

|| CHAPTER TWENTY

THE CORRUPTION OF DOMESTIC ORGANIZATIONS: THE AFL-CIO

AT THE height of the cold war, as Russian tanks smashed into Czechoslovakia, a silk manufacturer from Milan named Pietro Ruffini flew across the Atlantic for hush-hush meetings in New York with American bankers and industrialists. Ostensibly, Ruffini came on business. But in fact, he carried credentials from the "highest responsible authorities" in Italy. He stayed at the Hotel New Weston at Madison Avenue and Fiftieth Street. With the help of intermediaries selected by the U.S. State Department, he began soliciting contributions from corporations to fight communism in Europe.

Ruffini's trip was a success. The cash he collected went into a special account for transfer through a Vatican bank to anti-communist political parties in Italy. But his mission deserves special notice for another reason: it is the earliest documented example of collaboration between government and business to achieve American foreign policy objectives through the use of corporate payments abroad.

In recent years, continuing disclosures of payments overseas have given American business a lasting black eye. It is not entirely undeserved. Payoffs encouraged an atmosphere of corruption that helped erode the authority of pro-American regimes such as the shah's in Iran. Many corporate payments clearly were bribes intended solely to promote business purposes. But many American businessmen got into the habit of making foreign payments at the

instigation of the State Department, as part of a cooperative arrangement with the U.S. government.

In fact, corporate payments instigated, approved, or condoned by the State Department or the Central Intelligence Agency were—and to some extent still are—a critical tool of U.S. foreign policy. They serve to prop up friendly foreign governments, buy the temporary loyalty of foreign politicians, and acquire intelligence. “In lots of places the people in power don’t distinguish between a direct payment from the CIA or, let’s say, a sales commission from a big American company,” one U.S. official explains. “To them it’s all the same. It came from America.”

“This era of cooperation between business and government was common all over the world,” says John J. McCloy, who served the oil companies and other legal clients in between various high government foreign policy jobs.

In fact, Pietro Ruffini’s cash collecting trip was actually organized by the U.S. embassy in Rome. A 1948 State Department cable marked “top secret” says, “His plan, as outlined to a member of the embassy, is to form a small committee in New York of industrialists and bankers with European interests who might be willing to contribute to the Democratic Christian party, which is leading the fight against communism in Italy. No publicity whatsoever will be given to his activities.”*

So started an unusual form of corporate taxation to pay for covert foreign aid, a kind of under-the-table Marshall Plan that became permanent. But many leaders of the political parties that the U.S. wanted to support overseas were also businessmen. So after a while, there was natural confusion over where politics stopped and business started. One could well raise the question of who was using whom for a cover.

For example, Lockheed Corporation admitted to the SEC that between 1970 and 1978 it paid \$30 million to \$38 million in improper foreign payments to influence aircraft sales in fifteen foreign countries. The SEC wanted to go after Carl Kotchian, who was Lockheed’s president part of this time. But Kotchian’s lawyer, Mitchell Rogovin, warded off any bribery charges. He told the Justice Department that if Kotchian was charged criminally, Rogovin would “demonstrate at trial the reasonableness of our client’s belief that the government knew foreign payoffs were being made.” He said that not only did the State Department and CIA know that such payoffs were commonplace, it knew Lockheed was among the companies making them. Kotchian wasn’t charged, and the public never got to find out what really happened.

*This chapter, to this point, with only minor editing, was the beginning of a news story being prepared by Jerry Landauer of the *Wall Street Journal*, an irreplaceably good reporter and friend, at the time of his death in February 1981 at age forty-nine. The draft ended there, and was found in a folder with some State Department documents on which it was obviously based. The identification of McCloy is mine.

The same problem arose time and again. Philip Heymann, head of the Criminal Division at the Justice Department in the Carter administration, speaking about the situation generally, acknowledged, "If there was extensive acquiescence by federal officials, it could be a very troublesome objection to our prosecution." And he said if the government "actually encouraged the wrongdoing," it couldn't prosecute at all. A series of prospective SEC bribery cases was never taken to court; details weren't disclosed, for obvious reasons.

IN the beginning, of course, in Western Europe, the CIA's cause was much more noble than it was to become later in places like Zaire, the Philippines, Indonesia, Cuba, Guatemala, Iran, and Chile. It would be hard to argue that France and Italy, for example, aren't much better off for history's turning out the way it did. Those who worked for the U.S. cause in those countries might assert that the Soviets started the sabotage of the democratic system, and the U.S. had to fight fire with fire to keep them from taking over.

But this is the same argument made for covert intervention everywhere. Much of the time it's clear that the Soviets *didn't* start the cheating. And when they do misbehave, one may fairly ask why the response must be secret. If we learn that covert Eastern bloc aid is being poured into the communist parties of Western Europe, why not say so, offer our proof, and announce that we are prepared to balance the scales? If the majority of the people in those countries wanted to resist the left-wing advances, as they surely did in 1948, they would welcome the aid. If they didn't, better to find out quickly and readjust the policy.

The Marshall Plan was no secret, and was a great success for every country that participated. The Berlin Airlift was not carried out by mysterious Cuban mercenaries with forged IDs flying planes with painted-out serial numbers. The Battle of Midway wasn't subcontracted to the Mafia. If what we're doing is right, why hide it? Why set in motion all sorts of secret alliances that can't be monitored later?

THE same year Ruffini made his trip to New York, 1948, the CIA also began turning private U.S. citizens into spies. While U.S. schoolchildren were told that Soviet schoolchildren had to report on the loyalty of their parents—stories all too often true—U.S. businessmen were assigned to perform the same function on their business associates. There was an important difference: the U.S. businessmen who were asked to become spies were free to say "no." But a lot said "yes," and although the deal may have been fair for them, it wasn't fair for colleagues, clients, and employees here and abroad who might have trusted these men with information that they did not particularly wish to be conveyed to the government.

