

LITHUANIA

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DAVID M. SCHOONOVER **Agriculture Analyst** **Moscow, USSR (1964-1967)**

Mr. Schoonover was born and raised in Illinois and educated at the University of Illinois and Stanford University. After service in the US Army, he joined the Foreign Agricultural Service and served in senior capacities in Washington and abroad, dealing with Agricultural and Trade matters. His Foreign Service took him to Moscow, Beijing and Seoul, where he served in senior level positions, including Agricultural Minister-Counselor. Mr. Schoonover was interviewed by Charles Stuart Kennedy in 2004.

SCHOONOVER: I think one of the Under Secretary's first visits was to Lithuania. That was about April, and he had decided not to come in through Moscow but go through Poland. We met him at the border between Poland and the Soviet Union in Belarus, in what would be the country of Belarus. We drove from there to Vilnius, and met with the president of Lithuania. The Lithuanians said they were independent, of course, and Gorbachev and the Soviet Union didn't recognize them as independent, so Lithuania was in kind of an uncertain category at the time. It was fascinating to be there right then. We visited not so long after the incidents that had taken place there. The parliament building in Lithuania was barricaded. All sorts of things were plastered around the perimeter, such as, "Soviets Go Home" and those kinds of slogans. There were tanks, Soviet tanks, not Lithuanian tanks, lurking around behind buildings and in various places in the city, so it was a kind of dicey situation at the time. But it was an initial outreach by the United States to Lithuania, although we didn't get around to recognizing the independence of Lithuania until later.

KEITH C. SMITH **Deputy Chief of Mission**

Budapest, Hungary (1983-1986)

**Chargé d'Affaires
Tallinn, Estonia (1994-1995)**

**Political Advisor
Estonia (1995-1996)**

**Ambassador
Lithuania (1997-2000)**

Ambassador Keith C. Smith was born in California in 1938. While attending Brigham Young University he received his bachelor's degree in 1960 and master's degree in 1962. He entered the Foreign Service in 1962. His career includes positions in Mexico, Venezuela, Hungary, Washington D.C., and an ambassadorship to Lithuania. Mr. Smith was interviewed by Charles Stuart Kennedy in February 2004.

SMITH: A lot of people were like that in the 1980s. They knew that to get ahead you had to join the communist youth organization. Some would find reasons not to join the Party, but others did become part of the apparatus. They secured the best jobs, the largest apartments, were treated in the best clinics and shopped at special stores. I was dismayed that after the fall of the Berlin Wall, it looked for a while like former communist officials won the Cold War. Even today, in much of Eastern Europe, former communists are running the most prosperous state companies, and in a majority of cases they are the top government officials. Many who shunned the Party still claim that the apparatchiks won the Cold War. Until recently, Poland has been run by old communists. Hungary is still run by old communists. Lithuania is run by old communists. It's still the case in Russia and Ukraine. They will hang on for years to come.

SMITH: During my second tour, the Jewish community had gained more self-confidence and unregistered Jews started to come out of the closet. They sought identity with the others. Jewish leaders even began to do some rabbinical training for young men and offered Hebrew studies to others. I remember visiting another rabbi, whose name I can't remember. He was an impressive scholar who had lived through the hell of the Hungarian Holocaust, but insisted on staying in Hungary. He became very active in bringing together young Jews and in writing the history of the Hungarian Jewish community. There remained a lot of division between the Jewish community that collaborated with the communists, and the Jewish community that hadn't. This is still a problem in many of these countries. I found the same divisions later in Lithuania. The Jewish community also tends to split along religious lines, with some conservatives refusing even to recognize the others as Jews. In any case, the synagogue in Budapest has now been restored with the help of American Jews and I think it is now one of the largest in Eastern Europe.

SMITH: But it was an interesting time in Estonian history. The ethnic Estonians and most ethnic Russians were delighted at being independent from the Moscow. A third of the country was ethnic Russians. The transition to independence had been peaceful in Estonia, although not so much in Latvia and Lithuania where Russian troops fired on demonstrators and border guards. It was an impressively peaceful transition when one considers that at least a third of the population of all three countries had either died or been imprisoned by the Soviets. Not one Russian was ever killed as a result of retaliation by the population. Not one. The world has overlooked this remarkable fact.

Q: It's a whole different system, but I was in Kyrgyzstan around this time, and all the small shops and the plumbers and the people who kind of did things, were Russian. And the Kyrgyz were the bureaucrats, but it was the Russians who really kept the economy going. I wouldn't think it would be the same thing in Estonia.

SMITH: Not as much in Estonia. Nevertheless, during the Soviet years, the Russians rigged the educational and political system in favor of ethnic Russians, even if they were recent "immigrants" from other parts of the empire. Any Estonian (or Latvian or Lithuanian) who was well educated or a high status before the occupation in 1940 was either sent to Siberia or their children were not allowed to attend universities. There was serious discrimination against them in Estonia and Latvia, although not quite as much in Lithuania. Naturally the top jobs in industry and in the Communist Party apparatus were occupied by Russians. As a result, the farmers in Estonia were almost uniformly ethnic Estonians. In every other walk of life, there had been positive discrimination in favor of the Russian minority. The largest apartments in Tallinn were occupied by Russian Party members or Russian officials of one kind or another. Russian had been the official language in all three Baltic States. Non-Russians had been forced to use it at all public functions, even in post offices.

Q: What was the Estonian political system? Who was at the top at that time?

SMITH: When I arrived in Tallinn, the Homeland Party was running the government. The country was operating under a new, very democratic constitution, one that had been endorsed by the EU and the U.S. At the time, the prime minister was Mart Laar, a grand old man of 32 years old. He later returned for a second stint as prime minister and is still active as a member of the Rigi Kogu (parliament). In 1994, the foreign minister, Juri Luik, was 26. He's now the Estonian Ambassador to Washington. They were young, idealistic and open to new ideas. I often had lunch with the prime minister and developed close relations with the foreign minister. Estonia was unusual, in that unlike most of the former Soviet states, the old party and government officials had been permanently sidelined. Many of the young people, some who had been members of the communist youth organization, but who hated communism, took over the country quickly after 1991. On the whole, they were young, energetic and very western-oriented. This was the case more so in Estonia than in Latvia and Lithuania. It is still that way today. In Estonia these young leaders immediately adopted free market economic ideas borrowed from the

U.S. economist, Milton Friedman. They quickly instituted a flat tax and they lifted almost all of the import barriers and taxes. It was one of the most impressive transformations from communism to free-market democracy. During the first few years of independence, Estonia grew faster than the other two Baltic States or any other former communist country in Central Europe.

