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AN APPRAISAL OF  
**PROGRAM EFFECTIVENESS AND MANAGEMENT**  
 OF THE AMERICAN INSTITUTE  
**FOR FREE LABOR DEVELOPMENT**

Based on Information Obtained in Brazil,  
 Guyana, Honduras, and Washington, D. C.

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**AMERICAN TECHNICAL ASSISTANCE CORPORATION**  
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AMERICAN INSTITUTE FOR FREE LABOR DEVELOPMENT

Based on Information Obtained in Brazil,  
Guyana, Honduras, and Washington, D.C.

Prepared for

The United States Agency for International Development  
pursuant to Contract # AID/La-633

July 1970

The American Technical Assistance Corporation  
Washington, D.C.



## AMERICAN TECHNICAL ASSISTANCE CORPORATION

Mr. Stanley Heishman  
Contract Officer  
ARA/LA/MGT CTR. Rm. 3253  
U.S. Agency for International  
Development  
Washington, D.C. 20523

July 30, 1970

Dear Sir:

Transmitted herewith, in accordance with the terms of Contract No. AID/la-633 dated February 2, 1970, as amended, between USAID and the American Technical Assistance Corporation, is an evaluation report on the program effectiveness and management of the American Institute for Free Labor Development (AIFLD) in carrying out AID-financed programs in cooperation with labor organizations in Latin America.

The report, which includes a number of recommendations for consideration by USAID and AIFLD, is based on investigation of AIFLD operations and AID/AIFLD relationships in Washington headquarters and in Honduras, Guyana, and Brazil. The selection of the three country operations to be studied was made by USAID and was intended to provide reasonable examples upon which general conclusions might be drawn with respect to the AIFLD program as a whole.

In the course of preparing this report, documents and reports from a number of sources, including USAID and General Accounting Office evaluation and audits, were consulted. Interviews were held with officials of labor organizations, employers, host government officials, U.S. Government officials in Washington and in the three countries, and officials of AIFLD and other American labor organizations. Classes and seminars given under AIFLD labor education programs and projects financed through the AIFLD program were inspected. Local instructors, worker-students, local union officials, and others connected with AIFLD-financed activities were interviewed. AIFLD files and records in each of the three countries and in Washington were reviewed.

The primary emphasis in our report is on the question of the basic significance of AIFLD's past performance with respect to U.S. objectives in the three countries. This reflects the scope of work set forth in the contract and the disproportionately

small amount of attention devoted to this question heretofore as compared with the attention devoted to the details of AIFLD financial affairs.

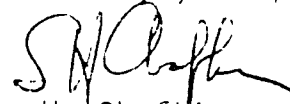
The report consists of four parts as follows:

- I. General Findings and Recommendations
- II. Field Survey Report on AIFLD Program in Brazil
- III. Field Survey Report on AIFLD Program in Guyana
- IV. Field Survey Report on AIFLD Program in Honduras

For convenience in presentation and use of the reports, they are grouped by subject matter somewhat differently from the specifications of Article II of the Contract. Part I covers the subject matter specified in paragraphs 3 and 4 of Article II; the remaining parts include for each country the coverage required by paragraphs 1 and 2. Recommendations are included in each of the reports.

The work under this contract was carried out over a period of approximately five months. Messrs. S. H. Chafkin, J. M. Pines, W. H. Rusch and A. L. Freeman of this company and, at the request of USAID, two personal services contractors to USAID. Messrs. Henry Hammond (a former U.S. labor attache with long experience in Latin America) and Henry Hutchinson (a former U.S. Government auditor) participated in various phases of the work. They received full cooperation in obtaining information and opinions from officials of American embassies and USAID missions in the three countries as well as from USAID officials in Washington, and from the AIFLD staff members in Washington and in the three countries.

Sincerely yours,



S. H. Chafkin  
President



**GENERAL FINDINGS  
AND RECOMMENDATIONS**

PART I  
GENERAL FINDINGS  
AND  
RECOMMENDATIONS

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## CONCLUSIONS

1. The AIFLD program is the major instrument of the U.S. Government in carrying out that element of the U.S. Foreign Assistance Act calling for the encouragement of free, democratic labor unions in Latin America. (To the extent that the U.S. Government considers attention to labor unions as an integral element of Title IX of the Foreign Assistance Act, AIFLD is also the major instrument now providing such attention.) In selecting AIFLD as its agent, AID adopted as a basic principle that the use of an entity sponsored by American labor organizations and staffed overseas by people drawn from the American labor movement to work directly with Latin American unions could accomplish results that could not be achieved directly by the U.S. Government. This report confirms the soundness of AID's decision in this regard. AIFLD has been accepted by free labor movements in the three countries studied as an authentic American labor organization, which can understand local labor problems and aspirations more perceptively and sympathetically than can the U.S. Government, and which can assist within certain limits their efforts in coping with problems of building a stronger free labor movement in these countries.

2. AIFLD's programmed activities are in two major categories - labor education and social projects. Its unprogrammed activity-- and at least of equal importance--is the "presence" effect of its overseas staff of experienced American labor representatives with a strong sensitivity to labor politics and

solidarity with local labor leaders. This staff is in close touch with local labor organizations, is available for and is often drawn on for technical assistance, for counsel, for information, and for the kinds of arrangements that give local leader, important access to the network of U.S. and international labor organizations and leaders for support. This input of labor presence together with the available financial support for labor education and for union projects is of practical use to union leaders in attracting members, organizing new unions and new locals, and in otherwise serving the particular political, economic, and social objectives of the local free labor movement

3. USAID has to date invested a total of \$29 million in AIFLD's education and social projects activities. In the three countries studied neither an evaluation system nor a body of information exists which can permit AIFLD or any other organization to measure the results of such an investment with regard to AID's broad goal stated in the legislation. What information could be assembled during the course of the study suggests that in all three countries the AIFLD labor education program and AIFLD social projects have generally contributed to the growth in union activity, to the involvement by the rank and file in union matters, to better trained union leadership, and to more effective union representation of worker interests in wages, working conditions, and rights.

4. However, a large area of subjective judgment still remains as to the link between these achievements of AIFLD and the

broad labor goal stated in the foreign assistance legislation and what the "right" amount of AIFLD program should be. Making decisions on AIFLD requires a process of reasoning as follows:

- (a) If the U.S. goal of developing free labor unions in Latin America could be substantially met by maintaining a labor presence in selected countries, then the AIFLD presence is in place and is accepted. A possible program alternative thus is to finance a low level of effort in the form of an AIFLD man who would keep in touch and provide advice.
- (b) If there is serious doubt that presence and advice alone can have a significant impact on the growth of free labor unions in Latin America, then progress toward the stated U.S. goal might be more safely assured by adding an increment of some kind of financial assistance, which most unions and federations badly need. Labor education is certainly not the only conceivable form of such assistance. Outright budget support to unions or federations is an example of one possible option. But such an option may present more severe political problems than an education program which is already established and accepted. The form and magnitude of the education program thus becomes central. AID might wish to limit its investment only to advanced leadership training courses in the U.S. The difficulty with such a limitation is that it does nothing in the

country to build a base of support and involvement of rank and file and to use basic education courses as a means of generating future leaders and stimulating the formation and growth of unions.

- (c) If a range of education program activity beyond simply advanced training in the U.S. is thus deemed critical to accelerating progress toward the U.S. labor goal, then AID will need to support education programs somewhat similar to the existing programs in the three countries. The question of the amount to be invested in such a program would flow from an analysis of what labor areas are of most importance to the growth of free trade unions, what numbers of leaders are needed in some future time frame, what part of the burden can and should the local unions undertake using their own or other non-AID resources, etc. But the basic policy question would be whether an education program investment is sufficient to yield acceptable progress toward the broad goal. The answer would be based in part on evidence of effectiveness in reaching intermediate points on the path toward the goal and in part on a political judgment or leap of faith on the link between the intermediate results and the basic purpose of the program. In some countries however, the growth of free trade unions may depend on their showing members that they are of value because they can at least provide ser-

vides or projects even if they cannot get wage increases because collective bargaining and strikes are outlawed.

- (d) If it is demonstrated (or judged in the absence of objective evidence) that something in addition to labor education is needed and that direct subsidies are unacceptable, then financing projects for unions becomes a logical choice. Again, the questions of what kinds of projects and how much needs to be invested in union projects to advance growth will flow from analysis.

5. The AIFLD program, its composition and magnitude, have not been developed by the above or any other discernible process of rational analysis, but rather by ad hoc operations, opportunities seized, proposals promoted, and negotiations successfully carried out. The fact that AIFLD has clearly had beneficial effects is due to its operational orientation, the labor background and judgment of its field staff, the drive of its top management and the political support of the AFL-CIO. AIFLD has unquestionably provided assistance beneficial to free trade unions in Latin America, but there is a question which the evaluation cannot assess as to how much this is worth to the U.S. It is clear from the evaluation that the time has come for a major improvement in AIFLD management by the application of systematic analyses, planning and continuing self-evaluation in AIFLD program development. The most serious shortcoming in AIFLD management is no longer in accounting, but in the absence



of clear operational objectives, a time frame for achieving them, an explicit strategy, a consideration of alternative programs, and an information system that provides data which permit evaluation and program modification. This inability to communicate clearly to AID where it is going, why it is choosing particular programs and their magnitude, and how it can know what it is accomplishing underlies at least part of the frictions and uncertainties which often surround AID/AIFLD relationships in Washington and in the field. The importance of free labor movements in Latin America is too great to rely on continuation year after year of existing "good" activities (called a program) or to determine allocation of U.S. funds for labor programs largely on the basis of "what we did last year" and political pressures.

6. Early progress in eliminating the foregoing problem will facilitate decisions by AID on the level of its financing of AIFLD operations, on achieving redirection of AIFLD programs, and on setting reasonable target dates for terminating assistance in particular countries. AIFLD's task is both developmental and political. Its institution building function should be completed when it has helped train a cadre of local union leadership capable of understanding free labor interests, mobilizing financial resources, and efficiently administering their own labor education and social projects. Some countries, such as Honduras and Guyana, are probably well along in this process and with judicious shifts in program emphasis and a rational integration of all AIFLD assistance components, including even

international trade secretariat assistance, the limits of what AIFLD help can accomplish in institution building will have been reached in the next few years. The free labor movement in such countries at that time may or may not move ahead on its own, but this will be determined by influences other than the availability of trained unionists. It may even be judged desirable by the U.S. Government at that time to continue to finance some element of AIFLD assistance in the cause of inter-American free labor solidarity and political relationships but the decision would be clearly recognized as being based on other than institution building objectives. Some countries, such as Brazil, undoubtedly present special labor problems in which political judgments are at least as important as institution building considerations. But even in the case of Brazil, it is time for the Brazilian free labor organizations to assume a larger part of the cost of labor education now financed by AID through AIFLD.

7. Thus, it is possible to envisage significant changes in the composition of AID financing of AIFLD programs in the future. AID financing in some countries may shrink to support only advanced training in the U.S. or in other situations may expand or be reallocated to support country or regional research and training institutions. AIFLD operations may be carried out in some countries without AID financing of any kind. AIFLD, as an independent institution, will be shaping itself in light of changes taking place in Latin American labor movements and or resources available to AIFLD. Committed to the basic goal of

encouraging free labor movements in Latin America and serving currently as the principal source of funds for AIFLD activities, the U.S. Government needs to define clearly with AIFLD the area of coincidence of its interests with those of AIFLD. The recommendations which follow are offered to help accomplish this.

RECOMMENDATIONS

AID continuation of its investment in support of free labor development in Latin America should take place only on the basis of explicitly confirming and redefining AID objectives, possibly along the lines suggested below. The widely differing views about AIFLD within the U.S. Government, the questions as to whether AIFLD should be developmental or political, the charges--publicly stated or discussed in corridors-- that AIFLD is essentially a gesture by the U.S. Government to the AFL-CIO, and therefore that AID has to live with it, have created uncertainties adversely affecting AIFLD/AID relationships in Washington and in the field.

AID can dispel at least part of the cloud of uncertainties by terminating the AIFLD contract and finding other means to achieve its statutory obligation, or by reconfirming its commitment to using AIFLD for this purpose. If AID chooses the latter course (for whatever reasons), it should contract for AIFLD services--overall and country-by-country on the basis of seeking AIFLD's commitment to take prompt actions along the lines recommended herein. These recommendations have been framed primarily to increase the effectiveness of AIFLD's operations, to maximize the return on AID's investment therein and to preserve the concept of AIFLD as an independent labor institution operating with a reasonable degree of flexibility in a difficult field.

The implementation of these recommendations should

become the responsibility of a small AID/AIFLD task force charged by both organizations with:

- (a) Reaching agreement on the scope of a reasonable action program to increase AIFLD effectiveness.
- (b) Establishing a realistic timetable for the installation of specific changes.
- (c) Monitoring performance to assure that the changes have been made and are operating as intended.

Some of the recommendations can be acted upon early; others will require a longer period for successful implementation. We recommend that a time limit of 18-24 months be set for completion of all the tasks required by the recommendations. We further recommend that the task force meet as often as necessary but not less frequently than bi-monthly during this period to assure adequate implementation progress.

#### A. Program Effectiveness

1. The AID-financed labor program administered by AIFLD, should be viewed as flowing from policies and related specific goals determined by AID in consultation with AIFLD and not as the purchase of a stated volume of specified activities.
2. AID and AIFLD should acknowledge as basic policy principles:
  - a. The desirability of transferring responsibility for financing and operating all educational and social project activities to local labor groups at the earliest feasible time;



Labor Economist programs as an integral part of individual country program planning processes, and to assure integration of these programs with other program alternatives, arrange for a substantial part of the direct student costs to be charged to the country budgets.

C. Social Projects

1. AID should request that AIFLD Country Program Directors develop country social projects strategies with:
  - a. Maximum reinforcement of other program activities;
  - b. Identification of specific goals that go beyond implementing a designated number of projects;
  - c. Acceleration of building within federations and confederations responsibility for supporting and administering social projects for unions in lieu of AIFLD-local union relationships.
2. AID should request AIFLD to develop a system for measuring the impact of small social projects that includes performance indicators related to the goals specified.
3. AID should continue to support the AIFLD role in developing rural or campesino unions, and the broad range of activities required thereby.
4. AID should support AIFLD technical assistance in housing projects where it is consistent with program objectives and where it is needed to help Latin American labor unions qualify for financing from local and international

sources.

D. Program Planning, Budgeting, and Evaluation Procedures

1. AID should request AIFLD to accelerate the use of planning, evaluation and control procedures that will expand the participation and improve the capability of the AIFLD Board of Trustees and its Executive Committee in policy formulation and evaluation of AIFLD performance on a continuing basis. For this purpose it is essential that AIFLD create a senior staff position and fill it with an individual possessing the requisite analytical skill and experience to assume full-time responsibility for program planning and evaluation.
2. AID should request AIFLD to provide to its field staff the necessary technical advice and support from its headquarters staff and from outside sources as needed to achieve acceptable planning and evaluation efforts, including planning documents which:
  - a. Formulate specific AIFLD operational objectives as they affect the broad statutory goal of encouraging free Latin American trade unions;
  - b. Include an analysis and measurements where possible of the output and impact of program activities in relation to Institute objectives;
  - d. Provide perspective through the inclusion of historical cost data on programs carried out and results achieved.



3. AID should request AIFLD to modify its reporting of program activity to incorporate evaluative data on progress toward specified program objectives.
4. AID should request AIFLD to undertake as part of its planning and evaluation effort a review of free trade union capability in each country designed to clarify past program impact and identify specific special training needs for the future.
5. AID should review with AIFLD the ROCAP-financed Central American seminar program to determine achievements in light of possible alternative AIFLD uses of the resources required by this program.
6. AID should re-examine the rationale underlying its support through AIFLD of ITS programs and determine whether:
  - a. to continue, as a matter of political judgment, the present level of its support; or
  - b. to insist that AIFLD apply the foregoing planning and evaluation procedures to ITS programs in order to rationalize some level of aid as a condition for continuing any AID financing for ITS programs.
7. AID should invite AIFLD views on labor programs in the course of developing its budget requests to Congress as part of a process of improving communication between AID and AIFLD in Washington and in the field. Washington and field exchanges of views will clarify future policy priorities and funding problems. Particular

attention should be paid to determination of an appropriate relationship between the Headquarters budget and actual field support needs. AIFLD field offices should be instructed by AIFLD/W to consult fully during the field budgeting process with the local AID staff in the development of their initial country programs and budget submissions, and to identify fully to AIFLD/W any foreseeable policy or budgetary differences. Such consultations should simplify task order negotiation and preparation of the PIO/T.

8. AID should delegate responsibility to individual missions for signing AIFLD task orders. We also recommend that AIFLD extend authority to its Country Program Directors to sign task orders on behalf of AIFLD. We also recommend that based on the development of adequate planning documents, task orders be developed on a two-year basis, even if funding is accomplished annually.
9. AID should request AIFLD to include in the Directive System a section on planning and evaluation, covering methodology, budgeting, personnel involved, and a specific time frame for the accomplishment of specific tasks.
10. AID should request AIFLD to include the AIFLD policy manual, when issued, in the Directive System.
11. AID should request AIFLD to codify its cost, instruction, selection, curriculum and other experience for

in-country education programs.

12. AID should utilize unexpended monies to fund those AIFLD country missions which have soundly demonstrated in the planning process how they might expand their programs were more money available.
13. AID should request AIFLD to create a program planning and review committee consisting of the Executive Director and senior staff to assure that progress is being made in upgrading the quality of program and planning analysis.
14. AID should request that the AIFLD headquarters budget process include:
  - a. A written explanation from each Department Head of proposed departmental outlays, such explanation to be accompanied by historic documentation of the relationship of budgetary requests to country program needs. The level of departmental staffing should receive close scrutiny.
  - b. A review by the Board of Trustees, with particular attention given to the policy aspects inherent in various levels of backstopping effort.
  - c. An evaluation of the effectiveness of the AIFLD information program to date, with consideration of the cost and impact of alternative media.
15. AID should request that the appraisal of the AID/AIFLD Task Force on the implementation of this report's planning and control recommendations be made available to the AID Task Force studying revisions of contract Ia-259.

E. Financial Control and Internal Management

1. Each AIFLD Country program budget (both as originally prepared and as finalized in task orders) should show major program inputs (dollars) and significant expected intermediate outputs (courses held, participants, etc.). The budget should then be used as a major control to identify deviations from planned activities and to provide a focus for AIFLD program management and AID budget control. AID should assist AIFLD/W in providing technical assistance to the AIFLD field staff to develop an appropriate level of competence.
2. The current system of AIFLD reports from the field should be reviewed to achieve a simplified internal reporting system emphasizing evaluative data. The cooperation of AID should be sought so that, to the greatest extent possible, the same data will serve the needs of AID monitoring as well as AIFLD internal control.
3. AID should request AIFLD to expand that section of the AIFLD Directives treating personnel practices applicable to U.S. Nationals, to include a more detailed statement of hiring, dismissal and promotion procedures.
4. AID should request AIFLD to codify personnel practices relating to locally-hired personnel, and the benefits to which they are entitled.
5. AID should request AIFLD to review the present AIFLD Directives with the objective of removing those which are not essential as major management tools.

F. Reimbursement of Expenses

1. AIFLD/Missions should continue to collect and report to AIFLD/W field-incurred expenses. To ensure an improved level of accuracy and timeliness in the submission of monthly expense reports, we recommend that AIFLD promptly fill the position of Regional Accountant - North, and that he, together with the Regional Accountant - South and the Director of the Finance Department, commence a program for providing continual on-site technical assistance to each country staff. Such assistance could be supplemented by AID Mission Controllers, and we urge that informal mechanisms for technical assistance be worked out. We do not consider it necessary to increase field staffs if attention is given to upgrading the technical skills of those presently employed.
2. AIFLD should continue to prepare reimbursement vouchers for submission to AID/W. To improve the feedback of reimbursement data to the field we recommend that:
  - a. Salary and benefits data for U.S. nationals be added to the duplicate monthly expense report that is returned to the field;
  - b. Field staff take the initiative to advise AIFLD/W of applicable government regulations or special circumstances which might affect accounting treatment of field expenses;
  - c. AIFLD/W return to each field program a copy of the

- voucher submission sent to AID/W, with a full explanation of any differences between it and the monthly expense report on which it was based. This would include explanation of disallowances and re-classifications;
- d. An additional secretarial position be created in the Finance Department to assume responsibility for this additional correspondence.
3. AID/W should continue to pay AIFLD voucher submissions after review for certification and compliance with budgetary restrictions. Payment would be on a provisional basis subject to post-payment audit by the Mission.
  4. AID/W should continue to forward to each Mission controller a copy of every AIFLD voucher submission that is paid. AID Mission Controllers could then examine vouchers with AIFLD Mission expense records, to determine compatibility of AID payments with expense records and legitimacy of specific expenses incurred under the task order. The foregoing procedures ensure the integrity of AIFLD's control over its own organization, contribute to achieving a more efficient headquarters operation, improve the communications between AID and AIFLD at all levels, provide timely reimbursement to AIFLD, and furnish AID with the tools by which to accomplish a prompt and direct review of field financial administration.
  5. AID should request AIFLD to amplify its accounting

manual to include more detailed explanation of expense reporting and costs that are reimbursable by AID.

G. Contract Administration

1. We recommend that AID clarify the assignment of responsibility and authority in a single office within the Bureau for Latin America (supported by such other elements of AID and State as may be appropriate) to administer the entire AIFLD contract on behalf of the U.S. Government and to provide an effective mechanism for coordination with AIFLD on matters involving the promotion of free democratic trade unionism in Latin America.
2. AID should take immediate steps to compromise remaining disallowances resulting from the 1966 and 1967 audits. The managerial time presently being expended in a search for records could better be utilized by both AID and AIFLD in monitoring and improving present operations.

CHAPTER I  
BACKGROUND

This program and management evaluation of the American Institute for Free Labor Development (AIFLD) is intended to provide an assessment useful for decision-making and for constructive recommendations pertinent to the achievement of progress toward statutory free labor goals

The AIFLD program is contracted for by AID to assist in implementation of the labor policy of the U.S. Government in Latin America. The broad policy guidance of the Foreign Assistance Act (Sec. 601) <sup>1/</sup> emphasizes development of free trade unionism, encouragement of trade unions' participation in development as democratic institutions contemplated by Title IX, and delivery of benefits to workers in furtherance of Alliance for Progress goals. The Rockefeller report also identified encouragement of strong, effective, free trade union movements throughout the Western Hemisphere as an important national objective.

The evaluation is concerned primarily with appraising

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<sup>1/</sup> The Foreign Assistance Act of 1961, as amended, 22 U.S.C. §2151 et. seq., includes two references pertinent to AIFLD operations. Section 207(e), 22 U.S.C. §2167, declares that in "... furnishing development assistance ... the President shall place appropriate emphasis on ... the growth of free labor unions, cooperatives, and voluntary agencies ...." The second reference appears in Section 601 (a), 22 U.S.C. §2351(A), in which " ... it is declared to be the policy of the United States ... to encourage the development and use of cooperatives, credit unions, and savings and loan institutions ... and to strengthen free labor unions...."



the contribution of AIFLD to achievement of the statutory objectives, as they have been interpreted by U.S. Government representatives. The political framework established by the U.S. Government for AIFLD activities has been accepted as given. The broad statutory mandate, the basic decision to carry it out through foreign assistance, and the political strategies developed as a result of it, are and have been subject to serious question. The evaluation, however, is limited to examining the effectiveness of AIFLD as it has operated within the framework of these basic decisions.

The evaluators studied extensively the Brazil, Guyana, and Honduras programs of AIFLD. In all three countries, they observed activities and viewed projects, examined program and financial records and interviewed widely among AID, U.S. Embassy, and AIFLD staff. The group also interviewed Latin American Labor leaders and union members, U.S. and local employers, and country government officials. Members of the team attended part of the AIFLD country director's conference at the Institute's education facility in Front Royal, Virginia, in January, visited the Organizacion Regional Interamericana de Trabajadores (ORIT) in Mexico City, and also met with AIFLD Directors and selected U.S. Government personnel in other countries in Latin America. The evaluation also draws on reviews of the AIFLD programs in Colombia and Ecuador, made in 1969 by the American Technical Assistance Corporation in connection with its work for AIFLD in identifying ways to measure the effectiveness of its labor education programs.

A. Sources and Uses of Funds

The American Institute for Free Labor Development (AIFLD) was founded in 1961 as a private, non-profit corporation. Its mission then, as now, was to support the growth of independent, democratically-oriented and responsible trade union movements in Latin America. Since inception AIFLD has received financial support from three sources: the U.S. Government (through AID contracts), the AFL-CIO, and American corporations. Total funds available to AIFLD through the end of 1969 amounted to \$30,700,000, of which 91% were from AID. A summary of the sources of funds appears in Table No. 1.

Total expenditures in the year 1969 were in excess of \$6,000,000 of which 56% was spent in specific country programs; 32% in support of the headquarters offices in Washington and the education programs at the Training School at Front Royal, Virginia, and at Georgetown University; 10% for the Union-to-Union Program; and 2% for drawings from the Regional Revolving Loan Fund. A comparative Statement of Expenses for the Calendar Years 1962 through 1969 appears in Table No. 2.

AMERICAN INSTITUTE FOR FREE LABOR DEVELOPMENT

Sources of Funds, 1962 - 1969  
(000 Omitted)

<u>Calendar Year</u>	<u>Labor</u>	<u>Corpora- tions</u>	<u>AID</u>	<u>Total</u>
1962	\$ 110	\$ 133	\$ 397 <sup>1/</sup>	\$ 640
1963	139	159	954	1,252
1964	211	165	2,148	2,524
1965	200	164	3,472	3,836
1966	200	141	4,802 <sup>2/</sup>	5,143
1967	200	136	5,293	5,629
1968	200	134	5,252	5,586
1969	<u>200</u>	<u>122</u>	<u>5,768</u>	<u>6,090</u>
TOTAL	\$1,460	\$1,154	\$28,086	\$30,700

Source: 1962-1966 data from Labor Policies and Programs, a study prepared by the staff of the Committee on Foreign Relations, United States Senate, July 15, 1968, Table 1. 1967-1969 data from AIFLD audited financial statements and internal records. Totals do not correspond to those appearing in the Statement of Expenses due to omission of minor sources of revenue.

Notes: 1/ Includes \$100,000 from Department of Labor.

2/ As reported in 1966 audited financial statement.

AMERICAN INSTITUTE FOR FREE LABOR DEVELOPMENT

Statement of Expenses, Calendar Years 1962 through 1969

	1962	1963	1964	1965	1966	1967	1968	1969
<b>Expenses:</b>								
Washington, Head- quarters <sup>1/</sup>	\$ 119,819	\$ 502,803	\$1,104,165	\$1,075,031	\$ 990,605	\$ 860,605	\$1,027,511	\$1,806,482 <sup>2/</sup>
Washington Train- ing School <sup>2/</sup>	245,120	477,667	394,888	440,627	462,202	988,959	1,004,034	
Dominican Repub- lic Housing Project				50,277	405,520	69,377		
Union to Union Program							43,218	631,566
Campesino Training Pro- gram				22,814				
Labor Economist Program					70,178	112,951	93,006	134,043
Regional Revol- ving Loan Fund								111,043
<b>Latin American Centers:</b>								
Argentina		3,017	14,562	79,074	131,961	251,241	226,221	152,156
Bolivia		35,317	93,118	162,536	202,387	196,284	189,212	204,029
Brazil		73,150	188,198	366,789	509,879	499,678	446,378	547,110
Central America (Honduras)			103,997	297,716	459,090	578,814	563,207	683,690
Chile		18,785	79,062	144,827	143,041	127,824	184,229	222,385
Colombia		70,448	103,001	156,539	198,002	221,724	210,853	224,298
Dominican Re- public		8,576	68,589	116,940	306,982	234,720	165,416	150,705
Ecuador	17,506	42,009	47,767	132,350	186,443	226,543	217,512	200,370
Guyana				54,245	162,046	241,427	424,585	290,975
Jamaica			25,339	37,117	38,555	39,705	10,000	
Mexico			36,595	99,460	62,227	34,565	45,397	28,145
Peru	6,385	57,686	88,592	179,764	249,854	280,999	204,411	193,386
Uruguay		26,241	95,847	147,029	190,192	228,938	478,500	419,392
Venezuela	32,425	59,584	49,336	138,709	120,379	98,290	79,355	59,219
<b>Latin American Seminars:</b>								
Caribbean			24,694	22,342	6,435	1,850	18,846	28,236
El Salvador			143					
Nicaragua			17,537					
<b>TOTAL</b>	<b>\$ 421,255</b>	<b>\$1,375,283</b>	<b>\$2,535,430</b>	<b>\$3,724,186</b>	<b>\$4,895,978</b>	<b>\$5,364,494</b>	<b>\$5,641,891</b>	<b>\$6,097,235</b>

Source: 1962-1966 data from Labor Policies and Programs, a study prepared by staff of Committee on Foreign Relations, United States Senate, July 15, 1968. Appendix VI; 1967-1969 data from AIFLD audited financial statements.

Notes: 1/For 1962 and 1963 costs of \$48,079 and \$369,524, respectively, were identified as being applicable to AIFLD Social Projects Department. Amounts for similar expenses for other years not specified.  
2/Includes expenses of Washington Training School.  
3/Includes expenses of Headquarters Education Department and Front Royal Institute.

B. AID/AIFLD Decision-Making Process

Because AIFLD and the AFL-CIO have had extensive experience in Latin America, and because labor is a major political force in the United States, the formulation of governmental labor policies and programs has involved labor participation in a way that is not customary in governmental agency relationships with other contractors. Country labor policies, though ultimately the responsibility of the U.S. Ambassador, are developed at staff level, in various degrees, by labor attaches, political officers, AID directors and program officers, and the AIFLD Country Program Director (CPD).

The evaluators found that neither in Washington nor in any of the countries visited did there exist an adequate mechanism through which all parties to labor policy and strategy formulation could meet together, exchange views, and evolve a coordinated labor policy. Informal meetings among some of those involved are frequent, though usually concerned with operational issues. There is a generality about policies and an ambiguity about procedures for forming them that encourage dissatisfaction among all concerned.

