and the possibility of hard liners coming to power. In this context, Russian attempts to deny Baltic nations their right to choose their own allies must be considered a threat to their sovereignty.

The enlargement of NATO could make Russian imperialist ambitions unrealistic, thus prompting Moscow to accept its present borders as definitive and to focus Russian attention and resources on internal recovery. A freeze on further NATO enlargement would have the opposite effect. It would mean another permanent division of central Europe into two spheres of influence: that of NATO and that of Russia. Furthermore, it could encourage the Russian imperialist dream of regaining its former control over its smaller neighbors, who have been deprived of the opportunity to join the defensive structures of the Atlantic community.

**Opposition to any further NATO enlargement is based on three false contentions:**

1. That the admission of Baltic countries would provoke Russia and may lead to preventive military measures.

NATO has been expanded three times in the past. In each case, Moscow tried to prevent the expansion with the threat of military, and at times, nuclear confrontation. The allies never wavered under pressure. The allies knew that yielding to the threats would inevitably lead to the dangerous escalation of military blackmail. Consequently, in each case, the allies called the Soviet bluff.

2. That NATO should respect Russian security interests.

Supporters of this contention argue that the silent recognition of "traditional spheres of influence" fosters lasting cooperation and friendship between America and Russia. We remind the subcommittee that this reasoning led to the Yalta and Potsdam Agreements, which left all of Europe east of the Elbe River under Soviet domination. History shows us that these treaties were unsuccessful and the Cold War followed. Today, though the Soviet empire has disintegrated, the Russian elite's ambition to restore it is still alive. The United States' efforts to maintain peace and to curb the proliferation of arms and state terrorism has been challenged by Russia all over the world. The United States should draw a lesson from past experience and never again give preference to Russia's security concerns at the expense of its neighbors.

3. That Lithuania, Latvia and Estonia are indefensible and could be crushed by Russia's military might in a matter of days.

West Berlin was also indefensible and was surrounded by East German and Soviet troops. One American battalion was there to signal that any attempt to occupy Berlin would trigger a war with NATO. Because of the allies' determination, free Berlin survived without a loss of one single Allied soldier.

**Recommendations**

1. The Senate should support the Administration's position that the "new NATO members will not be the last" (Madeleine Albright) and support a second round of enlargement. The Senate should offer support to President Clinton's statement that "The U.S. welcomes the aspirations and supports the efforts of Lithuania, Latvia and Estonia to join NATO." We trust that Congress will preserve a place for the integration of these countries within NATO on the agenda of U. S. foreign policy.

2. The Congress should be absolutely clear in expressing its opposition to any attempt to intimidate Lithuania, Latvia or Estonia by threats of force. It should make it known that threats of this nature, as well as by economic pressures, would be unacceptable to the United States and prohibitively expensive to Moscow. Any ambiguity concerning United States reaction could easily lead to fatal miscalculations.

3. As an interim security measure, the U.S. should implement the Baltic Charter and strengthen lateral military cooperation with Lithuania and the two other states under the Partnership for Peace.

Lithuania regained its independence in 1990 and its people successfully resisted a Soviet military onslaught on the Lithuanian parliament in Vilnius. This event in Lithuania's struggle for freedom inspired other Baltic countries and contributed greatly to the disintegration of the Soviet Union. Since that time, Lithuanian democracy has taken deep roots. The State Department's Democracy and Human Rights Office reports that the country has been making steady progress in developing a market economy. Inflation is under control and the GDP rose to 6.4 per cent. Over 40 percent of state property has now been privatized. Lithuania is steadily making great progress in meeting the military standards of NATO. There is a healthy respect for human rights and efforts are being made to solve remaining problems. Lithuania has no conflict and no border dispute with any of its neighbors. Russians are offered access to all transit facilities, thus allowing transport and communication with the Kaliningrad area, and Lithuania and Poland are friends, closely cooperating and supporting each other. Additionally a border treaty was recently signed with Belarus and Russia.

The Lithuanian people want to belong to the community of democratic nations and to share the defense of our common values. Americans of Lithuanian heritage appeal to Congress, the Administration and the American people: do not reject the aspirations of these small but courageous nations who are striving so hard to win the security and protection of their regained freedom and democracy. Do not extinguish the light at the end of the tunnel.

Sincerely,

REGINA F. NARUSIS, J.D.,  
PRESIDENT.

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BALTIC AMERICAN FREEDOM LEAGUE, INC.,  
LOS ANGELES, CA 90029,  
*July 9, 1998.*

HON. GORDON SMITH,  
Chairman, Subcommittee on European Affairs  
Foreign Relations Committee,  
U.S. Senate  
Washington, DC 20510

DEAR SENATOR SMITH: The Baltic American Freedom League and the Baltic American community gratefully acknowledge the Senate's unbroken past support for the people of Estonia, Latvia and Lithuania in their long struggle for freedom and independence and acknowledge Senate's current assistance to develop free and viable democracies.