SMITH: To this day, the Estonians and Latvians do not have a ratified border agreement with Russia, nor does any other former Soviet republic except for Lithuania. The Russians have purposely refused to sign border agreements with anybody but Lithuania until now. Lithuania has one because under the Baltic States were being taken into the EU and Moscow needed a corridor across Lithuania so that Russians could easily travel between Kaliningrad and the rest of Russia. But that's the only one border agreement between Russia and a Baltic State. Russia keeps the border situations unclear with most of their neighbors for a variety of political reasons.

Q: It never works. You watch this again and again. It just doesn't work.

SMITH: Sometimes it does. I saw many successful cases of Lithuanian-Americans who made significant contributions to the country. There were fewer in Estonia and Latvia, but even in those two countries I know of examples of success.

Q: How did Estonia deal with the other Baltic States. As an American, we always lump these countries together. But what was the relation between them?

SMITH: It has always been a complicated relationship. Each country wants to be treated as unique, but they all wanted to be dealt with in the same way. We never admitted to lumping them together, but then we would do it in the next sentence. Often, it was just easier and more beneficial to treat them in the same way. There was a sense of being a Baltic person, and they had worked together to free themselves from the Soviet Union. There was a lot of collaboration between the Baltic States. They had a feeling that they had to stick together in order to survive Russian pressure. For the first few years there was a lot of collegiality. Eventually, as they became more independent, there was some splintering. There are strong ethnic ties between the Latvians and the Lithuanians, but not as much with the Estonians. There are regular Baltic presidents, prime ministers, foreign ministers and defense ministers' meetings. The Estonians quickly decided that they were different (perhaps superior) than the rest, and that they were more Nordic than Baltic. Toomas Ilves, the former Estonian ambassador to Washington, started the talk about being Nordic. This kind of talk made the Latvians and Lithuanians somewhat angry, since there was an implication that the Estonians are better than the rest. Each Baltic State constantly compares itself against the other two when it comes to unemployment, GDP, number of people committing suicide. Every month, one would see figures come out comparing all three countries on various issues. They still wonder constantly about how they are doing relative to the other two. So, it is natural that outsiders too often lump the three together. Now they're all

members of NATO, they're all three going to be in the EU. In some ways, this will allow them more individuality, in the sense that they're part of a larger whole and they won't just be considered Balts. They will be EU members and NATO members. In reality, they are as different from each other as the Scandinavians are.

Q: Was there any overlapping border claims or problems?

SMITH: Not between the Baltic States. Latvia and Lithuania had a dispute over territorial waters, but it never became contentious. They worked it out. They had so many problems with Russia that they didn't want to do anything that would weaken their solidarity.

Q: You mentioned the corruption angle. Russia, I don't know if they've shut it completely, but they're moving out of this robber baron, but even more than that it's almost a Mafia-type situation of controlling things. When Estonia became free, were there sort of public concerns, utilities, railroads, lumber mills up for grabs, and how did they do?

SMITH: While organized crime was a serious problem in the ten years after independence, it was never on as large a scale in the Baltic States as in Russia. It was a bigger problem in Estonia than in Latvia and Lithuania during the first few years, but that diminished over time. Even so, in Estonia in the mid-1990s, there were seven known organized criminal groups. I arranged to bring to Estonia representatives from all major U.S. law enforcement organizations to look at the situation. As a result, the FBI established an office at the Embassy in Tallinn to help train law enforcement personnel in all the Baltic States, but particularly in Estonia. The FBI also dealt with criminal cases that had a U.S. connection.

SMITH: When I lived in Estonia, one of our local employees had a brother who was a policeman. I remember her telling me that he and his colleagues were afraid to stop any luxury car that was painted black and had darkened windows. The local police were afraid of retaliation by Russian Mafia members. The consequences of stopping the "wrong person" could be horrible, either for the policeman or members of his family. It was like the "wild west" in Estonia and Latvia for a few years. It was tough to bring the criminal groups under control. They had more fire power, money and intelligence than did the authorities. The police were delighted when one crime figure was murdered by a competing group; and it happened frequently. Crime and corruption was somewhat different in Lithuania during this same period. Members of the gangs were both ethnic Russian and Lithuanian. However, in Estonia and Latvia, almost all organized crime was carried out by ethnic Russians.

Q: Were you able to see in this period a change because of technology, communications and all of this, and how did the Estonians fit in to the computer age?

SMITH: Young Estonians jumped right into the cyber age. Within a short time, they were ahead of the U.S. in computer and cell phone use. These young Estonians got a head start over the Latvians and Lithuanians, who were still burdened by leadership from the communist era. I remember working in the Foreign Ministry and feeling like such a fool because everybody knew more about computers than I did. They were getting the news on line every day. This was back in 1995, long before anyone in the State Department had on-line access to international news. Many young ethnic Russians also quickly mastered the cyber world and were using it to gain advantage over some of the ethnic Estonians. A professor I knew at Estonia's technical university taught a class in technology. His class was composed of about half Estonians and half Russians. Even though he was an ethnic Estonia, he told me that almost all of his top students were ethnic Russians. Also noteworthy, was the fact that the class was taught in Estonian. As members of an ethnic minority, they recognized that they had to try harder and be more clever than the ethnic Estonians in order to get ahead. Although many young Russians were able to adapt very quickly, their parents could not. The over 40 age group could not adjust to a market economy and having to take responsibility for their own jobs and welfare.

Q: Did Poland play any part in the Baltics?

SMITH: The Poles didn't play much of a role in Estonia or Latvia, but they were more prominent in Lithuania. From 1989 to about 1994, Poland was preoccupied with its own reconstruction. In the early days, Polish-Lithuania relations were quite contentious, because Poland forcibly took over much of Lithuania after the First World War. Lithuania's capital became Vilna, a Polish city, until returned to Lithuania in 1940. Lithuanians still resented Poland's seizure of its territory. After 1945, there were villages in Lithuania that were occupied entirely by ethnic Poles, and Lithuanians who were trapped in Poland. Over time, however, Poles and Lithuanians recognized that their mutual hostility only created opportunities for mischief by Russia. By 1995-96, relations took a sharp turn for the better and both countries worked to reconcile the foreign communities in their midst.

Q: Kaliningrad? That's sort of an anomaly.

SMITH: Kaliningrad was always on the agenda when I was in Lithuania, but not so much during my period in Estonia. In any case, Kaliningrad had been the largest Soviet/Russian military base on the Baltic Sea. It gained a reputation of being the "black hole of Europe," with the highest AIDS rate on the continent and enormous poverty. A million people, almost all of them poor, lived next door to a Lithuania and Poland that started off much richer, and with a wealth gap that was only increasing between them and Kaliningrad. Kaliningrad is still a neglected part of Russia. It receives little economic help from Moscow. The Kremlin is afraid of it becoming too westernized and that the population will demand more independence from Moscow. The lack of support from the rest of Russia is resented in Kaliningrad and that increases the suspicion of the enclave in Moscow.