The policy of encouraging free trade unions may conflict with other U.S. objectives. As a contractor for AID, AIFLD is bound to accept the requirement that its activities be consistent with broad U.S. policy. As a labor group concerned with the welfare of workers, it may independently contend for different policies. AIFLD is criticized by some for lacking militancy

and backing overly conservative union leaders. However, the evaluators encountered no instance in which the labor program was less activist than was considered desirable by the prevailing view of the U.S. Mission.

One may take issue with the overall U.S. approach to Latin American labor, but the chosen instrument of that approach, AIFLD, appears to be in harmony with the policy orientation of those who chose it. If it did not at least operate at the limits of activities permissible under U.S. policy, AIFLD's credibility with Latin American labor would be limited, because U.S. policy is rarely viewed as pro-labor. To broaden credibility would require a degree of radicalism that is not only unlikely in AIFLD but, more importantly, would not be acceptable to U.S. governmental policymakers. AIFLD occupies a middle ground that extends the role of the U.S. in assisting Latin American labor beyond what Government can do directly, though not as far as a labor group entirely independent of government might. The AIFLD-administered subcontracts through which AID supports activities of international trade secretariats permit more independent action than the direct AIFLD program, but at the expense of reduced program control for AID.

The differences that necessarily arise between U.S. government people concerned with implementing a policy in which labor may be of less importance than other matters and a contractor dedicated to the primacy of labor cannot be resolved by changes in institutional arrangements. Nevertheless,

clear recognition by U.S. Missions that AIFLD has a proper interest and role in discussions of policy, followed by provision of an appropriate forum for their manifestation, will increase the constructive contribution by AIFLD.

The evaluators consistently found that those AID directors who included AIFLD in their policy-making deliberations, without sacrificing their own decision-making prerogatives, were able to resolve disagreements far more easily than those who presented the contractor with a fait accompli. In Washington, the basic questions on the AIFLD program's role in the foreign aid program also appear to be decided without close consultation between AID and AIFLD. As a result, AIFLD management and AID/Washington engage in an annual tug-of-war over budgetary issues in which questions of funding level are decided against an inadequate background of policy and program agreement. Sound management requires that effective communication be initiated early in the policy-making and budgeting process.

This evaluation is not likely to resolve all of the difficulties that have plagued negotiation of the labor program. However, it can help to narrow the issues by clarifying the distinction between program planning and piecemeal bargaining. The evaluation emphasizes joint consultation about goals and the indicators acceptable as evidence of progress toward them. It also suggests that AIFLD should supplement reporting of program activities with evaluatory data on progress toward program goals.

However, technical analysis and progress reporting alone cannot determine the "right" amount to spend on the labor program. Intelligent decision-making requires that costs and benefits, or results, of alternative program activities be considered, but policy judgment and personal views about the organization of society, the interests of the U.S., and the importance of labor are also involved. Proper organization of the decision-making process requires that makers of essentially policy decisions have before them facts that give reasonable indication of the program consequences of alternative levels of effort, in addition to having ample opportunity to hear the views of contending parties.

Consideration can also be given to improving the decision-making process through centralization. At present, separate country negotiations occur and each is potentially a time-consuming debate, frequently over minor sums. The AIFLD regional budget presents an added opportunity for conflict. The amount spent on free labor development in Latin America tends to be the chance outcome of several separate decisions made in isolation. The simultaneous submission by AIFLD of all Country Labor Plans, which could be the basis for a funding decision based on a regional strategy, does not in fact serve that purpose, because each country budget is determined separately and apparently without reference to any considerations outside the country. Indeed, the magnitude of individual AIFLD country programs is largely fortuitous, being dependent in part on the AID Mission Director assigned to each country and whether



Washington decisions to increase or decrease overall AID programs in particular countries affect AIFLD programs.

There is considerable appeal to the concept of funding AIFLD centrally and giving it the responsibility of designing a regional labor program and making allocations for AIFLD country programs from the single central fund on the basis of labor problems, priorities and objectives. Such an independent institute would be consistent with current proposals to provide more and more U.S. aid through private institutional channels. A centrally funded AIFLD would simplify life for country AID missions which now allocate program funds for AIFLD. It would enhance the posture of independence of AIFLD overseas staff who would no longer need to seek and negotiate AID country funds for labor programs. A multi-year central funding arrangement for AIFLD would reduce the annual administrative gymnastics which now surround the AID country program funding approval process.

At the same time, divorcing AIFLD funding from AID country program decision-making may have serious shortcomings for AID and for AIFLD. Relieving AID missions from any concern for AIFLD labor programs will also relieve them of the responsibility for paying serious attention to the significance of the labor movements in the AID countries. The present and potential importance of organized labor in the countries we have visited demands more rather than less attention from U.S. embassies and AID missions charged with responsibility for making effective use of foreign assistance in Latin America. While

the size of the AIFLD program funded through an AID mission may be quite small, it still requires an AID Mission Director and his staff to consider and understand the labor problems addressed by the labor program and the possible relationship between that program and other U.S. objectives in the country. In addition, the very sensitivity of the labor area, which now causes misgivings about whether AIFLD is adequately monitored by the U.S. Government, would seem to demand close country level relations between the AID mission and the local AIFLD office. While the separation in the field implied by a centrally funded AIFLD may get AIFLD out of the AID mission's programming process, there will be a need for some kind of local U.S. Government policy control over local AIFLD activities.

While we see interesting administrative advantages in a centrally funded AIFLD, the funding change will not improve the U.S. Government's position in assuring effective use of the funds and in protecting and harmonizing overall U.S. interests in the countries. We believe that, once having decided to include labor programs with foreign assistance, such programs should be a legitimate area for AID country programming attention and related to achieving the broad objectives of U.S. aid. At the same time, effective consultation arrangements between AID headquarters and AIFLD headquarters would identify opportunities for formulating broad regional labor program policy and priorities and would provide leadership to their field units in instituting systematic planning and evaluation efforts.

CHAPTER II  
PROGRAM EFFECTIVENESS

The AIFLD performance must be reviewed at both the policy and operational level, asking:

- (1) Is the program carrying out the activities proposed?
- (2) Are these activities having the contemplated impact?
- (3) Is this impact helping to achieve the long-range goal of U.S. labor and other policies?

The country reviews in this evaluation present details of activities, results, and relationships to long-term goals. While each country context differs, so that rates and manifestations of change vary, some generalizations useful for future programming have emerged. They reflect both the accomplishments and the deficiencies resulting from past efforts. A summary table containing comparative data on accomplishments and impact of the AIFLD program in all three countries is presented in Appendix 3.

A. Labor Education

The evaluation views results of the labor program as a series of concentric circles increasingly distant, both temporally and physically, from the program inputs being reviewed. As more distant results are considered, intervening factors and the tenuousness of links between activities and events make attribution of impact increasingly difficult.

Identification of exogenous influences that prevent or inhibit achievement of longer term objectives is part of the evaluation process, often useful in revealing the assumptions implicit in the original hypothesis about the results likely to flow from program activities.

The specific program hypothesis of the AIFLD contract program has not been made more explicit than statement of an assumed relationship between labor education, social projects, and development of a free labor movement. The intermediate steps and results through which this result is to be achieved have not been stated with sufficient precision to permit evaluation of effectiveness in reaching them. The evaluation approach is therefore concerned first with describing the underlying theory of the program and the milestones or indicators of progress that appear to be most relevant to testing the validity of that theory and effectiveness of the program in helping to strengthen free labor movements.

Labor education and social projects are expected to contribute to free labor development by their impact on current and prospective trade union members. Free, independent, democratic trade unions are characterized by (1) membership dues payment and participation in union activities and decision making; (2) directors who serve the members and are accountable through democratic procedures; (3) assertion of rights through legal procedures; (4) independence from government, religious, or political party control. Although this general framework is manifested in each country through institutions and individuals subject to unique cultural, social,

and political conditions, it is a guide to the kinds of behaviors and institutional developments flowing from them, that AIFLD seeks to bring about. The link between AIFLD activities and the conduct of those involved in them is sufficiently direct to make this the initial focus of evaluation efforts. Unless there is significant program impact at this level, there is unlikely to be any program contribution to broader outcomes. However, even if AIFLD activities are well-executed and bring about desired behavioral changes among participants, development of a strong free labor movement is not a necessary consequence, since so many other factors affect it. When productivity is low or government is hostile to free labor interests, for example, the possibilities of building a strong free labor federation are reduced. The evaluation therefore looks first at the direct impacts of AIFLD activities and then reviews the relationship of these impacts to the growth of the free labor movement in each country. Effectiveness of the AIFLD program varies with the context of goals within which it is considered and the evaluator attempts to make these contexts explicit in every reference to program effectiveness.

Each country paper describes in detail the educational activities and direct impacts of the AIFLD program. The country programs observed suggest that AIFLD has steadily improved in the capacity to organize and present labor orientation courses for workers and more advanced courses for their leaders. This reflects both the lessons of experience acquired by AIFLD staff and the increased availability of AIFLD-trained unionists who can present course materials. In

all three countries, there has been steady growth of local union and federation sponsorship of basic or orientation courses, either independently or as a supplement, which permits AIFLD resources to go further.

The immediate impact of AIFLD educational activities is partly reflected in the widespread presence of AIFLD course participants holding high positions in free trade unions and federations. While this does not necessarily mean that their training has made them more effective leaders, it is an intermediate outcome assuring that AIFLD graduates are in positions where their training can be used. The absence of an AIFLD performance measurement system in the past made it impossible to make a statistical finding about the behavioral consequences of labor education. Nevertheless, each country evaluation includes evidence that many graduates of AIFLD advanced courses do exhibit increased proficiency in serving their membership. Although varying with the country context, grievance administration, contract negotiation, and institution of new welfare services were among the areas showing improvement. Precise quantification of the numbers improving and the extent of their progress could not be attained, but observation and narrative reports support a finding that the labor education efforts have raised the general level of leader performance in the free labor movement.

The impact of beginners' courses is also difficult to quantify with precision on the basis of past reporting practices, although AIFLD is taking steps to initiate for advanced courses a more extensive performance measurement system. The

thousands of students who have passed through these courses are again an intermediate measure of accomplishment. Their conduct after the courses, which would be the basis for describing more significant impact, has also not been the subject of routine performance measurement by AIFLD. Evaluation of this impact is more difficult than for advanced courses, since numbers are greater and course content more general, but the use of basic courses as a selection device provides a ready intermediate measure useful in describing impact. The principle that advanced courses will be filled from among those completing basic courses is so well established in most countries that the basic courses provide the principal screening and evaluation method for identifying future leaders. The success of more advanced courses in improving leader performance is partly attributable to the intake and motivation techniques of the earlier work. Since there is a steady flow of trade unionists through the labor education system in most countries, the motivation function of the basic courses appears to be performed effectively.

Growth of local unions and federation membership and dues income is not a measure of AIFLD education impact, unless linked directly with the presence of course graduates. Attempts to generalize about program effectiveness from gross figures are misleading. Free trade unions are growing faster in Honduras than in Brazil, for example, but this tells less about AIFLD effectiveness than it does about the impact of political conditions in Brazil. The post-course conduct of Brazilian graduates may be as close to desired goals as that of Honduran

graduates, but possible broader effects of it are frustrated by intervening factors.

The basic courses, in addition to providing a reservoir of potential leaders, develop a consciousness and understanding of solidarity among the rank and file that is ultimately measured by their willingness to support strike decisions, and other decisions requiring concerted action, democratically reached. This rationale, frequently expressed by labor leaders and AIFLD staff, is not readily verifiable in precise quantitative terms, particularly in the absence of a performance measurement system. It cannot be said with certainty that the AIFLD program "caused" the acceptance and participation of Honduran and Guyanese workers in the collective bargaining process in those countries, or of Brazilian workers in the limited sphere of union activities still open to them. Nevertheless, the free labor movement in all three countries has been characterized by a growth of activity and involvement by the rank and file that is so directly dependent on knowledge and understanding of unionism that, as one of the major sources of it, AIFLD must be held to have contributed to this development.

The education programs in all three countries have had sufficient impact to force attention to questions of new emphasis and direction. The number of active course participants is so great that, in both basic and advanced education, the federations and AIFLD must recognize that the goals of the AIFLD education program should be primarily (1) to encourage local unions and federations to assume responsibility



for financing and operation of basic worker orientation courses; and (2) to concentrate increasing AIFLD resources in filling specialized training needs, including advanced leadership training. This evaluation is intended to speed that recognition and their response to it, acknowledging that progress has been made, though it cannot be appraised with the clarity that is desirable.

The absence of systematic tabulation showing, for example, how many AIFLD graduates regularly instruct in basic courses may reflect inadequate emphasis of the significant institution-building accomplishment. The basic premises of free trade unionism are now being passed on by AIFLD graduates through continuing local institutions that should be assisted to fulfill systematically all national needs for this type of education.

The labor education program's accomplishments in AIFLD's Front Royal and other specialized training are more difficult to describe. The evaluation's country reviews elaborate on the graduates of Front Royal who are now leaders, but objective evidence of increased proficiency has never been collected. Criteria of proficiency vary for each country. In Ecuador, for example, the number of new collective agreements signed is demonstrably related to AIFLD efforts, while this indicator is of little relevance in Brazil or Colombia. In Honduras, leaders describe specific contract clauses as fruits of their AIFLD training, but the absence of systematic performance evaluation makes it impossible to appraise incidence or significance.

The evaluators propose that AIFLD and AID undertake a review of present free trade union capabilities designed to clarify past program impact and to identify specific special training needs for the future.

### B. Social Projects

AIFLD social projects activity must also be evaluated in relation to several different goal contexts extending from performance of activities, through completion of projects, to broad economic and social impact on the free labor movement. The program hypothesis underlying social projects efforts relates them to development of strong free labor movements through intermediate goals such as (1) economic benefits to workers, (2) increased labor organization resources for serving workers, (3) increased labor organization capability for serving workers, (4) increased rank and file solidarity and participation in union activities. Progress in achieving these goals is presumed to contribute to the strength of a free labor movement.

Since social projects in the three countries studied vary in character and amount, from a few hundred dollars for schoolroom furniture to multi-million dollar housing projects, and the AIFLD role also varies, generalization about effectiveness in achieving objectives is difficult and too easily centers on accomplishments, generally economic, for which data is readily available. Since AIFLD performance measurement has not been yet extended to the difficult areas of changes in individual and organizational capability, for example, conclusions

on these matters are necessarily less precise.

In all three countries, the development and execution of social projects are well-managed. Approval procedures are clear and are handled expeditiously, financial controls are adequate, and project implementation is appropriately assisted and monitored.

Suitable emphasis is given to self-help, including provision of loans rather than grants whenever repayment capacity exists. Requests for projects reflecting important needs are plentiful enough so that AIFLD is not reduced to stimulating or approving dubious requests, as sometimes happens in similar efforts.

The numbers and dollar amount of projects in the three countries are included in the country evaluations. These are measures of activity or input but tell little about the immediate results of the projects or their cumulative impact on broader variables. For larger projects, where the AIFLD role is catalytic or contributory, the attribution of outcomes to the program involves precarious assumptions about causation. The social projects activities included in the \$110,000 AIFLD program "caused" the \$2,000,000 housing project in Honduras, for example, only if other contribution factors are taken for granted. In a smaller project, though AIFLD may clearly have been the dominant exogenous influence, disbursement of the loan and completion of the project are only the initial steps in a string of consequences that includes effects on worker attitudes and behavior, public agency response, and institutional capacity of federations and other labor groups.

These kinds of results have not been systematically recorded by AIFLD, so that evaluation conclusions relating to them are based on direct observation, interviews, and review of narrative materials.

The direct effect of social projects on the workers' share of gross national product is important, though less significant than the eventual impact of collective bargaining by a strong free labor movement. The AID and AFL-CIO resources channeled to labor groups through social project loans are not the measure of this economic impact. The increased willingness of private and governmental agencies to make funds available to labor groups, as a result of these projects and related AIFLD activities, though not easily tabulated, is a more useful indicator of progress.

AIFLD involvement in housing, found in all three countries, not only contributed to construction of the specific projects associated with the Institute, but has prompted initiation of other housing projects for workers that are not directly linked to AIFLD activity. The Guyana Industrial Training Center, the ANACH Revolving Fund in Honduras, and the union hall projects of Brazil, for example, are other examples of social projects that have clearly generated substantial governmental resource inputs for labor's benefit. While it is impossible to know what would have happened without AIFLD involvement, relationships between the social projects and governmental responses are sufficiently close to support attribution of the responses to the program.

Impact on labor organizations' resources for serving workers, and their ability to do so, are limited by the failure to institutionalize social project support within the organizations. The ANACH technical department in Honduras, designed to

administer a revolving loan fund social project, is a first step toward helping labor groups acquire the capacity to develop and review projects, monitor repayment of loans, and assist in project implementation. The present individual project approach, though it gives local unions some experience in these matters, is not carried out in a way that assures long-term improvement in their capability. Larger projects requiring continued assistance over a longer period of time are more effective in achieving this goal.

The impact of social projects on worker solidarity and participation in union activities is reflected by changes in membership and by behavioral changes among current members. In Brazil, for example, there are convincing direct links between a union or related cooperative's involvement in an AIFLD social project and immediate growth in membership. This is readily explained by the appeal of added union services, the principal attraction unions can offer to members in Brazil. More impressive than the growth in membership, which is often transitory, is the effect of social projects on self-help participation of members in continued delivery of services through their unions. AIFLD financial and technical assistance often leads to development of new institutions, such as an ambulance service or a union-operated school, that depend on a union membership's voluntary participation for their continuance. No tabulation of membership involvement was available, nor was data on permanency of impact presented. There was, however, ample evidence that social projects not only provide benefits for workers, but also serve to train

them in the administrative and other techniques required to develop and conduct additional activities for themselves. AIFLD cooperative and community development education activities complement this training.

An additional major impact of social project activities is their effect on workers' attitudes to the United States. Among many groups, a project is the sole tangible evidence of foreign assistance and the Alliance for Progress. In all three countries studied, the combination of AIFLD personal involvement at base level accompanied by social project support had developed for the United States the reservoir of good will contemplated by the program's labor and governmental sponsors.

The plethora of identifiable impacts, though not yet the subject of routine measurement by the contractor, suggests that the varied social projects activities respond to important interests of the free labor movement. AIFLD is now at the point where each country should develop an explicit strategy designed to integrate these activities most effectively into a labor program addressed to specific free labor goals.

AIFLD's administration of social projects is characterized by absence of any explicit strategy. Social projects administration is not linked to educational activities in most cases, so that opportunities for mutual reinforcement are lost.

An AIFLD social projects role limited to "banker for labor movements," resulting in isolated improvements in union administration and ability to work together, does not take advantage of the full potential of this activity. If social

projects are to effect maximum contribution to free labor development, they must be planned and developed in a manner consistent with defined labor development goals.

If, for example, strengthening of a confederation is a priority goal, as in Guyana, then projects should be managed in a way that gives the confederation administrative experience and identifies it as the source of project funds and services. The projects chosen or developed should be those which do most for the confederation. The measures of success are not "number of projects" or changes in individual unions, but improvements in the confederation's ability to get and administer funds.

In northeast Brazil, the implicit strategy involves financing social projects that yield maximum growth in governmental activities and services delivered to unions. This is accompanied by subordinate concern for federations. Here an ambulance purchase is likely to yield less progress toward the goal than financing a union headquarters, and three small union halls may bring forth more services and activities than one big one of equal resource cost. The consequence of past project choices must be recorded and reviewed in programming future projects.

If the social projects effort is concerned primarily with maximizing funds made available to labor, then large projects and those with possible demonstration effects on donors or lenders would be favored. AIFLD has rarely begun to think of project activities as anything more than isolated "good things" to do and this is reflected in the diffuse, and

perhaps transient, impacts now achieved. The coordination of social project activity with education, and development of program plans linking both to achievement of specific goals, is essential if self-sufficient free labor movements are to emerge.

### C. Coordination of Education and Social Projects

The compartmentalization of activities encouraged by AID contracting practices and AIFLD organization has led to over-emphasis on intermediate results. The contracting parties have failed to develop and implement a long-run strategy based on synergistic combination of related activities. The "number of courses" or "number of graduates," and "number of projects completed" are treated as the major impact. The relation of these and possible alternatives to the more important goal of self-supporting national trade union education programs and expanded activities, implicit in all AIFLD projects, is often not considered. Distinctions among labor organizations' technical and organizational capacity to administer their own programs, their will to do so, and their financial ability, are blurred, so that program alternatives tend to be lost in the traditional plethora of courses and projects.

Possibilities for linking education to social projects, to increase effectiveness of both, are too easily neglected. The Honduras "action week" in which social projects are undertaken as part of a course, for example, has not been widely duplicated. Where responsiveness to education is weak because



of limited understanding of possible tangible benefits, unions fresh from completion of a project are more promising candidates for course work than those still uninitiated.

D. The Union-to-Union Program (Task Order 42)

AIFLD funding for FY 70 includes \$480,000 to be utilized in support of the Union-to-Union Program. This is a program which AIFLD subcontracts to seven (7) organizations. The subcontractors are:

1. Communications Workers of America,
2. Retail Clerks' International Association,
3. Brotherhood of Railway, Airway, and Steamship Clerks,
4. International Federation of Petroleum and Chemical Workers,
5. American Federation of Musicians,
6. The Textile Workers' Union of America,
7. The Food, Beverage and Agricultural Workers' Union.

These organizations in turn use the money to support Latin American programs of the International Trade Secretariats (ITS's) with which they are affiliated. The ITS's had been active in Latin America for many years prior to Task Order 42.

The subcontract program began in June, 1968, with an AID grant of \$617,000 following AID/W and AIFLD negotiations in which AID field missions were not involved.

The seven organizations do not stand in the conventionally or legally understood relationship of subcontractors of AIFLD in that their activities are not specified in the customary form of a detailed scope of work. Written agreements

with them vary in describing rights and obligations. Calling the "subcontractors'" work part of the "AIFLD program" is only accurate if funding formalities are assumed to represent program realities. While collaboration among all of the labor groups, including AIFLD, is close, the subcontractors are autonomous in their ultimate choices of goals and activities. AIFLD requires only that their work be consistent with free labor goals and this has never led to veto of any proposal.

The AID relationship to the union-to-union program (as Task Order 42 is called) is far more distant than AID-AIFLD ties. AID reviews regular quarterly program and monthly financial reports submitted to AIFLD by the subcontractors and forwarded by AIFLD to AID. AID also audited the program in 1970. Task Order 42, delegating the AID role, charges AIFLD with "coordinating and administering" activities of the sub-contractors. While AIFLD performance of this role has not included the kind of close monitoring and supervision that it receives from AID on the prime contract, there is continuing contact between AIFLD and subcontractor staff in Washington and the field. AIFLD approves subcontractors' plans and budgets, reviews their activities and expenditures, and coordinates field operations of all program through the CPD's.

Use of AIFLD as the funding mechanism for assisting the international trade secretariats permits AID to avoid separate negotiations, contracts, and monitoring responsibilities for each of the subcontracts. It also facilitates development of a

coordinated labor effort, strengthening Latin American national free labor groups and encouraging Latin American involvement in international labor organizations. The single negotiation is consistent with the emphasis in this evaluation on centralizing the basic "how important is labor?" decision and separating it from continuing program strategy issues. The origins of the subcontract program led to a separate funding arrangement. It would be possible to treat future Task Order 42 allotments as part of the total labor program funding decision, provided that the planning and evaluation procedures recommended in this report for AIFLD were also applied to the ITS segment.

Three of the subcontractors have turned primary administration of programs over to AIFLD. The American Federation of Musicians, the Textile Workers' Union of America, and the Food, Beverage and Agriculture Workers' Union, encourage AIFLD to work directly with the international trade secretariats to which they are affiliated. In these three instances, the subcontractor has no program operation role and limits participation to development of policy and activity goals. The funds allocated to it serve to increase AIFLD program activities in the areas proposed by the subcontractor. The three subcontracts shift AIFLD emphasis, to this extent, from geographical (i.e., country) programming to concentration on international union organization and affiliation.

The other subcontractors include (1) Communications Workers of America; (2) Retail Clerks' International Associa-

tion; (3) Brotherhood of Railway, Airline, and Steamship Clerks, and (4) International Federation of Petroleum and Chemical Workers. The petroleum workers' subcontract is directly with an ITS and, in the other three cases, the relationship of the union and the ITS is so close that, except for the European headquarters location of the internationals, funds might equally well be given to them directly. The executive boards of the ITS's are involved in administration of their organizations' Latin American programs, including the activities made possible by AID funding.

Despite the variety and complexity of administrative arrangements, the broad goal of strengthening international trade secretariats is clear. These international organizations, concerned with specialized problems of particular types of workers, are a segment of the inter-American labor movement that AIFLD country programs can serve only incidentally in their national efforts. The internationals are an integral part of the free labor movement that AIFLD exists to support and encourage, so that their inclusion in the AID-financed labor program complements AIFLD efforts and is consistent with achievement of U.S. goals.

Because the international federations work in many Latin American countries and have limited incomes, they maintain few permanent offices, conducting their activities through traveling representatives who cover several countries. As a result, review of their programs during the evaluation field visits was limited to occasional encounters with ITS workers

and information obtained from AIFLD CPD's. In Guyana, a seminar sponsored by the Postal, Telephone and Telegraph International (PTTI) was in progress during our visit. In Honduras the evaluation visit coincided with the visit of a PTTI worker (financed under the CWA subcontract). She coordinated her activities with the CPD and arranged for a follow-up seminar to be organized by him after her departure. In Colombia on an earlier review, an evaluator found that the AIFLD emphasis on industrial unionism involved particularly close collaboration with activities of the permanent representative of the petroleum workers' international federation.

In addition, the subcontracts bring further into the arena of international trade unionism a number of U.S. unions with specialized knowledge and skills to contribute. Even where the unions do not administer their subcontracts directly their officers work closely with AIFLD on policy matters and are heavily involved in ITS activities. The results of ITS programs are seen in the organization of new unions, the strengthening of local affiliates and new affiliations, and in the services and technical assistance provided by the international.

While the origins of the union-to-union funding did not involve the kind of program analysis customary for AID contracts, there has evolved a set of activities demonstrably related to development of the free labor movement, with consequences that may be compared with those of alternative expenditures for this purpose. Although the ITS programs are,

like AIFLD, still activity-oriented in their reporting, there is often a directness of relationship between activities and impact that makes results more vivid. The creation of the Inter-American Federation of Light and Power Workers and the affiliation of various Latin American teachers' unions with the International Teachers' Federation (IFFTU), for example, can be traced partly to PTTI activities funded through the subcontract. More difficult to measure, but also visible, are the strengthening of national labor movements brought about by the organizing and service efforts of the internationals.

The flexibility of action required for ITS work, and allowed in AIFLD administration of the subcontracts, emphasizes the dilemma of government funding of labor programs. Reduced governmental control and intervention is desirable to encourage local union responsiveness and independence. However contractors and subcontractors have more freedom of action than in situations where tasks and activities may be specifically defined and are likely to remain unchanged. This freedom creates an uneasiness among critics and AID sponsors that often leads to suspicions of undercover activity and similar transgressions. The evaluators can only report that, while specific activities under the subcontracts do not always correspond to those described in original work plans, the activities undertaken are known to AIFLD, are consistent with free labor goals and AIFLD programs, and, based on our limited field observation, appear to be conducted with reasonable efficiency.

The propriety and wisdom of AID support of ITS organizations, with the limited control exercised, is a matter of political judgment. As noted earlier, we saw only limited ITS activity in the three countries visited. We are therefore unable to assess adequately the results of the AID investment in ITS programs. AID's financial support, through AIFLD, permits ITS's to broaden the activities which most of them would be engaged in anyway although to a lesser extent. AID support has been to help ITS's to do "more" to help free trade unions in Latin America. Because there does not appear to be a clear quantum of result to be achieved by ITS's in any given year, we cannot establish any clear quantum or "critical" amount of AID financing that is essential or minimal. Thus, in addition to the questions of propriety and wisdom, the question of the magnitude of AID financing for ITS program is also a matter of political judgment.

#### E. Alternatives to AIFLD

The Title IX aspects of AIFLD assistance lend themselves more readily to consideration of alternatives than do those aspects directly related to the statutory mandate for encouragement of free trade unionism. Title IX suggests a pluralistic approach in which various democratic institutions, involving participation from throughout a society, are simultaneously assisted in developing. The relative importance of trade unions in this pattern may vary, though it is difficult to imagine a serious Title IX effort that would not require major attention to the labor sector. The specific statutory direc-

tion to assist free trade unionism leaves less room for pluralism. There are fewer means of pursuing the objective and even fewer institutions able to implement it within the context of the foreign aid program.

Seeking an alternative to AIFLD in the form of direct AID assistance to Latin American labor organizations would be of dubious value. The experience to date suggests that AID's decision to extend assistance through a U.S. labor organization was sound. Another alternative sometimes proposed--AID financing of "competitive" U.S. labor groups (not under AFL-CIO control)--is also open to question. Apart from the possible adverse consequences of introducing multiple (and competing) U.S. labor voices into the Latin American arena, adding a new labor instrument does not necessarily improve the quality of the labor program. New entrants will need to develop experience and effective staff.

The AIFLD now has a head start. Despite the array of early mistakes, many of which it now acknowledges, the Institute has enough background and experienced field staff to be the leader in Latin American labor education. The foreign nationals trained by AIFLD and now working for it are a particularly impressive resource, manifesting a dedication and consistency of approach that cannot be developed overnight.

The program has also provided new foreign service careers for authentic representatives of the U.S. labor movement, including many from minority groups, a sector of society previously almost entirely unrepresented in this field. The



educational impact of this on U.S. Government officials serving abroad and on both the U.S. and Latin American trade union movements is significant. AIFLD staff members are affected by their experience and influence others on their return. For the foreign service, the presence of the occasionally abrasive labor leaders has brought about a better understanding of their own society and a new appreciation of labor's role in the development process. These impacts must not be neglected in reviewing alternatives.

The OAS and ORIT are frequently mentioned as alternative vehicles for the labor program. The OAS presently conducts a labor effort addressed primarily to improving labor ministry performance and has limited experience, identification, or standing among rank and file free trade union members. The Organization's association with governments would be an anomaly in building free trade union movements based on dissociation and independence from governments. While AIFLD's sources of funds are no secret, it has established itself as a private institution in host countries and is somewhat freed of identification with U.S. Government policies. Under heavy pressures, such as the war between Honduras and El Salvador, when nationalist resentment of U.S. policy is strong, this insulation is weakened, but it is an asset that cannot be lightly discarded.