Of course, law enforcement has always relied on the cooperation of public-

spirited citizens who pass on information about their associates' misbehavior. But again, there is an important difference. Law enforcement officers must eventually play their hand in open court. They are allowed to collect information only if they have reasonable ground to believe that a crime has been committed, and even then the information collected must be related to the crime.

Intelligence officers, on the other hand, work secretly to know everything about everything. Blackmail is not outside their rules. Their ultimate goal usually is to influence political decisions covertly, outside the normal democratic process. Unlike the criminally accused, the victims of intelligence operations may never know what hit them. The victims include not just Americans, who have many legal protections, but also foreigners who are subject to arbitrary political imprisonment or execution.

According to a classified State Department report dated September 3, 1948, "During the past year, the Central Intelligence Agency has established throughout the United States a number of regional offices for the purpose of obtaining, on the highest possible level, foreign intelligence information which is available to bankers, commercial firms, corporations, and institutions of various kinds. The arrangements for obtaining this information are made with the senior executives of the institutions and corporations concerned and, in most cases, a maximum of only four or five senior officials know that reports and information coming to their organization from their foreign agents and connections are being made available to the intelligence organization of the government. The information obtained through this means is disseminated by CIA on a pink report form entitled 'Information Report' bearing in the right-hand upper corner a serial number beginning 'oo-B.'"

So some high company officials secretly agreed to open their companies' internal and external correspondence to the government. From there, it wasn't much of a jump for the government to obtain agreements from the same companies to provide "cover" for full-time spies. This means that the guy at the next desk might not be who you think he is. This was an even more threatening situation in years past than it is today, because the U.S. was less tolerant then of minority viewpoints on politics, social life, religion, and sex than it is now. And that tolerance could someday recede once again.

What companies were—are—involved? It's been published, and not really denied, that Exxon, Chase Manhattan, Lockheed, Moore McCormack (steamship lines), and Control Data were at one time or another doing chores for the CIA. Ashland Oil admitted it was.

During the 1970s, some of the domestic spying was toned down. Journalists uncovered many inroads that the CIA had made into American life. Seymour Hersh of the *New York Times* more than any other person was responsible for curtailing these invasions of privacy and liberty. The CIA began to rely more on putting its spies in foreign embassies, under diplomatic cover. It also created its own phony businesses to serve as commercial cover; that way, everyone working for the businesses could be a knowing and willing

spy, and so only selected targets would be spied on, not innocent bystanders. Obviously, though, many of the old practices continued.

Then, in 1981, the Reagan administration announced it would purposefully make more use of "nonofficial" cover for its clandestine operations around the world. Reagan and his CIA director William Casey declared a renewed emphasis on infiltrating U.S. business, trade, and educational concerns with overseas operations.

If the nation were truly in peril of losing its freedom to foreign invaders, of course, one would hope that plenty of citizens would line up to carry on the tradition of Nathan Hale. But in light of the U.S. government's record since World War II, one must ask where the greater peril lies.

U.S. business was not alone in being enlisted as a covert political agency, secret from shareholders and customers. Organized labor has worked hand-in-glove with the CIA, and has lied to its members about it.

Take Irving Brown. Few men in the history of the U.S. labor movement have been more extolled than Brown, who for many years has been a top international representative of the AFL-CIO (and continues so at this writing). Brown was considered the most vocal anti-communist in the U.S. delegation that walked indignantly out of the International Labor Organization in 1977 to protest the ILO's increasingly leftist slant.

The ILO, part of the United Nations, was intended to bring together management and labor from many countries to promote the general goals of fair labor standards—regulating wages, hours, job safety, and so forth. Like other U.N. bodies, the ILO got more and more frustrating for the U.S. as the U.N. came to be dominated by governments without traditions of democracy, and without industrial economies—where capitalist distinctions like independent management and labor were out of context. As in the case of other U.N. bodies, the ILO drifted toward the concerns of its new majority.

In 1977, partly at Brown's behest, the U.S. decided to counterattack. The U.S. delegation stalked out of the ILO, claiming that communist and Third World delegates were not really independent employer-employee representatives as the ILO constitution intended, but were really political operatives of their governments. Brown accused Third World governments of sabotaging the ILO with their mostly political concerns. In 1980, after President Carter decided that the ILO was halting this "politicization" (which had culminated in a call for seating the Palestine Liberation Organization), Brown was in the forefront as the U.S. delegation returned to Geneva.

The AFL-CIO's international magazine, the *Free Trade Union News*, lavished praise on the veteran unionist. It described how he defeated "the Soviet bloc-Arab alliance" in crucial votes, and "pressed the ILO to move in a direction that serves the needs and interests of the workers rather than the political aims of governments."

What lies and hypocrisy!

At least five former U.S. intelligence officers say that while overseas Brown has done undercover work for the CIA—this was when he was ostensibly championing the cause of independent trade unionism. In fact, Brown has been an important factor in three AFL-CIO international organizations that operate in seventy-five countries throughout the world, funded mostly by U.S. tax dollars. And various former intelligence officers and others say that all three organizations have been used to do CIA work. Yet Brown and the AFL-CIO continue to scorn other countries' trade unions on the ground that they are government-influenced.

Brown's secret connections go back many years.

On February 24, 1948, while Pietro Ruffini was passing his hat at the Hotel New Weston, the U.S. ambassador to France, Jefferson Caffery, wrote a "top secret" letter to Under Secretary of State Robert A. Lovett: "The non-communist French leadership in the labor field has suffered two rather serious setbacks as a result of trade union elections in which both the printers and miners voted in favor of remaining within the communist CGT," the letter said. The CGT was a left-wing confederation of trade unions that was opposed by the International Confederation of Free Trade Unions, which Brown helped start, and which was run with CIA money.