Q: Ok, well Lithuania in 1997, what was the situation there as you saw it?

SMITH: Lithuania was doing fairly well economically when I arrived. Of course, we all knew that in the 16th Century, Lithuania had once been a powerhouse in Central Europe and the people still felt proud of their heritage. Unfortunately, in the 20th Century, they had been independent from only 1919 to 1940, at which point the country was occupied by Stalin's Soviet Union. It formally regained its freedom in August 1991, when after the failed coups in Moscow, it was recognized by then President Boris Yeltsin as an independent country. During the 18th months before August 1991, however, Lithuanians and the people of the other two Baltic States carried out massive demonstrations in support of independence. In Lithuania, about 25 demonstrators were killed by Russian military forces during independence rallies, some of them crushed under tanks outside of the parliament building and at the Vilnius television tower. There were fewer deaths in Latvia and none in Estonia.

In any case, the country inherited many social and developmental problems from the communist system. For fifty years, the country's economy had been micromanaged from Moscow, with few direct contacts permitted with the West. After 1991, Lithuanians had to build a new country from scratch, with an entirely new political and economic system. It was a tough period, but most of the Baltic people were delighted to be independent. Lithuania was different from Estonia, however, in the sense that a lot of the old communist leadership remained in control of the government and major industries after independence.

Eight days after arrival in Vilnius, I presented my credentials as ambassador to President Algirdas Brazauskas who had been head of the Communist Party in the late 1980s. He had worked actively for Lithuanian independence starting about 1989, but he maintained close personal ties with many Russians and Russian companies. In many ways his manner of thinking about problems was still more communist than capitalist. In the early 1990s, Lithuania's development was slower than that of Estonia because the old leaders had simply stayed in charge of things. These people still have a lot of political influence in the country. Nevertheless, my wife and I were well-received by Lithuania's officials.

The press treated me well, at least at first. I do remember, however, coming out of the presidential palace after presenting my credentials and being confronted by the press corps. I thought I was prepared for every possible foreign policy question. Nevertheless, the press kept asking me what I planned to do about the "horrible problem at the embassy?" I racked my brain, and couldn't imagine what they were referring to. Whatever it was, it was all they wanted to talk about. It turned out that many Lithuanians saw our high rate of tourist visa refusals as a reconstruction of an Iron Curtain type barrier. In addition, many were convinced that our visa refusals were the result of the applicants not paying bribes to the embassy, since that was how things were done during the communist period. In any case, I had not been warned that the visa issue would be immediately raised or that it would plague me for the next three years.

Q: You then called on the president of the parliament.

SMITH: Yes, that was former President Vytautas Landsbergis. He also complained to me about the visa issue. At the time, our consular section was refusing about 30% of the visa applicants, a

figure that stayed constant during my three-year stay in Lithuania (and that I believe is still the refusal level). We refused about one-third of the applicants, and yet about 30% of those who were granted tourist visas didn't return to Lithuania. The issue remains a sensitive one in all of the countries of Eastern Europe and the former Soviet Union. The Polish and Russian Governments complain repeatedly about it. They point to all the Latin Americans entering the U.S. illegally and ask why people who had been locked up behind the Iron Curtain were treated more harshly than Mexicans. It was not an easy question to answer as long as we did not enforce our southern border.

In any case, my wife and I were delighted to be in Lithuania. We were treated very well everywhere we went. We met a lot of Lithuanian-Americans who had moved back to Lithuania after independence. Among them were some very impressive people, whose families had suffered enormously under the communists. My experience in Estonia and the little bit of exposure to Latvia, had made me somewhat cynical about Americans of Baltic background who claimed to have come to help build the new nations. In Lithuania's case, we became close to many very impressive Lithuanian-Americans, who were working in the Defense Ministry, the Education Ministry and later in the president's office. Some of these "new immigrants" spent a lot of their own wealth trying to help Lithuania and many of them eventually played a prominent role in finance and business.

My predecessor had traveled very little around the country during his tour, and Lithuanians were delighted when we made a point of traveling outside of Vilnius. My predecessor had not been happy in Lithuania and was not a popular figure, in contrast to our first U.S. ambassador after independence. In some ways, my predecessor's unpopularity made my job easier.

I determined to travel throughout the country right away, and to grant press interviews wherever we went. Even though there are a lot of protocol requirements that have to be accomplished early on in the capital city, my wife and I set up a fairly ambitious travel program throughout the country. We went to all of the major cities and towns in our first six months, visiting the larger cities two or three times in order to get to know them well. In each city or town, we met with the press, with city officials, chambers of commerce and U.S. Peace Corps volunteers. There were about 300 Peace Corps volunteers in the country at the time. There was also a large USAID mission; a substantial sized one for that part of the world. The Defense Department was helping with military assistance and we became acquainted with some highly dedicated and talented U.S. military officers. All U.S. Government personnel, including the military, assistance people, intelligence officers and the Peace Corps, came under my supervision. We encountered only a few "problem cases." where we had organizational conflicts. On the whole, there were a lot of dedicated Americans in Lithuania, and most of them were anxious to help the country make a successful transition to a market-oriented democracy.

SMITH: Returning to the consular problem, my wife used to like to go out and practice her Lithuanian on the street. She became friends with a woman who worked in a little kiosk selling newspapers and sweets about a mile from our house. My wife even went to the woman's home and met her children and grandchildren. Later, this woman signed up for a tourist trip to the

United States. Not surprisingly, the woman was denied a visa by the consul, because she didn't believe that the woman was a bona fide non-immigrant. My wife became very indignant about the denial, since she knew how attached the woman was to her family in Lithuania. She wanted me to persuade the consul to change her mind. I finally agreed with my wife and I went and had a talk with the consul who caved in and issued a visa to the woman. Lo and behold, the woman did not return, but stayed in the U.S. working for a family. It was a good lesson for both my wife and I.

SMITH: The embassy had a lot of capable Americans and Lithuanian employees. There were the inevitable personality conflicts. The admin officer had a personality that grated on some of the American and Lithuanian staff. Even though she cared deeply for the people in the embassy, her personality was too brash for the naturally shy Lithuanians.

Q: How stood the Lithuanian contact in NATO when you arrived there?