ORIT presents a more difficult question. Lack of funds has prevented it from showing what it can do, although it is invited by AIFLD without fail to join in all festivities and share in all tributes. Many courses, for example, are identi-

fied as jointly sponsored, though one partner's contributions may far exceed the other's.

ORIT, by serving as a political forum for Latin American labor, helps AIFLD to maintain a less ideological, more technical posture in Latin America. While still overdoing ideological warfare in a few countries, partly through inadequate staff orientation, the current AIFLD approach concentrates on showing how trade unions can get benefits for their workers within the Pan-American system, instead of berating alternative systems. Paradoxically, this is an ideologically strong technique, for the preconditions of the system are essentially a statement of democratic ideology. ORIT, heavily involved in political disputation, is helping to forge a unified Latin American labor movement, but the unity so far achieved is not yet promising for sponsorship of a regionwide labor education program.

Heavily criticized already for being unduly influenced by the AFL-CIO and U.S. Government policies, ORIT effectiveness among its constituency is not likely to be improved by receipt, for example, of funds now funneled to AIFLD. ORIT depends on its member confederations and federations. When they are prepared to pay dues fully and regularly, and to unite behind regional policies and programs, the regional organization can undertake major educational activities all over Latin America without U.S. assistance. The AIFLD, by working with ORIT to strengthen constituent groups, contributes to that eventuality.

There is considerable speculation in AID and AIFLD circles about the possibility of funding labor programs through

ISDI (International Social Development Institute), the newly-authorized autonomous agency designed to relieve AID of programming responsibilities for Title IX and other non-economic sectors. Like AIFLD, ISDI is intended to facilitate aid outside of government-to-government channels. Since it has not yet begun to fund or operate programs, appraisal of it as an alternative vehicle for labor efforts is at best tentative. Nevertheless, some general considerations flowing from evaluation findings suggest that an AIFLD, funded and monitored by AID, is preferable to participation of the Institute in labor affairs.

While field relationships between AID and AIFLD staff are not perfect, there now exist a wide range of hard-won understandings and accommodations that should not lightly be discarded. In Washington, though relationships are more a function of political realities than day-to-day needs to work together, a process of mutual education and accommodation has also taken place. If the recommendations of this evaluation are followed, there should be further improvement. It is unlikely that any new institute would be characterized initially by the knowledge and understanding of labor problems and programs now present in field missions and AID headquarters. The evaluation has also emphasized the importance of having labor considered an integral part of AID country strategy development. Shifting labor programs to ISDI will not serve this end and is likely to lead to fragmenting of the individual country approach.

The unavoidable political implications of the labor pro-

gram also militate against transfer of responsibilities. Monitoring the political consequences of AIFLD activities is not likely to be improved by inserting another organization into the reporting network.

#### F. Shifting AIFLD Program Emphasis

The best possibility for reducing AIFLD presence in current activities, desirable because it would reflect progress toward AIFLD goals, lies in the federations and confederations now assisted by the labor program. The goal of self-sufficient free trade union movements implies constantly increasing sophistication of assistance efforts and dialogue. AIFLD is rightly criticized for sometimes being more concerned with its own presence than with autonomy of the host country institutions. Nevertheless, in Brazil and Colombia, for example, educational programs are clearly "theirs" and not "ours," despite funding sources. In Guyana, AIFLD exerts little influence over the local education program despite continuing financial support.

Transition must involve transfer of both program responsibility and financial responsibility to be fully effective. With the limited resources available to Latin American labor groups, and the many competing claims on them, it is unrealistic to expect them to finance labor education, for example, with the vigor that the U.S. might like. AIFLD financial support is marginal, in the sense of permitting receiving groups to go beyond the margin of current activities. As their resources expand, the set of activities at the margin

changes. AIFLD should not be monitored by AID to get it out of business, but to assure that local labor organizations are assuming program and financial responsibility for an ever-widening range of activities, with AIFLD constantly moving into more sophisticated work. One might, for example, develop specific goals related to autonomous conduct of all basic courses and orientation by national unions, with AIFLD moving more into faculty training and development of research centers.

When the technical assistance relationship is least clouded by resentment, defensiveness, and emotional strain, as in Honduras, transfer of responsibility to local institutions can take place without frustration on either side. In other situations, there is a delicate balance that is not subject to rigid rules. The Colombia model, for example, involves a subtle play of leverage, cajolery, and dialogue designed to maintain donor influence without sacrificing recipient self-respect.

As long as AID money is used to assist Latin American unions, an independent U.S. financial control agent will be necessary. The AIFLD mechanism, by insulating the Latin Americans from some of the more difficult requirements of an AID fiscal system not designed for their accommodation, is essential to the continued assistance that these institutions should receive for as long as a foreign aid program continues in Latin America.

AIFLD has broadened labor activities to include work with agricultural unions. Cooperatives, community development,

and even agricultural extension have become subjects of Institute attention. Country Missions and Washington evaluators have questioned both the relationship of these activities to free labor development and, assuming there is a relationship, choice of AIFLD as the vehicle for performing the activities. This evaluation concludes that (1) development of a rural labor movement including landless workers, tenants, and small proprietors, is vital to strong free trade unionism in Latin America; (2) this development involves activities not typical of industrial union development; and (3) the AIFLD is an appropriate choice for this work, when the objective is primarily related to trade union development.

While AIFLD is as capable of hiring specialists as most other contractors, its special skill is the ability to recruit from within the U.S. labor movement. Labor's wide range of service activities gives the Institute broad competence, but there are limits even to this. There are co-op specialists, agricultural economists, and community developers, for example, outside the labor movement who are equal or better than those within. Without suggesting that AIFLD should be limited to labor people, there are occasions when other organizations and specialists are likely to perform more effectively. This issue has surfaced in connection with rural work, because AIFLD's industrial labor activities have generally involved the organization, labor education, and assistance with collective bargaining that are accepted as "labor" activities. However, competence to engage in housing and other social project

activities has been questioned.

When the goal is to expand the services offered by a labor group to its members, or to help rural workers organize to seek delivery of additional government services, including agrarian reform, the relation to AIFLD's skills in organizing and working with labor groups gives it an advantage over other specialists. What appears as excessive belligerency to some is no more than the typical drive to increase labor's share, applied to areas beyond traditional collective bargaining. Few agricultural extensionists or co-op specialists, for example, view the interests of their constituencies with the sense of advocacy, or have the tactical skills required to further them, that U.S. labor representatives exhibit. It is only when AIFLD gets into the service business, as in north-east Brazil agriculture and co-op work, that it becomes indistinguishable from other service agencies, and even when effective, is not contributing to the achievement of labor goals.

The appropriate limits of AIFLD activity should be determined by 1) the relationship of proposed activities to labor goals, and 2) the relation of AIFLD skills in organizing and working with unions to the proposed activities. Housing, community development, vocational education and other activities, when conducted with labor organizations, will frequently involve application of these AIFLD special skills. The evaluation suggests therefore that the range of appropriate AIFLD activities is likely to be extensive.

AID, when viewing the labor program as a Title IX effort, is not set up to accommodate the extensive AIFLD activities designed to affect the distribution of resources. When AIFLD helped FESITRANH get a big housing loan and build the project, AID reactions emphasized that the Institute was "over its head" technically. This charge neglects the major AIFLD input, battling alongside the Federation to increase labor's share. Organizations superior in technical competence refrain from this aspect of project development. The federations and unions, however, looked to their labor supporters for the assistance required to finish the job.

It is important to distinguish labor development from community development. Free labor movements, though obviously concerned with community interests, exist primarily to increase labor's economic benefits. This is true of rural areas, where union and community may coincide, as well. The commitment to assist in their development reflects a judgment that labor needs help in confronting the competing claims of other groups. In Brazil, for example, where the Government's political and financial commitment to industrial development is apparent, this rationale is especially vivid. It follows that the assistance is likely to emphasize the abrasive techniques and pressures that labor has customarily used to "get more." The built-in balanced tension that this produces is the essence of economic democracy. Though mechanisms and models differ in Latin America, the underlying theory is the same as that of the U.S. free labor movement.



Because the ROCAP-financed Central American seminar program was not within the scope of the evaluation, and because the program was under severe strains during the evaluation period due to the Honduras-El Salvador controversy, an appraisal of its effectiveness could not be made. Such an appraisal should devote specific attention to the possibility of making use of the education staff beyond the Central American seminar program itself. The experience of the staff might usefully be applied as a technical assistance resource to improve the design and content of national labor education programs elsewhere in Latin America.

#### G. Trade Union Attitudes

In all the countries visited during the evaluation, and in Ecuador and Colombia previously, the recipients of AIFLD help have looked favorably upon the Institute. The financial benefits of AIFLD assistance have now been scaled down sufficiently to assure that AIFLD is respected for reasons other than its money. Tightened prerequisites for Front Royal and more stringent policies about paying lost time, in both national and U.S. courses, have reduced the junket aspects of this most attractive element of the program.

Sincere positive feelings about AIFLD seem to be directly related to the status of individuals within their national movements. Rank and file beneficiaries of AIFLD assistance, for whom the exposure is often their first direct evidence of U.S. help, respond with a loyalty and enthusiasm characteristic of the

best Peace Corps successes. National officers of strong movements, now familiar with the variety of scholarship and conference assistance available, tend to be less enthusiastic. For historical reasons, Honduras is an exception to this generalization. There is a hard-won lesson in these observations that AIFLD forgets occasionally to its detriment.

Foreign aid can be damaging to motivation, and, among Latin American labor leaders long accustomed to little, the impact of small amounts can sometimes be enough to do the damage. Continued leadership consideration for rank and file, willingness to work independently, and resistance to ideological opportunism, depend not only on selecting promising initial material for education and assistance, but also on maintaining an appropriate balance between continued assistance and performance. Attempts to "buy" support for the free labor movement must fail, because willingness to be purchased carries with it a transient allegiance that demands a continuing price. The AIFLD is less subject to this vice today, because lessons were learned, for example, in Brazil. When AIFLD is concerned primarily with building a free labor movement, and only incidentally with defeating communists and CLASC, now the case more frequently than in early years, the allegiances developed among constituents appear to be stronger and more lasting.

As AIFLD delegates or transfers activities increasingly to national groups, trade union reception of assistance is likely to involve less direct appreciation. In Colombia, where transfer is most advanced and AIFLD staff's only contact with

local unions is at course-closing ceremonies, leaders are independent of, and workers are less aware of, AIFLD. Ceremonial rituals are carried out, but personal relationships are more distant than in AIFLD-operated programs. Since this is likely to be the direction of future development, AID and AIFLD should reduce their expectations of person-to-person impact. This is a part of the price of success in institution-building.

AIFLD relationships with rural labor groups are particularly effective in meeting the goals of Title IX and the Alliance for Progress. The constituencies are from the poorest and most neglected sector of Latin American society. In Brazil and Honduras, despite favorable legislation, governmental action to assist the landless moves very slowly and an organized voice to protest delays and redress grievances is essential to progress. The campesino organizations are unions, though not seeking collective bargaining contracts, and they value AIFLD assistance more highly because they need it so much and have no other source. AIFLD has done more than "bear witness;" it has assisted in the creation of functioning institutions that have gained small victories. As the AFL-CIO's 1954 participation in early Honduras struggles won continuing loyalty from the Honduran industrial unions, AIFLD's current role may achieve the same result among the campesinos.

The personal impact of campesino work is not measured in acres obtained or daily wages increased. The movements have not reached this level. As with all early stage Latin

American labor movements, their first aims involve protection of individuals and enforcement of existing legislation. Impact includes both battles made and victories won. Although the expensive efforts required to measure these may not be justified under the circumstances, it is important to recognize that the impacts are measurable and are not limited to evanescent attitude changes. It should be noted, too, that the rural workers' attitudes toward AIFLD and the U.S. are governed by their perceptions of status changes related to their earlier condition, not to some objective standard of economic achievement. Economic improvement that seems negligible to an outside observer is often highly significant to the beneficiaries.

CHAPTER III

MANAGEMENT

A. Program Planning and Budgeting

Two documents - the Country Labor Plan prepared by AIFLD and the Project Implementation Order, Technical Services prepared by AID - represent the culmination of the planning process within AIFLD and AID field offices. To review the steps in the preparation of these documents, we use as a model AIFLD/Brazil and AID/Brazil procedures. Reference is made to Table 3 which provides a schematic representation of the steps, and to which the following discussion is keyed. Planning for the 1970 calendar year is used as the example.

1. May 1969 - At its annual meeting the Board of Trustees reviewed a Country Labor Plan and estimated budget for calendar year 1970. The labor plan and budget were drawn up in the fall of 1968 on the basis of policy guidance provided at the May 1968 Board meeting.

Following Board approval, the plan was sent to AID/W and AIFLD/B with instructions to the latter to forward a copy to AID/B. The Country Program Director was given authority to negotiate with AID/B for a budget no less in amount than approved by AIFLD/W. The negotiation of that budget occurred in September and October, 1969.

The Country Labor Plan is a narrative, with a discussion of program activities, some analysis of how those activities further the achievement of AIFLD/B objectives, and a review of

AIFLD/BRAZIL PLANNING CYCLE

Month	AIFLD	AID
May 1969	AIFLD/B receives policy guidance re: program content and estimated budget from AIFLD Board of Trustees. Given on basis of Country Labor Plan and budget submitted preceding Fall.	
Sept. '69	CPD reviews program and budget approved in May and makes any changes deemed appropriate, e.g., to reflect inflation, political environment, demand for specific courses.	
Oct. '69	AIFLD/B and AID/B Labor Technical Officer discuss AIFLD/B revised program and budget. Budget items negotiated and final agreement reached at level of funding.	
Nov. '69	AIFLD/B submits budget negotiated with LTO to AIFLD/W, together with CLP and estimated budgets for 1971 & 1972. Negotiated budget reviewed at AIFLD/W, incorporated into total AIFLD program, and submitted to AID/W.	
Dec. '69	LTO writes PIO/T reflecting negotiated program & budget. Secures concurrence of other AID/B offices. PIO/T forwarded to AID/W to serve as basis for AID/W negotiations with AIFLD/W on 1970 task orders.	
Jan. '70	AIFLD/W and AID/W commence negotiations on 1970 task orders.	
Jan. '70	Conference of Country Program Directors to review and finalize Country Labor Plans and estimated budgets for 1971 and 1972.	
May 1970	AIFLD Board of Trustees reviews Country Labor Plans and budgets, and gives policy guidance for 1971 program.	

program expectations. The estimated budget follows a standard AIFLD/W format. Administrative costs and program costs are fairly well itemized. But there is no reference in the Country Labor Plan narrative to the specific budget items. Nor is there any reference to historical cost data, so that the proposed budget can be placed in a proper perspective.

Discussions with AIFLD/B staff indicate substantial thought and considerable reference to previous cost experience had formed the basis for each budgeted item. Nevertheless it is not really possible for the Board of Trustees or AIFLD/W program and financial officers to review the Country Labor Plan and budget adequately on the basis of the supporting documentation. There is ample opportunity, generally not capitalized upon, for a thoroughly integrated presentation of a program and cost experience and anticipated relationships.

2. September, 1969 - The budget which the Board of Trustees approved in May, 1969, was drawn up in the Fall of 1968. Revisions may be appropriate due to inflation, a changed political environment, willingness of unions to contribute a greater share to the cost of education programs, and the like. Thus the Country Program Director reviewed and modified his plan and budget as necessary to reflect the circumstances which had changed during the twelve months that had elapsed since initial preparation.

3. October, 1969 - At this point the Country Program Director made his official contact with AID/B with respect to determining CY 1970 funding. In Brazil the AID Labor Technical Officer has

responsibility for developing the AID program in support of AIFLD. In other Missions the task is assigned to various other officers.

Prior to this meeting, the Mission Director presumably had determined Mission priorities, had assigned a ranking to labor programs, and had furnished the Labor Technical Officer with guidance as to the funds available for allocation to labor programs. While the priority question can be addressed at almost any time, the allocation of funds is dependent upon the passage of the AID appropriation legislation. Without this legislation there is no basis for AID/B and AIFLD/B to discuss the level of program funding. On the other hand, a careful review of AIFLD/B program effectiveness would be timely in any event, for it would contribute to subsequent program funding decisions.

The basis for the AIFLD/B discussion with AID/B was the September 1969 revision of the Country Labor Plan and budget.

The AIFLD/B Country Program Director emphasized that his discussions with AID/B were most aptly described as negotiations. Independent corroboration from the Labor Technical Officer supports this view of the procedure. We were advised that the negotiations included a thorough analysis of AIFLD/B capabilities and its program plans, as described in the Country Labor Plan and supplemented by the Labor Technical Officer's own knowledge gained from regular program monitoring. Budget items were individually analyzed relative to varying levels of program effort.

A program plan, with funding tied to the level of program



effort, emerged from these negotiations; it was clearly the result of a combined planning effort. But the mutuality of the discussions should not be overdrawn nor obscure the fact that AID/B always has the upper hand, since it ultimately controls the funds. Thus although AIFLD/B does have an opportunity to do sound planning, its planning is subject to AID/B judgments. These judgments are most evident in budgetary allocations.

We are aware that the AID/B approach to AIFLD/B funding may not be typical of other Missions. There is evidence in Guyana and Honduras that suggests AID does not engage in as thorough a discussion.

4. November, 1969 - The Labor Technical Officer wrote a Project Implementation Order Technical Services (PIO/T) reflecting the agreed upon program and budget. After concurrence of appropriate AID/B offices it was forwarded to AID/W Contracts Office to serve as the basis for AID/W negotiations with AIFLD/W.

AIFLD/B forwarded the revised plan and budget to AIFLD/W with an explanation of the variations between it and that approved by the Board of Trustees in May.

At the same time the revised 1970 budget was submitted, the Country Program Director prepared a Country Labor Plan and estimated budget for 1971 and 1972. In effect, therefore, there was an excellent opportunity to take a three-year period and establish long-range program objectives. There is, however, no evidence to suggest that this was an explicit element of the AIFLD/B planning process.

5. December, 1969 - In theory, agreement should be reached

on a contract between AIFLD/W and AID/W so that funds are available at the beginning of the AIFLD/B program year, January 1. In practice, agreement has generally been delayed on all programs. This aspect of the AID-AIFLD relationship is discussed later in this report.

6. January, 1970 - A conference of Country Program Directors was held in January to provide each Country Program Director with an opportunity to describe fully his Country Labor Plan and estimated budgets for 1971 and 1972 to AIFLD/W program and financial officers, prior to the submission of these documents to the Board of Trustees. If, as noted earlier, the Country Labor Plan and budgets were more thoroughly integrated and a cost perspective provided, this review would likely be more useful and expeditious.

7. May, 1970 - AIFLD procedure calls for the Board of Trustees to review the 1971 and 1972 Country Labor Plans and estimated budgets. For reasons which we have pointed out elsewhere in this report, we think that the scope and analytic quality of these documents form a poor basis for careful review of policy judgments.

The evaluators found in the selected countries several different planning models, but all involved essentially the purchase by AID of quantities of education and social project activities consistent with a funding level arrived at by bargaining and political pressures. Because program objectives are presented in very general terms and the activity categories inadequately describe the project, the planning process carries

an air of unreality that keeps it from grappling with real program issues. This is compounded by the absence of substantive AID/AIFLD consultations that might surface these issues. In neither AID nor AIFLD does planning begin with the identification of long-range and annual specific, quantified goals deduced from previously established policy objectives.

For five years, AID and AIFLD have tried unsuccessfully to mesh their planning and budgeting cycles. AID prepares planning documents and AIFLD does the same, independently, with the two meeting too often at a point where funding realities have made the meeting academic. The evaluators found unconvincing rationales on both sides for failing to maintain the kind of continuing communication that would make the cycling differences harmless. The relatively small amounts allocated to country labor programs, the limited flexibility to go beyond initially determined levels, and the large volume of fixed expenditures within any program make most planning and budgeting issues insignificant in relation to the amounts involved in other AID programs. The failure to communicate results in an inordinate amount of time being spent on trivia.

Even if communication improved, planning issues would require reformulation to emphasize specific goals and a broader view of what AID is buying. An intelligent decision about the number of seminars appropriate to an AIFLD project, for example, with (1) an agreed view of the number of trained leaders required, and the achievement levels expected of them, and (2) the number of members for whom specified post-course behaviors

related to AIFLD-assisted basic courses are desired, the planner can establish targets and relate numbers of courses to them. More important, recognition that the specific goals of free labor development go beyond giving courses should encourage program planning that draws on a broad range of AIFLD assistance related to important objectives. Because activities are described as seminars and projects, the technical assistance, organization efforts, and subsidies that AIFLD necessarily provides, to mention only a few examples, are artificially subsumed in the two major categories and are not considered as alternatives that should be compared in planning the labor program. The statistical research center proposed for Brazil, for example, may well wind up as a "social project" as the technical department of the Honduran agricultural federation did.

The AIFLD Country Labor Plan, shared with AID only after approval by the AIFLD Board, would be far more useful if developed in consultation with AID. The Country Labor Plan is intended to stretch the AIFLD Country Director's vision, by making him think about program possibilities, if funds could be increased. The advantages of this desirable end are lost by the failure to have it result from a dialogue with others involved in labor policy and programs. The chance to educate them is wasted and unnecessary battle lines are formed instead. AID, in too many countries, reluctantly discusses program documents with the Country Program Director, but more often compresses all discussion into a hurried debate about funding levels shortly before submission deadlines.

A range of practices exists, and in some countries the

Country Program Director and one or more Mission people work things out together. There is, nevertheless, a lack of accord among AIFLD, AID, and Embassy representatives about their roles in planning the labor program and preparing the documents required for implementation.

This state of affairs stems from failure of both parties to adhere to the extensive joint consultations originally contemplated in describing their relationship. Department of State's Circular Airgram No. 72, dated November 9, 1965, recited that:

"AIFLD's labor development specialists are given joint responsibility with AID for planning and carrying out specific projects in accord with United States policies, the needs of individual country programs, and the provisions of the AID contract.

The Directors and members of AID Missions, in close concert with, and with the concurrence of the Ambassador and the Diplomatic Mission, are expected to define clearly for appropriate officials of AIFLD the pertinent United States policies and labor program needs to be met by AIFLD in each country.

AID recognizes the desirability, in many cases, for Missions to provide specific guidance to AIFLD and limited, rather than broad, responsibilities for planning and operations in areas that are particularly sensitive. In general, once the ground rules for project planning and operation are clearly understood, it is expected that the Mission will arrange for the essential coordination, monitoring and evaluation of AIFLD activities. If disagreements should arise, they can be referred to Washington for discussion between AIFLD and the Agency for International Development or the Department of State, or both, as appropriate. It would be counterproductive if official representatives of the U.S. Government were so involved in AIFLD projects as to undermine the basic principle on which the AID policy and contract with AIFLD are founded: that United States unions should work directly

with Latin American unions and that such union-to-union cooperation can accomplish results that could not be achieved directly by the United States Government." (Emphasis supplied)

The successful accommodations made by both groups, in Brazil, for example, suggest that communication and consultation are feasible and effective. It requires AID to involve AIFLD much more extensively in preparation and review of program documents. It also requires that AIFLD abandon the generalities of the Country Labor Plan, so that both groups can agree on desirable specific goals and sensible steps to reach them that can be incorporated into a single consistent instrument.

A planning system concerned primarily with goals instead of activities has important implications for the monitoring and supervision of the AIFLD contract. AID's concern must shift from checking to see if activities have been performed to appraising progress toward stated goals. The contractor, once goals have been agreed upon, must assist AID in identifying the indicators and targets against which progress will be measured and must regularly provide information about changes in them.

The AIFLD Board of Trustees could play a major role in shifting program emphasis from activities to goals. The Board's annual review of Country Labor Plans does not now tackle the hard questions related to development of a regional labor strategy and the impact of alternative AIFLD activities on its implementation. By requiring of the Executive Director

a presentation that goes beyond delineation of activities to include these matters, thereby exercising the prerogatives implicit in its policy-making position, the Board would move AIFLD further along on the path to effective planning and programming.

The procedures for the preparation of the Headquarters budget are discussed in Section H.3., Organization Structure and Staffing Pattern - Cost of Headquarters Office.

## B. Task Order Negotiations and Funding

### 1. Description of Procedure

The PIO/Ts prepared by AID/Mission staff for country programs, and those prepared by AID/W for regional programs serve as the basis for definitive funding negotiations between AID/W and AIFLD/W. Once agreement has been reached, it is embodied in a contractual form known as a task order. The task order incorporates a statement of the program to be undertaken, the funds obligated by AID to carry out that program, and a budget outlining the expenses to be incurred. A separate task order is negotiated for each country program and each regional program.

Funds are available for program operations once the task order has been signed. When signed, the task orders are sent to the respective AIFLD and AID Missions. The AID/Mission Controller establishes an allotment page on which he enters the AID obligation, and on which he will subsequently record AIFLD/Mission expenditures. The AID/W Controller will follow the same procedure with respect to the Regional task order obligations.

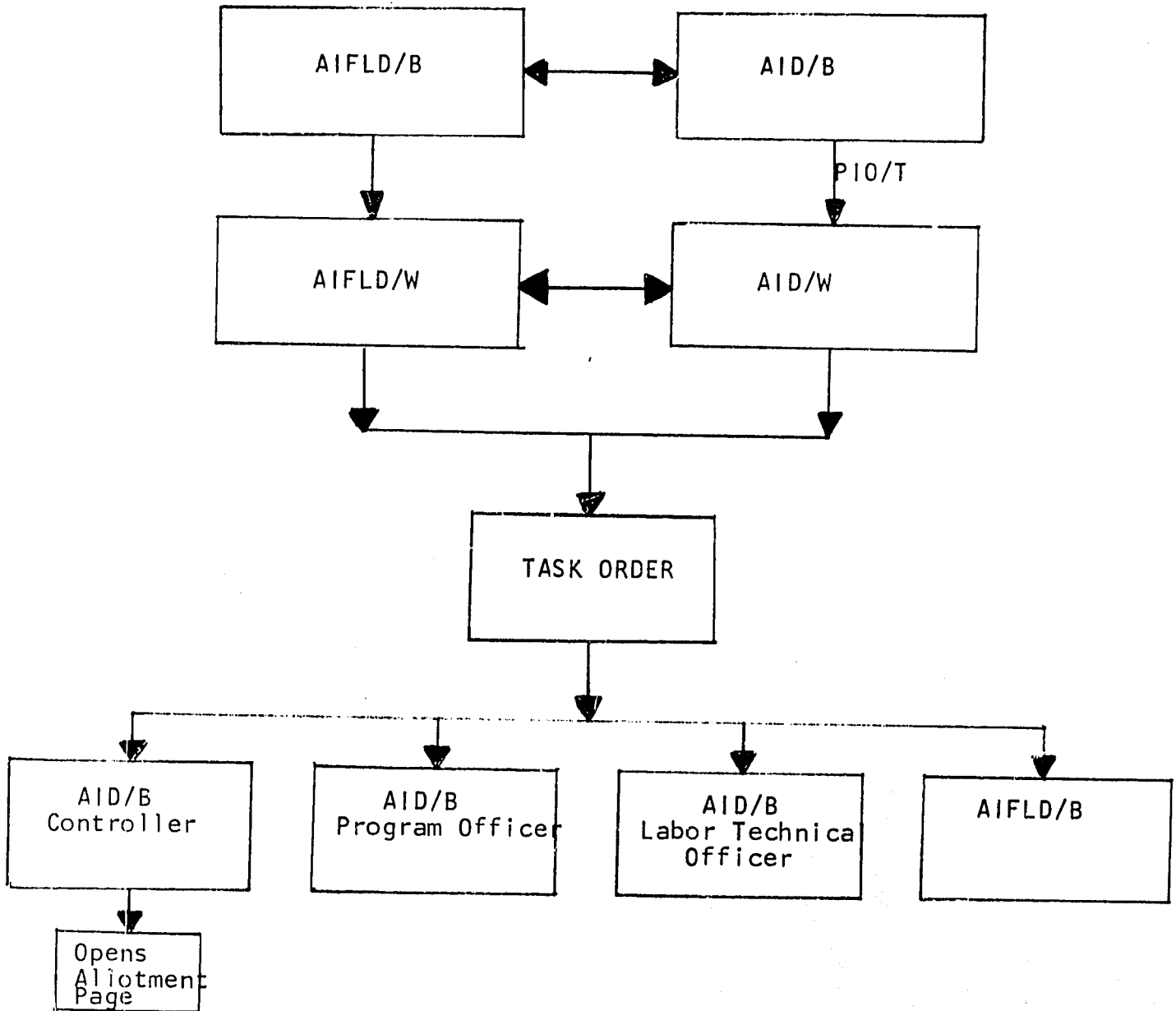
Table No. 4 represents schematically this procedure; AIFLD/Brazil is used for the purpose of illustration.

### 2. Problem Areas

It is the exception, rather than the rule, for AID/W and AIFLD/W to conclude task order negotiations prior to the commencement of AIFLD's program year, which is the calendar



TASK ORDER FUNDING



year. The initial bottleneck occurs with the preparation by each AID Mission of the PIO/T. The Mission cannot issue the PIO/T before Congress approves the AID appropriation and AID/W advises each Mission of the total funding available to it. The appropriation for FY 69 was not passed until January 1969. For AIFLD, this meant that PIO/Ts for the 1969 programs could not be issued until after the program year in fact began. The delays in 1969 were substantial.

For calendar year 1970 the AID/W Contracts Office urged the Missions to complete the AIFLD PIO/Ts by November 1969. However, AID/W reported that most of the PIO/Ts were received after January 1. Consequently the Brazil task order for 1970 was not signed until March, and this was one of the earlier contracts. The 1970 Guyana task order was unsigned as late as the first week in June.

Even after the PIO/Ts arrive at AID/W, bottlenecks occur as the result of the volume of work; AID/W contracts officers must negotiate eighteen country programs and three regional programs. Negotiation is also complicated by the fact that AIFLD/W will often propose a country program in excess of that reflected in the PIO/T. The AIFLD/W plan for the country program may simply reflect its judgment that a larger program is warranted, or it may reflect the utilization of unexpended program funds, the availability of which was not known at the time the PIO/T was prepared. These factors operate to make negotiations in Washington between AID and AIFLD time consuming.

