

State Department-funded labor institute tied to mob

At a well-attended press conference in Washington, D.C. on Feb. 6, Schiller Institute spokesman Dennis Small called for the U.S. government to immediately suspend all funding to the American Institute for Free Labor Development (AIFLD), the AFL-CIO's foreign policy arm, and to conduct an in-depth investigation of its activities. The Institute has uncovered information linking top AIFLD representatives in Ibero-America to drug traffickers including Gilberto Rodríguez Orejuela of Colombia and Carlos Langberg of Peru.

Small said, "It is urgent that President Ronald Reagan take this action to lend credibility to his own War on Drugs program. Given the evidence of close collaboration between AIFLD officials and known drug traffickers, to allow these to continue with funding from U.S. taxpayers monies, would **destroy** the credibility of the President's War on Drugs."

The Schiller Institute launched an investigation after a "directive" of the Union of Colombian Workers (UTC) was issued on Jan. 28 which demanded a severing of all contact between members of the labor federation and the Institute. The directive was issued under orders from AIFLD representatives in Colombia.

Small explained that AIFLD's attack on the Schiller Institute was because of 1) the Institute's well-known opposition to the drug trade; 2) its attacks on the debt collection of the International Monetary Fund; and 3) its support for the policies of President Alan García of Peru. These policies have attracted widespread support among trade unionists ombia and other Ibero-American countries, threatening AIFLD's control.

"We are perhaps best known throughout Ibero-America," Small said, "for a very famous slogan which has been painted on virtually every free wall in Ibero-America: 'No to Kissinger! No to Castro! Long Live Alan García!'" The AIFLD apparently feels differently. They do not support the policies of Alan García in the least. In fact, I would argue that the policies of the AIFLD are supportive of Fidel Castro—the big beneficiary of the drug trade and the policies of the IMF."

"Unfortunately," Small stated, "this AIFLD problem is not limited to Colombia. . . . What we have in both the Peruvian and Colombian cases, is the direct association of

trade unionists who are or have been representatives of AIFLD, with known, indicted, and convicted drug runners."

The Institute's demand for an investigation revolves around the following explosive intelligence reports:

- **Bernard James Packer**, director of AIFLD operations in Colombia, is a personal intimate of **Carlos Langberg Meléndez**, who is currently sitting in prison in Peru on drug-trafficking charges.

- The **Colombian Workers Bank** (Banco de los Trabajadores), established in 1974 with a grant from the Interamerica Foundation, on whose board sits current AIFLD Executive Director **William Doherty**, has been publicly cited as a "laundromat" for illegal money transfers of drug trafficker and money launderer **Hernán Botero**, who is currently imprisoned in the United States for his crimes.

- **Tulio Cuevas Romero**, the former UTC secretary general who for many years served on AIFLD's board of trustees, founded the same Colombian Workers Bank, and immediately sought to allow sale of UTC stocks in the bank to **Gilberto Rodríguez Orejuela**, a Colombian who is currently residing in a Madrid jail, awaiting extradition to the United States on drug-trafficking charges. With the help of AIFLD's Cuevas, Rodríguez Orejuela was placed on the board of directors of the bank, and by 1978 was its majority stockholder.

- **Cuevas's** behavior was so blatant that AIFLD itself conducted an inquiry into his ties to Rodríguez Orejuela—but the results were never released.

- UTC Secretary-General **Alfonso Vargas** traveled to Spain in 1984 to plead against the extradition of Rodríguez Orejuela to the United States. This was the same Vargas who signed the UTC directive of Jan. 28 against the Schiller Institute, along with UTC President **Víctor Acosta**.

What is AIFLD?

Of AIFLD's reported \$19.2 million budget for 1985, \$13.5 million, or 70%, was provided by the U.S. State Department's Agency for International Development (AID). AIFLD is widely viewed throughout Ibero-America as nothing more than the arm of the State Department encharged

with handling the labor movement.