SMITH: Like the other two Baltic countries, they were anxious to be members of the Alliance. The country's Chief of Defense was a former U.S. Army colonel and he was effective at building ties with NATO officials in Brussels and at the Pentagon in Washington. I personally thought it would be more difficult to get Lithuania into NATO than it turned out to have been. I thought it was going to be a stretch to get them in within the next 10 years. I was surprised at how smoothly it went. The Lithuanian-American Chief of Defense deserves much of the credit. The Lithuanians recognized early on that they had to create a military force that could credibly assist the Alliance. As a result, Lithuania was far ahead of the other two countries when it came to military preparedness. It was not only because they were the largest Baltic country, but the leadership put the financial and human resources into making their military attractive to NATO. It was an especially high priority for the younger generation of Lithuanian leaders. Several of the Lithuanian-American officers effectively used their old contacts in the Pentagon to secure surplus military equipment. They were able to explain better to their counterparts in the Pentagon why it was important to support Lithuania. They did a terrific job. In part, the Lithuanian military's success helped Estonia and Latvia become NATO members early than had been expected. It was due to their quick success in building a modern military force.

Q: A Soviet style military is not a NATO style military.

SMITH: In 1991, the three Baltic States inherited the remnants of indigenous Soviet forces. Therefore, the leadership in all three Baltic States had to build a military from scratch. The first task was to replace Soviet-trained military officers and reduce the number of officer slots, and to break the old Soviet military culture where conscripts and non-coms were treated badly. The U.S. had sent military trainers and advisors to all three Baltic States by 1993. Some U.S. personnel were there on long assignments, while others came in as part of two-week training teams.

We sent promising young officers and non-commissioned personnel to the service academies in the U.S. We sent others to specialized training at U.S. bases in Europe and in the U.S. so that they could see first hand how a modern military force operated. The British were also helpful and very good at training. They set up an effective system to train noncommissioned officers. In the Soviet/Russian military, a soldier was either an officer or cannon fodder. The British had pioneered the practice of giving responsibility and authority to non-commissioned officers. I believe that we adopted our system from the British. In any case, the goal in the Baltic States was to develop a large core of non-commissioned military personnel capable of taking the initiative and of leading under fire. Between the U.S. and the Brits, I think we did a very good job of developing a Western military culture and of purging their forces of Soviet-era thinking. One difficult issue in military reform was the problem of eliminating the Soviet practice of corruption in procurement, promotions and benefits. Corruption is a major problem in today's Russian military, and it is not easy to root it out after so many years of practice.

Q: But they were also, as you say, essentially they weren't just picking up Soviet military organization, they were starting anew.

SMITH: The new military leaders were building from the ground up. That's why it was such an advantage for Lithuania to have a corps of really good people who had served successfully in the U.S. armed forces. In Lithuania, these officers stayed out of politics. Most of these officers had been born in Lithuania and left in 1945-46. I still maintain contact with several of these officers, even though they are no longer in the Lithuanian armed forces. One American was the first to be granted the rank of general in Lithuania's defense forces. He was particularly successful in forcing out the old Soviet trained officers who maintained strong political support from the country's old communist leaders. In the summer of 1999, I participated in a Partnership for Peace exercise under NATO auspices. At the end of the exercise, I followed the Presidents of Poland, Estonia, Latvia and Lithuania in addressing 11,000 NATO, Polish and Baltic troops regarding regional security. I remember asking myself why the soldiers would want to listen to me in the hot sun after four other speeches. They politely listened to me, but I should have scrapped the speech.

Q: Did Lithuania have a draft?

SMITH: They had a draft. Not everybody of course went in at the same time. University students were deferred. They did not need to take in all of the draft age males, so they instituted a lottery system, similar to the one we had in the U.S before 1980. As in the U.S., conscription in Lithuania was a way of socially integrating people from different ethnic and economic groups into society. The conscripts began to think of themselves as Lithuanians (or Latvians or Estonians in those two countries). Before I left Lithuania, all military conscripts were given an extensive briefing on the Holocaust, and the killing by Germans and their Lithuanian supporters of over 200,000 Jews within just a few weeks of the start of the war.

Q: The Baltic States contributed an awful lot to the furthering of the Holocaust. I mean, Baltic guards were infamous at a lot of these concentration camps.

SMITH: Yes, some were collaborators, but a few brave people put their own lives on the line to save Jews. We worked with the Justice Department to try to get some of the Lithuanian killers who had successfully immigrated to the U.S. in the late 1940s extradited back to Lithuania and brought to trial. The problem was that by the time they were extradited to Lithuania for trial, they were generally quite old and in poor health. Of course, those charged with holocaust crimes often exaggerated their health problems to avoid trial. We had to push very hard to get the Lithuanians to really publicize the fact that their own people had collaborated in war crimes. It was more of a problem in Lithuania than it was in Latvia and Estonia because that's where most of the Jews had lived. Before 1940, Vilnius had been a vibrant, almost majority Jewish city. The Litvaks (Jews from Lithuania) are an important part of Jewish history. Many prominent Americans and Europeans have ancestors who came from Vilnius or from villages in Lithuania. The Holocaust museum in Washington has a two story room dedicated to those murdered in Eiskes, one small village in southeast Lithuania. Everyone in the town was killed in 1945. My wife and I visited the town on two occasions and we saw no remaining sign that Jews once composed the entire town's population.

Q: Had many Jews returned? Was there any Jewish community there?

SMITH: There was an active Jewish community, but like most Jewish communities around the world, they were divided into competing groups. Even though the remaining community was small, different Jewish groups would have nothing to do with other groups. That made the Embassy's work somewhat harder. There were at least two rabbis living abroad and one in Vilnius who claimed to be the chief rabbi of Lithuania. We had to find a way to work with all of them. There was a young rabbi from the U.S. who set up a soup kitchen for holocaust survivors and a kindergarten for young people, but he was never accepted by the majority of Lithuanian Jews. I thought that he was great guy. I used to join him at the annual menorah lighting ceremony every year. Often the prime minister and the president would participate. The U.S. was active in trying to help holocaust survivors or the ancestors of Lithuanian Jews regain their property. We had limited success with that issue. Nevertheless, our pressure resulted in all military conscripts receiving education on the holocaust in Lithuania. Books were put into the schools regarding the holocaust, and at my suggestion, the president organized a commission to examine the Nazi and Communist period crimes. After the commission was started in Lithuania, Latvia and Estonia established similar groups under their presidents. It was easier for the Baltic people to deal with Holocaust issues, if the crimes of the Soviet era were also examined.

Q: How about the school system? Were they picking this up too?