The ambassador's letter went on: "According to our information, a major factor in these unfortunate elections was the lack of organization on the part of the non-communists which, in turn, is attributable in good part to their lack of funds. I have just heard that certain important American business interests in France recently sent representatives to Washington with an offer to donate certain sums for the battle which we are waging. I understand that they spoke to Admiral Hillenkoetter who informed them that the government should and would shoulder this burden. I am entirely in accord with this position in principle, but as pointed out in my previous letter, time is of the essence and it seems to me that if there is to be any appreciable delay in providing funds through government sources, it would seem desirable to reconsider this offer from private sources. . . .

"I am enclosing a rough outline of a concrete plan for work among the port workers, which heretofore has been the stronghold of the communists, and I think that this project should be pushed as rapidly as possible. On this we are in close touch with Irving Brown, European representative of the A F of L, who is working out the details, including the choice of competent militants."

The ambassador's rough outline included an expense estimate, allotting 1.5 million francs (about \$7,000) for eight organizers, plus "propaganda material, typewriters, etc." The money would cover just four months of organizing in various ports around France. The estimate noted that the corporations had better be prepared to pay much more money later, because "this phase of trade union work, which is largely clandestine under existing conditions, is relatively inexpensive as compared with the latter phase which

involves setting up and running trade union organizations on a local, departmental, and national level."

So that's how it worked. Irving Brown, purported servant of the American working man, selected candidates for leadership of the French trade unions. Then he reported back to the U.S. government and various multinational corporations, which put up the money for these men to run for union office. The sponsoring corporations employed not only the French workers who were members of the unions, but also American workers who were members of the AFL-CIO and paid Brown's salary. None of the workers in either country was clued in on what was being done with their dues and good name.

Next stop, Italy.

On March 12, 1948, the U.S. embassy in Rome cabled "top secret" to Secretary of State George Marshall: "Norris Chipman [not identified] tells me that Secretary Harriman was of great assistance in obtaining contributions for Irving Brown from U.S. industrialists with large stakes in France. Could he not be of assistance to us. Following companies have large interests in Italy: Standard Oil of New Jersey [now Exxon], Vacuum Oil [now Mobil], General Electric, Singer Sewing, American Radiator and Standard Sanitary, National Cash Register, Great Lakes Carbon, American Viscose Company, Otis Elevator. Would you speak to him about this matter."

It was an official shakedown list. Jimmy Hoffa went to *jail* for arranging less egregious sweetheart contracts.

MORE recently, the AFL-CIO has carried out its patriotic work on behalf of American industry through three international organizations, all of which have enjoyed the talents of Irving Brown at one time or another. They are the African American Labor Council (AALC), the Asian American Free Labor Institute (AAFLI, pronounced "aff-lee"), and the American Institute for Free Labor Development (AIFLD, pronounced "a-field"), which operates throughout Latin America.

At least the first of the institutes, AIFLD, was started not by an act of labor, but by an act of government, according to the "confidential" minutes of the Labor Advisory Committee on Foreign Policy, a group President Kennedy set in motion under Secretary of Labor Arthur Goldberg. AFL-CIO president George Meany was a member of the committee, which voted to establish AIFLD early in 1962, according to the minutes of the meeting. A second decision at that meeting was to give AIFLD \$350,000 in taxpayer money "in order to facilitate securing contributions from private foundations, organizations, and companies." And finally, it was agreed that Goldberg would bring Secretary of State Dean Rusk and CIA director John McCone to the next meeting, March 12, 1962.

The three institutes over the years have received about \$120 million from the U.S. Agency for International Development (AID). The funds are des-

ignated for organizing and promoting "free labor unions." The State Department says unions foster economic development, and therefore labor organizations qualify for federal funds just as many religious and charitable organizations do when they distribute food and medical relief abroad.

Currently, the ever-growing organizations are gobbling up about \$20 million a year of AID money, plus \$500,000 or so in AFL-CIO funds, and other cash from "special funds" allotted by the State Department to U.S. embassies. There have also been substantial contributions from private corporations with big interests in the Third World, including ITT, Kennecott and Anaconda copper companies, Pan American World Airways, and, of course, the Rockefeller family. Until May 1981, these interests were represented on the board of directors of what is supposed to be an AFL-CIO labor organization.

By contrast to these three big-spending institutes, the AFL-CIO says its entire domestic budget is \$31 million a year, of which only about \$10 million goes for organizing and field services for workers in the United States.

The institutes clearly engage in some educational and humanitarian projects for Third World workers. They provide typewriters and business equipment for union offices, and send teams out to dig wells. But they consistently get involved in contentious activities in political hot spots. In El Salvador, AIFLD has spent at least \$7.7 million of AID money to promote a land reform program that was designed by U.S. government "experts" and supported by a U.S.-maintained military junta, until the voters of El Salvador got a chance to throw the junta out of office and vote in an opponent of land reform.

U.S. policymakers concerned with El Salvador had tended to think of the junta as a centrist government, implying that it represented the bulk of the population with only fringe elements on either side. That seems to have been another miscalculation. Judging from the election of March 1982, the junta government represented a fringe element in the middle, which was outnumbered by opponents on both sides.

The new right-wing government (left-wing candidates couldn't run) effectively called off the land reform program, which by most accounts wasn't working very well anyway. The stated intent of the program was to redress a distribution problem; 2 percent of the population controlled more than half the fertile land. But many landless farmers trying to claim the new plots they were entitled to had been machine-gunned to death by the long-standing owners. This discouraged other farmers from claiming anything. And where small farmers did obtain land, production declined, either because the co-operatives AIFLD set up were inefficient, or because the war interfered, or both.

One gauge of the sincerity of this program to help the poor of El Salvador is that it was suddenly thrown into operation in March 1980, just as Americans were getting interested in the war. Salvadorans both rich and poor understandably perceived the program to be a device to justify U.S. military support

for the junta. Two AIFLD land reform workers and a Salvadoran colleague were machine-gunned to death in the Sheraton Hotel coffee shop in San Salvador in 1981, a crime still not satisfactorily explained.