In spite of delayed funding, field expenses are incurred from the beginning of the year because of the on-going nature of the program. The absence of funds requires AIFLD/W to keep substantial year-end funds available or to secure non-AID funds in order to make advances to the field and to shift available monies with some dexterity among the field programs and the headquarters office.

The effect of the shortage of funds is, in turn, shifted to the field where disbursements may be deferred, loan and grant awards delayed, programs rescheduled, etc. Here, too, a premium is placed on dexterity.

The potential for jeopardizing the effectiveness of the field operations is inherent in delayed program funding. It is our opinion that AIFLD/W is to be commended for exhibiting the dexterity needed to assure program continuity. But we feel strongly that a more productive effort would be one directed toward maximizing the utilization of funds in continuous year-round support of program operations and minimizing year-end "crises" management. Our recommendations are directed toward achieving this objective.

In partial response to the problem of delayed program funding, AID has undertaken to forward fund by three months those AIFLD country programs where AID/Mission funds are available. Thus in Brazil, for example, the period covered by Task Order 51 is now January 1, 1970 through March 31, 1971. It is contemplated that PIO/Ts will still be due in Washington in December 1970, but that AID/W will have three added months to complete negotiations with AIFLD/W before the contract runs

out. During this period AIFLD/B will be assured of AID funds. AID anticipates subsequent funding on a twelve month basis, that is, April, 1971 through March 31, 1972, but submission of PIO/Ts would remain as at present, in November and December of the preceding year.

We think this procedure has merit, and we urge that both AID/Mission and AIFLD/Mission engage in the kind of continuing consultations that will facilitate timely submission of the PIO/T.

Since AIFLD Country Program Directors have already submitted labor plans and budgets for CY 71, those whose programs have been forward funded will have to rework them to delete the first three months of 1971 and add three months of 1972.

The utilization of unexpended funds presents a problem to which we wish to draw special attention. Because program plans are drafted in the field before the amount of unexpended funds is known, such planning as occurs is within the context of dollars to be newly-obligated. It is on this basis that AIFLD/Mission and AID/Mission arrive at a specific program which AIFLD agrees to undertake. When unexpended dollars become known, AIFLD/W will generally increase the program budget negotiated in the field by the amount available. It does so without obliging its Country Program Director to re-examine his budget in the same rigorous fashion as preceded the original submission.

AID, on the other hand, suggests that unexpended funds should be forfeited, that such funds, once-obligated to AIFLD,

are not irrevocably AIFLD's for use in successive program years.

We think it appropriate to consider a middle course.

We suggest that unexpended funds be utilized to fund those country Missions which have soundly demonstrated in the planning process how they might expand their programs were more money available. Pipeline funds would "belong" to AIFLD, but not necessarily to the country in which the pipeline occurred. We prefer to see funds shifted to other country programs in response to soundly-conceived program plans.

### C. Internal Financial Control Procedures

In the foregoing Section on Program Planning and Budgeting we suggested that attention be focused on establishing within AIFLD a set of management tools which would provide a basis for the control of significant aspects of the organization's financial position and operations. Such internal controls as exist today are inadequate.

#### 1. Budgetary Control

We have described elsewhere in this report the characteristics of AIFLD's program planning procedures, and we have suggested how the planning procedure could be improved through the introduction of a more adequate budgeting process. The planning and budgeting which we envision are intrinsically related to one type of internal control, namely, budgetary control. The budget embodies the standards of performance that are expected. In turn, those standards enable a comparison of actual results with the pre-established standards. The basis is thus

laid for the prompt diagnosis of deviations and the initiation of corrective action.

Each AIFLD country and regional program is funded on the basis of a task order that includes a budget. We feel that under present procedures it provides neither adequately detailed nor sufficiently accurate or timely information. Its use as a control mechanism is thus rendered ineffective.

We examined the task order budget for the Brazil program (which is much like that for Honduras, Guyana and other countries) in order to reveal the weaknesses. In summary, the budget shows no historical data so that current cost trends can be evaluated or where new and augmented program efforts are being made. Second, it is confined to a numerical statement of dollar costs to be incurred for major expense categories. Importantly, no other internal document reduces to numerical statement the output that will be secured for those estimated costs. This is particularly important in the labor education program where it is imperative to know, for example, how many courses will be given, in which subjects, and how many students will attend each. These expressions of output should not be confused with measures of impact or effectiveness. The latter seek to assess the validity of these outputs in achieving AIFLD program objectives.

We do not consider the budget today to present a statement of program plans in sufficient detail so that those responsible for the administration and monitoring of those program plans can see what has been accomplished at any particular point in

time. The Country Program Director may carry much of this information around in his head, but we daresay even the most competent cannot keep track of all of the significant factors. To reduce the plan to numbers is to provide him with a checklist of significant program elements. Supervisory and monitoring personnel are similarly stymied if they cannot observe and evaluate program progress, and therefore the performance of the individuals responsible for that progress, in a systematic and timely fashion.

A second problem militating against efficient budgetary control, namely, the inability to reconcile field expense records with voucher submissions to AID/W, is discussed in Section D. below. It is almost too obvious to point out that prompt and accurate feedback of control information to the man whose work is being controlled is essential; he is the one most likely to be able to do something if action is warranted. We suggest in our recommendations how AIFLD can improve its flow of control information.

An improved flow of information is not however the sole requisite for better control. Data must be utilized. It is our observation that AIFLD managers generally do not express interest in or see much value to budgets as control tools. It may be due to their impatience with the misunderstandings, delays, and errors that occur in available control information. It is our judgment that these admitted irritants have been used as excuses to either dismiss budget control entirely or to leave control up to someone else, usually the Director of

Finance. Indeed, an often-heard statement in the field is that "they (meaning AIFLD/W) watch out for me." To counteract this prevailing attitude we include in our recommendations that AIFLD managers be given technical assistance in budget control, and that supervisory personnel in Washington make it clear that a heightened competence in this phase of financial management will be expected of all staff.

In order that there be no misunderstanding of what we would expect from budgetary control, we think it should be evident that we are suggesting to AIFLD a tool of major planning and control. We do not envision a cumbersome, expensive process that would deprive program people of needed operating freedom and would supplant the exercise of management initiative. The greatest danger in using the budget as control is that program inflexibility may ensue; the reduction of plans to numerical terms gives them a deceptive certainty which we strongly caution against.

Secondly, budgets have a way of growing from precedent, and the fact that a certain expenditure was made in the past becomes evidence of its reasonableness in the present. Budgets must constantly be re-examined or they may tend to become umbrellas to hide inefficiencies. Such a budget is clearly useless as a control tool, since the activities that it purports to control are of questionable validity in the first place. Thus we have urged that the Country Program Directors and the AID/Missions treat carefully their respective preparation of country labor plans and PIO/Ts.



There are important aspects of AIFLD program operations which can be defined by numerical standards, for which budget control, however, is not the most practicable means of observing performance. These are discussed in the section immediately following, Non-budgetary Control.

Lastly, we are cognizant that quality of labor education programs, quality of contacts with foreign labor ministries, and the like, are important elements in judging effectiveness. These intangibles, which are not easily reduced to numerical presentation, are perhaps best left to other forms of internal control, as noted below.

## 2. Non-budgetary Controls

We found that AIFLD does not have an adequately informative reporting system through which significant operating data are collected, summarized, analyzed, and presented to top management. This is not due to lack of diligence. There is more than a sufficiency of reports--some required by AIFLD/W, others on a different format by AID Missions, others apparently self-prescribed--prepared by AIFLD country missions. In addition there are further outpourings of reports from the national labor education institutes supported by AIFLD and from the local AID missions. The difficulty is that the concentration is on reporting program developments--often in too much detail--over limited time periods. There is, however, no system to collect information in a consistent manner to throw light on program progress as opposed to program activity. Some efforts are being made to develop better statistics for evaluative purposes,

but the results are likely to be uneven and unlikely to provide all of the significant data that would be possible. For example, with respect to social projects, follow-ups are made too much in terms of whether a project accomplished the physical thing it was supposed to do and too little on the impact of the project on union development or the social welfare of a working group.

We think that, together with improvement in the planning and budgeting system, overall reporting should be carefully reviewed to achieve a greater yield of significant data while simplifying the general structure and burden of reporting requirements. In this undertaking a considerable contribution could be made by AID Missions to integrate their own requirements with an improved AIFLD reporting system.

We think first-hand observation is absolutely essential to establishing effective control, and we consider the current level of travel by supervisory personnel to the field, as well as field personnel to Washington, to be appropriate.

D. Reimbursement of Expenses

1. Description of Procedure

AIFLD prepares a monthly report of the expenses it has incurred under teach task order. Because the procedures for reporting and reimbursing country program expenses (rather than Regional program expenses) has given rise to the most frequently encountered difficulties, the following description is that of AIFLD/Mission procedures.

Expenses are reported on a "spread-sheet" with columns denoting expense categories, e.g. salaries of local personnel, benefits, rent and utilities, etc. The report, accompanied by supporting documentation, is submitted in duplicate to AIFLD/W at the close of the month.

Expenses are reviewed in AIFLD/W and may be reclassified or questioned by the Finance Department prior to entry in country journals. When reclassifications are made on the country expense report, or when any other changes are made that make the report prepared by AIFLD/Mission different from that posted by AIFLD/W, the duplicate copy of the report submitted by the field is returned to it with changes noted.

Salaries, benefits and housing allowances of U.S. personnel are paid by AIFLD/W, and consequently these expenses, attributable to the various field programs, do not appear on the monthly expense reports. AIFLD/W does not record them on the duplicate expense report returned to the field.

AIFLD/W prepares a voucher submission for the period covered by each monthly expense report. The voucher is the

basis for reimbursement by AID. It shows the task order budget by expense category, that is, the total amount available, expenditures to date, charges covering the period for which the voucher is submitted (distinguishing between Washington - incurred expenses, such as salaries of U.S. personnel, and field-incurred expenses), and the funds remaining.

The voucher is submitted to AID/W, and copies are sent to AID/Mission offices (Labor Technical Office, Controller's Office). Importantly, the voucher is the only notification to AIFLD field offices of the expenses incurred in Washington and chargeable to the country task order.

After review for certification and compliance with budget restrictions, AID/W advises the Treasury through an Advice of Charge (AOC) to reimburse AIFLD/W the amount of the voucher submission. A copy of the AOC is forwarded by AID/W to Mission Controllers so that the amount of the payment can be entered against the AIFLD allotment.

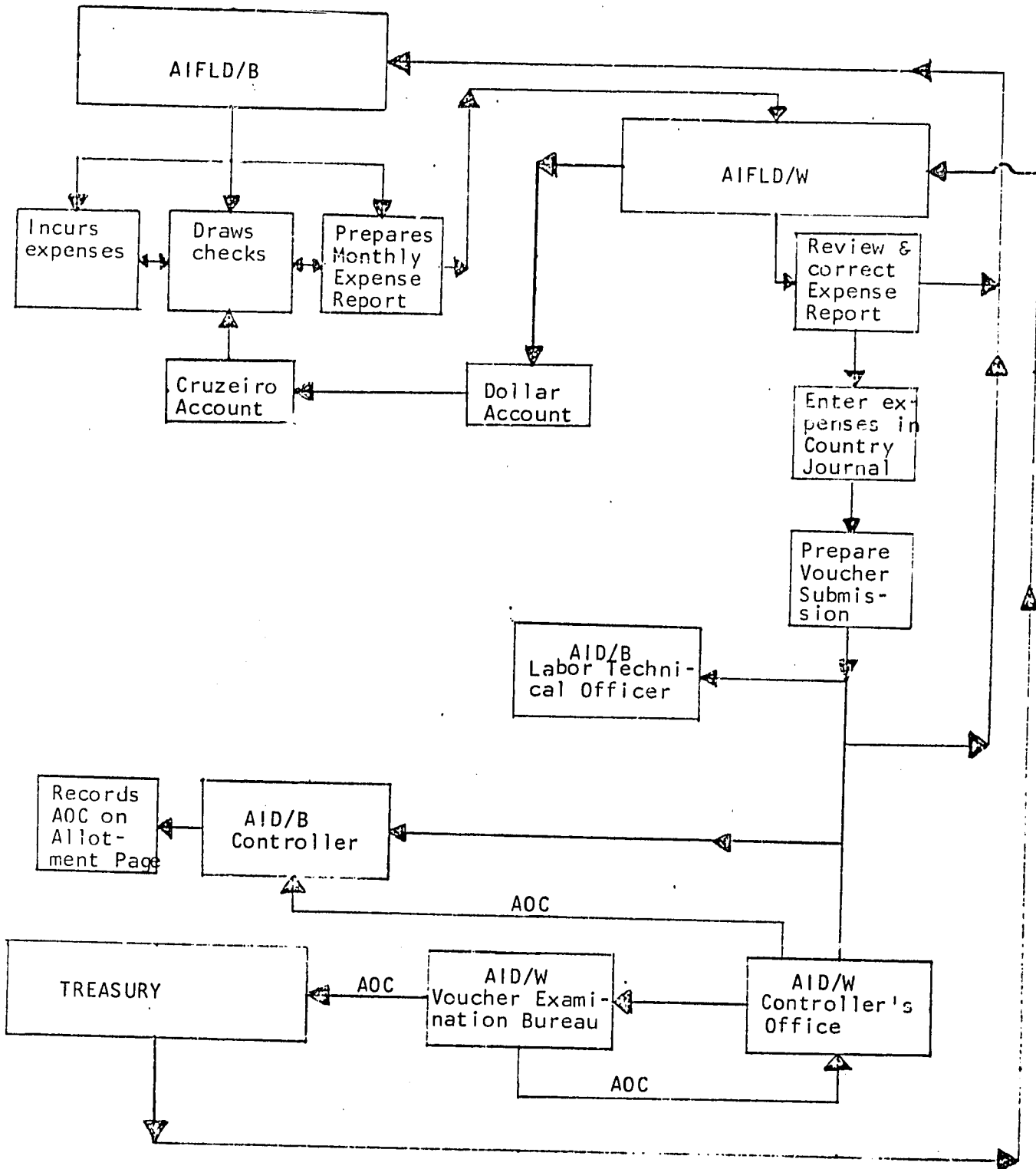
The time period required for reimbursement of field-incurred expenses is approximately two months. Thus, expenses incurred in April, will be submitted to AIFLD/W by mid-May, and in turn, submitted to AID/W in early June, with a check sent to AIFLD/W by mid-June.

AIFLD/W then replenishes field operating funds by means of deposits to bank accounts on which the field may draw.

Table 5 represents schematically the procedure which has just been described.

The reimbursement procedure is somewhat different for

AIFLD REIMBURSEMENT PROCEDURE "A" 1/



1/ Applicable to all programs except Chile, Guatamala, Guyana, Nicaragua, ROCAP

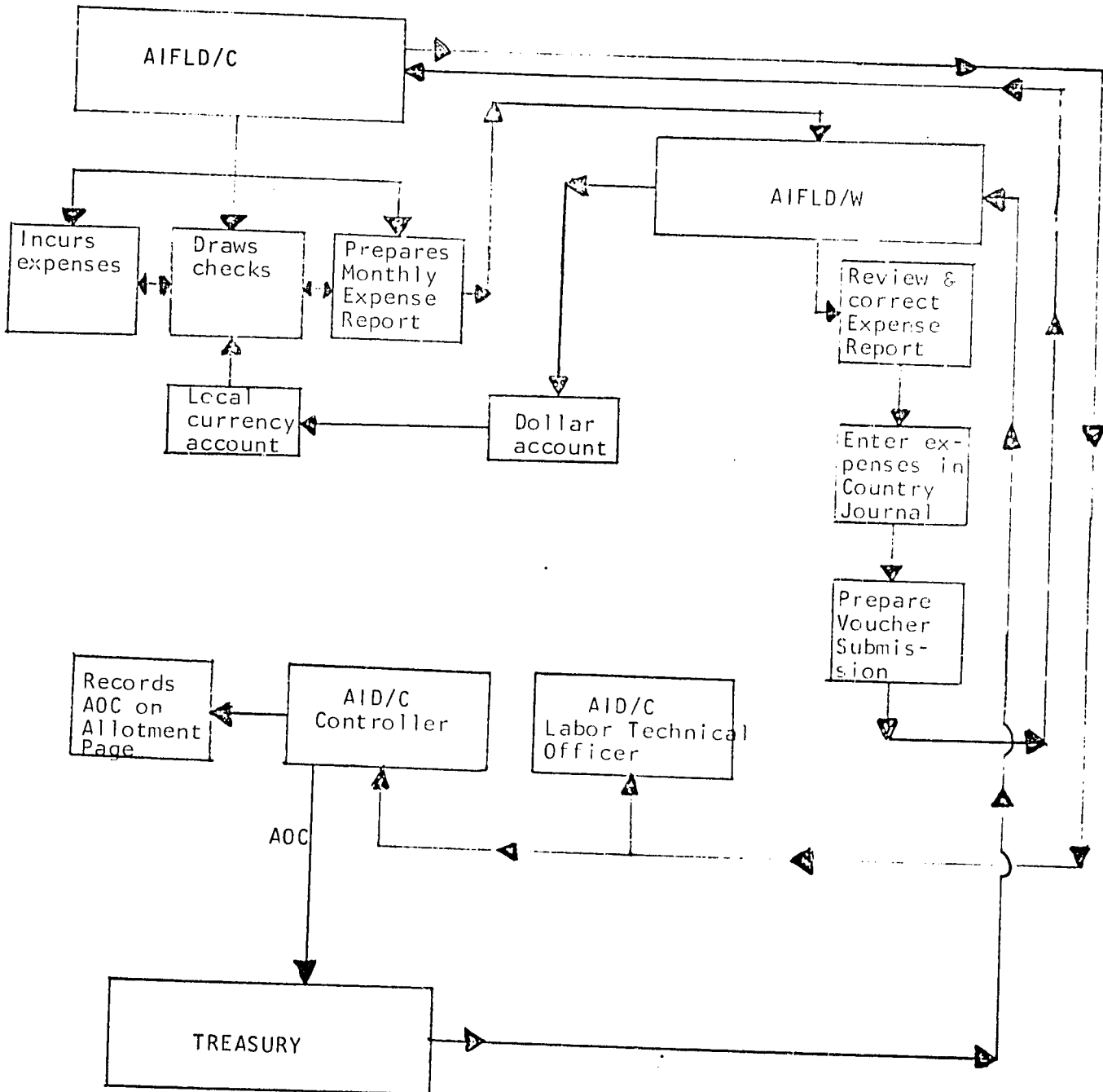
five country programs. After AIFLD/W has prepared the voucher submission for Chile, Guyana (regular program and Industrial Training Center), Nicaragua, Guatemala, and ROCAP, it is returned to the respective field offices. The voucher, in turn, is submitted to the AID/Mission Controller for approval, and forwarded by him directly to the Treasury for payment. Whereas reimbursement under the first described procedure requires two months, this procedure entails an additional three to six weeks before a check is received from the Treasury. Table 6 illustrates this procedure schematically.

## 2. Reconciliation of AID Reimbursement with Field Expense Records

There has been continuing difficulty in reconciling field expense records with the voucher submissions to AID/W. The return to the field of an amended monthly expense report has contributed to a reduction in the number of discrepancies. Nonetheless, the problem remains, and is a continuing source of irritation to AID/Mission personnel charged with monitoring, and to Country Program Directors who must operate within a budget, yet may not know with certainty either the amount of, or reasons for, Washington actions.

Two examples that were called to our attention in Brazil are described in our Brazil report, Part II, page 183. They involved problems of human error and delay, attributable to the volume of work arising out of the centralized administration, and gaps in the flow of data between AIFLD/W and AIFLD/B, specifically regulations of the Government of Brazil covering the accounting treatment of social security expense.

AIFLD REIMBURSEMENT PROCEDURE "B" <sup>1/</sup>



<sup>1/</sup> Applicable to Chile, Guatemala, Guyana, Nicaragua, ROCAP

Discrepancies also arise as the result of disallowances by the Director of Finance (called to his attention by the accountant supervising the field reports) and, to a minimal extent as the result of exchange rate differences between the date of field expenditure and official journal posting at AIFLD/W.

AID personnel have told us the difficulty they have had in performing their monitoring function in the face of discrepancies in field expense records with voucher submissions to AID/W. We consider the criticism legitimate. Our recommendations are directed toward the improvement of the reimbursement procedure.

### 3. Field Reimbursement and Reimbursement by AID/W Compared

We are cognizant of the present exploration by AID/W of the feasibility and desirability of delegating to AID Mission Controllers responsibility for the reimbursement of AIFLD Country program expenses based on vouchers prepared by AIFLD Country Program Directors and submitted directly to the Controller. AID/W has shared with us the generally favorable responses of the several Missions to the proposal (which would be accompanied by delegation to the Mission of responsibility for signing AIFLD Country task orders).

We have also had the benefit of AIFLD/W thinking on the question of the handling of field-incurred expenses.

We think the following objectives are particularly relevant to the discussion:

- a. To ensure the integrity of AIFLD control over its own organization;
- b. To contribute to the achievement of an environment



within AIFLD for implementing sound financial administration; and

- c. To furnish AID with the tools by which to accomplish a prompt and direct review of AIFLD/Mission financial administration.

Any organization carrying out contractual obligations with AID will need and will want some kind of strong centralized control over the expenditures of its field staff. The AIFLD headquarters thus should know and should be able to approve or disapprove expenditures being made by the field. This is a matter of sound management practice in carrying out its responsibilities to its own Board of Trustees and to AID.

If AIFLD Country Directors submit vouchers directly to AID Missions, AIFLD would have to adopt a new accounting system to maintain its control of expenditures. It is not satisfactory from the standpoint of the existing centralized financial control system to try to deal after the fact with vouchers submitted by AIFLD staff to the AID Mission in each country. If forced to conform with a country vouchering system, AIFLD would probably want to have the vouchers prepared by its Country Director submitted first to AIFLD headquarters for review, with the corrected vouchers then being sent back to the Country Program Directors for submission to the AID Country Program Controller. This procedure, as noted earlier in this report, is already in operation in Chile, Guyana and other programs and, as also noted earlier, requires more time for completion of the reimbursement process than does the AIFLD Headquarters vouchering system. These

cases are quite different from the AID proposal that AIFLD Country Directors prepare and submit vouchers directly to AID Country Controllers. All that has happened is that the volume of mail has changed because the addressees of the vouchers have been changed; AIFLD headquarters still reviews or prepares the vouchers in Washington prior to returning them to the field for submission to AID Country Controllers.

The heart of the problem is the exercise of AIFLD headquarters' responsibility for its financial affairs. It is not relieved of this responsibility by allowing Country Program Directors to deal directly with AID Mission Controllers. In order to protect itself it will want in one way or another a) to prepare the vouchers itself as it is now doing; or b) to review the vouchers prepared by Country Program Directors before they are submitted to AID Controllers in the individual countries.

It is important for AIFLD to have a strong policy-making body which is in a position to establish a framework for Institute activities, to examine and approve program plans in the light of the framework, and finally to pass judgment on whether actual operations are within the approved program plans.

We look upon field disbursement as weakening the link between program planning on the one hand, and control and evaluation of operations on the other hand. The connection between the policy-maker and his control over the implementation of that policy ensures that policy is not made in a vacuum, and that it is tempered by the cumulative result of past successes

and failures. It preserves for the policy-maker (and not a third party) the first review of whether policy was carried out. It is important to note that the power over disbursement of funds to AIFLD offices in each country by AID Missions in each country would not immediately result in a fragmentation of the AIFLD operations into essentially a series of individual country contracts. Nevertheless, the possibility of the erosion of AIFLD as an independent integrated organization increases as steps of the kind proposed are taken. It is not clear that such erosion would be in the interests of AID and its broad labor objective in Latin America.

We view Mission reimbursement of expenses as detrimental to the widespread application of sound financial management thinking within AIFLD. While individual Mission Controllers would be in a position to exercise their professional competence in addressing AIFLD/Mission financial affairs, AIFLD/W would not be involved with the effort.

It is our conclusion that the top echelon of AIFLD must be directly involved in, and unequivocally back, the effort to strengthen financial administration. Without such involvement, a shift to direct AIFLD country program - AID country controller relationships might be counterproductive in the sense that Mission requirements would be looked upon as one more "hoop to jump through" in order to get money, rather than as an AIFLD policy about which the top echelon felt strongly.

We look upon AID's objective to take those steps necessary to implement a system that provides for effective

review by AID of AIFLD financial procedures as entirely appropriate and necessary. However, we also think it important that such steps as are taken be consistent with the foregoing considerations, especially those regarding AIFLD's integrity and responsibility as an independent entity.

The GAO has recommended strongly that AID exercise more direct control over AIFLD finances in the field. We do not regard the exercise of greater control as precluding the possibility of retaining the present reimbursement procedure and strengthening its weak spots. Those weak spots have been described in audit reports and in this report. We view our recommendations for: 1) improved program planning, budgeting and evaluation of both field and headquarters operations, 2) a program of technical assistance, and 3) an improved flow of reciprocal financial information between AIFLD/W and AIFLD/Field as facilitating fully the legitimate monitoring duties of AID/W and AID/Mission personnel.

#### E. Contract Administration

Contract administration is, in the first instance, the responsibility of AIFLD/W, and secondly the responsibility of each Country Program Director. It is apparent from audit reports prepared by Touche Ross & Co., AID/Mission auditors, and the GAO that AIFLD has not always placed a premium on sound internal controls. The deficiencies have been well-chronicled in the numerous audit reports, and we will not examine them again here. However, we feel obliged to place the reported deficiencies

in a sound perspective so that present managerial practices can be evaluated.

As our point of departure we direct attention to the proposed disallowances cited by Touche Ross & Co., in its audit of AIFLD operations for the years ending December 31, 1966 and 1967, summarized on Table 7.

Column 2 lists the excess costs submitted over the costs allowed, that is, the proposed disallowances, by organizational element. The largest dollar amounts in question occur in two places, the Washington headquarters (which includes the Front Royal Institute but excludes the Labor Economist program) and Brazil. Together these programs account for 40% of total proposed disallowances.

We analyzed the proposed disallowances in the Brazil program in order to shed further light on the problem. In Table 8 those proposed disallowances are set forth by major category.

Proposed disallowances for lack of receipts for payments to students, and the lack of receipts from participants in special seminars arose because it was not AIFLD/B procedure to require receipts from students who received travel and per diem payments while attending education courses. The procedure now requires that such payments be advanced to the instructor and expensed only upon the return of a receipt from the student acknowledging payment. This procedure is satisfactory to Touche Ross & Co.

Disallowances for lack of salary authorization and/or

Table 7

DISTRIBUTION OF EXCESS COSTS SUBMITTED  
OVER COSTS ALLOWED

(For the years ending December 31, 1966 and 1967)

Organizational Element	Excess Costs Submitted Over Costs Allowed	Percent of Total Excess Costs
Washington headquarters	\$240,005.59	18%
Argentina	6,482.13	1
Bolivia	47,074.19	4
Brazil	301,613.98	22
Guyana	68,157.64	5
Caribbean Seminars	663.60	negligible
Chile	65,595.37	5
Colombia	81,304.85	6
Costa Rica	7,799.15	1
Dominican Republic	134,855.59	10
Ecuador	31,232.42	2
El Salvador	13,550.30	1
Guatemala	9.55	negligible
Honduras	32,656.12	2
Jamaica	16,576.29	1
Mexico	15,169.21	1
Nicaragua	21,025.42	2
Panama	36,880.45	3
Peru	29,472.28	2
ROCAP	108,156.81	8
Uruguay	39,136.04	3
Venezuela	39,261.93	3
Labor Economist	6,022.93	negligible
<b>TOTAL</b>	<b><u>\$1,342,701.84</u></b>	<b><u>100%</u></b>

Source: Touche Ross & Co. audit of AIFLD for the years ending December 31, 1966 and 1967, Schedule 1.

Table 8

PROPOSED DISALLOWANCES  
AIFLD/BRAZIL

(For the years ending December 31, 1966 and 1967)

<u>Disallowances</u>	<u>Amount</u>	<u>Percent of Total Disallowed</u>
Lack of receipts for payments to students, and lack of receipts from participants in special seminars	\$128,437.95	42%
Lack of salary authorization, and/or lack of security clearance	116,490.73	38
Inadequate documentation for expenses, viz., travel and per diem, supplies and equipment, benefits, rent and utilities, overseas allowances, consultants' fees, miscellaneous direct costs	34,343.53	11
Severance pay, 13th month wages, bonus payments	7,563.39	2
Expenses not included in above categories	<u>17,594.19</u>	<u>7</u>
TOTAL	<u>\$304,429.79</u>	<u>100%</u>

Source: Touche Ross & Co. audit of AIFLD for the years ending December 31, 1966 and 1967, Schedules VII and VII-A.

security clearance derive from an oversight on the part of AIFLD/B. Generally security clearance was secured, but salary authorization was not. Since early 1969 appropriate approvals covering both items are secured at one time by means of a form designed specifically for this purpose. This procedure is satisfactory to AID/B and Touche Ross & Co.

Inadequate supporting records were cited for disallowances of travel and per diem expenses, rent and utilities, and other normal operating costs. AIFLD directives related to collecting and reporting expense data now ensure that proper documentation is secured. Touch Ross & Co has assisted AIFLD in this effort.

The disallowances attributed to severance pay, thirteenth month wages, and bonus payments arose because of the fact that the nature of these payments was misconstrued. A thirteenth month's wages, also known as a bonus, is required by Brazilian law to be paid by employers to employees upon the completion of twelve months' employment; severance payments reflect a share of the thirteenth month's wages proportionate to the length of time worked. The terms "bonus" and "thirteenth month wages" are misleading, because they are not bonuses as generally understood in the United States. The legitimacy of these payments under the task order has since been satisfactorily settled with AID and Touche Ross & Co.

Thus there remains only 7% of proposed disallowances unexplained by the foregoing analyses. The dollar amount involved is less than \$18,000.



Our purpose in examining the Brazil program disallowances was to analyze a significant proportion of the total disallowances cited, and to see what practices had been initiated to reduce the likelihood that disallowances of this magnitude would recur. We are satisfied that the procedures initiated are appropriate to prevent the recurrence of such massive disallowances in AIFLD/Brazil. To the extent that the same procedures are initiated at other AIFLD/Missions improvement should be marked.