SMITH: Holocaust education was not part of the general curriculum when I arrived, but it gradually became part of the curriculum in the universities. It's worth keeping in mind that not all the people who fought the Soviet Union were fascist or were anti-Semitic, in spite of Soviet propaganda to the contrary. A lot of people were just defending their homeland from Soviet imperialism. Many had naively believed Adolf Hitler when he said that he was going to give the Baltic States their independence if they fought the Soviet Union. The Soviet takeover of the Baltic States occurred in 1940, following the signing of the Molotov-Ribbentrop Treaty. As I mentioned earlier, the official Russian position today is that the Baltic States voluntarily joined the Soviet Union in 1940. It is an outrage that the West does not challenge Moscow on this. It

allows many Russians to stay in denial regarding the Soviet past, and promotes the myth in Russia that the Baltic States benefited from being part of the Soviet Union.

Q: I assume there was a sizeable Russian minority in Lithuania?

SMITH: No, there are large Russian minorities in Estonia and Latvia. Lithuania did not suffer from as large an influx of Russian workers as Latvia and Estonia did during the Soviet period. In 1991, about 9% of people living in Lithuania were ethnic Russians. In Latvia and Estonia, the percentages were almost 40%. The largest minority in Lithuania were Poles. Poland and Lithuania have a complicated history of conflict and friendship. The Polish presence goes back centuries, but a large influx of Poles took place in the interim period between WW I and WW II. Therefore, Lithuania's most vexing problem after independence was with Polish Lithuanians, not Russian Lithuanians. Lithuania does have a common border west with the Russian enclave of Kaliningrad. Because Russians, Poles and Belarusians were such small percentages in 1991, it was not a political problem for the Lithuanians to automatically grant everyone citizenship. So citizenship issues did not come up between Lithuania and Russia. In Estonia and Latvia, however, citizenship posed political difficulties for the ethnic Latvians and Estonians because the numbers were much larger. In addition, there had been sizeable Soviet military and intelligence forces (relatively speaking) in Estonia and Latvia. There are various theories as to why the Soviets did not send as many Russians to live in Lithuania, but I'm not sure that I accept any of the standard explanations. In any case, the low number of ethnic Russians was an advantage for Lithuania after independence.

Q: How did they deal with this Kaliningrad, this Russian enclave sitting down on the Baltic?

SMITH: Kaliningrad was a fact of life for Lithuania and for Poland. From time to time, nationalistic Russian parliamentarians in Moscow would pass resolutions stating that the west coast of Lithuania was Russian territory. These types of resolutions were not only supported by nuts like Zhirinovsky, but also by some "moderates" in the Duma. It was a problem, but Lithuanians were determined not react to the more extreme statements out of Moscow, and instead try to build the best relations possible with Russia. Right after independence, Lithuania agreed to allow Kaliningraders to visit Lithuania without visas. A few Lithuanian companies tried to set up business in Kaliningrad, but most failed. Of course, many people on both sides of the border engaged in smuggling of alcohol and gasoline. Kaliningrad was in many ways an economic and social "black hole." In the previous 50 years it was the home of the Russian Baltic Fleet. After the collapse of the Soviet Union, much of the fleet started rusting away, and many of the best and brightest began moving to continental Russia. The area was in pretty bad shape. Today it has the highest AIDS rate in Europe and rampant poverty. About one million Russians replaced about an equal number of Germans who had been killed or expelled in 1945. Most the beautiful old Baltic buildings that were built over hundreds of years ago were destroyed in war or dynamited later by the Soviets. They wanted to leave nothing that would attract a return of the German population. I have to give the Lithuanians a lot of credit for reaching out to the people and leadership of Kaliningrad.

Many Lithuanian officials cultivated ties with Kaliningrad Duma members. There were some enlightened people in the Kaliningrad Duma who wanted to create free trade zones and develop

economic ties with Europe. But the leadership in Moscow feared that by developing close ties to their non-Russian neighbors, Kaliningrad would want to become autonomous or even independent. Since the break up of the Soviet Union, Moscow has stymied several attempts by Kaliningrad to develop closer economic ties with Europe. The collapse of the Russian ruble in August of 1998 brought significant hardship to Kaliningrad. At one point, the enclave's stocks of food and medicine were below levels needed for two weeks. It was a difficult situation for people living there, in part because Moscow had no interest in helping them out. The Lithuanian Government, which was not in great economic shape itself, donated over \$2.5 million in food and medical assistance to Kaliningrad. They sent in truck loads of food and medicine and Kaliningraders were able to get through the crises.

Q: In a way were you sensing an attitude in a lot of Lithuanians that, give it time and that enclave will probably be included in our place?

SMITH: No. I think there's a feeling that someday Kaliningrad may develop economically and serve as a useful bridge to Russia itself. Vilnius wanted to see the region become less of a haven for smugglers and a source of HIV/AIDS. I don't think they have any illusions about it ever becoming part of Lithuania, or even becoming independent. Russia never gives up territory. Russian will generally do anything to avoid giving up territory, accounting for the country's many unsettled disputes with countries all along its borders.

Russians are more willing than most countries to maintain unsettled borders. There are still no border agreements with Estonia and Latvia, let alone with Japan and almost all of the Central Asian states. The mistaken view in Moscow is that this uncertainty regarding their neighbors borders would give Russia political leverage. In the mid to late 1990s, Moscow believed that not signing border agreements with the Baltic States would help keep them out of the EU and NATO. This has been a tactic that Moscow has used to try to keep other countries out of NATO and the EU. Fortunately, the EU and NATO recognized early on the objective of Moscow's border policy, and they went ahead with integrating these countries into European institutions. I still don't think that Moscow recognizes the failure of its border policies. Territory is more of a psychological issue with Russians than it is in most other countries.

Q: What was the Peace Corps doing there?

SMITH: The Peace Corps was involved in three main areas; English teaching, environmental cleanup and encouraging small business formation. Some volunteers helped form associations of small entrepreneurs and others of larger business groups. They had some success in this area, but the benefits were as much political as economic. Peace Corps volunteers made a lot of friends for the United States and they themselves benefited greatly from the experience. I have a son who is a Peace Corps volunteer right now, so I know that while their accomplishments on the scene are generally fairly modest, both sides do benefit from their relationships and experiences. The Peace Corps has now left Lithuania, as has USAID. Both groups left Lithuanians with a better feeling about the United States.

Q: Did you see that Lithuania was looking at how things are in the world today and setting up its own sort of specialization like in the computer business or some sort of trade or something like that? Something on which it could concentrate?

SMITH: Because of the legacy of the Soviet era, Lithuania had an excess of energy coming from its two nuclear power plants. They had hoped to export excess power to Poland and Germany. That never worked out because of opposition from the power industry and coal miners in those two countries. In any case, they have a broad based economy now, with a balance between industry, services and agriculture; very similar to Poland. Twenty five percent of the population lives off agriculture, which is high for a modern state. Eventually, most farmers will leave the land and take industrial and service jobs in the cities.

