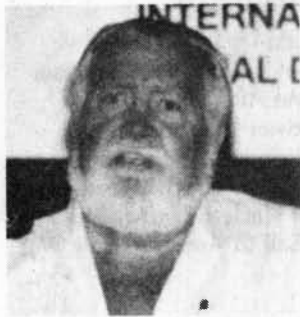


# EIR Investigation

## AIFLD: It's not labor, nor is it for freedom



*AIFLD Director Doherty*

In 1962, something called the American Institute for Free Labor Development (AIFLD) was founded under the auspices of the Alliance for Progress. Its formal mandate was to provide an anti-communist counterweight to the influence of Fidel Castro's revolution within the Ibero-American labor movement. In fact, it was to function as a "dirty tricks"

arm of the U.S. State Department. The subversive activities of AIFLD have been repeatedly denounced by anti-communist trade unions and political leaders across Ibero-America. It has participated in the corruption, destabilization, and destruction of labor movements and governments throughout the continent.

But, hitherto kept tightly under wraps is AIFLD's collaboration with the drug mafia of Ibero-America, and with the Communist-terrorist networks which serve as its partners and, frequently, its sponsors.

As we reported in our Feb. 14 issue ("State Department-Funded Labor Institute Tied to Mob"), the AIFLD connection to the drug mafia was established during the course of an investigation by the Schiller Institute into a directive issued by the Union of Colombian Workers (UTC) on Jan. 28, demanding the severing of all contact between members of the labor federation and the Institute. The Schiller Institute

was formed in 1984 by Helga Zepp-LaRouche, to strengthen the Western Alliance and press for a new world economic order.

The directive against relations with the Institute was issued under orders from AIFLD representatives. The Schiller Institute has demanded a full investigation, and has called upon the U.S. government to immediately suspend funding to AIFLD, which received \$13.5 million in 1985 from the State Department's Agency for International Development (AID).

The Schiller Institute's own investigation has established the following facts, which should guide future investigative and law enforcement action:

- **Bernard James Packer**, currently director of AIFLD operations in Colombia, is a personal intimate of the Peruvian **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 Inter-American Foundation, on whose board sits current AIFLD Executive Director **William C. Doherty, Jr.**, has been publicly cited as a "laundromat" for illegal money transfers of drug 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 the U.S. embassy in Bogota forced AIFLD to conduct an inquiry into his ties to Rodríguez Orejuela—but the results were never released. AIFLD continues to defend Tulio Cuevas.

- 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**.

In the dossier which follows, we expose the history of AIFLD's 24-year collaboration with the dirtiest networks of organized crime.

## **AIFLD and the mafia**

To understand AIFLD's links to organized crime, it is necessary first to know that AIFLD has nothing to do with the American labor movement from which it stole its "credentials." Rather, it was founded by "dirty tricks" specialists deployed into the American labor movement by the State Department, the CIA-predecessor OSS (Office of Strategic Services), and by the mafia.

Exemplary is the case of **Jay Lovestone**, the KGB agent and former head of the Communist Party USA who turned "anti-Communist" and joined the payroll of the State Department/CIA as a leading mole deployed against the U.S. and Ibero-American labor movements. Lovestone, a mentor of AIFLD's first director, Serafino Romualdi, was a principal figure in the creation of AIFLD.

Even as early as the 1920s, while still formally identified with the Communists, Lovestone collaborated with the criminal-underworld. His Communist Party accepted millions of dollars in loans from New York underworld chief Arnold Rothstein, to lead the garment workers' strike which turned Lovestone associate David Dubinsky's International Ladies Garment Workers' Union (ILGWU) into one of the nation's leading trade unions. Dubinsky's own mob connections have repeatedly surfaced on the public record.

## **'Don Pepe' and the mob**

One of AIFLD's closest associates in Ibero-America has for decades been former President of Costa Rica, "**Don Pepe**" **Figueres**, an intimate friend and collaborator of AIFLD's first director, **Serafino Romualdi**, a continued close associate of AIFLD's current director William C. Doherty, and one of the most corrupt figures in recent Ibero-American history. Together with Romualdi, Figueres helped to create a generation of "trade union leaders" (like outgoing Costa Rican President Luis Alberto Monge) at the service of the mob and of "business" empires like that of "El Pulpo" (The Octopus),

United Fruit Company. In his 1967 autobiography, *Presidents and Peons*, Romualdi declared regarding his friendship with Figueres, "In every major activity in which I was involved since 1949, I have had the cooperation and support of 'Don Pepe.'"