The American Institute for Free Labor Development was founded in 1962, in the aftermath of Fidel Castro's victory in Cuba, supposedly to meet the AFL-CIO's need for a channel of funds and training of labor personnel to counter Cuban influence on the continent. It currently operates in some 22 Ibero-American countries.

Chairman of the Board of AIFLD throughout most of its existence was **J. Peter Grace**, of the W. R. Grace empire which has looted Ibero-America, particularly Peru, for over a century. AIFLD's first executive director was Serafino Romualdi, the Ibero-American operations expert employed by Nelson Rockefeller's wartime Office of Inter-American Affairs at the State Department.

Bernard J. Packer: subversive

The case of Bernard James Packer exemplifies AIFLD's role throughout the continent, in destabilizing governments and fostering the growth of the drug mafias. Before his current assignment in Colombia, he was AIFLD director in Peru

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(1977-83), El Salvador (1983-85), and Guatemala (1985). He was described by one AIFLD intimate as “a counterinsurgency expert in labor movements.”

During his tenure in Peru, Packer worked closely with AIFLD board member and president of the Peruvian Workers Confederation Julio Cruzado Zavala. With Cruzado, he reportedly frequented the home of the dope mafia's Carlos Langberg. According to Peruvian sources, Packer and Cruzado linked up with former Peruvian Prime Minister Manuel Ulloa in an effort to found a Workers Bank in Peru, similarly to that which had been created in Colombia thanks to AIFLD's efforts. The role which Ulloa's economic policies played in fostering the drug trade has been detailed by *EIR* on other occasions (Cf., Aug. 16, 1985, “To Aid Peru's War on Drugs: Open the Ulloa File!”). Langberg was to have provided financing for the venture, as Rodríguez Orejuela had done in Colombia. But opposition to the venture surfaced, and the bank was never established.

Further, Packer worked through Cruzado's Association for the Development of Labor Education and Economic and Social Research (AEFL-IES), which maintained a computerized data base with profiles of every labor leader in Peru. The U.S. embassy in Lima had a direct telephone hook-up to the offices of AEFL-IES.

In 1982, a scandal erupted in the Peruvian press around Packer's role, and he was ultimately forced to leave the country under charges of being an agent of the CIA and of intervening in the internal affairs of Peru. As a result of the same scandal, Cruzado was suspended from

Packer's term in El Salvador followed a similar pattern, and he was eventually withdrawn from the country at the request of labor leaders there. He first worked with the Popular Democratic Union (UDP), a coalition of labor and agrarian unions, to elect José Napoleón Duarte to the presidency. Then, with what many described as a U.S. policy shift away from Duarte, Packer became the point-man for a pressure campaign on the trade unions to withdraw their support from the government.

According to a report in the *Washington Post* of March 20, 1985, “Packer either had withdrawn or threatened to withdraw financial and logistical support” from several major trade-union federations, in order to force them to abandon the UDP. “The U.S. government appears to have dropped much of the support that it provided Duarte in last year's elections,” the *Post* reported.

AIFLD shifted its support from the UDP to a new labor confederation of its own creation.

On Jan. 21, 1985, enraged unionists sent a letter to AIFLD Executive Director William Doherty, demanding Packer's resignation. He was dispatched forthwith to Guatemala. But his stay there was short: The government reportedly refused to allow him to operate in the country.

Further information required

Small announced that he has filed Freedom of Information Act (FOIA) requests with four U.S. government agencies, to obtain further information on AIFLD's activities, and that the law firm of Fensterwald, Alcorn, and Bowman, of Arlington, Virginia, has been retained to prepare suit should the agencies not respond. Requests were filed; Small announced, with the CIA, the State Department, the State Department's Agency for International Development, and the Drug Enforcement Administration. The lawfirm is also investigating for the Schiller Institute what, if any, legal action could be taken to force the U.S. government to suspend funding to AIFLD until a thorough investigation is conducted. Small also announced that a full informational dossier on AIFLD activities would be made available to the appropriate government authorities, including to the relevant congressional committees.

“It appears that AIFLD's future in Ibero-America,” Small concluded, “is not a very promising one.”