

Labor's Cold Warrior-IV**Lovestone's Aid Program**

Last in a series

By Dan Kurzman
Washington Post Staff Writer

Jay Lovestone, the powerful director of AFL-CIO overseas operations, is helping to operate a trade union aid program in Latin America and elsewhere to fight communism and win support from international labor for United States foreign policy.

This program is consistent with his double-edged effort to push for a tougher U.S. cold war policy on the one hand, and for conformity with U.S. policy by foreign labor on the other.

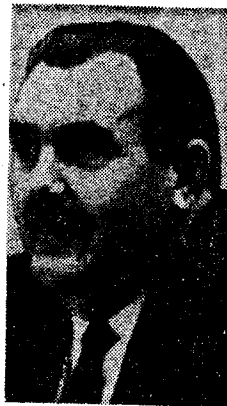
Lovestone, who at one time headed the American Communist Party, wields substantial control over the staunchly anti-communist Inter-American Regional Organization (ORIT). But this control is diluted by the voices of labor leaders from other nations.

This limitation of power, however, has been offset in part by the establishment of a strictly U.S.-operated American Institute for Free Labor Development (AIFLD).

U.S. Backed

The AIFLD is a nonprofit institute backed by the AFL-CIO, almost 60 U.S. business firms, and the U.S. government. The Government through the Agency for International Development (AID), finances or guarantees about 80 per cent of the program.

The Institute has two main official functions: training Latin American labor leaders in democratic unionism and fi-



WILLIAM C. DOHERTY JR.
... complains of red tape

nancing social projects for workers—mainly housing and community centers.

Defenders of the Institute point out that its educational program has so far reached some 30,000 people, including almost 400 graduates from a training school in Washington and about 2000 graduates of 13 regional schools.

The AIFLD has completed a \$10-million, 3100-unit workers' housing project in Mexico, and a few hundred houses in Honduras. It has set up a Workers' Housing Bank in Lima, Peru, and spent some \$60 million on "impact" projects such as food distribution and laundry cooperatives.

Nevertheless, people close to the AIFLD say that its announced program is suffering

from a preoccupation with its unannounced activity—intelligence gathering.

At least some persons working for the organization, informed sources said, have been asked to cooperate with the Central Intelligence Agency. They are told, as one informant put it, that "Latin America's social revolution must be directed into proper channels."

Some time ago, the AIFLD communicated with a certain Michigan Fund about the availability of funds. However, the connection was severed after Rep. Wright Patman (D-Tex.) charged that this Fund supplied the T. M. Kaplan Fund of New York, which he said was a CIA organ, with nearly \$2 million from 1961 to 1963.

Some Institute employees express concern that AIFLD engrossment in intelligence matters at the expense of social development activities has made more enemies than friends among Latin American workers.

Lovestone's chief AIFLD lieutenant, bluff, energetic Director William C. Doherty, Jr., says that delays in his social development program are due mainly to the red tape involved in obtaining U.S. government housing loans.

Blasts From Up High

Criticism nevertheless has come from some high sources. At a meeting in September of the Labor Advisory Committee on Foreign Assistance, which embraces top U.S. gov-

ernment and labor officials, Jack H. Vaughn, Assistant Secretary of State for Inter-American Affairs, was one such critic.

Vaughn said U.S. ambassadors and mission directors he had met on a recent trip to Latin America, indicated that the social projects program was in trouble in a number of countries because of overpromotional administrative weaknesses, and failure to coordinate activities with the U.S. Embassy.

AFL-CIO President George Meany himself said at the same meeting that he, too, was troubled by the AIFLD's performance.

Meanwhile, criticism has poured in from Latin America. Leaders of four Argentine unions, who were promised, amidst great fanfare, a \$10-million housing project in April, 1964 are still waiting for the first house to be built. Doherty has replied that the problem of inflationary costs had held up the program, not a very satisfactory answer to either the workers or to some Americans close to the program.

Costa Rica Row

In Costa Rica, where a \$1.2-million housing program is being contemplated, the press has been strongly critical of the AIFLD for trying to improve "unjust" conditions. The AIFLD says that it and not the Costa Ricans must decide who will get the houses. It is also requiring an interest rate

Bolsters U.S. Foreign Policy

of about 5.5 per cent on the housing loan, which the Costa Ricans regard as excessive. The Institute is insisting despite local objections, that U.S. engineers design the houses.

In the Dominican Republic, an American technician working on a housing project wrote AID officials that "the major defect in the planning of the project is that it was obviously designed to impress the U.S.A. with the tremendous impact of the AIFLD rather than serve the practical necessities of the Dominican Republic and Dominican labor."

The AIFLD was to have obtained most of its financial help for the Dominican project from the multi-national Inter-American Development Bank. However, negotiations have been stalemated for months.

The bank insists, for one thing, that the builder should be selected in open bidding. The AIFLD has, according to officials involved, wanted closed bidding, although under pressure it may be changing its mind. The AIFLD has gone ahead with the construction of some houses in the project with American aid funds after agreeing to open the bidding to at least six companies.

The bank is also unhappy about the insistence of the AIFLD that Louis Berger Inc., New Jersey engineering

consultants, and no other company, be utilized on the project. If any such a firm is needed, the bank believes, it should be Latin American.

It is noted by some observers that Derish Wolff, an executive of Louis Berger, Inc., has been offered the position of Director of AIFLD Social Projects. AIFLD officials maintain that there would be no conflict of interest.

The bank is also disturbed by what is felt to have been undue pressure exerted by the AIFLD for the use of money in the U.S.-contributed Social Progress Trust Fund administered by the bank.

The Institute's labor training program also is under fire from some critics, including followers of United Auto Workers President Walter P. Reuther.

One complaint is aimed at the Institute's policy of paying trainee graduates a salary for almost a year after they leave school. This does not make for independent-minded union leaders, the critics say, and looks all the worse when Lovestone and his aides boast, as they have, that their pupils have plotted against undesirable governments such as the João Goulart Brazilian regime that was deposed in 1964.

Also questioned is the presence of big businessmen on AIFLD's board of directors, particularly J. Peter Grace, the board chairman, not reputed to be a close friend of labor.

In Africa, where AFL-CIO influence has been waning, Lovestone is following a more discreet policy in view of the neutralist, nationalist attitudes of most African governments.

Under the immediate direction of Irving Brown, a follower of Lovestone since the lat-

ter's Communist days, the organization has sponsored a tailoring institute in Kenya and a motor drivers' school in Nigeria. It is giving vocational training, planning communities, building cooperatives and houses and promoting workers' education.