While all this was going on, the other two AFL-CIO institutes were having their own problems. An African American Labor Council official was thrown out of the West African country of Sierra Leone in a dispute over a general strike against the government there. And an AAFLI official was held hostage by laborers in a South Korean garment factory, whose union the AAFLI man was advising. The laborers were complaining, not without cause, that AAFLI was helping the government of strongman Chun Doo Hwan repress labor rights. South Korea being a police state, the factory's union was approved by the U.S.-supported government, but not necessarily by the workers it represented. Police stormed the factory, freed the AAFLI official, and arrested two dozen underpaid garment workers. Another victory for organized labor.

In the past, AIFLD has been active in Brazil, Chile, the Dominican Republic, and Guyana at the time of U.S.-supported government overthrows. And AAFLI sponsored a huge project ostensibly to organize the workers of war-torn Vietnam.

AID and foreign service professionals often resent the labor institutes, which seem to have privileged access to funds. "The State Department more or less directs us to fund these people," says an AID official in Washington. In El Salvador, where AIFLD has put some 250 Salvadoran organizers on its payroll, a U.S. official says, "They aren't unifying the *campesinos* [farmers]. They are dividing them. The people regard them as gringos, possibly CIA, and if it weren't for the current political situation, the El Salvador government would have them out overnight. I don't like the idea of someone using an agricultural organization to gather intelligence. I'd like to keep it as far from my office as possible."

IN 1964, a House Banking Committee investigation into tax-free foundations accidentally stumbled onto some that were fronts for the CIA. Through these foundations, the CIA secretly passed taxpayer money to various political, cultural, and labor organizations without specific appropriation by Congress or accountability to the voters. Clearly, the purpose was not mainly intelligence gathering, but the manipulation of private institutions and the democratic process.* Although this might seem reason enough for an investigation,

*Even where intelligence gathering was involved, the tactic was to say the least questionable. One group secretly working on the CIA payroll was the U.S. National Student Association. In the summer of 1962, the author led an NSA student tour group to the Soviet Union and Eastern and Western Europe. The group leaders, students ourselves, handled liaison with student leaders in the countries we visited, who were our

the committee backed off at the CIA's request, and confined its inquiry to the tax concerns of private foundations.

But newspapers and magazines, tracing records of gifts from foundations that the committee had exposed as CIA fronts, revealed payments to a number of labor groups associated with the AFL-CIO. Among them were the Retail Clerks International Association, the International Federation of Petroleum and Chemical Workers (which was involved with organizing oil field workers in Iran), the Communications Workers of America (the phone company workers, here and abroad—consider the possibilities), the clothing and Textile Workers' unions, and several others.

AFL-CIO president George Meany put on a wonderful show of outrage, insisting that he had been unaware the payments had originated with the CIA. "I think the CIA has a job to do, but it can do it without using or subsidizing the labor movement," he said. But right after the scandal broke in the press, and President Johnson ordered the CIA financing stopped, a replacement plan was filed by Meany's brother-in-law, Ernest S. Lee, then the assistant director of the AFL-CIO's international department and now its director. Without publicity, Lee obtained AID financing for some of the same organizations, with the money channeled through the three institutes, AIFLD, AAFLI, and the African American Labor Council. Though CIA money has been hidden in other AID grants, and could be in these, Lee and other AFL-CIO officials have consistently denied that the institutes have ever received CIA money or policy direction.

Irving Brown—a close confidant of his boss, Meany—helped start the African American Institute in 1964. He ran it for four years, then went to AAFLI, which was started in 1968 to organize Vietnamese labor unions and land reform as part of the Vietnam war effort. Brown is also close to AIFLD, whose president, William C. Doherty, Jr., says, "He [Brown] is a very dear personal friend of mine and most people who work for this organization."

Brown, interviewed by phone from his Paris office, staunchly denied ever having contact with the CIA. But former CIA officer John Stockwell says, "Irving Brown was 'Mr. CIA' in the labor movement." Former CIA officer Paul Sakwa* says that he served as Brown's case officer, or control, in the CIA for several years.

And former CIA officer Thomas W. Braden says that he personally delivered \$15,000 in CIA cash to Brown "to pay off his [Brown's] strong-arm

guides. We were assigned to write reports of what we saw and heard. I was granted a refund of part of the tour price as a reward for the adjudged excellence of the reports I filed, which I thought were for the use of the NSA in setting policy (it took stands on political issues) and arranging future tours. Apparently, I was really working as an unwitting CIA agent. I later resented being duped, and if this is evidence of personal prejudice on this particular issue, I confess it.

*In 1982, Sakwa, broke and with an alcohol problem, living in a one-room Washington apartment stacked with old newspapers, was indicted in a conspiracy to sell some em-

squads in Mediterranean ports so that American supplies could be unloaded against the opposition of communist dockworkers." Braden, a writer and former syndicated columnist, served as Allen Dulles's assistant in the 1950s. He says Brown used the pseudonym Norris A. Grambo for undercover work, while serving under his own name as AFL-CIO representative in Europe.

Stockwell, Sakwa, and Braden were interviewed separately and without each other's knowledge. Though Stockwell and Sakwa now regret many things they did with the CIA, Braden is unabashedly proud. He says that the \$15,000 was one of many regular CIA payments to AFL-CIO officials, that he assumes such payments have continued, and that he thinks they are a good idea.

Brown at first denied ever meeting Braden, but then conceded, "I could have met him because I think he was in Paris for a while." But he denied taking any money from Braden.