Figueres's 1947 coup in Costa Rica was financed by what was then the United Fruit Company (today **United Brands**), through the mediation of a Costa Rican businessman and head of its Social Democratic Party, **Fernando Castro Cervantes**, a favor "Don Pepe" has returned many times since to that cocaine-trafficking company.

Figueres was a founding member of the Caribbean Legion back in the 1940s and 1950s, which provided the bulk of the funding to Fidel Castro's July 26th movement. Figueres was a major financier of guerrilla movements in the region, his lands serving as guerrilla training centers and his financial connections as weapons procurement networks. Figueres personally financed the Southern Front of the Sandinista movement in Nicaragua along with "Commander Zero" Eden Pastora.

Figueres's most overt embrace of the drug-trafficking criminal underworld came in the instance of master money-launderer Robert Vesco, who, as a fugitive from U.S. justice in 1972, found a ready haven in Don Pepe's Costa Rica. Vesco was a major investor in Figueres' company, and the Costa Rican President's New York bank accounts began to swell dramatically as a result of their partnership.

Figueres extended the protection of his presidency to the criminal, providing Vesco with a diplomatic passport stamped "financial advisor to the President," and writing a letter in July 1972 to then U.S. President Richard Nixon noting that Vesco was helping Costa Rica "establish some new instruments of finance and economic development" and expressing his concern that "any adverse publicity from the S.E.C. (U.S. Securities and Exchange Commission) against Mr. Vesco might jeopardize the development of my country. . . ."

Vesco agreed to invest heavily in Costa Rica in return for the creation of an "international free zone" complete with gambling and banking concessions, which would serve as Vesco's new base of operations, a project which Don Pepe went to bat for—including writing a pamphlet defending offshore mutual funds, Vesco's specialty. (It is no accident that in the 1940s, Meyer Lansky had considered Costa Rica as the site of a gambling haven, but found the Bahamas and other such territory more to his liking.)

Figueres was not Vesco's only prestigious partner. Later, Vesco was to join in partnership with Colombian cocaine czar **Carlos Lehder Rivas** in organizing a Caribbean-based cocaine trade, the same Nazi-Communist Lehder wanted today by the Colombian government for involvement in the April 1984 assassination of that country's justice minister, Rodrigo Lara Bonilla. Forced out of Costa Rica when the U.S. authorities got too close for comfort, Vesco has a new safe haven in Havana, Cuba—courtesy of another old friend of Don Pepe's, Fidel Castro.

In the various Ibero-American countries in which AIFLD operates, it has helped create "workers' banks," either by providing the seed-money itself, or arranging donations or loans from foundations and institutes with which it maintains ties. The Colombian Workers' Bank, set up with help from AIFLD Executive Director William Doherty and former trustee Tulio Cuevas, has operated as a laundromat for drug money, and it is not an isolated case.

As early as 1964, AIFLD Executive Director Romualdi helped set up a Workers' Retail Bank in Buenos Aires, under the auspices of the General Confederation of Commercial Employees. **Armando March**, the confederation's general secretary and close associate of AIFLD, became president of the bank. By 1969, however, repeated fraud and embezzlement forced the bank into bankruptcy, and the ensuing scandal led to March's expulsion from the confederation.

**Colombia:** The Colombian Workers' Bank was founded in 1974 with a \$500,000 grant from the U.S. Interamerican Foundation to the Union of Colombian Workers (UTC), whose president at the time was Tulio Cuevas Romero. On the advisory board of the Interamerican Foundation sat (and continues to sit) the executive director of AIFLD, William Doherty; Cuevas himself was a member of AIFLD's board of trustees.

Within six months of its founding, Cuevas and UTC Finance Secretary **Antonio Beltrán** began to seek a way of changing UTC statutes to permit the sale of the labor federation's stocks to drug-trafficker Gilberto Rodríguez Orejuela. Beltrán's brother was an employee of Rodríguez Orejuela, as Beltrán himself would later become. Although Cuevas was unable to get legal approval for a change in UTC statutes, he did succeed in making Rodríguez Orejuela a partner in one of the UTC's housing cooperatives—thus qualifying Rodríguez for purchase of the UTC stocks. Despite the subsequent sale of UTC holdings in the Workers' Bank, Cuevas and Beltrán remained on its board of directors, along with Rodríguez.