The Baltic American Freedom League welcomes the subcommittee's hearing on the Baltic countries; we look forward to the hearing with great enthusiasm. We hope that this is a first step in the continued examination of U.S. - Baltic relations.

We have taken the liberty to submit the Baltic American Freedom League's Policy Statement on issues that are of vital importance to the Baltic American community and urge that they be reviewed and discussed by the committee either at the July 15th or subsequent hearings.

The Baltic American Freedom League is a nationwide grassroots organization of 16,000 members established 16 years ago to work for expanding the already strong U.S. ties with the Baltic countries.

Thank you again for your serious dedication to the issues of concern to the Baltic people. I am looking forward to meeting you at the hearing.

Respectfully,

VALDIS, V. PAVLOVSKIS,  
PRESIDENT.

Enclosures:  
Baltic American Freedom League's Policy Statement

Declaration on the Occupation of Latvia by the Parliament of Latvia  
 Baltic American Freedom League's Report "Estonia, Lithuania Were Never Soviet Republics"

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BALTIC AMERICAN FREEDOM LEAGUE, INC.,  
 LOS ANGELES, CA 90029,  
*July 15, 1998.*

BALTIC AMERICAN FREEDOM LEAGUE'S POLICY STATEMENT

In order to assure the continued, meaningful implementation of America's support for the security and independence of the Baltic countries, the Baltic American Freedom League recommends to the United States Senate the following:

**NATO Enlargement**

The United States Baltic Charter enshrines the precept that the United States has a "real, profound and enduring interest" in the security and sovereignty of the Baltic countries. And while the Charter does not guarantee NATO membership, it offers the United States' explicit support for the Baltic nations' efforts to join. As President Clinton said at the signing ceremony: "America is determined to create the conditions under which Estonia, Lithuania and Latvia can one day walk through that door [NATO]."

The Charter embodies a moral and political commitment to Baltic independence, sovereignty and territorial integrity.

The Baltic American community is concerned, nevertheless, that because of Russian opposition Baltic membership in NATO might be unnecessarily and unfairly delayed. The United States never accepted the Soviet annexation of the Baltic nations. Now, it should honor the same principle by ensuring that no country, by virtue of size or history, determine another's fate.

The "open door strategy" agreed to in Madrid in 1997 must be adhered to. The Baltic countries are part of the democratic West. The U.S. Senate has determined that they have achieved outstanding results, developing as free, democratic and free market nations, establishing rule of law and civilian control over the military. They are responsible members of regional and international organizations and participate in the Partnership for Peace program. They must not be discriminated against because of geopolitical, historical or chauvinistic reasons.

To delay, without cause, Baltic membership in NATO is to consign them to strategic ambiguity and to sow the seeds of future instability. Without the NATO security guarantee, Russia would be further tempted to meddle in the affairs of the Baltic nations as they are doing in the CIS states and are already attempting to do in the Baltic countries. Refusing membership out of fear of Russian reaction would tacitly recognize a Russian veto over NATO affairs, thus undermining the alliance and would delegate the Balts to Russia's sphere of influence.

Baltic membership in NATO will define their place in Europe. They will no longer be within Russia's sphere of influence to be manipulated and bullied into complying with the wishes of their powerful eastern neighbor. They will be part of the West where they belong and want to be.

As for a threat to Russia, this is sheer nonsense. None of the Baltic countries has any designs on Russia. Russia lost its empire but its homeland is secure. Russia's concern is not about its security but about its vanished empire. NATO membership to the Balts means the definitive end of the Soviet domination of the Baltic countries. This upsets the Russians. But as the Washington Post noted in a recent editorial, the Balts should not be told "that they must accept less security so that an unthreatened Russia may enjoy more pride."

We respectfully urge the United States Senate to consider Estonia, Latvia and Lithuania for NATO membership at the earliest possible date once they meet the criteria for NATO membership.

**Financial Assistance**

Last year's soft earmark of \$18.3 million in Foreign Military Funding (FMF) was a major source of support for the Baltic nations as they bring their militaries to NATO standards as well as a strong statement of political support of these democratic allied countries. This funding contributed to the creation of a regional air-space surveillance center and the provision of training and equipment from the United States on a grant basis.

The Baltic American Freedom League urges a continuation of last year's funding of \$18.3 million in FMF grant assistance. Baltic defense needs and abilities continue to grow and this grant assistance will allow the continued provision of training and equipment needed to consolidate the transition of the Baltic militaries. Continued assistance at last year's levels will allow full integration of the airspace of Estonia, Latvia and Lithuania with NATO equipment and standards for participation in Partnership for Peace activities.

Fiscal Year 1999 marks the last funding for any of the Baltic countries from Support for East European Democracies (SEED) monies, marking the success of these three countries in the areas of democratic and economic reform. However, the continuation of programs previously covered under the SEED program, including law enforcement programs provided by the State Department and Department of Justice, is a high priority despite termination of SEED assistance program.