Sakwa says that as Brown's case officer from 1952 to 1954, he approved—and sometimes reduced—Brown's CIA budget of from \$150,000 to \$300,000 a year. He says Brown picked up the money from CIA undercover officers at the U.S. embassy in Paris and spent it paying off French labor organizers and on his personal travel expenses. One former CIA employee Sakwa named, reached at his current job at a major U.S. bank office in Europe, confirmed that he worked at the Paris embassy in the 1950s in intelligence, and that Brown and several other AFL-CIO officials were getting CIA money. (He agreed to be interviewed only on condition he and his bank not be named.)

After Sakwa's Washington work as a case officer, he served the CIA from 1955 to 1958 undercover as assistant labor attaché in the U.S. embassy in Brussels. He says he continued to be aware that Brown and other AFL-CIO officials received money. He says Brown carried CIA cash to Tom Mboya, who, until his murder in 1969, was a leading politician in Kenya. Under Brown's leadership, the African American Labor Council set up training programs for union leaders in Kenya that continue today.

Brown also was involved in the purported organizing of Zaire's working men and women. When David Morse, Mobutu's high-powered Washington lawyer and advisor, touted the Zairian trade union movement as "one of the best, if not the best, in Africa,"* he went on to say, "All of this work is being done with the support of the American-African Labor Institute [*sic*]

bargued technical equipment to the Soviet Union. He had been trying to scrape up work as a business consultant. Sakwa was eased out of the CIA in 1962 after protesting, within channels, against assassinations and other covert action he was assigned to carry out in Vietnam. He had been rebuffed in long efforts to get a government pension or be rehired. His interviews for this book were conducted prior to his legal problem. They were corroborated in many respects by other people and by documents, and were totally convincing. In 1983, he pleaded guilty to the export charges and was sentenced to one year of probation and 300 hours of community service.

*See chapter 3.

with headquarters in Washington, D.C., which, in turn is supported by the AFL-CIO and is financed by the U.S. AID program. . . . The leader of the mission . . . described to me in detail the magnificent job being done in Zaire by the labor movement in its effort to improve the social conditions of the people."

Obviously, the medical clinics, cooperatives, and leadership training programs Morse talked about are well camouflaged. Morse's statement is absurd on its face. Zairian workers, many of whose children literally starve to death for lack of money to buy food, aren't allowed to join legitimate unions. One American who can attest to that is Meyer Bernstein, a former United Mine-workers' and Steelworkers' official who worked for the AFL-CIO institutes in Zaire and in Latin America off and on until 1974. He is now with the Labor Department.

Bernstein recalls being sent to Zaire to train "union leaders," and being stunned to learn that they "couldn't strike, couldn't criticize the government, couldn't negotiate wages. We had to walk on eggshells to keep from being thrown out, because it is a dictatorship." He also complains that Irving Brown and two other AFL-CIO officials were taking money from the CIA, which he thought was "foolish." (Bernstein emphasizes that the labor groups did perform some valuable humanitarian work.)

Brown did organize at least one group in Zaire, however: the National Front for the Liberation of Angola, the CIA's star-crossed army, which tried to put Holden Roberto in power in Angola in 1975-76. George Houser of the American Committee on Africa recalls visiting the Roberto group many times in its camp in southern Zaire, most recently in 1974. He found Brown's union a strange one, mostly without employees—or employers for them to bargain with.

"They were mostly refugees who may have had various odd jobs," Houser says. "You can't liken it to a trade union as they are here. It was political, just an excuse to get money to Roberto." Brown himself doesn't deny that very few of the men had jobs, but says his union was "an attempt to train people for trade union activities when they went back [to Angola]."

John Stockwell, the CIA officer who supervised aid to the Roberto military campaign in Angola in 1975 and later wrote a book about it, recalls a 1966 conference of African labor leaders that Brown was supposed to organize in Ivory Coast. Stockwell says he was flown in to attend. "It was a colossal flop of a conference," he says. "In a hall that could have seated several hundred, there were eight people. And I knew that five were CIA. Brown was one of the five."

ANOTHER labor official whom Sakwa and Braden remember parceling out cash to foreign union leaders is William C. Doherty, Sr., the longtime president of the National Association of Letter Carriers. Sakwa says Doherty's personal expenses were paid by the CIA. Doherty's son, William C.

Doherty, Jr., is the current president of AIFLD, and a strong defender of its efforts in El Salvador and elsewhere.

Reached by phone at the Letter Carriers' Florida retirement town, Doherty, Sr., acknowledged that he "worked with" Brown and Braden "very closely up till the time I retired in 1962, and I look on both men in a very favorable light." About suggestions that he had funneled CIA money overseas, he would only say that he had "never been on a CIA payroll," and that he "never supplied any money to anybody except on behalf of the organization I represented" (neither statement contradicts what Braden and Sakwa said). Doherty went on to urge "widespread support for our Central Intelligence Agency," and said that "those who criticize our CIA the most tend to be dissidents who tend to flee to other countries and be identified with the KGB."

His son, the current head of AIFLD, frequently refers to critics as "communists," or "right-wing oligarchs." Large, ruddy, gray-bearded, and talking so fast as to almost preclude questions, Doherty, Jr. describes his road to union power. Long and arduous it wasn't. He received a philosophy degree from Catholic University in 1949, immediately got a job helping administer the Marshall Plan, and within one year was voted by fellow workers to be the president of the American Federation of Government Employees, "one of the largest public employee unions in the country."

After two years of that, he left for Europe to work for the International Confederation of Free Trade Unions (the organization Brown and the AFL-CIO helped form to use CIA money to combat a rival organization of leftist unions). Then Doherty went to South America to work for the Post, Telegraph, and Telephone Workers International (PTTI), which received CIA money through a CIA-controlled foundation. After the foundation was exposed, PTTI was one of the labor organizations that began getting replacement money indirectly from AID, via a grant to AIFLD.