Rodríguez, one of Colombia's prominent financiers and businessmen, was also a top drug trafficker. According to recent revelations in the Colombian press, in 1979, he hired lawyer **Diego Pardo Koppel** (later to be named mayor of Bogota, until a scandal forced his resignation) to argue in a U.S. court in favor of Rodríguez's ownership of a wayward suitcase discovered at a U.S. airport and containing a quarter of a million dollars.

In March of 1985, Panamanian authorities intervened against First Interamericas Bank, S.A., shutting it down for "failure to heed Panamanian laws" and for unexplained transfers of funds abroad. The majority stockholder in First Interamericas was Rodríguez Orejuela, who had been arrested on trafficking charges five months earlier in Madrid, where he remains imprisoned today, facing possible extradition to the United States on a wide range of drug-running and money-laundering charges.

First Interamericas Bank had been operating in Panama

since September of 1975. Another major stockholder in the bank was **Jorge Luis Ochoa**, who was arrested in Spain along with Rodríguez. When First Interamericas was shut down by the Panamanian government, its manager was none other than the former UTC treasurer and Colombian Workers' Bank director Antonio Beltrán.

Although Rodríguez divested himself of his holdings in the Colombian Workers' Bank in early 1984, those holdings were sold to an associate who, together with his family, remained a majority stockholder in the bank until the Colombian banking superintendent began investigating him for illegal financial maneuvers last year. However, even after Rodríguez Orejuela's departure from the Colombian Workers' Bank, it was publicly named as one of four Colombian banks involved in drug money laundering for one **Hernán Botero**, a businessman and soccer-team owner who became the first Colombian extradited to the United States on drug charges.

**Peru:** AIFLD's foothold in the Peruvian labor movement was gained through **Julio Cruzado Zavala**, secretary general of the Confederation of Peruvian Workers (CTP) and, like Colombia's Tulio Cuevas, a member of AIFLD's board of trustees. Cruzado's controller was AIFLD's country director Bernard J. Packer. In 1982, Cruzado and Packer attempted to create a Peruvian Workers' Bank, on the Colombian model, the funding for which was to have come from AIFLD, among other sources. The bank never got off the ground, however, due to opposition within labor circles to Cruzado's notorious mafia tactics.

Insider sources within the Peruvian labor movement report that standing in the shadows of Cruzado and Packer's banking venture was the now-jailed drug trafficker and cocaine addict **Carlos Langberg Meléndez**. During Packer's tenure in Peru, the AIFLD official made regular visits to the home of Langberg, along with Cruzado.

Beginning in 1982, and culminating in 1983, Cruzado and Packer's unwholesome alliance was the center of a scandal within Peruvian labor and political circles. Cruzado's efforts to turn his presidency of the CTP labor federation into a dictatorship for life were resisted by a faction within the APRA party and its trade union confederation.

AIFLD's funneling of tens of thousands of dollars into the CTP was denounced by nationalist trade union forces as "imperialist intervention," but worse was the charge that Cruzado, who received the funds through Packer, an officially designated CTP adviser, was pocketing the money instead of investing it in CTP activities. Memos written by Packer to AIFLD headquarters were published in the Peruvian press, including the political profiles trade unionists and their designation by Packer as "troublemaker," "untrustworthy," and the like, prompting furious charges of intervention in the internal affairs of Peru.

The fact that Packer's office telephone was directly linked to the U.S. embassy, clinched the matter. Following a huge public brawl in which Packer was accused of being a CIA

agent and Cruzado “a traitor to the working class,” Packer was recalled from Peru, and Cruzado suspended from the APRA party, of which he had been a representative in the Peruvian senate. Cruzado retained his fiefdom in the CTP, however, and his special relationship to AIFLD continues to this day.

### The State Department's hatchet-man

**El Salvador:** After his exit from Peru, Packer was sent to El Salvador, where preparations for presidential elections were already under way. Although AIFLD had been expelled from El Salvador in 1973, its influence continued through the peasant unions it had helped form during the 1960s.