Nevertheless, we should point out that in Brazil, AIFLD now has an experienced accountant responsible for internal financial controls. Personnel familiar with financial reporting are on the country staffs in Uruguay, Chile, Peru, and Colombia, as well as in AIFLD/W. In the large number of smaller country programs no one on the staff is similarly so well qualified. Table 9, Percent of Excess Costs to Total Costs, by Organizational Element, brings out the fact that even though the excess dollars cited in each program may have been small relative to the total costs questioned (Table 7), nearly every program had a problem of financial administration, several being substantial relative to the size of the program. It is our judgment that there is a decided need for AIFLD to provide continuing technical assistance to its field people charged with contract administration in order that each may attain a level of suitable technical proficiency. AID/Mission controllers could assist through on-site counsel. We make recommendations to this effect.

We wish to take note of a very real problem occasioned by the proposed disallowances due to lack of proper documentation.

Table 9

PERCENT OF EXCESS COSTS TO TOTAL COSTS,  
BY ORGANIZATIONAL ELEMENT

(For the years ending December 31, 1966 and 1967)

Organizational Element	Costs Submitted to AID for Reimbursement	Excess Costs Submitted Over Costs Allowed	Percent of Excess Costs to Costs Submitted
Washington headquarters	\$3,097,461.53	\$240,005.59	8%
Argentina	368,041.66	6,482.13	2
Bolivia	395,595.75	47,074.19	12
Brazil	974,187.92	301,613.98	31
Guyana	373,393.22	68,157.64	18
Caribbean Seminars	7,658.25	663.60	9
Chile	323,285.13	65,595.37	20
Colombia	406,196.73	81,304.85	20
Costa Rica	115,710.32	7,799.15	7
Dominican Republic	1,005,886.97	134,855.59	13
Ecuador	400,662.77	31,232.42	8
El Salvador	106,343.65	13,550.30	13
Guatemala	65,394.00	9.55	negl.
Honduras	89,669.00	32,656.12	36
Jamaica	62,112.90	16,576.29	27
Mexico	94,894.61	15,169.21	16
Nicaragua	149,144.60	21,025.42	14
Panama	98,415.42	36,880.45	37
Peru	469,242.32	29,472.28	6
RQCAP	360,758.03	108,156.81	30
Uruguay	400,117.21	39,136.04	10
Venezuela	215,812.73	39,261.93	18
Labor Economist	165,261.32	6,022.93	4
TOTAL	<u>\$9,745,606.04</u>	<u>\$1,342,701.84</u>	

Source: Touche Ross & Co. audit of AIFLD for the years ending December 31, 1966 and 1967. Schedules I and VII.

(We understand the salary and salary-related disallowances have been resolved to the parties' mutual satisfaction.) Even though procedures initiated subsequent to the Touche Ross & Co. audit make recurrence of cost disallowances on the same scale unlikely, these challenged costs were in fact incurred. While they are of historical interest to us, they are currently a major problem for AID and AIFLD. As such, the management time expended, in the search for records and in negotiating specific items, is enormous. We consider it useful to suggest that AID forgive all but the most egregious violations, and, with AIFLD, turn its attention to ensuring that the need for proper controls is suffused throughout the field and headquarters organization, and that appropriate resources are directed to this end. We feel strongly that since control problems are now well understood, management talents would be best utilized in improving present operations rather than in further exploration, and often fruitless search, for historical evidence.

In addition to the foregoing questions of financial management raised by Touche Ross & Co., AID Mission Auditors have enumerated several other areas of concern. The most recent statement of their concern is set forth in a report (No. 70-173) issued March 9, 1970 that consolidates the results of Mission audits of AIFLD country programs for the period April 26, 1963 through July 31, 1969. (The consolidated report does not include reference to a subsequent audit by AID/Brazil auditors, to which attention was drawn in the preceding discussion; we do not know if other Missions performed follow-up audits, and if they did,

whether they observed the same degree of improvement as reported by the Brazil auditors.)

We have reviewed the problems that were most frequently cited in the consolidated report. We are able to comment on them only to the extent that we observed field practices in three countries, and studied the headquarters operation. Implementation of the steps AIFLD took in Brazil was in large measure successful because AIFLD added an accountant to the Brazil staff, and because the AID Labor Technical Officer took an active part in introducing the changes. These circumstances do not exist to the same extent at every AIFLD/Mission. Thus we are not able to state with certainty that performance elsewhere will show the marked improvement observed in Brazil. We therefore have recommended a concerted program of technical assistance to AIFLD country staffs, to be provided by AIFLD/W, hopefully in conjunction with AID Mission Controllers.

We do not regard it as useful to examine each cited deficiency. However, within each of the following areas we observed practices to which we think it appropriate to draw attention.

1. Personnel Administration and Management

We reviewed the forms on which U.S. personnel and locally-hired personnel report their hours worked and sick leave taken. They were found to be satisfactory. We also view as adequate the records maintained for accumulating hours worked, leave earned, and sick time taken.

AIFLD updated comprehensively and reissued in July 1970

its fringe benefits manual for U.S. personnel. Personnel practices, e.g., employment, dismissal and promotion procedures, for U.S. personnel are covered in the Directives. (See discussion of Directive System which follows.)

Less satisfactory is the absence of a coordination of benefits and personnel practices relating to locally-hired personnel. We understand that AIFLD field offices are directed to follow the practices of the local AID Mission. This seems reasonable to us, but we think it would be useful to bring together in one volume a description of the varying practices. Such a tabulation would make clear inconsistencies between the basic contract, AID/1a-259, and local practices. (For example, the consolidated audit report cited a 35-hour work week in Argentina and Mexico, but a contract provision for a minimum 40-hour week.)

## 2. Student Program Administration

Student attendance records have been improved, and we found that appropriate procedures had been initiated to secure receipts for per diem and travel payment. This Company recommended in an earlier report means by which AIFLD could study the impact of its education program. Procedures were outlined therein for, among other things, student follow-up. We observed the early implementation stages in Brazil, and we think that with continued diligence, the effort will be successful and useful. The recommendations of that report are incorporated, by reference thereto, in this report.

However, we agree with audit findings that AIFLD has

been deficient in not seeking to bring together its cost experience for in-country programs. Certainly course costs will differ from country to country, and even within countries--depending on location, level of instruction, etc. Nevertheless we think it would be a major planning tool to have available guidelines for the benefit of education officers who have diverse backgrounds--some are U.S. personnel, several are locally-hired, others are third-country nationals. In the ensuing section on the AIFLD Directive System we discuss this point further.

### 3. Property Management

AIFLD's management of U.S. Government property is supervised by an outside inventory service. The consultant firm is responsible for updating annually equipment and furniture records for all AIFLD offices, and for marking such property in the headquarters office. The field inventory is accomplished through a request to the Country Program Director to provide a listing of all property; the listing is compared with a record of what should be at the site; discrepancies are then examined. The only on-site inspection is performed at the Washington offices.

Marking of equipment and furniture proved to be an embarrassment in several countries; that is, the attention that was drawn to AIFLD's relationship with the U.S. Government was found to be detrimental to the establishment of satisfactory relations with local labor leaders. Hence, AIFLD secured a waiver of the marking requirement for field offices in July 1968. The consultants have contracted to mark equipment and furniture in the

headquarters offices in accordance with AID contract requirements.

#### 4. Travel Administration

Authorization for international travel must be secured from AID and AIFLD/W. It is our observation that the country staffs and the headquarters staff observe the prior approval and written authorization requirements. The Director of the Finance Department is responsible for determining the legitimacy of the costs incurred and for securing adequate documentation of the expenses. Those personnel with whom we spoke understood the requirements and knew what costs were permissible.

#### 5. Directive System

The Directive System was established in July 1967 and has served a useful purpose through its dissemination of various standard practices and operating procedures. We think, however, that it could be improved to the extent that the areas of coverage were expanded, greater detail were incorporated into several of the present Directives, and its use confined to major performance categories.

##### a. Need to include additional subjects

A major finding of this evaluation is the unsatisfactory character of program planning and evaluation within AIFLD. We suggest that it would be appropriate to include in the Directives a section on planning and evaluation, to cover methodology, budgeting, personnel involved, and a specific time frame for the accomplishment of specific tasks.

We have been advised by AIFLD that it is presently preparing a manual to set forth AIFLD policies. We did not see a

draft of this document, but we suggest that it might be appropriate to incorporate it into the Directives. It would provide a basic policy framework around which the aforementioned program planning could be carried out.

We have observed that AIFLD has not codified any of its cost experience for in-country education programs. Similarly, there is no compendium covering selection procedures, length of courses, curriculum content, and the like. We appreciate the need for AIFLD to remain flexible in its country education programs; but we also consider the time ripe to bring together, for analysis, evaluation, and future planning its experience to date. Such a compilation might usefully be incorporated into the Directives (as might be the existing Social Projects Manual).

b. Need for greater detail .

The Directives treating personnel questions should be expanded. We have in mind especially those portions which outline hiring, dismissal and promotion policies of U.S. nationals. A more explicit statement should be available to employees and their supervisors.

We have urged elsewhere that a comprehensive program of technical assistance on questions of financial management be undertaken. We think, as one aspect of this assistance, that the accounting manual should be expanded, particularly those sections treating expense reporting and costs that are not reimbursable by AID.

c. Need to confine Directives to major performance categories

We think the Directives ought to be elevated to a major



management tool. Therefore, we consider such Directives as "Admittance to the Executive Director's Office" and "Preparation of Correspondence for Signature of the Executive Director" inappropriately included.

#### 6. Review and Follow-up

The consolidated audit report cited the need for internal review and follow-up, apart from the annual review by the public accountants. We feel that the concept of the review should be expanded to cover program as well as procedures. In a review of program performance, we recommend questions be raised as to the efficiency of the methodology and its time frame.

The operation of the internal control procedures which we have recommended, especially program budgets, will serve to provide operating information on a continuing basis. We would expect that when problem areas were revealed, AIFLD management would take prompt remedial action.

#### 7. Staff and Supervision

On the basis of our experience under this contract and under an earlier one performed about a year ago, we have generally found AIFLD staff to be highly motivated and generally competent. We have recognized that they are more often "doers" than conceptualizers and planners; that their backgrounds were more often in labor organizing and union activities than financial management. Our recommendations to add a senior staff member with a program planning and evaluation background, and to provide technical assistance in financial management to field personnel, spring directly from these factors. Our atten-

tion to the need to elevate the Directive System derives from our conclusion that further guidance and supervision must be provided, especially to the field staff in order to facilitate improved program and personnel performance.

#### F. Contract Monitoring and Supervision in the Field

The evaluators found varying styles and models of contract monitoring and supervision. In Brazil, the Labor Attache maintained careful financial, political and program controls through continuing sensitive communication with the Country Program Director. In Guyana, the AID Director and AIFLD were engaged in a running battle over activities and administration. In Honduras, the Labor Attache and AID program officers shared monitoring responsibilities and disagreed over their exercise. The Mission nevertheless was receiving ample information about contract activities and intervening appropriately to coordinate them with other programs and objectives.

As with policy and planning, personalities strongly influence the monitoring relationship. This evaluation seeks to clarify desirable relationships so that the play of personalities is not further complicated by an inadequate institutional framework or the failure to understand an adequate one.

Although project activities are described as education and social projects, the AIFLD contract necessarily covers a range of activities that go beyond "teaching workers about unions." The AIFLD approach involves development of effective

working relationships with local labor leaders, and assistance that supports organization of new groups and federations.

The broad role can helpfully be described as "technical assistance," since this conveys a better sense of what AIFLD does than current activity descriptions. Speed and flexibility of response, both critical to performance of the role, are not encouraged by rigid contract relationships or monitoring requirements. At the same time, because of possible political consequences, the contract monitor must have full information.

Where Missions have been concerned primarily with this kind of monitoring, as in Honduras, AIFLD has not been overly constrained and contract performance has been good. When the Mission seeks to direct both policy and the carrying out of each activity related to it, an impression received in observing some aspects of the Guyana project, the effectiveness of contract performance is not greatly improved and the contractor's independence is compromised. When activities are described in terms that identify a framework and magnitude, with reporting concentrated on results, a basis for more effective management is created. The contractor's presumably superior knowledge of labor activities and their consequences suggests that, once programs are agreed upon, the sponsor should have sufficient confidence to permit wide discretion in their execution.

AIFLD exacerbates management problems by a secretiveness that causes unnecessary and often unfounded suspicions among contract monitors. The sources of this problem probably lie

deep in the history of the labor movement and the growth of the AID/AIFLD relationship. The evaluators are less concerned with assigning responsibility for past inadequacies than with emphasizing the advantages to the contractor of vigorously fulfilling the contractual obligation to report. In Brazil, for example, where the Labor Attache most strongly acknowledged the sufficiency of reporting, monitoring problems were fewest.

The concern for specifying activities, exhibited in project planning documents, and the over-monitoring produced by it, can be remedied by:

- (1) Identification of measurable goals and milestones of achievement;
- (2) Closer consultation in developing program plans;
- (3) Recognition by AID of broad contractor flexibility in activities to achieve them; and
- (4) Full and prompt communication of activity and result information by AIFLD.

#### G. Contract Monitoring and Supervision at AID/W

AID has established a Task Force to examine the present contractual agreement between AID and AIFLD (1a-259). We suggest that before focusing on specific administrative procedures, the Task Force give consideration to the fundamental question of what degree of operational flexibility AIFLD requires to perform effectively. We have suggested that an appropriate strategy would be for AID to determine long range program goals jointly with AIFLD and to leave to AIFLD the operations of the specific

activities approved for the achievement of those goals

We have recommended that the implementation of this report's recommendations be the responsibility of an AID/AIFLD Task Force. The Task Force should examine the quality, timeliness, and effectiveness with which the recommendations are implemented. Their appraisal of planning and control procedures should be made available to the AID Task Force studying Ia-259, so that with the assurance that appropriate and effective internal management procedures have been established, maximum operational flexibility can be accorded to AIFLD.

If AID and AIFLD are to participate in a joint examination of program strategies and a determination of goals, AID itself should address itself to the problem of fragmented offices within AID, each with varying responsibilities for pieces of the AIFLD program. We would consider as minimal the need to assign responsibility and authority to a single office in the Bureau for Latin America to administer the entire AIFLD contract.

#### H. Organization Structure and Staffing Pattern

The Washington headquarters of AIFLD provides policy guidance, serves as a source of technical services to the field operations, and, itself, operates an education program. In this section we examine the adequacy of the headquarters operations vis à vis program operations. For a description of the organization structure and staffing pattern the reader is referred to Appendix No. II.

1. Board of Trustees

The AIFLD Board of Trustees numbers among its membership representatives of labor, business and the professions. The individual trustees have had varying experience with the Latin American political, economic, and social environment. The trustees are called upon by the AIFLD charter to provide policy guidance to AIFLD in the design, implementation, and evaluation of Institute programs. Their objectivity and independent personal judgments are substantial resources to AIFLD.

We did not find evidence that the Board exercised its responsibilities significantly. Two complementary factors explain the present quality of policy guidance. First, the Board meets only once a year. It is thus able to make only a generalized policy review and program assessment. In view of its inability to review program and budget reports on a systematic basis, the Board can exercise only a superficial monitoring and evaluation function.

On the other hand, we do not find that program planning or field reporting of progress is either so readily available or so usefully presented as to make Board review significant, even if frequent examination were possible.

In looking for an expanded Board role, we consider it appropriate to suggest that the Executive Committee assert its authority with respect to formulating plans, developing strategy, and evaluating performance. The Committee ought to meet at periodic intervals between the annual meetings of the full Board membership. The major contribution the Executive Committee

could make would be continuing guidance in program planning and evaluation. It would be helpful if the Committee's composition included members with a close knowledge of AIFLD operations. The Committee would continue to be accountable to the full Board for the exercise of its authority.

We have considered at some length in this chapter, the deficiencies in planning and control procedures; our concern has been to identify tools and methods by which the Executive Committee (as well as AIFLD management and AID monitors) would be able to contribute measurably to AIFLD program development and management effectiveness.

## 2. Planning Staff

AIFLD planning procedures have not kept pace with the development of the program. Because the potentialities for program improvement are largely dependent on strengthening planning procedures, we believe AIFLD should designate a senior staff member whose sole responsibility would be program planning and program evaluation. It would be his job to ensure that regional and country programs were consonant with overall AIFLD strategy for assisting the development of democratically-oriented free trade labor unions. Each labor plan and budget would be scrutinized for its understanding of underlying conditions, and its examination of alternative programs and varying allocations of resources to achieve AIFLD objectives. The planning process now involves simply the statement of what activities are expected to take place, e.g., some number of seminars. Lacking is a statement of the relationship of these

seminars to some overall purpose, for example, that some number of trained leaders is required to make local unions viable organizations. In other words, we would assign to this staff member the responsibility for making certain that the impact which AIFLD wants to achieve is, in fact, furthered by a particular combination of program plans in an explicitly stated relationship.

We envisage as a major part of the assignment of the AIFLD planner and evaluator providing on-site country-by-country intensive assistance to the AIFLD country program director in developing specific short-range and long-range program objectives and strategies which would be reflected in appropriate documents and reports. At the same time, he will, as a necessary concomitant of the planning task, assist in installing relevant and manageable evaluation information systems to permit continuing evaluation of program effectiveness. (Specific suggestions on an evaluation system for AIFLD education programs were made a year ago by this Company.) AIFLD country program directors generally are not chosen on the basis of their ability to conceptualize planning and evaluation problems, and many may need, at least at the outset, help of the kind proposed plus on-the-job training.

The process of providing such assistance essentially involves the planner/evaluator probing and drawing from the country program director, a diagnosis of the labor problem in the country which is precise enough to determine priorities, identify choices of objectives and choices of programs, and



select reasonable indicators of program effectiveness. The process must be carried out in a way which makes apparent the decision-making value of planning and evaluation so that AIFLD overseas staff members adopt and use the techniques as their own. Further, the same process must operate within AIFLD headquarters and performance standards for planning and evaluation must become part of the basis of AIFLD judgment of staff performance. Without this, the process will become a game played with papers a few days a year with the operations people doing what they wanted to do in the first place. Necessarily the Regional Directors and their Program Officers would work closely with the staff planner/evaluator.

Second, we suggest that AIFLD create a Program Planning and Review Committee, consisting of the Executive Director and senior staff, to assure that progress is being made in upgrading the quality of planning and program analysis.

The Regional Directors assist in the development and implementation of the annual Country Labor Plans, program assessment, and coordination of regional hemisphere programs. They review biweekly and other progress reports and communications received from the field offices assigned to them and generally backstop their operations. The Country Program Directors have been delegated considerable autonomy to make operating decisions and the focus of the Regional staff is to respond to problems and requests, rather than to provide continuing direction. The Regional staff acknowledges the superiority of field grasp of day-to-day requirements. The policy of delegating major operating

responsibility to field staff seems wise; we are in accord with Regional Directors' reluctance to question actions of Country Program Directors. In none of the countries visited have AIFLD staff complained of poor support or lack of Washington response and interest.

The Regional Directors exercise their major substantive control through review and approval of the Country Labor Plans. In this capacity, and as noted above, we recommend that the Regional staff work closely with the staff planner/evaluator.

### 3. Cost of Headquarters Office

In order to determine the cost of the Headquarters office and thereby to judge the relationship between the support functions and field operations, we examined the total funds for which AIFLD had an administrative responsibility in calendar year 1969. The Statement of Expenses for 1969, Table 2, page 25, shows expenditures of \$6,097,235. To this should be added \$128,767 for Impact Projects funded by the AFL-CIO, and \$150,000 which is estimated to be the funds individual country programs received directly from various AID missions for small projects. These funds are not considered part of the Institute's financial operations, but a realistic view of program activities would include them. With the assumptions set forth below, we have estimated that administrative expense accounted for approximately 19% of total funds. (See Table 10).

The assumptions we have made are as follows:

- (1) All country program expenses are allocated to program operations even though a proportion of each is admin-

Table 10

DETERMINATION OF AIFLD ADMINISTRATIVE EXPENSES

1969

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Total Funds:

Per Annual Statement	\$6,097,235	
Plus: Impact Project Funds	128,767	
Plus: AID Mission Funds	<u>150,000</u>	
Total Funds		\$6,376,002

Program Expenses:

Latin American Programs	\$3,414,096	
Impact Projects	128,767	
AID Mission Projects	150,000	
Regional Revolving Loan Fund Drawings	111,043	
Union to Union Program	631,566	
Labor Economist Program	134,043	
Front Royal Institute Program	318,000	
Social Projects Department	<u>247,000</u>	
Total Program Expenses		\$5,134,515

Administrative Expenses:

Washington Offices:

Executive and Regional Departments	\$ 403,000	
Finance Department	329,000	
Administration and Personnel Services Department	152,000	
Information Services	85,000	
Education Department	<u>272,000</u>	
Total Administrative Expenses		\$1,241,000

Ratio Administrative Expenses To  
Total Funds 19%

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Sources: AIFLD internal records; AIFLD's public accountants

Note: Headquarters departmental expenses were provided on a rounded basis, thereby creating a rounding error of \$487 between total funds and the sum of program and administrative expenses.

istrative in nature. The underlying rationale is that the Country Program Director, whose salary and related office expenses are the largest administrative expenses, is, in fact, the focus of assistance and without him there would be no "presence" or program.<sup>1/</sup>

- (2) The Front Royal, Labor Economist and Union to Union Programs are treated as program expenditures although a portion of each program is, in fact, administrative expense. We consider that such an allocation would be impracticable to achieve in view of the difficulty of assigning supervisory salaries to administration and program categories. The resultant distortion is minimal since the total dollars involved are a small proportion of total funds administered.
- (3) The expenses of the Social Projects Department are allocated to program expenses in their entirety in view of the fact that staff specialists provide continuing technical assistance to field projects.

The relationship between administrative expenses and total funding indicates how much of the revenue dollar is spent for

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<sup>1/</sup> AIFLD has estimated that the administrative costs of the average country program are approximately \$42,000. This includes such costs as the salaries of the Country Program Director, and one locally-hired program officer and one messenger; various fringe benefits; and office expenses. On the basis of 18 country programs in 1969, there would have been \$756,900 of additional administrative expense. The effect on the overhead ratio would have been an increase to 31%.

overhead expenses. In this case, the ratio was found to be 19%. The ratio may be used as a measure of the organization's efficiency, and we note that 19% is well within the range of overhead rates applied by universities and other contractors to AID contracts. However, comparative ratios may be misleading unless one is aware of all of the facts behind each ratio. For example, changes in funding due to additional grants, or in expenses due to increased wages, could change the ratio without any change in operating efficiency.

In order to keep a firm control on the level of administrative expense, we consider that much tighter headquarters budgeting procedures are appropriate. The objective of such procedures should be to make as explicit as possible the relationship between program expenses and administrative backstopping.

In headquarters, the Director of Finance is responsible for the preparation of the annual budget for AIFLD/W. The Executive Director transmits to him the budget guidance he has received from AID/W. In turn, guidance is given to individual Department Heads, each of whom is then asked to prepare a budget for his operation. Each is given an opportunity to assess field needs and to plan an appropriate level of backstopping. For example, in the most recent budget planning sessions, the Education Department considered the need for introducing advanced labor courses for women; Information Services began its planning for a film and brochure presentation of the Institute's

first ten years.

The relationship between the level of program expenditures and the financial requirements for headquarters backstopping is elusive. It is the Director of Finance who is most immediately responsible for ensuring that the headquarters budget fully meets the field requirements. To this end, he serves as the focus for promoting a well-balanced program of support, that is, well-balanced in terms of education services, social projects assistance, information services, and the like. It is he who also encourages an exchange of information among Department Heads. For example, when the Education Department contemplates preparation of extensive printed materials, the Administration and Personnel Services budget must reflect this need in supplies, perhaps reproduction equipment and personnel, distribution expense, etc. In short, the Director of Finance provides coordination.

It is, in our experience, fairly unique to fund an essentially support operation by means of a separate contract. The implicit danger is, of course, that the level of support tends to become an independent dollar amount, and reference to the underlying programs which it assists tends to become tenuous. We consider the most suitable way to keep support tied directly to programs is to allocate each item of administrative expense to the various programs. Such a procedure we understand has been considered and rejected because of the arbitrariness by which formulas for such allocations are derived, and because Country Program Directors resisted being so charged. We do not:

now recommend reopening this argument.

However we have concluded that the present level of backstopping, as represented by a ratio of administrative expense to total funds of 19%, did not result from any conscious decision-making to maintain support at 19%, or within a range of 15-20%, or any other level. Hence we recommend that the AIFLD/W budget process involve a more explicit statement of what constitutes an adequate level of backstopping.

We offer the following guidelines for establishing the headquarters budget. There ought to be an explicit, written statement by each Department Head of how the items in his proposed budget are a reflection of the needs of Country Program Directors. Each Department Head could draw on such evidence as correspondence from the field relating to specific questions (e.g., the design of an educational program), or departmental records of the time devoted to various tasks to support the field effort (e.g., number of monthly expense records processed, the staff involved, and the time required therefor).

Our review of the organization did not include a task analysis for each professional and non-professional position. Nevertheless, our examination of the organization structure and staffing pattern (Appendix II) suggests that early evaluation of the responsibilities of the several program officer positions in the Regional and Education Departments would be appropriate. There are eighteen country programs, divided into a Northern Region covering ten programs, and a Southern Region covering eight. Each Region has a Director, and each Director two pro-

gram officers. Thus, for one Region three men are assigned to support ten programs, and in the other Region, three men are assigned to support eight programs. We doubt that the demands of the country programs, even when coupled with those of the various regional programs (such as the Regional Revolving Loan Fund) warrant this level of effort.

Similarly within the Education Department there may be overstaffing or duplication of regional duties. Of three program officers, one is assigned solely to the preparation of textbooks and The AIFLD Review, a quarterly bibliography of books and articles of interest to those in the labor movement. A second program officer provides curricula backstopping and monitors reporting requirements for a northern tier of country programs. A third provides similar services for a southern tier of countries, plus miscellaneous administrative duties connected with the Front Royal programs. Sufficient evidence to substantiate the need for this level of Washington effort was not readily apparent from our limited observations.

The Executive Director has within his office three special assistant positions. One position carries responsibility for administration of the Union to Union Program (Task Order 42). The limited monitoring of this Task Order by AIFLD suggests that this is not a full-time assignment. The duties of the other positions are even less well-defined, calling only for the carrying out of special assignments for the Executive Director in areas of program administration and financial matters. We suggest that the need for these positions be scrutinized,



since it would be unusual for an organization of AIFLD's size to require additional program and financial staff personnel with the level of program support already provided by the Regional Directors and their staffs.

The Director of the Finance Department would still be responsible for combining the individual requests into an overall package which would be transmitted by the Executive Director to the Board of Trustees for review and approval.

It would assist the Board if the budget were to distinguish between those costs which are fixed, or committed, over the period of the budget, for example, rent and insurance, and all other elements of general overhead expense. The second category of costs constitutes the larger share of overhead, and thus warrants detailed attention. These costs are subject to management control, that is, they are dependent almost entirely on management evaluation and judgment.

Within the second cost category, a further distinction may be drawn. Certain outlays will be essential to day to day business operation, such as, expenses for management and supervisory personnel, accounting services, and personnel administration. Variations in these expenditures are likely to have a relatively immediate effect on program operations. Such expenses are essential, but are, nonetheless, subject to considerable management judgment as to amount and extent. Other outlays for information services and new methods (such as the introduction of electronic data processing) are less likely to have an immediate effect on program operation. They, too, how-

ever, are also subject to management judgment and evaluation.

We have recommended elsewhere that the Board of Trustees exercise the prerogatives implicit in its policy-making position with respect to country program planning. We consider no less essential Board review of the headquarters budget, and the exercise of its judgment and discretion over the proposed outlays.

Until the headquarters budget is presented in this fashion, we do not think it possible to pass judgment (on the basis of having seen only three country programs) on the adequacy of the level of backstopping represented by a 1969 overhead rate of 19%. An outside judgment is appropriate at such time as the Department Heads document the need for specific levels of effort, and the Board exercises its judgment with respect thereto.

#### 4. Conclusion

The weakest element in the AIFLD/W organization is in program planning and evaluation. We think that AIFLD could utilize to better advantage the objectivity and independent personal judgment that the diversity of the composition of its Board of Trustees provides. To secure a broader measure of Board participation, we have proposed that the Executive Committee exercise its authority to review operations and headquarters budgets, and to ask the questions that will shed light on AIFLD policy objectives. In turn, we would expect the policy objectives to be more sharply defined, and AIFLD will have to reorganize its own staff resources to accomplish this. AIFLD will need also to facilitate the collection and flow of data requisite to a proper exercise of responsibility of the Board, its Executive

Committee, the staff planner/evaluator, and committee with responsibility within AIFLD for program planning and evaluation.

We think the provision of technical support by the AIFLD/W staff, now limited principally to matters directly related to program activities, should be broadened. Planning and self-evaluation procedures ought to become the focus of a staff planner/evaluator, who would have the assistance of the Regional Directors and their Program Officers, and others with specialized knowledge of the individual countries. Technical assistance in questions of financial administration should be routinely provided by the Finance Department staff, with the emphasis being placed on a reciprocal flow of financial information.

We do not think AIFLD has adequately examined its back-stopping operation in Washington as to level and extent. We suggest therefore that budgeting procedures within headquarters be tightened to ensure that there is a critical examination of this effort.

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Extract From  
Contract AID/1a-259  
Between the  
American Institute for Free Labor Development  
and the  
United States of America

Article I - Scope of Work

A. Objective

AID desires to make available to the Latin American Countries the technical resources and talents of the Contractor to assist free democratic labor unions of Latin America in the formulation and revision of their labor development plans and in the implementation of certain elements of these plans. Because of the special competence, resources, and knowledge available to the Contractor, the technical assistance to be provided is that of training union leaders, and aiding in the establishment of institutions such as worker banks, credit unions, cooperatives, worker housing, community service projects, trade schools, work education centers, and medical service centers. It is expected that these special arrangements between the Contractor and the labor unions of Latin America will foster direct and fruitful private contracts.

B. General Approach

The technical resources of the Contractor shall be mobilized in such a manner so that they can be made available on request to such labor unions of Latin America within the development assistance programs of AID. These form part of the broader efforts of the countries of Latin America and the United States of America to attain the objectives and purposes of the Alliance for Progress as

established in the Charter of Punta del Este.