Former CIA officer Philip Agee, in his book *Inside the Company* (Stonewall, 1975), said PTTI was "used by the CIA in labor operations." He said Brown and Doherty, Jr., were CIA agents. Although Agee has been widely denounced as unpatriotic, and although in recent years he has issued some false information,* his first book has stood up in every detail. An internal analysis of *Inside the Company*, done by the CIA and made public under the Freedom of Information Act, calls Agee's reporting "complete" and "accurate." The many complaints about Agee's treachery only underscore the CIA report's acknowledgment that the book is reliable. The book says that AIFLD, where Doherty, Jr., went to work in 1962, is a "CIA-controlled labor center financed through AID."

Doherty vehemently denies Agee's assertions. But others give accounts that tend to corroborate them.

Ironically, one such piece of evidence about AIFLD's ties to the CIA

*Particularly the assertion that your obedient servant is a plagiarist of Agee's work.

surfaced at the U.S. Supreme Court hearing in 1981 over Agee's appeal of the government's decision to revoke his passport. It was the job of U.S. Solicitor General Wade H. McCree, Jr., to plead the government's case against Agee. As the court fired questions at him, McCree tried to convince the questioning justices that Agee used his passport to publicize important secrets, such as the identities of CIA men abroad, which endangered their lives. Suddenly, in the passion of his argument, McCree seemed to let slip an important secret of his own. "Just recently," he blurted out, "two Americans have been killed in Salvador. Apparently they were some kind of undercover persons, working under the cover of a labor organization." Afterward, McCree tried to explain to reporters that he really didn't mean anything by this. But later, when the official transcript of his remarks became available, he confessed "it doesn't sound so well."

McCree obviously had been referring to Michael Hammer and Mark Pearlman, the two AIFLD officials working on the El Salvador land reform program who had been shot dead in the Sheraton Hotel in San Salvador just the week before. Hammer, much the senior of the two, was given a rare (for a person without a military record) hero's burial in Arlington National Cemetery on special authorization of President Carter. Hammer had joined the AFL-CIO through AIFLD seventeen years earlier, while still completing work at the Georgetown University School of Foreign Service. The Georgetown school has long been a favorite recruiting ground for the CIA.

RICHARD MARTINEZ was a telegraphers' union official in Albuquerque, New Mexico, in 1962, when Thomas Robles, a state AFL-CIO leader, recruited him for a job with AIFLD in Brazil. Martinez says* he met Doherty, Jr., and other AIFLD and PTTI officials both in Brazil and Washington. He says he organized telephone and telegraph employees at ITT Corporation in Brazil so effectively that he was returned to Washington and given special training by the CIA.

Martinez says he was warned about being too aggressive with ITT, and that he was sent back to Brazil with instructions to organize local labor leaders and mobilize workers for a new purpose: to harass and eventually to topple the government of President Joao Goulart. Goulart had been elected

*Martinez first told his story on film for a Public Broadcasting Service documentary produced by Allan Francovich. He repeated the story for me, answered questions consistently, and showed corroborating photographs and documents. By "corroborating," I mean this: he can generally prove he was where he says he was and talking with whom he says he was, though he can't prove exactly what was said. His story is entirely consistent with known events, whereas the denials of the people he talks about are disprovable at points.

in 1960* by the largest margin in Brazilian history, but he was a populist and a bit of a demagogue, and had earned the journalistic tag "left-leaning."

On the day Goulart was overthrown by a military junta in 1964, Martinez says he was running a large-scale operation of anti-Goulart workers seizing various important buildings. Goulart was Brazil's last popularly elected president. The U.S. has criticized succeeding military regimes for, among other things, suppressing free trade unions.

But it hasn't overthrown those regimes. To the contrary, it has poured in loans, until Brazil is the IMF's biggest scare case, with \$90 billion in foreign debts and uncertain means to pay. The press is censored, and reports of political arrest and torture persist.

In 1982, the Brazilian Institute of Economic and Social Analysis, a private research group, reported that the 33 million people in Brazil's massive and fertile northeastern region lived "in a state of extreme poverty," and that many suffered from chronic malnutrition. It blamed this on an imbalance of land ownership. In a separate report, the National Conference of Brazilian Bishops said 87 percent of the productive land in the area was held by about twenty large landowners. An archbishop called the situation "shameful."† Meanwhile, the Brazilian government and business community was moving toward resuming trade with Cuba against the entreaties of the United States government to maintain a boycott. This was the kind of government produced by the overthrow of Goulart.

Right after the Goulart overthrow, Doherty boasted in a radio interview that AIFLD trainees were "intimately involved" in planning and executing it. Interviewed recently, he said this didn't mean that AIFLD plotted the overthrow. He said Martinez and every other former operative cited here was "lying—they're all lying." He called a Public Broadcasting Service documentary covering Martinez's work "a bunch of Communist propaganda."

AFTER the 1964 Brazilian coup, Martinez says, he quit his PTTI job and returned home. But he says he was called back to do similar work in the Dominican Republic in 1965, right after U.S. Marines landed. They were there to halt a civil uprising that promised to restore to power an elected president, Juan Bosch, who had been ousted in a coup in 1963. Bosch had fathered a new constitution, which limited the foreign acquisition of Dominican land. It provided profit sharing for agricultural workers, and required owners of land in excess of certain broad limits to sell the excess or distribute

*He was elected vice-president with a president who resigned unexpectedly after seven months, leaving him the job. In 1963, on his own, Goulart won a constitutional plebiscite confirming his authority in the unexpired term.

†Thanks to Interlink Press Service for gathering these quotes.

it to landless farmers. The coup, of course, deposed the constitution as well as Bosch.