AIFLD returned to El Salvador in 1979, and was designated the guinea pig of a State Department policy of “endless civil war” in Central America. AIFLD, coordinating with a group of Jesuits at the San Salvador University and with the Socialist International, brought in “agrarian reform” expert **Roy Prosterman** to draw up a radical agrarian reform program for El Salvador. Prosterman transferred to El Salvador his experience in drawing up the “strategic hamlets” program applied so unsuccessfully by the United States during the Vietnam War. The reform, which divided the land into plots too small to produce, and herded peasants into army-run compounds, without credits, capital, or technical advice, hit El Salvador like a bombing raid. Agricultural productivity collapsed, and the country devolved into the right-left terror that has ripped it apart ever since.

AIFLD then set out to turn labor into a weapon of instability. In 1980, AIFLD funding helped to found the Popular Democratic Unity, a new labor-peasant coalition which grew quickly to 200,000 members and became the backbone of U.S. electoral policy in El Salvador. In 1982, the UPD, with nearly 80% funding by AIFLD, committed its substantial union forces to getting the Christian Democratic candidate, Napoleón Duarte, elected to the presidency. During 1984, however, with what many observers described as a U.S. policy shift away from Duarte, Packer—as the AIFLD country director in El Salvador—became the point man for a pressure campaign on the trade unions to pull their support out from under the Salvadoran President.

According to a *Washington Post* article of March 20, 1985, Salvadoran labor leaders and some Christian Democrats “complained that the U.S. shift was undermining Duarte’s declared goals,” which included peace talks with the rebels. Their view was confirmed when acting U.S. Ambassador **David Passage** blithely told a group of visiting U.S. labor leaders that a defeat for Duarte in the upcoming assembly and municipal elections “would be fine” with the U.S. embassy.

An embassy report at the time explained: “The long range plan, according to Director Bernard Packer, is to help create a large confederation of urban labor organizations for El Salvador, with links to ORIT [Interamerican Regional Organization of Workers]. This confederation would mean the

phasing out of the UPD as a labor/peasant umbrella organization. . . .” One UPD leader, however, was more explicit in describing Packer’s plan as an attempt to “destroy the base of the Pact [between Duarte and the UPD—ed.] and to pursue a military solution to the war.”

When the UPD unions balked at AIFLD’s prodding to “de-politicize,” i.e., withdraw backing for the President, Packer created a parallel labor federation called the Confederation of Democratic Workers (CTD), and used threats of cutting off financial and logistical support to try to pull unions out of the UPD and into the CTD. AIFLD began to repossess vehicles and communications equipment used by the UPD unions, and then to label certain of the more resistant UPD leaders “subversive” or “Marxist-leaning”—charges which amounted to death sentences in a country where the death squads were working overtime.

A furious letter was sent by the political commission of the UPD to AIFLD Director William Doherty, blasting AIFLD’s “absolutely shameful” manipulations and condemning “the insufferable and contemptible insolence of Señor Packer.” From now on, insisted the letter, “We want no contact whatsoever with Packer.” Within a week, Doherty had arrived in El Salvador to try to calm things down, and Packer was recalled. The AIFLD “trouble-shooter” was assigned to Guatemala, but his reputation had preceded him and his appointment was refused. Packer was re-assigned to Colombia.

**Colombia:** Bernard Packer’s stint in Colombia, while brief, has been active. His associate Tulio Cuevas is no longer formally linked to the UTC labor federation, nor is he any longer a member of AIFLD’s board of trustees (too hot to handle, perhaps?), but his influence in the UTC lives on in the new president and secretary-general, **Víctor Acosta** and **Alfonso Vargas**.

In 1984, Acosta and Vargas rammed through the UTC executive committee a public denunciation of the U.S.-Colombian Extradition Treaty, the same treaty which every leading Colombian drug mafioso has publicly denounced, the treaty for whose defense and enforcement Justice Minister Rodrigo Lara Bonilla was assassinated by the drug mob in April 1984, the same treaty whose approval by the Colombian Supreme Court led to the narco-terrorist siege of the Justice Palace in November 1985, during which half the Supreme Court magistrates were murdered.

Vargas was later sent by Acosta, and in the company of Tulio Cuevas and CTC labor federation head **Felipe Hurtado**, to Spain to plead the cause of drug trafficker Rodríguez Orejuela before the Madrid courts.

In January 1986, it was Vargas and Acosta who put the names of the UTC executive committee to the directive demanding a cutoff of relations between the UTC and the Schiller Institute, whose Colombian members had been offering courses in political economy and science to UTC members, as well as organizing drama, musical, and other cultural works with UTC affiliates.