This contract establishes the procedural and organizational arrangements and mechanisms which will enable the Contractor to provide technical assistance to the free democratic labor unions of Latin America within, and as part of the total assistance provided under the Alliance for Progress to the countries of Latin America by AID. All technical assistance provided under this contract by the Contractor will be approved by the Contractor and AID.

C. Type and Substance of Technical Assistance to be Provided

As requested by country US AIDs of Latin America or AID/W, and as mutually agreed in writing by the Contractor and AID, Contractor will provide:

1. Experts and consultants to work in Latin America;
2. Observation and training facilities and make arrangements for training and observation programs;
3. Training, demonstration, and instructional materials, aids, and devices for use as needed for carrying out agreed upon technical assistance projects.

D. Organization of Assistance

Contractor's experts and consultants working in Latin America will work directly with their counterparts in such organizations as trade unions, cooperatives, civic groups and interested U.S. and host country government agencies. Latin Americans undertaking training programs in the U.S. will be located in institutions providing training.

E. Method of Operation

The basic method of operation will be individual projects formalized by written Project Implementation Orders (PIO/T) previously agreed to by the U.S. AIDs and/or AID/Washington. These PIO/Ts will describe in detail the technical assistance activities to be undertaken, the purposes and objectives of the activities, their relationship to the Cooperating Country, the type and kind of advisors to be provided, and/or the kind of observation or training to be provided Latin Americans in the U.S. or Latin America and will specify the total cost for the project, and the division of costs between AID and the Cooperating Government, if such are involved.

The Institute shall use its best effort to develop projects in line with national planning requirements and goals of the particular host countries and/or in line with U.S. AID objectives in these countries. In this way a regular channel will be opened for the consideration of specific projects prepared by the Department and balanced programming can be evolved in the host country as required under the Charter of Punta del Este.

The Institute shall also develop all specific projects in consultation with the AID field and regional missions in Latin America and reports on all projects shall be submitted by the Institute to the AID Latin America field or regional Missions. The Contractor shall submit to AID a detailed budget to support the funding of each proposed project. Based on the PIO/T and the Contractor's

budget, AID will issue specific written task orders. Administration and operational costs of the Contractor's office in Washington, D.C. will be included in a separate regional task order. The task orders issued will enable Contractor to carry out activities and expend funds authorized within the limits established in the task order and within the general limitations of this contract.

F. Participant Training Programs

1. It is understood that all participant observation and training programs carried out under a task order issued under this Contract shall conform to all applicable regulations and procedures established by AID for participant training.

2. It is also understood that the handling of participants will require special attention of the Contractor and additional services from the Contractor including but not limited to (1) general program management and processing, (2) administration of subsistence payments, and (3) planning of itineraries and special counseling.

G. Reports

It is contemplated that Contractor will prepare and submit to the US AID and A.I.D. semi annual progress reports covering the status of its work under this contract or any task order issued hereunder indicating progress made with respect thereto, setting forth plans and including recommendations covering the current needs of the Cooperating Country unions in the fields of activity covered under the terms of this contract. At the conclusion of each task

order, Contractor will prepare and submit to the US AID and A.I.D./W three (3) copies each of the final report which summarizes the accomplishments of the task order and which sets forth specific recommendations for the continued successful progress and improvements of the program in the Cooperating Country.



Headquarters Organization

and

Education Program

The staffing, technical services to the field operations, and the education program operated by AIFLD/W are described briefly in this Appendix.

I. Staffing Trend

The total staff of AIFLD/W has remained substantially at the same level since June 1967 as indicated on Table 10. There were 97 Headquarters employees in June 1967 and June 1968; in 1969, a slight decline to 95; and as of June 30, 1970, 102. However within these totals, there have occurred significant changes in departmental staffing. The most notable change is the increase in the size of the Finance Department staff from 13 to 23 between 1967 and 1970. (This trend is discussed in the following section.)

II. Present Staffing

The following discussion is keyed to an Organization Chart and Departmental Staffing schedule, as of June 30, 1970, which appear on Table 12 and 13, respectively.

A. Executive Director

The infrequency with which the Board meets, and the paucity of useful data upon which it can base policy decisions, contribute to the convergence of major policy decisions and responsibility for program implementation, direction and control in the office of the Executive Director.

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AIFLD WASHINGTON STAFFING  
1967-1970

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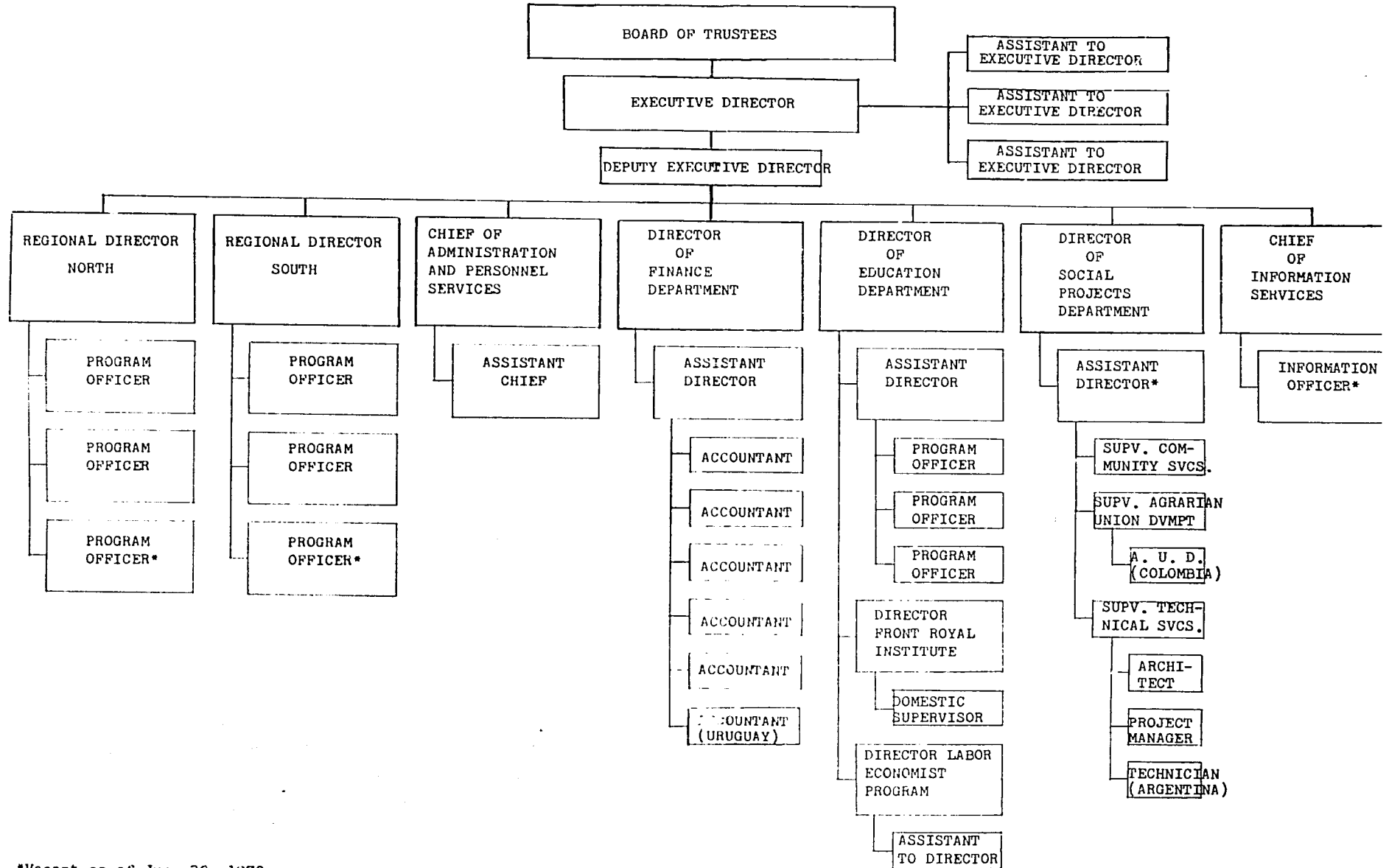
	<u>6/30/67</u>	<u>6/30/68</u>	<u>6/30/69</u>	<u>6/30/70</u>
Executive and Regional	21	18	18	23
Finance	13	17	21	23
Administration and Personnel Services	13	14	13	13
Education				
Washington	12	15	14	11
Front Royal	15	14	14	16
Labor Economist	--	--	--	4
Information Services	7	7	4	2
Social Projects	<u>16</u>	<u>12</u>	<u>11</u>	<u>10</u>
TOTAL	<u>97</u>	<u>97</u>	<u>95</u>	<u>102</u>

NOTE: Excludes Consultants and Summer Employees.

Under his immediate direction are the following organizational elements: Regional Programs, Finance, Education, Administration and Personnel Services, Information, and Social Projects. His staff consists of four professional level positions: a Deputy and three Special Assistants. One Special Assistant is responsible for the Union-to-Union Program (Task Order 42); another handles special assignments in the financial field; the third, assignments covering a broad range of AIFLD activities, including, but not limited to, financial and program questions. There are also six secretarial positions in the Executive Office.

AIFLD WASHINGTON PROFESSIONAL STAFF  
 JUNE 30, 1970

TABLE NO. 12



\*Vacant as of June 30, 1970

Table 13

DEPARTMENTAL STAFFING PATTERN  
AIFLD/WASHINGTON

(As of June 30, 1970)

	<u>Professional Level Positions</u> <sup>1/</sup>	<u>Non-professional Level Positions</u>
Executive	<u>6</u> <sup>2/</sup>	6
Regional	6	5
Finance	<u>8</u> <sup>3/</sup>	15
Administration & Personnel	2	11
Education		
Washington	5	6
Front Royal	2	14
Georgetown	2	2
Information Services	1	1
Social Projects	<u>8</u> <sup>4/</sup>	<u>2</u>
TOTAL	39	63

<sup>1/</sup> There are no immediate plans to fill 2 positions in Regional, one position in Information and one position in Social Projects.

<sup>2/</sup> Includes one consultant for whom a position is not shown on the Organization Chart, Table 12.

<sup>3/</sup> One accountant is resident in Uruguay.

<sup>4/</sup> Two social project specialists are resident in Latin America, one in Argentina, the other in Colombia.

B. Regional Programs

The staff of AIFLD/W includes two Regional Directors, one with responsibility for programs generally in the southern tier of South America; the other, for countries in Central America and the northern tier of South America. Four Program Officers assist the Regional Directors, and two additional Program Officer positions are open; there are no immediate plans to fill these vacancies. Four secretaries are assigned to the staff.

The program planning and review responsibilities of the Regional Directors are commented upon in the text of the report at page 118.

C. Financial Administration

The Director of the Finance Department is responsible for determining the procedures required to assure proper management of the Institute's assets, its financial position and operations, including reimbursement of field expenses. He is responsible for ascertaining that all grant conditions are complied with, and he exercises a policy role to the extent that he reviews expenses and determines their legitimacy under the operative contracts.

AIFLD financial administration is highly centralized, with most functions performed in Washington. The field offices collect and report their expense data to AIFLD/W. Posting to journals, ledger entries, preparation of reimbursement documents, payroll for U.S. nationals, and other basic accounting transactions are performed in Washington.

The procedures that are utilized, and the problems that have arisen therefrom, are discussed in Chapter III, Management.

The Director of Finance also supervises the preparation of the headquarters budget, and participates actively in the negotiations with AID over the country program budgets. The procedures are described in Chapter III, Management.

The professional staff of the Department includes the Director, his Deputy, six accountants (one of whom is based in Uruguay and serves as a regional consultant). The non-supervisory staff includes two senior bookkeepers, three bilingual bookkeepers who assist the accountant assigned to field reports; six bookkeepers; two secretaries; and two clerk/typists.

As noted above the Finance Department staff grew substantially between 1967 and 1970. Table 14 sets out comparative data for professional and non-professional staff between 1967 and 1970. The increase in the size of the staff can be attributed to three sources: 1) an increase in the number of AIFLD administered programs; 2) an increase in the volume of activity of existing programs; and 3) an increase in internal organization requirements.

1. Increase in Number of AIFLD-administered Programs

- a. Impact Project Loans and Grants

- The AFL-CIO first made available loan and grant funds in 1965. The number of awards has grown substantially.

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## Finance Department Staffing

1967-1970

	<u>Professional Positions</u>	<u>Non-professional Positions</u>	<u>Total</u>
6/30/67	3	10	13
6/30/68	4	13	17
6/30/69	7	14	21
6/30/70	8	15	23

---



The Finance Department has responsibility for administering the funds and reporting to the AFL-CIO. Loans are to be repaid over a five-year period, and the Finance staff thus has a continuing bookkeeping job to account for repayments, as well as the initial awards. The following is a summary of Impact Project awards:

<u>As of</u>	<u>Total Projects (including loans)</u>	<u>Loans</u>	<u>Dollars Awarded</u>
12-31-65	29	14	\$ 65,302
2-2-67	69	32	149,860
11-30-67	119	50	254,929
12-31-68	174	50	410,519
12-31-69	265	89	539,286

b. Regional Revolving Loan Fund

Funds were obligated June 30, 1968 for the Regional Revolving Loan Fund, and the balance of CY 68 was spent preparing a manual for administration of the monies, and subsequent thereto, development of projects. The Finance Department staff, we were advised, assisted this effort, particularly, the first phase of manual preparation. The lending activity to date is as follows:

<u>As of</u>	<u>Loans made</u>	<u>Dollars lent</u>
12/31/69	10	\$269,000
6/30/70	26	\$484,000

Finance staff is needed to handle the bookkeeping in processing applications, posting repayments, and reporting transactions.

c. Union-to-Union Program

AIFLD administers seven subcontracts under the Union-to-Union Program. The financial staff requirements are similar to those for processing monthly field reports from the regular country programs. AIFLD receives expense reports from the subcontractors, examines the costs for documentation and eligibility for AID reimbursement, enters the costs in the books of account, prepares voucher submissions, and reimburses the subcontractors. The program was initiated in 1968, and while the number of subcontracts has remained the same, the level of subcontractor activity has increased as evidenced by the funding level. During 1968, \$43,281 was spent; in 1969, \$631,566; for 1970, \$600,000 is budgeted.

d. Labor Economist Program

The Labor Economist program was initiated in 1966 at Loyola University. It was subsequently moved to Georgetown University, and, as shown by the following tabulation, the level of effort substantially increased.

	<u>Graduates (By Year of Completion of Program)</u>	<u>Expenditures</u>
1966	--	\$ 70,178
1967	15	112,951
1968	20	93,006
1969	20	134,043

The increase in the level of effort has had a corresponding effect on the Finance staff, who must handle the financial aspects of funding, accounting, reimbursement and reporting.

2. Increase in the Volume of Activity of Existing Programs

a. Front Royal Institute

AIFLD has had a program at Front Royal, Virginia since 1966, and prior thereto, in Washington, D.C. between 1962 and 1965. The number of participants is set forth below, by year of attendance:

<u>Year</u>	<u>Participants</u>	<u>Year</u>	<u>Participants</u>
1962	78	1966	61
1963	104	1967	108
1964	110	1968	121
1965	109	1969	136

The Finance Department staff has been responsible for the administration of student, instruction, and maintenance costs, and outlays in connection with the remodeling of the Front Royal facility in 1966. Such administration has included payments to students, instructors, maintenance personnel, suppliers; bookkeeping therefor; preparation of vouchers for AID reimbursement.

b. Latin American Country Programs

The number of country programs during 1966-1968 was 15, and 14 in 1969 (treating the Central American countries as one program per Table 2, page 25). Aggregate expenditures on country programs have shown a decreasing rate of growth, as follows:

	<u>Aggregate Expenditures</u>	<u>Percent Increase over Preceding Year</u>
1966	\$2,967,473	--
1967	3,332,602	11%
1968	3,474,122	4
1969	3,414,096	-2

Thus the significant feature of the country programs with respect to Finance Department staffing requirements has been neither an increase in the number of programs nor an increase in funding; rather, it has been in the implementation of review procedures prior to posting the expenses of the field offices. No new personnel were required. Instead the emphasis was properly placed on the education and development of the bilingual bookkeepers. We have been advised that the incumbents in two of the three positions have been in the job two years.

c. Dominican Republic Housing Project

Staffing requirements occasioned by the Dominican Republic Housing Project were felt from 1965 through 1967. During this period AIFLD/W exercised control over construction payments. The completion of the project in 1967 thus acted as a partial offset to the added staffing requirements of 1968.

d. Increase in Internal Organization Requirements

The Finance Department has also had to augment its staff since 1967 to meet several internal organization.

requirements. In 1967 AIFLD initiated a pension plan, and in 1968 a credit union. A union contract signed in 1968 included provision for a check off. Each of these events placed a demand on the Finance Department staff. Further, during 1968 and 1969 one person on the staff was detailed to assist in the Touche, Ross and Co. audits of 1966 and 1967 operations.

AIFLD's current plans to computerize its management information system will presumably provide opportunities to reduce that part of the staff responsible for manual record keeping. Certainly, the investment in a computer system should be directed at achieving at least equivalent cost reductions. Even under existing arrangements, opportunities may exist for combining financial supervisory functions now assigned to the five Washington-based accountants.

D. Administration and Personnel Services

The Chief of Administration and Personnel Services is responsible for establishing procedures for the full range of personnel-related questions, such as recruitment, wage and salary administration, management training and career development, personnel evaluation, and appropriate personnel record keeping for AIFLD's staff of U.S. nationals. With respect to non-U.S. staff, AIFLD/W maintains some personnel records and insures that AIFLD and AID policies are complied with both in Washington and in the field. Administrative services include purchasing and supply, travel administration, and reproduction services.

There are two supervisory positions and twelve non-professional level positions. The latter are grouped under two sections: reproduction, and communications and travel.

E. Information Services

AIFLD/W publishes monthly The AIFLD Report, which reviews highlights of the Institute's activities; prepares brochures, slides, and exhibits on various aspects of AIFLD programs; serves as AIFLD liaison with news media, and Latin American specialists in industry and government. These are the primary responsibilities of the staff, which consists of a Director and one secretary. A second supervisory position, Information Officer, is open, and there are no immediate plans to fill the vacancy.

We think it appropriate for AIFLD to conduct a modest information program. Expenditures during CY 69 for this program were approximately \$85,000. The AIFLD Report, and its Spanish language edition, account for about 25% of this expenditure.

The Director of Information Services pointed out the several "publics" to which the AIFLD information program is directed, among them being: Latin American labor, government and business leaders; domestic and overseas-based officials of State, AID, and USIS; the U.S. Congress; and rank and file union members and potential members throughout Latin America. We suggested to the Director that it might be appropriate to examine the effectiveness achieved

to date by the information program in reaching these "publics." An evaluation would reveal where the program had failed to make an impact, and where, therefore, added attention might be called for.

With an evaluation in hand, AIFLD would then be able to analyze within a relevant framework the cost and impact of the AIFLD Report as against alternatives such as radio, slide productions, exhibits, posters, and the like. It may be, for example, that an evaluation would show added resources should be put into those media that would reach business and industry leaders because among them the AIFLD image was only dimly understood, and withdrawn from programs directed toward union members since here the AIFLD image was well understood. If such a situation were found to exist, then AIFLD might well consider publishing fewer copies of the AIFLD Report, and instead arrange for opportunities to present its slide presentation and its exhibits more frequently at business conventions, trade shows, and the like.

The optimal combination of information media can only be determined after (1) an evaluation of past performance in reaching various "publics," and (2) analysis of the cost and impact of alternative courses of action. We recommend AIFLD commence such a study.

#### F. Social Projects

The social projects undertaken by AIFLD complement its labor education program. The Director of the Department has on his staff specialists in community services, agrarian development, architecture and engineering. The Department is

charged with the responsibility for reviewing and approving projects proposed by the field and for providing technical assistance to country programs where special assistance may be necessary to supplement the field staff.

The organization of the Department has undergone restructuring in recent months. Its composition is nine professional positions, one of which is now vacant, and two of which are permanently based in the field, and two secretarial positions.

G. Education Services

The thrust of the Education Department is twofold. First, the Department is responsible for assisting each of the field offices to conduct labor education programs. AIFLD/W assists through the preparation of texts and other instructional materials; curriculum design; evaluation of the academic quality of courses, selection procedures, and student performance; and student follow-up. The Department staff may also participate in the selection and assignment of staff for field education positions. Professional staff consists of five people: Director, Deputy, and three Program Officers. There are six non-professional positions.

The other phase of the Education Department program is its operation of the Labor Economist Program at Georgetown University, and the Front Royal Institute.

1. Labor Economist Program

Through a subcontract with Georgetown University, AIFLD provides training in economic analysis and research



methodology to Latin American union leaders who have demonstrated a capability and interest in serving their organizations as labor economists. As of January 1, 1970 fifty-five students had completed training since the program began in 1966; another fourteen are currently in training.

According to the Statement of Annual Expenditures (Table 2, page 25 ), \$410,178 had been expended in direct support of the program between 1966 and 1969, inclusive. During that period, there were 55 graduates. This represents an average expenditure of \$7,458 per student. (No data exist by which to allocate the time of the Director of Education and various members of his staff to supervision and technical assistance to the program.)

According to AIFLD estimates the per capita cost of the program for the fourteen students now in training is \$10,500, excluding transportation to and from home country. AIFLD also estimates the per capita cost, excluding transportation, would have been \$8,500 if the size of the group had been twenty students, as originally contemplated. Fixed charges, chiefly salary costs and related benefits, would have been spread over a greater number of students.

The program has undergone a number of changes since inception. One important change was the removal of the instruction site from Loyola University in New Orleans to Georgetown University in Washington in January 1968. There

have been several Program Directors, different faculties, and varying program emphases. These factors limit the precision of a comparison of current costs with historical costs, but it is possible to observe broad trends from the historical perspective.

The current costs appear to us to be at a level that is not adequately explained by inflation or the varying emphases of the program.

A major cost factor is salaries and related benefits and overhead expense. In addition to the Georgetown faculty costs, AIFLD staff consists of a Director, an Assistant Director, and two bilingual secretaries. The AIFLD Program Director has both administrative and teaching responsibilities, the latter being supervision of workshop sessions and counseling on students' research projects. The Assistant Director assumes a major burden of administrative details. We were advised by AIFLD that the Georgetown staff instructors were also available to students for course counseling.

We think it appropriate to suggest a complete review of the tasks assigned to each professional and non-professional position, and the time requirements of those tasks. In light of the fact that there are only fifteen to twenty students enrolled in the program, we regard the allocation of AIFLD staff effort to the program as likely to be excessive.

A second major cost element is that of instruction costs for guest lecturers. AIFLD has regularly supplemented the Georgetown curriculum with a short course in Industrial

Engineering, with instruction provided by non-Georgetown University faculty. It is now considering the addition of brief, intensive work in Accounting concepts, also to be taught by non-Georgetown faculty. We recognize that AIFLD seeks to obtain donated services as often as possible, and that when such are not available, may have to incur substantial costs to obtain Spanish-speaking instructors (or, alternatively, translators). We urge that AIFLD weigh carefully the costs of curriculum additions against the anticipated benefits.

Some question has been raised as to the wisdom of conducting the program in Washington, admittedly a high-cost location. We feel, however, that the advantages of the Washington location outweigh the cost disadvantages. There is a confluence in Washington of research institutions and Latin American interests which is unique to the hemisphere. Among the research institutions are the various U.S. Government units, such as the Social Security Administration and the Bureau of Labor Statistics. Major Latin American activities are centered at the Organization of American States, the Inter-American Development Bank, the World Bank, and the International Monetary Fund. It is important that the students see how government machinery can be organized to collect and analyze statistical material; similarly important are the personal contacts the students can make at the offices of organizations with hemisphere concerns, as well as the use of their libraries.

We are satisfied that AIFLD assists the students to draw on these resources fully, and we therefore recommend the continuation of the program in Washington.

We understand that AIFLD has considered and rejected an alternative Washington location, namely, Front Royal. It was felt that that location would present substantial difficulties in securing faculty instructors, or if students were transported daily to Washington, the transportation time would be excessive. We agree that these problems would likely render the instruction less effective.

## 2. Front Royal Institute

The Front Royal curriculum provides advanced training to graduates of in-country education programs. During 1969, courses were of seven weeks' duration; five cycles per year; and an average of twenty-five students enrolled per cycle. Through December 31, 1969, Front Royal had had 827 students, enrolled in a curriculum which today includes, for example, Advanced Labor Education Techniques, Union Structure and Finances, Collective Bargaining, and Industrial Relations. The Institute is a residence facility, and in addition to two supervisors, there are fourteen non-professional jobs as domestics, housekeepers, cooks, and the like.

During 1969, 136 students participated in Front Royal programs. The total cost for maintaining the Institute and running the various programs was \$318,000, or \$2,338 per student. Comparative costs for previous years are not available, because accounting records were not set up so as to make

possible isolation of such costs. Commencing with 1970 such records will be available.

We were not able within the time constraints of the contract to analyze the level of per student expenditure for 1969, nor to compare it with the cost of other training programs held in the United States. We think however that since AIFLD can provide a breakdown of the total cost by major cost element (for 1969), and since AID has within its own offices the resources of the International Training Office, that appropriate comparisons can be made. We suggest that such analysis be undertaken, so that planning and budgeting for the next program year can be based on informed judgment.

There are, however, several cost factors common to both the Front Royal program and the Labor Economist program that our examination of the latter permit us to reiterate in the discussion of Front Royal. First, we think there may be an opportunity to effect cost savings if AIFLD were to limit the extent to which it feels obliged to call upon guest lecturers whose services are not available on a donated basis. Second, since translators are needed for both the Labor Economist and Front Royal programs, we think economies might be realizable if attention were given to coordinating their use between the two programs. One or two translators on a full-time basis might be more economical than three or four on a part-time basis.

Third, it has been suggested that cost savings could be effected if the Front Royal program were moved to a site outside the United States. We think it likely that any cost savings attributable to reduced student travel and lower overhead would be largely offset by the cost of maintaining United States personnel abroad, that is, instructors from the American labor movement whom we regard as essential to the program. Equally important we believe a site in the United States, which permits exposure of students not only at the school but also through field trips, to American culture and the American economy and labor movement is a key contributor to the impact of the program.

### 3. Evaluation of U.S. Education Programs and Planning Recommendations

Evaluation of the Labor Economist training program requires appraisal of both 1) the effectiveness of the training in transmitting skills, and 2) the later employment of graduates, since the program's ultimate goal is to incorporate better-trained personnel into the staffs of Latin American labor organizations. Encounters with program graduates during the evaluation visits suggested that the Georgetown curriculum is appropriate to the needs of labor groups and that instruction is reasonably effective in preparing and motivating students. This conclusion is not based on observation of classes or testing of students, but on conversations with Georgetown graduates employed by AIFLD or local labor groups. They were

engaged in a variety of useful study efforts directly related to improvement of union administration and bargaining ability.

The contribution of the program is less impressive in relation to institutionalization of graduate skills into continuing national efforts. AIFLD records show, for example, that only eight of the twenty graduates of course II, ending in December, 1968, were using their training in full-time labor-related employment when reviewed a year later. This figure excludes three who were employed part-time by AIFLD. While most other graduates continued in various union activities, there is little basis for concluding that their training in labor economics was being utilized sufficiently to justify the cost. Six of the fifteen Course I graduates were working for AIFLD in December, 1969, and only three were full-time employees of labor groups.

These figures emphasize the failure of AIFLD Country Program Directors to integrate the Labor Economist program into country program planning. They have sent students to Loyola and Georgetown because the training seemed to be useful, without fully considering the role of the returned graduate in relation to free labor development objectives. The program has thus been more effective as a training ground for future AIFLD staff than as preparation for labor economists who will be supported by labor groups in their countries.

Financial resources and priorities of unions and federations in countries with AIFLD programs do not generally allow for employment of full-time economic research staff,

though the need for labor-related research is widely acknowledged. This suggests that continued operation of the Labor Economist program should be accompanied by more vigorous consideration of graduates' future roles than has previously been the case. Country program plans should show the relationship of the graduate to planned or already-existing institutional structures and, if the need for labor economist skills is given sufficient priority to merit direct subsidy of future employment, this should be made explicit from the start. Only when AIFLD has determined the needs and opportunities for labor economists by the same approach that this evaluation has recommended for considering other labor education needs can an adequate judgment be made of the wisdom of continuing the program.

Front Royal training must also be appraised in terms of both skills transmitted and later employment of them. The country evaluations offer evidence that Front Royal graduates continue in union activities and progress to positions of increased responsibility in sufficient numbers to eliminate concern about their training being wasted for lack of will or opportunity to use it. To the extent that graduates' comments are an indication of course effectiveness, the Front Royal curricula also receive high marks. The broad range of material covered in earlier courses made attribution of specific impacts to training extremely difficult. Front Royal courses are now becoming more specialized and include



for example, studies in community development, cooperatives, and contract negotiation. This specialization will make future evaluation of student selection and performance easier, since course objectives are necessarily more precise than in general "advanced labor education" or "leadership training" courses.

The Front Royal program thus suffers from the same lack of well-defined country program objectives that has weakened in-country educational efforts. Because labor education needs have not been determined and accompanied by specific related training goals, the impact of Front Royal and other education activities is diffuse, difficult to identify, and clearly below potential. The availability of Front Royal and Georgetown "slots" to country program directors at little or no cost to country program budgets has encouraged them to send students to these courses without adequate consideration of the additional activities and expenditures required to achieve maximum benefit from students' participation. Although the AIFLD Education Department has assisted country program directors to better the individual qualifications of course participants, there remains considerable room for improvement in monitoring the relationship of these individuals to broader aspects of country programming.

The process of integrating the Front Royal and Georgetown activities more effectively with country programs can also be aided by making a substantial portion of the costs of these educational activities a charge against each country

labor program budget. Only student travel expenses to and from the United States and stipends for lost salary are now sometimes charged to the countries. A charge more closely related to actual per-student costs would encourage more careful consideration of Front Royal and Georgetown in relation to all other program alternatives. Numbers of students from each country would be determined by the implications of country strategies rather than by some allotment of quotas intended to give all countries a "fair" share in the programs.

A possible formula might involve continuing to charge the overhead costs of the U.S. education programs against Task Order 12 with direct costs to be shared by country programs in accordance with their participation. The mechanics of budgetary allocations are less important than establishment of the principle that the Georgetown and Front Royal programs are not isolated activities but alternatives to be considered and used by country program directors along with others competing for the limited resources available. Because these two programs respond to common needs of many country programs, regional administration is sensible and economic. However, convenience of administration should not be permitted to distort rational programming or detract from the planning and additional activities required to maximize effectiveness of the advanced labor education programs.

