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Department of State, Memorandum, 'Termination of Baltic State Representation Supported from Blocked Baltic Assets Held in the United States'

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Policy recommendation to phase-out US financial support of Baltic embassies.

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UNITED STATES GOVERNMENT

Memorandum

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TO : EE - Mr. Lisle

DATE: May 10, 1966

FROM : EE - Alton L. Jenkens

SUBJECT: Termination of Baltic Representation Supported from Blocked Baltic Assets Held in the United States

Background

The three Baltic States, Latvia, Lithuania and Estonia were incorporated into the USSR in July 1940. At that time, the United States Government adopted a policy of non-recognition of the incorporation and, in applying this policy, continued to recognize and deal with the accredited diplomatic and consular representatives of these states. At about the same time, a decision was made to release annually specified amounts of blocked Baltic funds for the maintenance of diplomatic and consular missions in the Western Hemisphere and Europe. To date, this policy has not been changed. Each year in connection with the release of blocked funds the Secretary certifies to the Federal Reserve Bank of New York that Estonia, Latvia and Lithuania are "foreign states recognized by the United States Government" and that a particular representative is "recognized by the Secretary of State as being the accredited representative of..(state)..to the Government of the United States." This certification is made pursuant to Section 25(b) of the Federal Reserve Act, as amended. The two key elements of the certification are our assertion that the Baltic States exist as independent entities and that certain individuals are recognized by us as representatives of these entities. Without this certification the Federal Reserve would not release blocked Baltic funds.

In the non-governmental sector, our Baltic policy is expressed mainly through the Secretary's annual letters of congratulations to the Baltic mission chiefs on the occasions of their National Days and in the Department's replies to correspondence raising the question of our Baltic policy.

Our continuing recognition of the Baltic States as independent national entities and our accreditation of Baltic representatives appear to be based on policy decisions rather than on precedent or international law.

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Discussion

While our accreditation of Baltic diplomatic representatives no doubt gives support and satisfaction to Baltic emigre groups and may give some comfort to the peoples of the Baltic area, it is not an essential element in our Baltic policy. We could continue to refuse to recognize the Soviet annexation of the Baltic states and to champion self-determination for their peoples without diplomatic representation in this country. The continuing existence of Baltic diplomatic missions twenty-five years after the de facto annexation of these states by the Soviet Union is an anachronism. These missions no longer serve a useful diplomatic purpose, their psychological-warfare impact is minimal, and they are not necessary to our Baltic policy.

If the above premises are accepted, then Baltic official representation should be terminated. How and when this can be done is a separate question. The most direct and effective method would be the withdrawal of accreditation. While this would have the advantage of being a one-time act whose timing would be under our full control with no fear of retaliation from the existing Baltic governments, it might not be the most appropriate course of action for the following reasons:

First, such an act would certainly arouse the more articulate Baltic-American organizations who would view it as a sign that our Baltic policy is changing and who would generate Congressional inquiry and perhaps criticism of the Department's action. For domestic political reasons the Administration might not wish to alienate Baltic groups on this issue.

Secondly, such an act would be a gratuitous gesture toward the Soviet Union for whom our accreditation of Baltic representatives is certainly an irritant. The state of our bilateral relations with the USSR at the present time does not seem to warrant such a gesture. And finally, such an act would have the effect of cutting off completely the financial support which we have indirectly given to those Baltic diplomatic and consular officials who staff missions in the United States, Europe and Latin America; having made the support of these officials possible for the past twenty-five years by releasing blocked funds, we have assumed a certain moral, if not legal, obligation to continue their support. There are no provisions for using blocked funds to make retirement payments or other arrangements for their support.

The alternative to withdrawal of accreditation is the gradual closing of missions through natural attrition of the corps of diplomatic and consular officers who legitimately represent, or can represent, their respective "last free governments". One of the conditions that we

have continuously imposed on Baltic diplomatic representation is that of legitimacy--that is, that the person who represents the "last free government" of his native country must in fact have been commissioned or otherwise designated by that government to serve in a diplomatic or consular capacity. Since there are no recognized Baltic governments now functioning, there is no authority to appoint new Baltic diplomatic officers. We thus have a built-in mechanism for honorably phasing-out Baltic representation.

Since the Baltic mission chiefs in this country and abroad are men fairly advanced in years and their staff officers only a few years youngers (Tab A), Baltic representation, as supported by blocked funds, should end within the next fifteen years, or at the least be reduced by that time to a couple of individuals. Sufficient blocked Baltic funds exist to cover this period. The phase-out plan will accomplish our objective while avoiding the three objections that withdrawal of accreditation presented: Baltic groups will have no basis for objecting to such action; the USSR will not receive propaganda ammuniton from such a termination; and, our moral obligation to support these officials will have been fulfilled.