The big crop in the Dominican Republic is sugar cane. After Cuban land was mostly nationalized, the largest U.S. sugar holdings were those of the South Puerto Rico Sugar Company, which held upwards of 10 percent of the arable land in the Dominican Republic—80 percent in one large sugar-growing province, 60 percent in another. It also owned a large mill. These were the holdings that Bosch and his supporters threatened. How the South Puerto Rico Sugar Company obtained this land is remarkable. It happened while the U.S. Marines occupied the Dominican republic, 1916–24. Adolph Berle, Jr., a Roosevelt confidant, *New Frontiersman*, and sugar executive, told about it in a memoir, *Navigating the Rapids* (Harcourt Brace, 1973).^{*} A Harvard Law School graduate, Berle had a rare experience after joining the Signal Corps in World War I:

“The equivalent of the War Production Board of that period was seeking to increase production of sugar. Accordingly, in February 1918, Mr. Ralph Rounds, a New York attorney whose firm represented the South Puerto Rico Sugar Company . . . requested to the War Department to place me on ‘inactive duty’ for the purpose of going to Santo Domingo in connection with land titles and the movement of the sugar crop in the island.

“In March 1918, I landed in Santo Domingo City and went to work on clearing the land titles for the South Puerto Rico Sugar Company,” Berle recalls, then adding, “and any other company that would produce more sugar and export it to the United States.” He doesn’t name any others. Berle notes that he “was working with a first-rate Dominican lawyer, Francisco Peinado [later spelled “Paynado”]. Eventually, we worked out a theory of land titles and a land court which would clear title to land and permit immediate sugar production.”

There go the good old free-enterprising Americans again. Just give them an army of marines and their pick of U.S. government lawyers to cow the local officials, and our fearless entrepreneurs will show you how to win out in the marketplace every time. In the 1930s, Francisco Paynado’s son Jacinto became the puppet president of the Dominican Republic under the U.S.-trained military dictator Rafael Trujillo. (Trujillo lasted until his assassination in 1961.)

Federico Paynado, a member of the family, in the 1970s was legal counsel to Gulf & Western Industries Inc., which acquired control of the South Puerto Rico Sugar Company in 1966, a year after the latest marine invasion saved the company fields. Jacinto Paynado’s law partner, Polibio A. Diez, was chief counsel and closest friend and advisor to President Joaquin Balaguer, a former appointed president under Trujillo. In 1966, Balaguer was “elected” president under the U.S. military occupation.

^{*}Assembled from his diaries and other papers by his widow, Beatrice Bishop Berle, two years after his death.

The usual litany of statistics showing poor health, low wages, and hunger can be recited. The U.S. Department of Health, Education, and Welfare reported in the mid-1970s that malnutrition was "endemic in the population," and that "only 15 percent have fully adequate diets." According to the Interfaith Center on Corporate Responsibility, wages in the Gulf & Western fields rose only 16.4 percent from 1964 to 1979, to \$2.13 a day for standard production. Meanwhile, living costs rose 113 percent, leaving the workers with a net loss. The *Wall Street Journal* reported in 1971 that one of every four Dominicans subsisted on U.S. food charity. Considering the low wages that Gulf & Western gets by with, the food aid could be seen as a U.S. taxpayer subsidy to the *company*, not to the people of the Dominican Republic.

When Paramount Pictures was looking for a filming locale for the scenes of *The Godfather, Part II* set in prerevolutionary Cuba, it picked the Dominican Republic. Paramount is a subsidiary of Gulf & Western. Some Dominicans think their government often acts like one, too.

MEANWHILE, George Meany, his successor Lane Kirkland (then AFL-CIO secretary-treasurer), and several other AFL-CIO officials and their labor mediator friends reaped their own rewards. A decent interval after AIFLD had helped secure the Balaguer government, they established a semiprivate resort and tobacco plantation along a gorgeous stretch of white beach in eastern Dominican Republic, not far from the biggest Gulf & Western sugar fields (actually, not much in the Dominican Republic is far from a big Gulf & Western sugar field).

To create room for the resort, hundreds of Dominican peasant farmers had to be chased off their land, for this was a region of small, private farms until the AFL-CIO came along. The chasing seems to have been done pretty deviously. In 1968, a man named Carlos Manuel Rodriguez Valeras—about whom nothing more is known—walked into the Superior Land Court in Santo Domingo. According to court records, he announced that he owned the 15,000 acres that is now the AFL-CIO resort, but that he had lost his deed and wanted a new one.

On December 13, 1968, the classified advertising section of the newspaper *El Caribe* carried a small notice advising that anyone who cared to challenge Valeras's right to the property should come forward immediately. After three days, not one farmer or fisherman had traveled the 140 miles by road to Santo Domingo, across the jungle, to file his claim. So on December 16, the court gave a fresh deed to Valeras. One year and two days later he sold it for \$115,000 to a corporation of which Kirkland and several other labor leaders were principals.

The residents were stunned to learn they would have to vacate to make room for the resort and plantation. They were offered token payments of \$50 to \$70 a family, but many considered that inadequate, especially since

they didn't want to leave their homes anyway. President Balaguer's soldiers chased them out.

Some fifteen men were jailed over the next few years for cutting through George Meany's and Lane Kirkland's barbed wire to plant some crops on their old land. A half dozen others, who used to have their own tobacco farms on the land, went to work for Meany and Kirkland and their group. The AFL-CIO bosses paid them \$60 a month.*

RICHARD MARTINEZ says he became disgusted after a few months in the Dominican Republic, quit, and went back to Albuquerque to work in industry.

Thomas Robles, now area director of the Equal Employment Opportunity Commission in Albuquerque, confirms that he recruited Martinez to work for AIFLD in Brazil, but says he doesn't know about the CIA. The PTTI official Martinez says was his supervisor denies that the CIA was involved in the union; he also says Martinez was just a bookkeeper, never an organizer, although documents and photographs clearly show Martinez *was* an organizer.

Edna Fowler, Doherty's assistant, confirms Martinez was an active organizer who worked with many Latin American union leaders, including some in the Dominican Republic, though she says she doesn't know anything about the CIA. A former CIA officer active in Latin America says he didn't know Martinez, but that Martinez's story fits all the known facts, and that the CIA did pay "in whole or part" for AIFLD's training programs.