H. Headquarters Location

It has been suggested to us by AID officials that the AIFLD Headquarters operation might be less expensive if it were moved to a Latin American location. This appears to us unlikely. If the Institute is to continue to be managed by people from the American labor movement, as we think proper, the additional costs of maintaining them outside the United States would essentially offset possible cost-savings in clerical help and some other items of expense. There would, moreover, remain the necessity of maintaining an office in the United States to continue to provide linkages with American unions as well as dealing with AID and other Government agencies; to recruit and look after transportation, home leave, and other requirements of the program's American personnel; and to handle sundry informational, procurement and other matters in the United States. The result would be, in effect, a split headquarters, with considerable diseconomies flowing therefrom. Perhaps even more decisive would be a general inconsistency of this approach with the Government's own policies of reducing field staff of Americans abroad and of concentrating expenses as much as possible in the United States for balance of payments reasons.

APPENDIX III

COMPARATIVE DATA ON AIFLD PROGRAM ACCOMPLISHMENTS  
IN HONDURAS, GUYANA AND BRAZIL

DATUM	HONDURAS	GUYANA	BRAZIL
1. <u>General Indicators of Program Impact</u>			
A. Do(es) major labor confederation (s) cooperate in AIFLD program?	Yes	Yes	Yes
B. Approximate percent of active union movement involved in AIFLD Program.	About 90%.	About 90%. However, perhaps 20% of free trade union members are probably also dual members in communist-oriented unions.	About 75%. Main gaps are in metal working, chemical and certain other industries in states of Sao Paulo, Guanabara, Rio de Janeiro, and Minas Gervais.
C. Opinions expressed by Labor Leaders on AIFLD Program	Very favorable. Labor leaders express appreciation of both moral support and practical assistance.	Very favorable. There was a strong consensus expressing desire for further AIFLD support.	Generally very favorable. Strong appreciation of AIFLD support to labor education program, and frequent expression desire greater support in other program activities. Objection to AIFLD expressed by some unions on ground U.S. Government and private business financial support; nonetheless, prepared to maintain friendly relations with AIFLD and consider possibility working relationship on some projects.

COMPARATIVE DATA ON AIFLD PROGRAM ACCOMPLISHMENTS  
IN HONDURAS, GUYANA AND BRAZIL

DATUM	HONDURAS	GUYANA	BRAZIL
D. AIFLD effects on growth of Free Trade Unions.	AFL-CIO and later AIFLD have been directly associated with the organization of practically every free labor union and union-related organization in the country.	AIFLD assistance has helped major union maintain membership strength in competition with Communist-oriented group. Currently, most vigorous growing union has full-time Front Royal-trained executive secretary directly involved in organizing activity. A union with two Front Royal graduates among officers has doubled in size.	Some part-time data indicate positive relation between AIFLD activities and growth of specific unions involved therein.
E. Collective Bargaining agreements.	Number of agreements increased in 1969 to 48 from 38 in previous year.	Collective bargaining normal in country even prior to AIFLD.	No collective bargaining feasible under current legislation.
<b>II. Labor Education</b>			
<b>A. Front Royal Graduates</b>			
Number	15 <u>/1</u>	16	129
Percent traced	100	100	81
Percent of those traced still in labor movement	87-100 <u>/2</u>	94	91

/1 1967-69 only.

/2 100% of Front Royal graduates for 1967-69 were still in movement. A December 1966 survey showed 87% of all Front Royal and regional graduates still in the movement.

COMPARATIVE DATA ON AIFLD PROGRAM ACCOMPLISHMENTS  
IN HONDURAS, GUYANA AND BRAZIL

DATUM	HONDURAS	GUYANA	BRAZIL
Percent of those traced still holding union office or full-time employment with Labor organization.	100	81	83
Evidence of advancement in movement since training.	A 1967 survey found 24% of graduates of Front Royal and regional courses to be union presidents.	About half of graduates either achieved higher titles or full-time jobs in labor field entailing greater responsibility; remaining half, status unchanged.	Sampling of 13 graduates showed 7 achieving higher posts including president of a Federation.
Highest positions reached by Front Royal graduates	1) President, National Confederation of Free Trade Unions	1) Minister of Labor 2) Chairman, Trades Union Council.	1) Director General, National Dept. of Labor. 2) President, Agricultural Workers' Confederation. 3) President, Industrial Workers' Federation, Rio Grande do Sul.
B. Georgetown/Loyola Labor economics course graduates			
Number	4	1	9
Percent traced	25	100	100
Percent still in Labor movement	75	100	100

COMPARATIVE DATA ON AIFLD PROGRAM ACCOMPLISHMENTS  
IN HONDURAS, GUYANA AND BRAZIL

DATUM	HONDURAS	GUYANA	BRAZIL
Percent clearly used as labor economist.	-	100	11
Others holding positions in union movement but not primarily labor economics	100	-	89
C. Training under AIFLD-supported National Labor Education Programs			
1. General Data			
Annual cost of program (1969)	-	\$40,000 /1	\$132,000
AIFLD contribution	\$25,000	\$20,000	\$130,000 (Unions contribute some teaching time in residency program and most of teaching time to regional program. They also defray most student transportation costs and make various facilities available.)
2. Labor Course at AIFLD-supported National Labor Education Center			
Length of course	26 days	Average: 50 class hours	9 weeks

/1 Including entire budget of Critchlow College, \$37,000. The Critchlow evening program in business subjects, etc., is not supported by AIFLD.

COMPARATIVE DATA ON AIFLD PROGRAM ACCOMPLISHMENTS  
IN HONDURAS, GUYANA AND BRAZIL

DATUM	HONDURAS	GUYANA	BRAZIL
No. of graduates (cumulative)	348	1112 /1	550 weeks
No. of students (1969)	67	485	100
Statistical follow-up on graduates	-	No follow-up maintained; local institute prepared consider	Follow-up now being made in effective form; results not yet analyzed.
View of labor leaders on effectiveness of course	Highly favorable as clearly evident from fact officers of unions almost automatically sent for training.	Unanimously considered useful, but feeling of weakness widespread.	Highly favorable. While non-participating unions consider the course too "conservative," they express view that program improved over past year.
View of business and other observers	Major U.S. employers expressed strongly favorable opinions.	Generally considered useful, but only marginally owing to course weakness.	Generally not well-known to employers; no well-defined body of opinion noted outside of labor field.

/1 Data obtained in Guyana for four years only: 1965, 1966, 1968, and 1969. Data for 1967 not available; 550 students proposed for 1970. AIFLD/W data show much higher figure, but presumably includes one-day and weekend lecture programs.



COMPARATIVE DATA ON AIFLD PROGRAM ACCOMPLISHMENTS  
IN HONDURAS, GUYANA AND BRAZIL

DATUM	HONDURAS	GUYANA	BRAZIL
Other evidence of course effectiveness	Some evidence that course graduates organize new unions.	Some evidence and opinion that training has improved union effectiveness and helped reduce wildcat strikes.	Course graduates extremely active in helping organize and participate in courses at regional level throughout Brazil. Considerable evidence found in cursory examination of follow-up indicates great deal of varied union activity by course graduates.
Highest position reached by graduates	Most leaders, including entire 25-man directorate of farmers' union are course graduates.	Union presidency.	Presidency, National Labor Confederation (one of eight top union posts)
3. Orientation (Basic) Courses at Regional and Local Levels			
Length of Course	Usually 10 days (some only 3 days)	Usually weekend seminars.	Seven to ten days.
No. of Courses (1969)	20	( Courses mainly weekend seminars; not currently given; full data not available.	139
No. of Students (1969)	460		3,700
No. of Students (Cumulative)	1,648		14,106

COMPARATIVE DATA ON AIFLD PROGRAM ACCOMPLISHMENTS  
IN HONDURAS, GUYANA AND BRAZIL

DATUM	HONDURAS	GUYANA	BRAZIL
Follow-up procedures	None.	None.	No attempt made to follow-up all students. However, those offering promise for further training are noted for follow-up as candidates for higher training.
Views of labor leaders on effectiveness of course.	Uniformly regarded as effective and important	Regard course as needed to broaden educational effort and provide a means of selecting students for advanced courses.	Extremely favorable in most areas; regarded as too unsophisticated in some large cities.
View of business and other observers	Major U.S. employers expressed strongly favorable opinions	Regard past efforts as ineffective.	Not observed.
Other evidence of course effectiveness	Evidenced in disciplined and responsible participation by union rank and file.		Courses are generally well distributed throughout this vast country. Strong evidence that regional system helps identify leadership potential for further training. Insufficient data to form impression of results at grass roots level.

COMPARATIVE DATA ON AIFLD PROGRAM ACCOMPLISHMENTS  
IN HONDURAS, GUYANA AND BRAZIL

DATUM	HONDURAS	GUYANA	BRAZIL
4. Special Courses and other Education Programs	102 lectures to 7,457 people.  35 special courses for 900 people in cooperative housing, etc., and courses for women. Usually 5-10-day length.	Some lectures.  Evening courses in business subjects given at Critchlow Labor College, but not supported by AIFLD.	Variety of courses largely for rural workers
<u>III. Small Social Projects /1</u>			
Amount spent (loans and grants)	over \$100,000	\$23,700	\$362,000
No. of projects	29 /2	15	145
Percentage of successes according to AIFLD self-evaluation	100	87	90
Evidence of project value in strengthening unions	Substantial funds have been made available to support union cooperatives and a union-operated revolving loan fund all of which are operating successfully, and to establish a union technical assistance department which holds much promise.	Largest project has assisted major unions to communicate with members by providing a printing press being effectively used to publish union newspapers. Other projects have contributed equipment useful in union operations.	Most projects directly related to assisting unions to acquire union halls and provide services to members. Although statistical indicators lacking, evidence suggests promotion union growth and support to labor education program.

/1 Including AID RRLF profit, AID-financed small projects and AFL financed impact projects.  
/2 Not including loans under a local revolving loan fund established with some of these funds.

COMPARATIVE DATA ON AIFLD PROGRAM ACCOMPLISHMENTS  
IN HONDURAS, GUYANA AND BRAZIL

DATUM	HONDURAS	GUYANA	BRAZIL
Evidence of project value in contributing to welfare of working people.	Medical projects regarded as highly successful.	Several small projects have clearly benefited working class communities with long-term improvements; while impact limited, reasonable in relation to very small funds expended.	Loans to acquire union halls serve to provide loci for medical, dental, legal, and other services. In addition, many projects have involved direct supply of medicine and other service equipment. Good follow-up indicates monies well spent for purposes lent or granted.
<u>IV. Housing Projects</u>			
Number of units	1,200	534	432
Loans from U.S. and international lenders	\$2,270,000 from International Development Bank	\$693,600 AFL-CIO loan	About \$1.5 million in USAID counterpart funds.
Quality of construction	Good.	Good.	Very poor, but average for new low-cost housing in country.

COMPARATIVE DATA ON AIFLD PROGRAM ACCOMPLISHMENTS  
IN HONDURAS, GUYANA AND BRAZIL

DATUM	HONDURAS	GUYANA	BRAZIL
Impact of Project	Projects have strengthened labor by enabling it for first time to handle large projects and establish credibility for substantial borrowing. Both workers and employers, who contributed land, appear well satisfied. Further project proposed.	As a pioneer project has stimulated other housing as evidenced by current construction similar project on adjacent property and by construction of smaller similar project by union group with help of AIFLD architect.	As a pioneer project has played a role in stimulating of Brazilian low-cost workers' housing programs, under which union members benefit from advantageous terms.
Financial loss to U.S. lenders	None expected.	None expected.	None expected. (Except through declining value of Brazilian cruzeiro.)
Reputation in country of AIFLD architectural and engineering services	Favorable	Favorable	Favorable
<u>V. Vocational Training School</u>			
U.S. cost of project		\$530,000 /1	
Foreign contribution		Government of Guyana gave land and has now taken over full operating expenses.	

/1 Exclusive of some continuing expense for one American advisor to September, 1970.

COMPARATIVE DATA ON AIFLD PROGRAM ACCOMPLISHMENTS  
IN HONDURAS, GUYANA AND BRAZIL

DATUM	HONDURAS	GUYANA	BRAZIL
Number of students accommodated		120 (one shift basis)	
Number of graduates (first year operation)		155 /1	
Number placed to March 1, 1970		73% in trades for which trained.	

/1 Some courses, six months' duration; others, one year.

REPORT OF EVALUATION REVIEW VISIT  
TO ARGENTINA, CHILE, DOMINICAN REPUBLIC AND  
URUGUAY

The conclusions and recommendations of the preliminary evaluation report were reviewed with AIFLD and U.S. Mission representatives during brief visits in July to Argentina, Chile, Dominican Republic and Uruguay by a member of the evaluation team. An unscheduled stop in Venezuela also permitted extensive discussion with the U.S. labor attaché of the circumstances accompanying suspension of the AIFLD program there. AIFLD country programs were not evaluated during the visits, except as evaluative observation was incidental to review of the preliminary report.

Although the statutory, cultural, and political contexts of the labor programs in the four countries differ widely, the recommendations of the evaluation are relevant to all, since they deal primarily with program management and administration. There was general agreement among those interviewed that the proposed changes in practices and attitudes were feasible and would substantially improve operation and effectiveness of the AIFLD program.

Program Effectiveness

The evaluation's emphasis on specific program goals flowing from policies determined by AID in consultation with AIFLD, responds to an increased desire for collaboration that already prevails in all four countries. AIFLD Country Program

Directors showed notable willingness to seek Mission advice and counsel on both administrative and substantive matters. Sensitive labor attachés were easing communication by providing a single liaison point for AIFLD matters, except in Chile, where there is no labor attaché currently on the staff. Combining Embassy and AID representation in one person simplifies planning and administration with no sacrifice of control or efficiency.

Ambassadors and AID Directors agreed with the recommendation that the AIFLD CPD be included in policy discussions and financial negotiations from the earliest stages. Despite resentment of the U.S. political considerations to which some attributed presence of their AIFLD projects, all recognized that the AIFLD Directors can contribute to both policy determination and setting of program funding levels. They acknowledged, too, that the CPD's had become far more sensitive to the needs and interests of the Mission than during the early years of AIFLD. There were no complaints of inadequate reporting, for example, partly because more extensive contact and consultation have made detailed formal reporting less vital.

Despite the impressive examples of consultation and coordination encountered, all of the countries exhibit the lack of specific project goals that the evaluation identified as a major weakness of the AIFLD program. Consultation to define the political limits and broad goals of the labor projects has eliminated the basic disagreements and misguided AIFLD independence that often plagued operation of early programs,



without disturbing the freedom of operation necessary to the AIFLD Mission. Discussion has, however, rarely led to translation of the broad goals into specific targets of accomplishment, so that AIFLD project descriptions are still concerned primarily with fixing an appropriate number of courses or seminars.

In all four countries, the evaluation's recommendation that responsibility for financing and operating AIFLD-type activities, particularly basic labor education, be shifted rapidly to local groups is accepted in principle.

However, the fragile institutional bases presently available suggest that this goal is not likely to be attained within the next five years. In Uruguay and Dominican Republic, AIFLD is helping to build free labor confederations that are slowly moving to self-sufficiency. In Chile, a Labor Education Institute newly formed by the Ministry of Labor and the University of Chile is the most promising AIFLD collaborator. The Argentina program involves a strategy of bringing together diverse sectors of the labor movement that is presently less amenable to the institution-building goal, though individual unions increasingly share course costs. This program embodies the continued, more sophisticated, technical assistance program recommended in the evaluation for those countries where the labor movement is less in need of assistance in basic education and small projects.

Because the goal of a self-sufficient free labor confederation is far off in two countries and hardly foreseeable at all in Chile, specific program goals would be intermediate milestones at best. In Uruguay and Dominican Republic, for

example, cooperatives are assisted as part of free labor confederation development, a logical activity in countries where services rather than higher wages are likely to be the unions' major contribution to worker welfare. Strengthening the confederations through cooperative services is given priority over delivery of educational services by them. In Chile and Argentina, even this limited specificity is lacking. The Dominican Republic cooperative project has identified a need to train thirty cooperative administrators and an equal number of treasurers, and has instituted educational activities reasonably likely to achieve this result. In no other country program does there exist even this limited degree of precision in relating AIFLD activities to desired specific results.

While some lack of specificity is attributable to the limited opportunities available to AIFLD, particularly in Chile, so that the acceptance evidenced by participation in seminars is itself a goal, the more important explanation lies in the unfortunate history of the AIFLD program. Courses and projects were purchased by AID, and the CPD measured success by the size of his budget for these activities, and not by their impact on the development of free labor institutions. The improved relationships among Embassy, AID, and AIFLD personnel in the field support the evaluation recommendation that discussion should move from broad policy and goal questions to joint determination of specific related goals achievable within budgetary constraints.

This process can be accelerated by explicit acknowledgment that separate AID and AIFLD planning documents are an unnecessary duplication of efforts, so that consultation about likely budget levels and achievable goals takes place on a continuing basis, with timely and appropriate formal documentation emerging as required. While AIFLD staff exhibited some attachment to their unilateral Country Labor Plan, they agreed that the negotiating position it presents could equally well be conveyed earlier and more directly to AID. The unwillingness of AID officials to reveal proposed budget levels to AIFLD results from concern that this will inhibit later attempts to reduce amounts as new information appears. AIFLD field and headquarters staff resist strongly anything that appears to be a cut in program funds, even when early commitments are identified as tentative. Nevertheless, as AIFLD staff come to understand the AID budgeting process more clearly, they are less likely to seek advantage from clearly preliminary commitments. The evaluation emphasis on joint consultation and negotiation centered in the field is appropriate to the operating conditions of the four countries visited. Although Washington offices of AID and AIFLD will continue to be involved in review and approval of country decisions, the locus of decision-making should shift to the field and headquarters veto powers should rarely be exercised.

### Evaluation

The absence of specific program goals makes evaluation of program impact by AID and AIFLD primarily subjective. In all Missions, AID and State Department personnel were satisfied with AIFLD proficiency in carrying out program activities. They were not all as confident that these activities were having the desired impact, and their judgments were hampered by the absence of clear definitions of what that impact should be. Evaluations of labor program effectiveness were principally declarations relating to broad political attitudes of local labor movements, beyond AIFLD control, rather than considered statements about the immediate consequences of particular AIFLD activities.

The failure to evaluate program performance with sufficient rigor and precision results in part from AID and AIFLD attitudes that funding levels are not likely to be influenced by appraisal of program effectiveness, since political considerations dominate these determinations. Even if this were true, and it is at best an oversimplification, it is not an excuse for abdicating the responsibility of achieving maximum program impact from the resources allocated. The needs for sufficient precision in goal definition to permit program evaluation, and for continuing evaluation by AID and AIFLD once goals are defined, were evident in the initial evaluation visits to Brazil, Guyana, and Honduras. The later review in four other countries strongly corroborates the earlier conclusions and related recommendations.

Monitoring and Supervision

The political monitoring of the AIFLD labor program by U.S. government personnel merits mention. The highly sensitive political environments of Argentina, Chile, Dominican Republic, and Uruguay make it necessary for AIFLD projects to maintain an often precarious balance between U.S. and national governmental concerns and among those of competing labor interests. Labor attachés and political officers have effectively interpreted the broader policy implications of these matters to AIFLD Country Directors and have thereby avoided possibly damaging actions. Mission concern for an appropriate U.S. profile in the countries visited has been conveyed to AIFLD and responses in the labor projects have been consistent with Mission policies. The U.S. labor attaché in Venezuela confirmed that the decision to suspend the AIFLD program in that country was made by the country team and not by the Venezuelan government. In the four countries visited, it was evident that State Department personnel are equally concerned that the labor program not embarrass the U.S. with host governments. They also recognized that encouragement of free labor movements is not always a high priority of governments, but is nevertheless an important area for U.S. assistance. Ambassadors and AID Directors who did not view the labor program as an indispensable element in country program strategy were in all cases committed to maintaining a U.S.

labor presence and giving some assistance to local labor movements, to demonstrate U.S. concern and to be in a position to act effectively should changed circumstances make the labor program more critical.

Financial Management and Administration

In Argentina, Chile, Dominican Republic and Uruguay, routine financial operations problems are handled with little difficulty. Mutually satisfactory documentation forms have been developed, questionable expenditures are cleared in advance, and the AIFLD Regional Accountant stationed in Uruguay helps to prevent or clear disallowances in the three southern countries. A variation of the payment system recently proposed by AID has operated successfully in Chile for the past six months. However, at least one AID financial officer was concerned that it would add to an already heavy work load. There was general agreement with the evaluation recommendation that AID and AIFLD Washington offices promptly remit detailed financial information to field offices, so that reports of expenditures can be reconciled and completed. This will permit local AID controllers to provide AIFLD with the financial management assistance now lacking and will enable both to maintain effective budget and financial control over program expenditures. While AID controllers and program officers did not appear to view local payment as a way to exert program control over AIFLD, they acknowledged the possibility. They emphasized, however, that

the PIO/T is equally useful in exercising control. In all four countries, AID and Embassy staff were distinguishing carefully between management information control and actual direction of program. AIFLD staff were taking pains to make appropriate management information available and none had found that this led to interference with program operation.

The present system of sending vouchers to Washington for payment is accompanied by informal local clearance of questionable expenditures. This system, when accompanied by this report's recommendation for preliminary post-payment review of documentary support, should not produce a significant volume of disallowances. AID problems with AIFLD financial management arise from lack of communication and not from the mechanics of payment. Monitoring arrangements observed during the four country visits suggest that effective communication can be achieved without blanket revision of payment procedures.

The evaluation recommendation that Task Orders be negotiated in the field, also related to financial management, met with little resistance. AIFLD Directors, though concerned that headquarters have opportunity for prior approval of their decisions, acknowledged that accomplishments of the Washington negotiations were not clear to them. AID program officers were equally vague about the rationale or value of AID/Washington contributions to the process of converting an order for services into a contract. The inordinate delays in Task Order execution, and their harmful effect on orderly

program operation and administration, make any system for accelerating negotiations appealing. A concerted effort by AID and AIFLD to shift negotiation and contract preparation to the field, even though final authority necessarily remains in Washington, will improve field morale and AIFLD program performance.

### Social Projects

The evaluation criticism of AIFLD country programs for lack of a social project strategy was less applicable to the four countries than to those covered in initial visits. With the exception of Chile, where political conditions have forced a moratorium of current activities and a restructuring for the future is now underway, cooperative and housing projects are being planned as integral parts of free labor development. While strategies are not always explicit or detailed, the country programs seemed relatively free of the emphasis on numbers of social projects, without relation to ultimate goals, observed elsewhere. Cooperative development is being linked to confederations and federations in ways likely to strengthen the labor movement and simultaneously provide added assurance of co-op survival. Prior tendencies to support isolated individual cooperatives have diminished, though current efforts do not ignore cooperative assistance and education at the local level. In Argentina, where housing projects are the major avenue available for demonstrating benefits of the Pan-American system to wealthy and sophisticated labor groups, AIFLD is



a significant factor in broadening union access to U.S., international, and Argentine credit sources.

The potential impact of union-related cooperative movements appears to be far greater than that of individual small projects, without sacrificing the human resources development goals urged as their justification. The FENSA (sugar-workers federation) multi-service cooperative in the Dominican Republic, for example, has had an impact on workers' attitudes and standard of living that could not have been achieved by dedication of an equal amount of resources to typical social projects. It does not follow that all AIFLD programs should immediately shift emphasis to cooperatives. The evaluation seeks, rather, to emphasize that small projects, cooperatives, and housing programs are among the many alternatives that should be reviewed in developing a strategy for assisting a free labor movement. The choice of activities is then dictated by the relationship of their likely consequences to specific free labor goals previously identified. AIFLD has not customarily presented social projects in this analytical context and has therefore been unable to describe effectively the program results attributable to them.

#### The International Trade Secretariats - Task Order 42

Because there were few ITS activities in the three country programs evaluated, the review visits were, at AID request, directed to examine further work under Task Order 42 and the relationships of AID and AIFLD to it. Limitation of attention

solely to Task Order 42 was not feasible, because the close relationship of ITS efforts to AIFLD programs, and their diverse funding sources, make attribution of activities and results to the Task Order impossible. In the Dominican Republic, for example, the AIFLD Director identified only one permanent ITS representative, a Peruvian on the FIET staff, and he was being financed with \$20,000 from AID country funds. The CPD was expecting a visit from an FITITV staff member not paid under T.O. 42.

The AID Mission in Uruguay had recently ceased funding representatives of PTTI, ITF, and FIET, a practice begun in 1963 as part of the intensive labor program conducted in that country. A Task Order 42-funded FIET representative assigned to Argentina now covers Uruguay. AID/Washington funds were being used to bring Uruguayans to an ITF seminar in Costa Rica, and ITF had just appointed a permanent representative in Uruguay who will be paid under the Task Order. PTTI has continued an Uruguay office with its own funds. The PTTI representative also covers Argentina, where the AIFLD program includes seminars jointly sponsored with various inter-nationals and financed from Task Order 42, AIFLD country funds, or both. In Chile, AIFLD paid for a seminar held in conjunction with the FITE Congress that was, in part, supported from Task Order 42 funds. IFPCW coordinates occasional seminars in all four countries through a traveling representative, but is more active in other countries.

The agrarian union program, funded from T.O. 42 but involving no international union, spent \$3,000 during FY 70 for a seminar in Argentina and allocates similar amounts to other countries each year. This money is an addition to each AIFLD program that could equally well be treated as part of country program budgets and does not require separate administration.

The above is not a complete description of ITS activities in the four countries visited, but illustrates the diversity of financial arrangements that accompany them. In addition, the FITE, FITITV, and agrarian union programs are administered directly by AIFLD/Washington, in consultation with the international unions, while the other internationals, after initial program review with AIFLD, operate independently with regional budgets and forward vouchers through their U.S. affiliates, directly to AIFLD Headquarters.

The activities financed under Task Order 42 do not constitute a program with separately identifiable consequences. The work of the international trade secretariats in Latin America is supported by the Task Order and by other AID expenditures like those described above. This, and their direct relationship to AIFLD goals, makes the secretariats an important subject for evaluation. Strengthening its organization is not only the goal of each ITS, but is also frequently a goal of AIFLD country programs.

ITS activities in the four countries include (a) technical assistance to affiliates, (b) direct organizing and

affiliation efforts, (c) local, national, and regional education, and (d) Inter-American congresses or conventions where secretariat business is conducted and affiliations are cemented. The goal of affiliating additional unions and federations gives the ITS's a clarity of objective difficult to achieve in AIFLD programs. Activities are often sporadic, being related to the presence of traveling representatives, though local affiliated groups carry on routine ITS work continuously. In Chile, for example, a permanent unsalaried PTTI representative services local unions, while simultaneously on leave with pay from his employer to represent his own union. In Uruguay, the one union affiliated with FITE works between seminars to affiliate the other eight eligible to enter the Federation. AIFLD staff also provide an informal continuing presence for the ITS's by their regular contact with affiliated groups.

AID monitors no ITS activities except those financed from country funds. Because independence is even more critical for ITS operations than for AIFLD, Mission knowledge of ITS activities comes primarily from AIFLD. CPD's assume no specific responsibilities in connection with Task Order 42, but keep track of ITS work as part of their own program operations. In Argentina, an ITS uses the AIFLD office. In all four countries, visiting ITS staff contact AIFLD routinely and work closely with the CPD. AIFLD Country Directors emphasized, as did AIFLD headquarters staff, that they do not interfere with the autonomy of ITS personnel, but their shared goals and activities bring about a process of consultation,

negotiation, and joint planning that serves the enlightened self-interest of both groups.

Coordination is not complete. In Uruguay, for example, the international federations are not wholly sympathetic with AIFLD's development of the free labor confederation, since they think it weakens concern of local unions with international work. Nevertheless, an accommodation involving mutual program reinforcement has been reached that is likely to permit an optimum free labor development result. Some AIFLD/Chile staff suggested that the internationals had not done the organizing job required to supplement AIFLD educational activities. More important than the perhaps oversimplified conclusion about program effectiveness is their recognition that the two efforts are complementary aspects of the free labor development process.

They are, however, also parallel in some respects, since AIFLD cannot duplicate, for example, the specialized organizing and technical services the ITS's provide in their fields. The ITF (transport workers) seminars on containerization, partly supported through T.O. 42 and other AID sources, are an example of this division of labor. FITE skill in expediting inter-country work of entertainers, important to affiliate members but not of general interest to labor movements, also reflects the specialized concerns of the internationals.

The immediate measure of ITS impact and status is affiliation of local unions and federations to the international groups as a direct result of specific seminars or organizing activities. A FITE representative identified two additional

unions that affiliated following recent seminars, giving the international 12 affiliates and 95 percent of the more than 20,000 eligible workers in Argentina. The ITF, with AIFLD help, obtained affiliation of CUTT, an Uruguayan transport workers federation, following three seminars and additional organizing work. Two Uruguayan and two Argentine textile unions joined FITITV after some of their members attended a regional seminar in Argentina, bringing the international's combined membership in the two countries to more than 140,000. FIET has a 12,000 member affiliated federation in Chile and FITITV is seeking to affiliate a 10,000 member group there. FITE's Chile affiliate has only 500 members. PTTI has major affiliates in all four countries.

The FIET representative in the Dominican Republic is organizing bank workers with the goal of eventually building a national federation that can be affiliated with the international federation. This effort, possible only when the ITS has a continuing presence, exemplifies the basic strength and purpose of the international trade secretariats. They are the only instrumentality with the interest and resources needed to open up new sectors to unionization and are the only organizations designed to attack work-related problems that cross country lines.

The affiliation information mentioned above is limited because the ITS's were not directly contacted or had no offices and the AIFLD Country Directors had no records showing the results of Task Order 42 work or their own ITS-related

activities. Local federation membership records are limited at best and numbers were difficult to obtain during the brief visits. Dues payments to the internationals, also a useful indicator of progress, are even harder to confirm. AIFLD could easily maintain a more systematic record of ITS activities and performance.