Recommendation

Assuming that there is no change in our basic Baltic policy, it is recommended that we adopt a course of action that will lead to the eventual termination of that Baltic diplomatic and consular representation which is supported through United States Government release of blocked Baltic funds.

Approved_____

Disapproved_____

Action

In order to carry out an orderly and gradual phase-out of official Baltic representation in the United States and abroad, the following precautions and restrictions will have to be observed:

1. Provisions will have to be made so that of all the missions now supported through blocked funds (Tab B) the last remaining ones will be in the United States. Under the provisions of Section 25(b) of the Federal Reserve Act, withdrawal of blocked funds can only be accomplished if the Secretary certifies that he recognizes a particular individual as the accredited representative of..... country. Should the representation of any of

the Baltic states terminate in the United States while there are still missions of that state abroad, we would have no way of continuing to support these missions out of blocked funds. This would no doubt cause considerable ill-will and adverse publicity about our involvement in this matter. Baltic representation in the United States could be extended the longest by continuing our policy of allowing properly "qualified" Baltic representatives to be transferred from overseas to the United States as vacancies occur at missions in this country. Precedent exists for such action (e.g. Spekke from Rome to Washington as Charge d'Affaires and Backis from Paris to Washington as Counselor of Legation).

2. The Department should strongly resist any pressure by Baltic groups in this country or abroad to have persons accredited who are not "qualified". It is quite likely that as vacancies occur, local Baltic groups will try to have some of their own younger people recognized by the Department as diplomatic representatives even though they have had no connection with the diplomatic service of their country. This must be resisted if we are to phase-out the existence of blocked-funds supported missions. Since we review and approve the yearly budgets of the Baltic missions, we can refuse to authorize any allocation of funds for salary payment to persons who in our opinion are not "qualified" representatives.

3. The Department, in order to phase-out overseas Baltic missions first, should refuse to authorize any budget requests for salary payments to new appointees at overseas posts, even though "qualified", if they are not accredited by the host governments. At the present time, all salaried Baltic representatives overseas are either officially recognized by the host government or have a personal or courtesy recognition such as that extended by the French Foreign Ministry to certain former Baltic diplomats now residing in France. We should insist on official recognition for any qualified but new representatives before we approve their inclusion in the blocked-funds budgets. We should not discourage foreign governments from continuing to recognize Baltic representation; our concern is only to end our financial obligations to the Baltic officials whom we have supported for the past twenty-five years. We must not incur unnecessary new obligations at this time.

Attachments:
Tab A - Accredited Baltic Representatives in the United States.
Tab B - Baltic Missions Supported from Blocked Baltic Funds in the United States.

EUR/EE:ALJenkens:eb

TAB A

ACCREDITED BALTIC REPRESENTATIVES IN THE UNITED STATES

Lithuanian Legation:

Joseph Kajeckas, Charge d'Affaires, a.i.
d.o.b. June 17, 1897

Dr. Stasys Backis, Counselor of Legation
d.o.b. February 10, 1906

Lithuanian Consulate General New York:

Vytautas Stasinskas, Consul General
d.o.b. November 18, 1906

Anicetas Simutis, Consul
d.o.b. February 11, 1909

Lithuanian Consulate General Chicago:

Petras Dauzvardis, Consul General
d.o.b. November 16, 1895

Latvian Legation:

Dr. Arnolds Spekke, Charge d'Affaires
d.o.b. June 14, 1887

Dr. Anatol Dinbergs, Counselor of Legation
d.o.b. March 3, 1911

Estonian Consulate General New York:

Ernst Jaakson, Acting Consul General in charge of Legation
d.o.b. August 11, 1905

TAB B

BALTIC MISSIONS SUPPORTED FROM BLOCKED BALTIC FUNDS IN THE UNITED STATES

Estonia:

New York	Consulate General
London	Legation
Bonn	Office
Madrid	Office
Toronto	Consulate
Rio de Janeiro	Consulate

Latvia:

Washington	Legation
London	Legation
Rio de Janeiro	Legation
Toronto	Consulate
Melbourne	Consulate
Paris	Office
Bonn	Office
Madrid	Office
Geneva	Office
Rome	Archives
Rotterdam	Office
Stockholm	Office

Lithuania:

Washington	Legation
New York	Consulate General
Chicago	Consulate General
Toronto	Consulate General
Rome	Office
London	Legation
Holy See	Legation
Paris	Office
Germany	Office
Montevideo	Legation
Rio de Janeiro	Legation