Public Service Union Abroad Aided by CIA

State, Municipal Employee Federation Got 1958-64 Funds

By Richard Harwood
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Arnold Zander, former president of the American Federation of State, County, and Municipal Employees, revealed yesterday that for six years the Central Intelligence Agency subsidized the union's international activities.

Zander, now president of the United World Federalists, said the CIA subsidy began in 1958 at the rate of about $7500 a year. By 1964, he said, the agency was putting $60,000 a year into the operation through one of its "dummy" conduits, the Gotham Foundation in New York.

Zander said he was unaware at the time that the money came from the CIA, that he had never inquired about the source of the funds, and that he still sees nothing improper in the arrangement. He said he learned that Gotham was a CIA front only in the last few days as a result of newspaper stories.

The money, said Zander, was funneled into Public Services International in London, the worldwide organization of unions representing members of the public bureaucracy at all levels of government.

PSI was engaged, said Zander, in an effort to organize public employees all over the world, especially in Africa and Latin America.

For work it needed money which Zander sought to provide through private foundations in the United States. He started "shopping around," he said, and was put in touch with the "Gotham Foundation," which operated out of a New York law office run by a man with "a funny-sounding name" which Zander doesn't recall.

Zander said he made a proposal which Gotham accepted and supported from 1949 until 1964 when Zander retired as president of the American union and as a director of PSI. His successor in the

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State, Municipal Union Got "Midland Foundation" in Indianapolis in the foundation lists of the Internal Revenue Service. The "League for Economic and Social Development" was founded recently by several people, including O. A. Knight, a former president of the American Federation of Petroleum and Chemical Workers.

During Knight's tenure as president the Federation reportedly received a subsidy of $25,000 a month from the Andrew Hamilton Fund of Philadelphia, a dummy foundation set up by the CIA.

Haskins denied that report and said the Andrew Hamilton Fund had never put money into the organization.

He refused, however, to describe the foundations now supporting his operation or to say how much they contributed toward his budget. Haskins said he was prepared to produce his records if called before a congressional committee.

The largest international program carried on by American unions is the program of the American Institute of Free Labor Development (AIFLD), which was set up by the AFL-CIO several years ago. It is the "Midland Foundation" of Indianapolis and the "League for Economic and Social Development" in Deever.

There is no record of any

CIA Funds

Closely acquainted with CIA operations but whose principal financial support comes from the Agency for International Development.

AIFLD has $13 million in AID contracts for training, housing, and institutional projects in Latin America and the Caribbean.

The financial support for AIFLD by individual American labor unions has been minimal—$11,000 in 1964 and only $500 in 1965.