Lithuania has worked hard to encourage foreign investment, particularly in the services and consumer product industries. Tourism has developed rapidly. A lot of hotels have been built by foreign companies. Much of the small manufacturing sector produces for the EU market, particularly television and electronic equipment, furniture and linen textiles. Some companies have done well developing computer software for larger U.S. and European firms. A couple of U.S. companies set up small software workshops in Kaunas, because of the skilled graduates from the technical university there. The U.S. executives were very pleased with the quality of work that they we're getting out of the programmers in Kaunas. Even though the economy is still too focused on agriculture, the country is developing rapidly as are the other two Baltic States.

Q: Were they duplicating the French and the Germans of their special agricultural policy?

SMITH: No, they couldn't afford to do that. There was always pressure from the farmers to provide EU-type price supports, but the country couldn't afford it. Price supports and subsidies are generally greater in wealthier countries, such as the EU, Japan, Norway and the United States. Some agriculture supports have come with EU membership. The booming construction industry absorbed many people who left farming. The construction industry is a big one. You see a lot of people who come into the Vilnius area during the week, and then they go back to the villages on the weekend. Presumably their wife and maybe some of the children are working the farm. Lithuanian agriculture was not highly profitable and was not usually a full time occupation for the men. Right now, Lithuania's economy is growing at about seven percent a year. Nevertheless, problems inherited from the Soviet era, such as corruption, still plague the country. Once Lithuania is a member of the EU, many well-trained young people will leave for better jobs in the West. Immigration can turn into a real problem for the poor countries in the EU.

The hope is that joining the EU will bring more governmental and business transparency. I believe that it will help in some areas, but not in others. And this is where I think the economic ties with Russia can be advantageous and disadvantageous. A lot of money flows in from Russia, but business there operates in a very nontransparent manner. Russian business has generally reinforced the corrupt practices that traditionally operated in the country. I just returned from a trip to Estonia, Latvia and Ukraine and it is obvious that their energy industries are less transparent because of their connections with Russia.

Just by chance, I was in Poland on May 1st, 2005, when the country became a member of the EU. I felt lucky to have been there at that historic moment. After having lived in that part of the world during so much of the Soviet period, I felt that the Central Europeans now have a chance for a better future; one where they can become "normal" developed democracies. Some serious problems remain and it will take the Baltic States several decades to catch up to Western European development levels.

The most frustrating issue for me was corruption, particularly by those trying to stop Williams Company from investing in Lithuania. Williams eventually worked a deal with Yukos, a private Russian company, owned in large part by the young oligarch, Mikhail Khodorkovsky. Unfortunately, after the U.S. business shakeout from the Enron collapse of 2001, any company that was doing energy training, and that included Williams, suffered financially. Williams was barely able to survive as a company. To do so, they had to sell all of their assets overseas, including their assets in Lithuania. They sold out to Yukos, that by then had become the most transparent Russian energy company. By late 2004, however, the Putin Government took steps to take over the company and split its assets up among a new set of Kremlin-approved oligarchs. Mikhail Khodorkovsky and several of his associates were thrown in prison and the company effectively destroyed. After I retired, I met Khodorkovsky on several occasions, both in Washington and in Moscow. He was quite an interesting and impressive young Russian.

As ambassador, I worked closely with several other American companies, and helped get an American mobile phone company reimbursed for \$8 million that they had been defrauded out of by their Lithuanian partner. We came very close to convincing Intel to construct a microchip plant in Kaunas. This would have been an enormous economic coup for Lithuania. With Lukoil paying money under the table to politicians and others to try to kill the Williams deal, nationalistic feeling against American firms scared off Intel. The company is very secretive and worried about being criticized in Congress for "sending American jobs abroad." Intel representatives came to Lithuania twice, and each time refused to meet with the prime minister or president. Instead, I met with them. As a sign of their serious interest in Lithuania, however, they brought in a site selection team from the Far East, and found a piece of property north of Kaunas that was suitable for a chip factory. Unfortunately, the drumbeat of nationalistic opposition to Williams scared off Intel. It was real tragedy for Lithuania. Intel factories are sought after by almost every country in the world.

Today, Lithuanians are reluctant to talk about their failure to reassure Intel or other foreign investors. There were other companies that we successfully helped, such as the Mars confectionary company. I had to intervene on their behalf so that they could buy land to build a large pet food plant near Klaipeda. Their first attempt to buy land for a factory site was blocked by local politicians who wanted to have the area privatized to them for a token amount. Mars supplied product to much of western Russia and to all the Baltic States. It was a lot of fun promoting American companies. Before getting involved, however, I always made sure that they were legitimate firms. I often traveled around the country with the FSN commercial officer. He was a capable Lithuanian and good at promoting American investment. We would usually start off by me giving the local people a political message about the U.S. Then my Lithuanian FSN would inform local business leaders about how his office could help promote contacts with American companies. We were mildly successful. The William's investment, however, was the

largest foreign investment in Lithuania, and Williams had been attracted to the country by a Canadian firm. Without Embassy support they would have never invested in the country.

Q: Was there a pro-business culture in Lithuania?

SMITH: Yes, but not as much as in Hungary or the Czech Republic. The educated class recognized that they would not develop without large amounts of Western investment. As in every other country, there were local interests that did not want to share the country's assets or to face Western competition. In a country like Lithuania, where a lot of the old nomenclature remained influential, some entrenched interests were able to stop some foreign investment from entering the country. For instance, the privatization of the country's main port at Klaipeda was not conducted in a transparent manner and it was handed over to a powerful local "businessman" who had good Soviet-era contacts, rather than a U.S.-Dutch consortium. The winner was the country's richest guy and a close personal friend of President Brazauskas. Many of us, including some Lithuanian economists, questioned the fairness of the tender. At the time, the winner was giving money to every one of the political groups in the country. The current prime minister was president when I presented my credentials. He had earlier arranged to have a four million dollar hotel privatized to his mistress for a fraction of its real value.

Another frustrating case involved the interest of Duke Energy, from North Carolina in making a substantial investment in Lithuania. Duke is a very good company and it was interested in setting up power lines to carry excess electricity from Lithuania to Poland. It would have been a big money earner for Lithuania and good for eastern Poland, where they lacked sufficient electricity. However, when the Duke people were in a private meeting at the home of the wealthy owner of the Klaipeda port, there was an offer made by the Lithuanian to secure the power line contract in return for a bribe. Of course, the Lithuanian industrialist did not make the offer personally; he had his assistant do it while he was in the other room. Under the proposed agreement, Duke would put \$20 million into a bank account in the Turks and Caicos Islands. The Duke quickly rejected the offer and returned to Vilnius. They flew back to the U.S. the next day. The Embassy was able to secure a copy of the draft contract. I had our embassy check out the account in the Turks and Caicos, and found that the account really belonged to LUKOIL, the Russian oil company then in negotiations with Williams. So there again came a corruption tie with a Russian energy company.