These training programs—supposedly run independently by the AFL-CIO—have long constituted the major part of AIFLD's work. More than 350,000 persons from thirty-three Latin American countries have been through the programs. Thousands of Latins have been brought to the U.S. for intensive training at AIFLD schools near Washington. AIFLD pays them salaries while they study, and afterward awards them AIFLD "internship" jobs in their home countries. The salaries are high by Latin standards—Martinez says they were three times a worker's normal pay at home. AIFLD denies this and says that recently it has cut down on internships.)

SEVERAL retired officials from organized labor and the intelligence community say that the CIA used U.S. labor officials to instigate a series of mass strikes in Guyana from 1962 to 1964, which eventually brought down socialist president Cheddi Jagan. Jagan had been popularly elected three times, but was finally defeated for reelection in 1964, largely because of the economic turmoil.

Doherty's response to these charges is, "I was there [in Guyana] many

*All based on personal interviews and documentary research in the Dominican Republic by the author in 1975.

times and had dear friends there, but I had nothing to do with the CIA." As in other cases, including Chile in 1973, Brazil in 1964, and the Dominican Republic in 1965, he said AIFLD trainees may have taken part in the upheavals, but he denied that this made AIFLD responsible.

President Nixon's order to the CIA after the election of Salvador Allende in Chile was to "make the economy scream." That was the clean and supposedly civilized way of bringing down a foreign government: force deprivation by covertly sabotaging the economy, until the public grew disenchanted with the leaders. Whip up strikes, interrupt the importation of vital goods.

The overthrow of Goulart in Brazil and Jagan in Guyana followed this pattern. What more wonderful tool could the CIA have than to put foreign labor unions under the influence of its covert operatives? And if it needed to subvert the U.S. labor movement to do that, the American workers would never know, anymore than would Chile's or Brazil's. In fact, unlike Chile's or Brazil's, America's workers were probably too trusting even to suspect.

THE labor institutes have been kept functioning around the world by the American working man, his dues, and, mainly, his reputation for independence and integrity. He is the front, the come-on, for what seems to be an international fraud. The question naturally arises as to how much he has ever known about the institutes. Apparently the answer is very little. Its direction has been primarily conservative Republican and OSS-CIA.

AIFLD's first director was Serafino Remauldi; Doherty, his deputy, took over at Remauldi's death in 1968. Remauldi had been recruited into the OSS in World War II by Nelson Rockefeller, whose family fortune helped fund AIFLD, and whose family employees helped direct it. Rockefeller, then a State Department Latin American official, had been introduced to Remauldi by New York labor leaders. Remauldi was an Italian immigrant with labor organizing experience. Rockefeller sent him on covert missions to Latin America to search for possible efforts by the axis powers to infiltrate labor unions there. In his memoirs, Remauldi proudly refers to himself in those days as an "American spy." Then he went to work for the AFL-CIO.

Until corporate ties were ended in 1981, AIFLD's chairman was J. Peter Grace, an outspoken political conservative and president and chief executive of W. R. Grace & Company, a chemical and diversified concern with operations throughout Latin America. The company was founded by his grandfather.

Meyer Bernstein, the former unionist now with the Labor Department, says he was always suspicious about Remauldi, who, he says, often turned his back on workers' difficulties. "Remauldi wasn't a union man," Bernstein says. "I went to Remauldi a couple of times with problems and the attitude he took was so antiunion, I said the hell with him. He was just a power broker."

Victor Reuther, semiretired advisor to the United Auto Workers, has been

particularly upset at the land reform program in El Salvador. "That's an incredible budget for a very small country that has little or no trade-union movement," he says. "How does one explain that, except that it's purely supportive of military activities? A trade-union organization in the U.S. that virtually has to be dragged kicking and screaming into supporting farm workers in California suddenly becomes an expert in El Salvador land reform."

Ironically, Reuther and his brother, the late UAW president Walter Reuther, two of the labor institutes' biggest critics, themselves had what Victor Reuther now calls "an unfortunate involvement with the agency [the CIA]." In the early 1950s—a story confirmed by both Reuther and his former CIA contact, Thomas Braden—the Reuthers funneled \$50,000 of CIA cash to "democratic" French and Italian trade-union leaders who needed organizing money. Later, however, when U.S. funds were aimed at Latin American groups whose democratic standards the Reuthers questioned, they balked. Several former UAW officials, including Reuther, say that the CIA's perceived relationship with the three AFL-CIO institutes was a significant factor in the UAW's decision to leave the AFL-CIO in 1968.

Another major union official who has worked with AIFLD complains that the institutes have allowed government to buy excessive influence over the policies of organized labor. "You're a bureaucracy and you want more money," he says. "Somebody comes along and says, 'We have money. You work on the El Salvador land reform program and we'll give you an extra couple of million bucks.' It's bound to have some parallel relation to what the U.S. government wants. If you don't do what they want, they don't give you the money."

Yet another official, William Winpisinger, president of the International Association of Machinists, among the AFL-CIO's five largest unions, says, "I don't think we ought to be doing the bidding of the government by taking their money. I don't think it's the mission of the American labor movement to prosecute the interests of corporate America."

Government budget-watchers aren't happy with the three institutes, either. A 1980 government audit of them complained that they bypass normal AID budgetary procedures. The audit said that budgets for the institutes were "dictated by fund availabilities" in Washington rather than by "need" determined "in the field."

In other words, the White House is ramming the money down the throat of a reluctant and suspicious bureaucracy with directions to give it to the institutes and not ask questions. The audit also said the institutes' work tends to be seen as "political in nature rather than for developmental purposes."

Apparently, to the U.S. government, politicizing international labor organizations is wrong only when other countries do it.