We also urge full funding of the International Criminal Justice program in law enforcement for the Baltic governments within the Department of State. The law enforcement program has been identified by the Baltic governments and the U.S. as one of the top priorities in our bilateral relationship. The programs include law enforcement education programs and training designed to counter the influence of crime and corruption, enhance border control and protect intellectual property rights, stem financial crimes and the smuggling of aliens, narcotics and illegal goods.

As an additional support to law enforcement, to fight organized crime and to investigate human and civil rights violations, we strongly recommend that a Federal Bureau of Investigation office be opened in Riga, Latvia.

The Baltic American Freedom League supports full funding for International Military Education and Training (IMET) assistance of \$650,000 per country as proposed by the Administration. IMET provides much needed military education training to Baltic militaries and to the Baltic Battalion (BALTBAT).

#### **Hitler - Stalin Pact of 1939**

Historians of the 21st century will chronicle many a tragedy for mankind which took place during the century—world wars, rise of Communist and Nazi totalitarianism, genocide, military occupation, mass deportations, attempts to destroy cultural and ethnic heritage, and denial of human rights. The historians will also record that every one of these tragedies befell the people of the illegally occupied countries of Estonia, Latvia and Lithuania as a result of the nefarious Hitler-Stalin Pact.

Not only has Russia, the successor state of the Soviet Union, failed to acknowledge the illegal and forceful occupation of the Baltic countries, but to this date Moscow adheres to the spirit of the Hitler-Stalin Pact. It is the only treaty of World War II still observed.

Russia continuously tries to reassert its prerogatives under the Pact to include the Baltic countries within its sphere of influence. It gives Russia a hunting license to go after Baltic sovereignty. The longer Russia is free to make their own rules about interfering in their free and democratic neighbor's affairs, the harder it will be to stop later on. The Hitler-Stalin Pact has to be renounced and nullified now.

On May 12, 1998, Russian Foreign Minister Yevgeny M. Primakov was quoted in the *Rossiyskay Gazeta* as declaring that Baltic membership in NATO is a "red line" that Russia cannot allow to be crossed. And in Vilnius on June 13, 1998, Mr. Primakov again declared, "The joining of the Baltic States into NATO is unacceptable since it creates certain inconveniences and dangers and infringes on our interest in geopolitical terms." These statements show how far Russia still falls short of international standards and are clear pronouncements that Russia regards and claims the Baltic countries within its sphere of influence.

The Baltic American Freedom League respectfully requests that the U.S. Senate adopt a resolution:

- reaffirming United States continued support for the Baltic countries as sovereign and independent nations;
- condemning the Stalin-Hitler Pact with the resulting Baltic Holocaust;
- asking Russia to acknowledge and take the responsibility for the illegal and forceful occupation of the Baltic countries.

By repudiating the acts of two of this centuries greatest tyrants will give the Baltic peoples reassurance that Russia has broken with the expansionist ways of its predecessor and show that Russia is prepared to deal with the Baltic nations as sovereign and independent nations.

**Demilitarization of Koenigsberg (Kaliningrad)**

The Russian military district of Kaliningrad renamed after Soviet occupation remains one of the unsettled issues of the post World War II allied administration of occupied territories. While at Potsdam the allies agreed that "pending the final determination of territorial questions at the peace settlement," the region should be placed temporarily under Soviet control, the "final determination" was never made.

Today, Koenigsberg is the most militarized region in Europe. The London based Institute of Strategic Studies puts the number of ground troops in Koenigsberg at 19,000, one-tenth the size of Poland's forces or three-quarters of the Baltic countries' armed forces and one and one-half times larger than Lithuanian armed forces. The Russian Baltic Fleet has six submarines, about 32 principal surface warships and nearly 100 combat aircraft. The Air Defense units include one regiment of Su-27 fighters and three regiments of surface-to-air missiles. As recently as June 12, 1998, Russian newspaper *Russkiy Telegraf* reported that according to the head of the Foreign Affairs Department of Russia's Ministry of Defense, Lieutenant General Leonid Ivashovs, Russia might place tactical nuclear weapons in Koenigsberg region, in response to NATO enlargement.

The military and political stability of the entire Baltic area is jeopardized by both the heavy concentration of military power and the demands for military transit on the neighboring countries. It should be noted that the Russian armed forces habitually and with impudence and contempt violate the laws and regulations of Lithuania and Latvia governing military transit.

The United States, Great Britain and France have a special responsibility to defuse this dangerous situation generated by the Kaliningrad military region as it was they who at Potsdam in an attempt to placate Joseph Stalin, approved the establishment of this fortress.

The Baltic American Freedom League respectfully recommends that the U.S. Senate adopt an appropriate resolution directing the President to take all necessary measures to encourage Russia to demilitarize the Kaliningrad military district.

VALDIS V. PAVLOVSKIS,  
PRESIDENT.

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