Unfortunately, a lot of European companies will come in and pay the bribes, the French especially, but the Germans also. I saw evidence of this in Estonia and Lithuania. Although U.S. companies are not always the cleanest in the world, they are constrained by the U.S. Foreign Corrupt Practices Act. I was impressed that Williams distributed copies of the Act when they entered the bidding in Lithuania. Yet, even today many Lithuanians charge that Williams (and I) must have been engaged in corruption because of Williams' success in defeating LUKOIL in negotiations. There are some who still charge that I, backed by the U.S. Government, coerced Lithuania into awarding the contract to Williams. It is sad to hear these old charges brought up by people who should know better. Even the American trained President, Valdas Adamkus, eventually withdrew his support for the deal (after it was signed) and joined the chores of those charging that the Williams agreement had been "forced" on Lithuania. In fact, Williams only signed the deal because the President personally asked them to. When he called them, they were

preparing to leave the country without signing with the Lithuanian Government. His cowardly reaction to nationalistic criticism was disheartening to me. I had worked damn hard, month after month to bring the deal between Williams and the Lithuanian Government together. The President could never tell me what alternative Lithuania had. No other Western company wanted to buy Lithuania's facilities, since they would have to rely on crude oil from Russia.

Q: What about relations with Poland?

SMITH: Relations with Poland were really dicey the first two years after independence, because there were a lot of hard feelings toward the Poles over their takeover of large parts of Lithuania in 1919, including the former capital city of Kaunas. Many villages in Lithuania were populated in large part by ethnic Poles, and a large area of northeast Poland had many towns with a majority of ethnic Lithuanians. There was anger on both sides of the border over the territorial changes of 1919, and over those imposed by the Soviet Union in 1944. Within a few years, however, Poles and Lithuanians quickly realized that they needed allies if they were going to confront any threat from Russia. By 1995, Polish-Lithuanian relations begin to improve and by the time I arrived in 1997, they had established a close relationship. In some ways, the Poles adopted Lithuania, not as a protectorate, but as a country that they would help get into NATO. Polish relations were very useful to Lithuanian aspirations to become EU and NATO members. A joint Polish-Lithuanian military battalion was established and units from both countries trained together. Units from Lithuania joined the Poles in international peace keeping activities. Many Lithuanian political leaders spoke Polish. For example, Lithuanian President Landsbergis spoke fluent Polish. Today the Lithuanian Foreign Minister speaks excellent Polish.

Q: How about with Belarus? Was Belarus seen as sort of the cat's paw of the Russians or what?

SMITH: Most Lithuanians were very concerned about the direction of events in Belarus and of the size of Russian forces stationed there. On the other hand, Lithuanians were able to understand the situation in Belarus much better than those of us from the West. They understood that Russians wanted to control Belarus, if not to incorporate the country into a greater Russia. In the late 1990s, Russia's view of Belarus was similar to the one toward Ukraine. The people of both countries were seen in Russia as part of their same cultural and ethnic group. But Belarus President Lukashenko realizes that unification with Russia without him as the federation president would mean the loss of his own influence. For several years, he actually aspired to be president of a "greater Russia." Belarus is really Europe's odd man out. The European Union just announced a "new neighbor policy" with about 20 countries on the borders, and they've excluded Belarus from being part of the program.

The Lithuanians want good relations, but they know they have to keep Lukashenko at arm's length. They hope that popular support for integration with the West will come by encouraging a lot of Belarusians to travel to Lithuania and other European countries. The Poles also stay very well informed about the situation in Belarus. Warsaw opposed the European Union's policy of excluding Belarus from the "new neighbor policy" because they feared that it would isolate the progressive elements in Belarus. The problem is that we are dealing with a Lukashenko who has his political opponents killed. He is a very, very nasty character. About a year and a half before I became ambassador to Lithuania, I attended an international conference in Minsk and gave a talk

about European security at the Belarus State University. One of the students in the audience was Lukashenko's son. Like most communist audiences, they are trained to be polite, but passive. They're taught not to challenge speakers and to say what they really think. It was a very kind of bizarre trip. During the two-day conference, the youngish head of the Belarusian Foreign Policy Association struck me as quite open and pro-Western. He obviously generated opposition in the Lukashenko Government and he mysteriously died in a nighttime car "accident." It was the classic method used by the Belarus KGB to get rid of "problem people." The "problem" left a young wife and two children.

The country was still very Soviet in most ways. Going across the Lithuania-Belarus border is like going into the old Soviet Union. You have at least four places where they check your passport before you free to leave the border area. Many Belarusians have succeeded in taking refuge in Lithuania. On one of my trips to Minsk, I met the present foreign minister of Belarus. I remember one night him telling me that his goal in life was to become ambassador to Lithuania. He had been ambassador to the United States, and came across as a very urbane, western-type person. I don't understand how he succeeded in becoming foreign minister in that situation. The Poles have a program to bring Belarusians over as Fulbright-type scholars, and they also bring Belarusians to Poland to participate in seminars on various development issues. The Poles avoid telling the Belarusians how to develop their country, but instead explain how they instituted reforms, including the mistakes made. It is a much better than what we use. We tend to lecture people too much. It is more difficult for the Russians to force Belarus to integrate, since a growing number of Belarusians now like being independent. And yet, even today, over 50% of Belarusians and Ukrainians think they're the same nationality as Russians. But nationality and citizenship is different in that part of the world. Once you have been part of an independent country, it's difficult to accept foreign control. I believe that time is on the side of those in Belarus who want an independent democracy. We will have to wait and see how things develop. We need to keep in mind that Belarus is one of the poorest countries in Europe and it borders much wealthier countries on its western side.

Q: Is there a Baltic feeling as a separate thing, or you feel the states are kind of at the time you were there each kind of doing its own thing?

SMITH: To some extent they were still holding together in the 1990s because they knew that a unified approach would improve their chances of membership in NATO and the EU. In dealings with the Russians, the Baltic States had enough similar interests to want to stay together. In the pre-independence period you had the famous human chain, where people linked hands all the way along the Baltic coast to appeal for independence. It had the desired political effect in Europe and in Russia. Now that these countries are in both the EU and NATO. As a result, we will find the development of the three countries diverging. They will want to be treated more as individual countries rather than as a bloc. Everyone in the U.S. and Europe starts off by saying that each Baltic state is very different from the other. In the next sentence they lump all three states together. I'm certainly guilty of this. Estonians feel weaker ties to the other Baltic ties than do Latvia and Lithuania.

There's a bit of arrogance in the attitude of some Estonians. They believe that they are more sophisticated and closer to European culture than the others. There is a tendency by Estonians to consider themselves Nordics, rather than Baltic. Former Estonian Foreign Minister Tom Ilves caused some wounded feelings in Latvia and Lithuania when he said, "We're really not Baltics, we are Nordics." On the whole, the three Baltic States still work well together. Their foreign ministers meet about three or four times a year, the prime ministers get together on a regular basis as do the economy, industry, agricultural and interior ministers. The EU is helping build the "via Baltica" roadway which will better link the three countries. At present, there is no train service between the major capitals. You have to go to Moscow to go from one Baltic capital to the other by train. I've even taken the train from Moscow to the Baltics and I had to go directly to Riga. New issues will arise as they become more integrated into the EU. The Estonians are less interested in agricultural issues; they're more focused on monetary union. The Latvians are somewhere in the middle, but maritime issues are more important to them.

Moscow sees the Latvians as the weak link in the Baltic chain, and they put much more political pressure on Latvia than they do on the others. The Estonians just tell the Russians to go to hell and get away with it. The Lithuanians have more latitude, since they have a smaller ethnic Russian population and are less important to Russia except as a corridor to move people and good from Kaliningrad to the mainland. And so the Lithuanians have a somewhat more leverage with Moscow. When Lithuania was entering the EU, the Russians demanded sovereignty over a corridor running between Belarus and Kaliningrad. Of course the Lithuanians said no to this grab for their sovereign territory. Eventually, a special sealed train was agreed to that would shuttle Russians, including military personnel, between Kaliningrad and Belarus. The shocking thing to me was that the EU was willing to grant Russia control over Lithuanian territory. Only Lithuania's strong objections prevented it.

Q: You were there from '97 to 2000. Was the attitude wait till we get into the EU and NATO and then this is really going to keep us out of the Russian claws?

SMITH: To some extent. I was in Estonia and Latvia a week before they became members of the EU, and just after they became members of NATO. There was a feeling of relief in those countries; a feeling that they now have hard security through Article Five of the NATO Charter, and soft security through being members of the EU. It does provide them more security against Russian pressure than they would have otherwise, but perhaps not as much as they might think it does. Right now Russia is not in a mood to try to push aggressively against the Baltic States except through the threat to withhold energy exports if Russian control over key energy facilities is not allowed. Other than energy, Moscow doesn't have any way of really forcing its will on the Baltic States. Russia continues to pressure Latvia and Estonia on ethnic minority issues. Moscow repeatedly claims that the human rights of the ethnic Russians are being violated. This is primarily an issue of domestic politics in Russia, but it does keep suspicion high regarding Russian intentions in the region. The claims are more important to the people in Russia than it is to the ethnic Russians in the Baltic States. I've even had prominent ethnic Russians in Latvia tell me that the problems are exaggerated by Moscow, but that pressure from the Kremlin is useful to gain more privileges in the Baltic States. They were clearly in a privileged position before the collapse of the Soviet Union and many have a hard time dealing with the fact that they now have

to compete for jobs, education and apartments with Latvians and Estonians. Most ethnic Russians in the Baltic States are proud to be the first (and maybe last) Euro-Russians.

Q: I imagine they certainly would feel better off than if they were back in the Russian embrace.

SMITH: They could go back and live in Russia anytime they want. But they don't want to. I talked to a Russian in Latvia recently, actually just a few weeks ago. He said that when he goes to Russia they treat him like he's not really Russian and they warned him about trying to appear better than them. He is uncomfortable there. He's more Baltic than Russian now.

Q: How did you find dealing with the Lithuanian government?

SMITH: On the whole, the U.S. image in the Baltic States is higher than in almost any other region of the world. Obviously support for the U.S. has weakened since the start of the Iraq War. East Europeans continue to view the U.S. as their strongest guarantee against Russian imperialism. We were the country that refused to recognize their incorporation into the Soviet Union, even though many European countries did. We helped the Baltic States maintain embassies in Washington for 50 years. They are grateful that the U.S. was the only large Western democracy that supported their independence from the Soviet Union. For that reason, EU membership does not provide them with sufficient military security. They don't believe that the Europeans would really support them if the Russians started putting them under military pressure. I'm not convinced that most Europeans would sacrifice soldiers for Baltic independence. Some of the Nordics might try and help. But the French and the Germans would do nothing. The Balts are well aware of this, and for that reason they still view the United States as their major security guarantor. The Balts and the other new EU and NATO members are going to bring a fresh approach to the issues being debated in the EU and in NATO. This will have a positive impact on both institutions.

SMITH: The focus of the Baltic States was on NATO. They viewed the proposed European force as a distraction to the crucial role of NATO. Because they were anxious to join the EU, they didn't dare say what they really thought about a European defense force. For instance, the European assistance program in the Baltic States was so bureaucratic and so heavily loaded with high-priced consultants, that it was a waste of money in the 1990s. But the Balts were afraid of criticizing it because they were afraid that this would be seen as ungrateful and would delay them getting into the EU. They're going to be speaking with a lot more frankness now than they did before.

Q: How did you find the old Lithuanian embassy? I always thought of we kept these embassies open for 50 years, you think sort of geriatric type of staffing. I mean, by the time you were there.

SMITH: There were real embassies in Washington. By the mid-1990s, the Baltic Governments sent young, talented people to Washington as ambassadors. The Lithuanian ambassador who was in Washington while I was in Vilnius became a good friend and collaborator. We were often on the phone trying to get our governments to support on one policy or another. He was an

outstanding young diplomat. Unfortunately, he just passed away. But I worked very close with the Lithuanian Foreign Ministry in Vilnius. There were newspapers and individuals in Lithuania who criticized me for supporting American companies, but some of them were being paid under the table by LUKOIL. Others were just nationalistic and they had an exaggerated view of the value of the country's energy assets. On the whole, I never really felt much personal hostility on the part of Lithuanians. I took some heat over our visa policies, but that couldn't be helped.

Q: I know you have to go. Did you get into trying to explain the Monica Lewinsky thing? This must have been an embarrassing time.

SMITH: It was somewhat embarrassing, but Europeans didn't take it as seriously as did Americans. They assumed that all of the rich and powerful behaved the way Clinton did. The French ambassador asked me why Americans were getting so upset at the details of Clinton's personal life. The Monica Lewinsky affair was an American event. It didn't get that much press play in Lithuania. People weren't interested in scandal in the U.S. They don't expect their leaders to be squeaky clean on issues of sex.

End of reader