The use of the Task Order 42 funding mechanism complicates CPD efforts to coordinate ITS efforts with their own. ITS program plans are frequently prepared without consultation with CPD's and only the requirements of the field situation bring about eventual coordination of efforts. While representatives covering more than one country should be financed regionally, the close relationship of AIFLD and ITS educational activities suggests that these should be financed from a common pool that includes Task Order 42 funds. AIFLD country budgets would receive additional funds earmarked for ITS-related educational activities identified through joint planning efforts. CPD's currently have no role in ITS T.O. 42 planning. The proposed change will not compromise ITS independence any more than current collaboration does, but will improve coordination and orderliness of the two efforts, so that ITS representatives know well in advance what AIFLD can offer to assist them. It will also help to define more clearly for CPD's their responsibilities with respect to monitoring of ITS activities. ITS Regional Representatives, once cleared by AID, cannot be closely monitored without destroying their

effectiveness, but their AID-funded educational expenditures and activities can more easily be reviewed when coordinated initially with those of AIFLD.

AID support of ITS activities supplements already existing programs. Although certain ITS employees and seminars are linked directly to AID funds, attribution of results to them is highly arbitrary, since activities financed from other sources are equally significant. Furthermore, the numerous links between AIFLD and the internationals make some ITS progress an incidental output of each AIFLD country program.

ITS work, though more specialized and more directly involved in organization than that of AIFLD, seemed generally comparable in impact and effectiveness. AIFLD staff did not suggest that their ITS colleagues were less zealous or efficient, though the intermittent nature of Regional Representatives' work reduces continuity of efforts and hence the rate of impact. In none of the countries was there a labor program strategy suggesting serious imbalance between current AIFLD and ITS funding levels. AIFLD Country Directors are able to maintain appropriate balance in activities by varying their support of the international unions' work.

Because the ITS's are more clearly independent of the U.S. government than AIFLD and can engage in a broader range of activities, encouragement of their work is an important supplement to the AID-financed free labor development program. Some sacrifice of program control by AID is justified in order to maintain this independence, since the ITS goals and activities are consistent with those of AID. At present



funding levels, with limited monitoring by AIFLD, U.S. interests are adequately protected.

Representatives of the international unions do not appear to be sources of intelligence for U.S. Missions and would not remain effective for long if they were. While the receipt of U.S. government funds by the internationals is no secret to their Latin American affiliates, actual or prospective, the absence of any evidence of the governmental relationship is a major advantage to the secretariats. If U.S. support or control increased, this advantage could easily disappear. The ITS's, though still heavily influenced by U.S. and European unions, are an excellent training ground for developing independent, technically-oriented Latin American union officials. The present support of them by AID contributes to achievement of this goal.

## BRAZIL PROGRAM

PART II  
FIELD SURVEY REPORT  
ON  
AIFLD PROGRAM IN  
BRAZIL

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## CHAPTER I

### SUMMARY APPRAISAL AND RECOMMENDATIONS

#### A. SUMMARY APPRAISAL

This summary appraisal is organized to present our conclusions, and the reasons therefore, with respect to the following key questions:

- (1) Are there valid objectives for an AIFLD program in Brazil?
- (2) Is reasonable progress being made toward these objectives?
- (3) Can the program be significantly strengthened?
- (4) Is the management of the program efficient?

##### 1. Validity of Objectives

The objectives of the U.S. applicable to the AIFLD program are set forth in the basic foreign assistance legislation. Paraphrased, these are to foster the development of free, independent and democratic trade unions and in Title IX the development of democratic institutions.

The statement of these objectives immediately poses the question of their realism under the current Brazilian political regime. There do not presently exist in Brazil the political conditions and legal framework necessary for the establishment of free and democratic trade unions. While unions are able to elect their own officers and conduct their own affairs, in accordance with Brazilian legislation, the officers must be approved by the Government and the unions themselves are subject to Government

intervention, which is exercised whenever they step seriously out of line. The form of corporate-state collective bargaining provided by Brazilian law--between labor and employer federations-- is presently meaningless since wages and salaries are essentially fixed by Government. The right to strike is so circumscribed as to be virtually non-existent.

That the Government of Brazil will voluntarily relinquish its holds and restraints over the labor movement in the near future is unlikely. Such action it would regard as jeopardizing both its economic and political objectives. Shortly after the revolution, a bill to permit collective bargaining and progressively eliminate the trade union tax (by which the unions are supported by the state) was drafted and sent to Congress. After second thoughts the Government withdrew its support and the proposal died.

Given these conditions, the AIFLD program obviously cannot proceed on a straight line toward the development of free trade unions as this term is generally understood. It must settle for something less, and the program's validity must depend on whether this "something less" has a value commensurate with the effort expended.

Accordingly, we have examined with care the objectives that AIFLD is seeking, explicitly or implicitly, to achieve. These objectives, as we perceive them, are the following:

- (a) to prepare the union movement for the day when free and democratic trade union activities may be permitted;



- (b) to improve the capability of unions to work along lines of opportunity to secure modifications in Government policy that will permit in one respect or another freer unions with a freer sphere of activity;
- (c) to assist unions at least to strengthen their organizations, in the face of restrictions on their activities, by conducting social and other programs that are legally permissible and of benefit to their members;
- (d) to help weakly organized labor groups, particularly rural workers, to organize viable movements to give them a growing voice to work for improvement in their economic condition; and
- (e) to train a cadre of democratically-oriented leadership against the eventuality of revolutionary or other conditions in which a void of such leadership might leave an open field for communist leadership.

We believe that these aims make good sense for several reasons.

First, while observers of Brazil may differ as to the course the future may take, there can at least be agreement that it is uncertain, that there are possibilities of shifts in various directions, and that the status quo will not continue indefinitely. A policy that does not anticipate the possibilities for change would be deficient.

Second, the Government of Brazil has stated repeatedly that it wants the country to move toward greater popular participation. Assuming these statements of intent to have some meaning, it is possible to contemplate that at some point, a gradual softening of political party, press, and labor restrictions may take place. If such a program develops, it will become increasingly important to the stability of the country and the success of the effort that there be a responsible labor movement, with a trained and moderate leadership, to take on the increased responsibilities which will accompany greater freedom of action. The existence of such a movement and leadership could well be a significant, conceivably a decisive, factor in bringing about liberalization of the system.

Third, the possibility cannot be excluded of a rift in Brazilian political leadership or other political convolutions in which labor might become an important force, and perhaps the balance of power, in determining the direction in which the country is going. In a sufficiently revolutionary situation, there can be little doubt that communist labor leadership, now driven underground, would re-emerge. An AIFLD program can provide no certainty that such leadership would not be successful--but it is the best "insurance" available against this contingency. By seeking out and training unionists of leadership potential in the ideology of free trade unionism, AIFLD should succeed at least in draining off some of the leadership potential that might go to the left. Further, the greater the depth of its educational effort, the greater will

be the possibility that authentic free trade union leaders, capable of holding their own against communist rivals, would arise should a crisis come.

Against all this, there is, of course, the possibility that Brazil will move even further to the extreme right or to the extreme left, so far indeed that the continuance of an AIFLD program would become impossible. Under such circumstances, it can be argued that the entire AIFLD effort would have been a wasted one. It can also be argued that the total AID effort would go down the drain with it. However, even a change to this extreme might not be permanent. The existence of a trained cadre of unionists, oriented toward democratic trade unionism, could be of value on the next turn of the wheel.

Given the limited options available to the U.S. to influence the development of Brazil toward a more free and yet stable society, we believe that the AIFLD program represents an option of considerable value. Free institutions cannot be built without ideological support and this is the area in which AIFLD seeks primarily to achieve impact within a movement encompassing a large portion of Brazilian society.

Considering the size and importance of the country, the annual cost of AIFLD in Brazil--about \$600,000 or roughly 5 percent of the total technical assistance program in Brazil--appears a reasonable investment. There is, however, another factor that should be taken into account in weighing costs against the potential benefits of the AIFLD program. That is that much of what AIFLD/B does also serves a dual purpose in contributing more broadly to

the AID objective of promoting social development in Brazil. A substantial part of the AIFLD effort is devoted to technical assistance and the development of social services (medical, dental, educational, etc.) through the trade union movement. That part of the program devoted to labor education also serves significantly to equip labor leaders better to operate unions which provide substantial social services to their members. While precise accounting calculation would be impossible, we believe it would be reasonable to consider that on the order of half the cost of the program has a dual value--contributing broadly to social development of the working people of Brazil at the same time that it strengthens the labor movement in a more narrow sense.

## 2. Progress of the AIFLD Program

The impact of the various elements of the AIFLD/B program is set forth fully in Chapter IV of this report. In the present section we endeavor to summarize this impact in overall terms.

The principal component of the AIFLD/B program, which is basic to all five of the objectives presented above, is the training of union leadership. In this respect, AIFLD has succeeded in developing an extremely efficient and professional operation within Brazil centering in the Instituto Cultural do Trabalho (ICT), which offers an advanced nine-week residency course at Sao Paulo and seven to ten-day regional courses throughout Brazil. The advanced course to date has trained about 550 union leaders or potential leaders, and is currently operating at a rate of 100 per year. A total of 482 regional courses have been held with participants

totalling 14,106 active unionists; by 1969 the regional program had reached a level of 3,700 students for the year. Comparing the total of students against a total of 2,053 unions in the country it is evident that the program is providing training in substantial depth. Further, the latest figures show an accelerated rate of training, which reflects the substantial progress being made in improving administration and content of the program, as well as the existence of a strong demand for the training being provided.

Through 1969 a total of 129 Brazilians had also been sent to Front Royal and nine to courses in labor economics at American universities.

AIFLD/B is currently endeavoring to follow up on students who have attended ICT and schools in the U.S. to find out what happened to them subsequently. Unfortunately, this follow-up has not yet been completed. However, we have gone through a considerable amount of data gathered thus far with results that we find highly encouraging. Of the 129 Front Royal graduates, 104 have been traced; of these ninety-four are still in the labor movement and ten have left it, died, or been deprived of political rights. Of the ninety-four clearly still in the movement, eighty-seven are holding union office or working professionally for labor organizations in Brazil, e.g., as instructor-coordinators for ICT. There is considerable evidence that a number of Front Royal graduates have advanced to positions of greater responsibility.

Follow-up data on the graduates of ICT was, at the time of our study, much more scanty. However, sampled returns show almost without exception that the graduates are very active in the union movement. In this respect, we found the ICT follow-up procedure better than that of AIFLD in that it asked information on all union activities, not merely the position held by the graduate. This impressed us since many of the graduates whose forms we examined but who were not union officers indicated some other type of significant union activity, for example, participation in the formation of union cooperatives or assistance in the conduct of ICT regional courses. This strongly suggests that the educational process is an important link in the chain of stimulating union activity.

With respect to the regional courses, no general follow-up is contemplated, but the instructors identify graduates of each course who have potential for advanced training. ICT maintains excellent records on these individuals, and a system exists to give them special consideration for the ICT residency course. Thus, the regional courses serve not only to train a broad base of unionists but also to provide a sifting process to identify potential leaders.

While numbers is one indication of progress, another indication is the achievement of graduates who have made unusual progress. In this respect, an outstanding example is the president of the Agricultural Workers' Confederation, whose progress to one of the eight top jobs in the labor movement is directly related to his

training first at ICT and later at Front Royal. Another Front Royal graduate now occupies the third most important post in the Brazilian Ministry of Labor.

The one area in which impact appears to be slight has been in the training of Brazilians in labor economics at American universities.

While the educational program of AIFLD in Brazil is fundamental to all its objectives in the country, the program has also been used to serve certain specific objectives. For example, AIFLD is currently sending twenty Brazilians to Front Royal for an advanced course in collective bargaining--a specific move to provide training in anticipation of the time when freer trade union activity may be permitted. It is significant that this course has met with an enthusiastic response.

AIFLD has also provided special training for some unionists in such fields as cooperatives and community development to enable them to develop and operate more effectively programs of service to union members. In the rural field particularly it has provided courses that in effect constitute technical assistance in rural development and agriculture as a means of strengthening the organization and program of labor institutions for rural workers.

The small projects program of AIFLD/B has been used primarily as a means of helping unions to strengthen their organizations, in the face of restrictions on other activities, by conducting social and other programs of benefit to members. Using both AID and AFL-CIO funds, AIFLD/B to date has financed a total of 145 small projects

with Brazilian unions. The total involved has been \$312,000 in soft loans and \$50,000 in grants. The main purpose (69 projects) has been to aid the construction or purchase of union halls for the dual purpose of providing a union headquarters and a place where social services desired by members can be offered. Most of the remaining projects have been to assist in the provision of medical, dental, educational and other services to members, chiefly through the union halls. This program is excellently managed and with a good follow-up. Some early projects mainly to finance cooperatives (AIFLD/B now generally does not provide loans for this purpose), failed, but in only three instances is it expected that loans will not be repaid. Considering the small amounts involved in each project, the results being achieved in broadened union activity are impressive. Unfortunately data are not collected to compare size of union membership before institution of a project with membership following a period of operation of the extended union program which the project made possible, although we observed some evidence of correlation. AIFLD and ICT staff believe from observation that the small projects program increases receptivity to the educational program but no statistical correlations have been attempted.

The AIFLD-conceived Vila Samuel Gompers housing project in Sao Paulo is difficult to evaluate. Since AIFLD itself withdrew from the construction phase owing to disagreement with USAID/B and the Brazilian parties, it bears no responsibility for the distressingly



faulty construction. The construction is, however, considered average for new low-cost housing in Brazil and the community appears to be a happy one. There is much reason to believe that the project may have had a very sizeable impact in stimulating the workers' housing program of the Brazilian Government. Since the program initiated by the Government makes low-cost housing available on better terms to unionists than to others, this is an important means of increasing the interest of urban workers in union membership. In addition AIFLD/B's work in providing community center and development support to Vila Samuel Gompers has been excellent. Our judgment is that as a pioneering effort the project was a worthwhile endeavor.

The northeast program of AIFLD/B is largely related to the objective of helping weakly-organized worker groups--specifically rural workers--to organize viable movements for self-help and to provide a voice to make their needs heard. At the outset AIFLD/B began with the organization of labor centers that were overly ambitious in terms of the potentialities. It should be recognized, however, that AIFLD/B has encountered--and must still face--extremely difficult problems in operating in this economically underdeveloped area. AIFLD/B has been learning from experience and the program has been steadily gaining in effectiveness. On balance the AIFLD/B effort has made encouraging progress in developing labor institutions through which workers are doing more for themselves, are receiving more social services, and have an instrument through which they can more effectively voice their grievances.

AIFLD/B has also on an experimental basis been engaged in rural development work in the southern part of the country, chiefly through conducting courses oriented toward technical assistance rather than labor education. Available evidence suggests that this work has been highly successful and may provide program ideas applicable to the northeast.

In summary, our finding is that the AIFLD/B program has achieved with moderate resources a considerable impact on the labor movement, and particularly on labor leadership, in Brazil. Initial program problems have been largely overcome, the quality of the program has been greatly enhanced, and the outlook for further progress toward program goals is excellent.

### 3. Strengthening of the Program

In examining the AIFLD/B program for strengths and weaknesses, we have made a particular effort to examine its scope and selectivity of coverage. We have wanted to learn whether it is reaching most of the labor movement and also whether it is reaching with particular intensity the key unions and key labor areas in which potentially the greatest labor power rests.

On this score, our findings are generally favorable but establish some areas in which we consider there are material weaknesses. AIFLD/B has succeeded very well in forming and maintaining effective relationships with top leadership of the confederations in Rio de Janeiro. This has facilitated the strengthening of the ICT and its development into an institution which has a wide breadth of reach throughout all eight of the labor confederations of Brazil.

Through education programs, small projects, and other activities, it would appear that AIFLD is reaching most of the unions of significance in Brazil and great numbers of small ones. Every state is being reached, sometimes more in one program aspect than another, and in fairly reasonable relationship to its importance.

There have been some criticisms of AIFLD/B for its concentration of activity in the northeast--where it spends about forty-six percent of its basic operating funds, though a significantly lesser proportion of its educational and small loan funds. The suggestion has been made that it might be better for it to deemphasize the northeast and concentrate on rural workers in the south, where progress is easier. We are not in accord with this criticism. We do not consider that that the rural workers of the south (as opposed to the industrial) rank as high as northeastern rural workers on any scale of priorities. The predominantly rural northeast accounts for about half the population of the country. While in political terms the northeast is of less importance than the south, nonetheless, the achievement of economic development and stability in the northeast is vital to its achievement in Brazil as a whole. Owing to poverty and lack of economic development, the area requires some concentration of effort if any significant impact is to be achieved. We therefore feel that AIFLD/B is basically correct in concentrating some effort in the northeast, and that proportionate to its resources it is making a respectable contribution with reasonable prospects of achieving significant impact.

Our major concern is that the impact of the AIFLD program in Brazil tends to be at its weakest in the major urban centers, where the labor movement could be of greatest importance at any time that the "chips were down." To test our thesis, we asked the Labor Attache's office to prepare for us a list of the strongest and most important local unions in Brazil. We then compared the list (twenty-three unions) against records of attendance at ICT at Sao Paulo, the Front Royal program, and the small projects program. The result showed that eight of the twenty-three unions had been reached by one or more of these programs and fifteen had not. Most of the unions not reached are in the key metropolitan industrial areas of Rio de Janeiro, Sao Paulo, and Belo Horizonte.

As indicated in Chapter IV of this report, there are many reasons for the lessened impact of the AIFLD program in the key unions and key labor areas. These include affiliation of some unions with the non-AFL-CIO wing of American labor; the greater sophistication of city unionists, making labor training courses of less interest to them; the greater availability of other things to do in cities than attend labor courses; and the non-participation of some labor federations and unions in the ICT program as an aspect of their stance to appear more progressive than the confederation leadership. Another factor is that some unions have a rank and file with leftist leanings, which make their leadership, non-communist though it is skeptical of maintaining too close relations with AIFLD.

In some measure these difficulties may be insuperable. It is particularly not our intention to suggest that AIFLD should engage in a "jurisdictional" battle in Brazil reflective of divisions in the American labor movement. On the contrary, we believe AIFLD is to be commended on its restraint to avoid such difficulties.

Nonetheless, we believe that the AIFLD/B program can benefit considerably by the addition of a strategy to maximize its potential impact in key unions and key labor areas. In our view a degree of "saturation" at key points is an important complement to the breadth of impact already being achieved. Along this line we have several suggestions to make, which are not necessarily all-inclusive.

First, we believe there are a variety of steps that might be taken on the educational side. Through patient negotiation there may yet be good chances of bringing more key unions into the ICT program; even those who were reported to us to be most opposed to AIFLD/ICT indicated to us that they understood the ICT had improved in the past year. Leaders of such unions, who assert the school is still "too conservative" in orientation, also told us they would be willing to lecture at ICT if invited. This may pose for AIFLD and ICT some problems of labor politics in their relations with the confederation leadership, but at least the possibility of introducing the principle that all labor points of view ought to be given expression at ICT should be considered.

There may also be means of strengthening the regional courses in the cities, particularly in Rio de Janeiro and Sao Paulo where few are given and attendance is poor. Perhaps the key is to use different methods of organizing classes, or to develop shorter and more sophisticated programs. We noted also that very well attended regional courses are being given in Santos, which is supposedly one of the most left-wing labor cities. The technique used there (course sponsorship by interested ICT graduates) may not be tactically right in other cities, but the success achieved suggests that with careful study better approaches might be found in other cities.

The techniques of regional course sponsorship through regional institutions such as that established in Rio Grande do Sul, while perhaps less likely to provide a solution for larger cities, offers highly promising possibilities of achieving larger educational impact as well as of building stronger locally operated labor programs at regional levels. The feasibility of encouraging similar developments in other states, as AIFLD/B and ICT already fully recognize, merits serious attention.

It would also seem to us desirable to reconsider the system of selection of Front Royal candidates with a view to greater assurance of some concentration of impact on labor areas and unions of key importance. At present, AIFLD has a general rule of requiring candidates for Front Royal to be graduates of ICT, and in turn graduates of regional courses are preferred for enrolment at ICT. While this is academically sound, the ICT has a

greater draw from secondary unions rather than from those of prime importance. Indeed in some measure its program is designed to help the weaker unions. Our concern, however, is that this will bias selection for Front Royal in just the opposite way from what would seem to us desirable--in other words, to emphasize selection of good students from secondary unions rather than potentially important leaders (who may be or regard themselves as too sophisticated for the ICT courses) from the labor unions with the greatest present or potential power and influence. We believe in a certain sense AIFLD is aware of this problem and makes numerous exceptions to its rules. We would like, however, to see this awareness surface in a more explicit policy to identify and direct a more intensive level of effort in the Front Royal program at the key centers of union strength.

Still another proposal we would advance would be the possibility that AIFLD/B offer courses in English to union leaders in the key cities of Sao Paulo and Rio de Janeiro. Brazilian labor is notably lacking in leadership with strong foreign language capability. We suggest that there could be many values if AIFLD would offer opportunities to rising young Brazilian unionists to learn or improve their English. This could contribute to improved results from the Front Royal program; better communication under union-to-union program; greater ability of Brazilian leaders to follow and participate in international labor developments. The labor field should be no exception to the principle that more rubs

off through exposure to American education and methods, on those who speak English than those who do not, and that interest in continuing to follow American developments is much more sustained.

Outside the education field, we are strongly impressed with the opportunity for AIFLD to register more impact in the big cities by undertaking community development work at low cost workers' housing projects in metropolitan areas. AIFLD/B has done an excellent job in rendering such services for Vila Samuel Gompers, and the Brazilian National Housing Bank has approached it as to whether it could undertake similar work in other projects. The cost in our view would be moderate proportionate to potential impact, and the work would have a "dual" value in contributing to Brazilian social development. We would like to see this considered sympathetically by USAID/B for possible funding of additional AIFLD local employees to undertake such work.

Greater consideration might also be given to pinpointing some support through the small loan project (and the RRLF) to key union sectors. While small loans are more applicable to the smaller unions, the program has sufficient scope to deal with some of the larger ones, and indeed some of the most appealing projects have been with rather important unions. Another possible area of help to the large city unions may lie in assisting them, through training or technical assistance, for participation in the joint management-labor worker safety committees which have recently been provided for under Brazilian law.



We have also given consideration to the possibility of vocational education projects as a possible means of achieving impact with key urban labor groups. However, our initial reaction is that it does not offer dollar-for-dollar the impact that might be achieved by other means. There is, moreover, a sizeable government program in the field, against which AIFLD efforts would likely appear insignificant.

In addition to looking particularly into the scope and incidence of AIFLD/B coverage, we have also tried to judge a qualitative element. Does the program have real "push" in the direction of promoting concepts of free trade unionism, or has genuine labor content been diluted to the point that it has little meaning except perhaps for the promotion of lodge halls for workers?

We are satisfied that the program does have "push." The Front Royal courses are obviously well oriented toward free trade unionism in the tradition of modern democratic societies. AIFLD's initiative in giving a Front Royal course for Brazilians this year in advanced collective bargaining also impresses us that there is no intention on AIFLD's part to lose sight of the basic objective.

The ICT program we considered was reasonably well oriented. It deals extensively with the rights of labor under Brazilian law, which is clearly necessary if labor leaders are to try to help their people to realize such rights as they have. It also covers comprehensively the history of labor development in Europe,

the United States, and Latin America, and deals with such matters as the right to organize, to strike, and to bargain collectively. Its basic tone is to favor a modern capitalism in which labor has equal rights.

Such criticism as we have of the ICT courses is pretty much in line with AIFLD's and ICT's self-evaluation--namely, that in the past the course has been given too academic a stamp. We are in full accord with current objectives to make them more practical. We would particularly suggest strengthening the courses to give more positive emphasis to some of the things Brazilian unions can do under current circumstances. Some case discussions of ways in which some of the more successful Brazilian unions are providing greater services to their membership, protecting worker rights, and achieving larger membership rolls might be a means of securing greater practical impact.

Although we agree that the regional course should concentrate on Brazilian conditions, we believe that it would be better balanced if it included some introductory cultural exposure to labor development within western society generally or at least within the Alliance for Progress.

We have also noted that in various other ways the AIFLD program in Brazil (particularly in the northeast) tries to help local unions to equip themselves to provide a voice for their members and press for their rights. In this respect, though controlled in many ways by Government, unions are not entirely supine. A

recent protest by labor unions to the ILO against Government mistreatment of unionists is one of a number of evidences that--within limits--they will try to represent their people.

AIFLD currently has under consideration a possible plan by which the labor confederations, supported by AIFLD, might establish a system of collecting labor statistics (cost of living, etc.) throughout Brazil as a means of giving unions data of their own for negotiating with Government on wage and salary levels. We have expressed some reservations to this proposal as it now stands, or as we understand it. Nonetheless, the development of some system by which labor might make itself felt by some responsible research of its own in the general sphere of economic planning and wages would appear to merit consideration.

As a final comment, we would express the view that AIFLD has a good sense of balance between pressing the free trade union point of view and recognizing the tactical limits under present conditions in Brazil. It has been suggested to us that AIFLD's role in Brazil is one of "brinkmanship." We would subscribe to this generally as a good characterization of the role AIFLD has to play. We also believe that it is commendable that AIFLD is playing it with considerable sensitivity. We consider finally that more opportunities for gently pushing responsible free trade unionism a little more can be found, and that the search for such opportunities should be a continuing one.

#### 4. Administrative Effectiveness

AIFLD/B is well organized and effectively managed. The staff is competent, fully utilized, and shows a high degree of

interest in the program and its success.

The accounting system administered locally is fully satisfactory owing to improvements made about a year ago. This view is shared by the USAID/B controller and the AID regional auditor. There are some remaining problems stemming from procedures of AIFLD/W. No more than \$18,000 of "proposed disallowances" from prior years remains unexplained.

The program planning and budgeting system of AIFLD/B appears to us to leave much to be desired. This is in large part a reflection of what we consider to be a basic deficiency in the overall AIFLD "Country Labor Plan" programming as a management tool, with which we deal in Part I: General Findings and Recommendations.

There is an excellent working relationship between AIFLD/B and the Embassy and USAID/B, which monitors AIFLD/B through the Labor Attache, who also functions as USAID/B Labor Technical Officer. We believe that closer consultation between the Labor Attache and USAID/B to achieve greater coordination and concentration of coverage through both the Front Royal and union-to-union programs in key unions and key labor areas would be desirable. Ideally the union-to-union program could both reinforce AIFLD and pick up the slack in important union areas that AIFLD cannot effectively reach.

Over the course of time AIFLD/W and USAID/B have built up on AIFLD/B a series of detailed and overlapping reporting requirements which are excessively burdensome. A lesser quantity and greater quality of information, particularly evaluation data measuring program progress and achievement, is desirable for effective program

monitoring. Among other measures that should be instituted is a single reporting system on the ICT program, which would serve all the needs of AIFLD/B, AIFLD/W and USAID/B. Evaluative reporting, reflecting follow-up on course graduates and impact of small loan projects should be stressed and a great deal of inconsequential reporting on detailed program developments eliminated.

## B. RECOMMENDATIONS

### 1. General

The AIFLD program in Brazil should be continued for the primary objective of developing a stronger labor movement, oriented toward free trade unionism. A companion objective should be to contribute, through labor organizations, to the broader social development of the working people of the country.

The program should be improved through greater strategic planning aimed at balancing the current breadth of coverage of the program with more effort to achieve concentrated impact in key unions and key labor areas.

### 2. Labor Education

AIFLD/B should continue to strive to maintain an effective balance in its labor education activities between the teaching of a general free trade unionist philosophy and the teaching of subjects particularly applicable to the conduct of union affairs under the conditions existing in Brazil.

Particular consideration might be given to strengthening the ICT course at regional level through the inclusion of some modest

cultural exposure to currents of labor union activity within western countries generally and within the Alliance for Progress in particular.

Efforts should be continued to make the ICT program more practical, including training, based on the experiences of the most successful unions in Brazil, on techniques in the organization of workers, the attraction and recruitment of new members, and assistance to workers through social services and the protection of their rights under Brazilian law.

Consideration should be given to extension of the labor education program to include short programs or courses to be given at the individual union level for the training of the rank and file.

As a means of providing Brazilian labor with a tool for improved communications with free trade union movements in other countries, and also of achieving a greater impact with union leaders in key city areas (especially Sao Paulo and Rio de Janeiro), AIFLD/B should consider the feasibility of offering courses in English for promising unionists likely to have substantial opportunities to make effective use of it.

AIFLD/B should diplomatically maintain contact with key unions not now participating in the ICT educational program and give continued study to means by which their cooperation might be realized. In cases in which unions refrain from participating in the ICT programs on grounds of conflict with their international relations with other free labor organizations, AIFLD/B should respect

the choice and not regard it as precluding the possibility of cooperation with the unions concerned in other areas in which it might be feasible and useful.

AIFLD/B should give particular consideration to means by which the ICT regional program could achieve greater impact in the large cities, particularly Rio de Janeiro and Sao Paulo.

AIFLD/B should continue to explore the possibilities of increasing the effectiveness and local support for the ICT regional course program through such means as the regional institute mechanism developed in the state of Rio Grande do Sul.

AIFLD/B should review its techniques for selection of candidates for Front Royal to assure that it achieves a reasonable concentration of impact consistent with the foregoing recommendations regarding ICT programming.

Brazilians should not be brought to the U.S. for training at American universities in labor economics unless it is well-established that they will occupy positions on their return in which the training will be put to substantial use.

AIFLD/B should try to devise with the Brazilian labor confederations a formula by which the latter would agree to begin a gradual assumption of financial responsibility for the ICT educational program. It is recognized that at the beginning the Brazilian contribution would be modest or token in amount; the key point at this time should be to establish the principle.

### 3. Social (Small and Impact) Projects

In view of the high rate of inflation in Brazil, AIFLD/B should consider the possibility of revising its loan procedures to

provide for repayments in amounts sufficient to offset at least some part of the depreciation in currency value.

AIFLD/B should not consider any plan to transfer control over its small loan program to local labor organizations, unless the latter also make sizeable financial contributions.

#### 4. Housing

USAID/B should take every action possible to remedy the most serious defects in the construction of Vila Samuel Gompers.

#### 5. Northeast Program

The northeast program should be continued on approximately its present level of effort with the objective of gradually broadening geographical outreach as local self-sufficiency grows in the initial projects. For the immediate future, the emphasis should be on achieving greater impact from the present five centers before undertaking the development of new ones.

Study should be given to whether the AIFLD experience in rural development in the southern part of Brazil could be used advantageously to improve the northeast program.

#### 6. Possible New Program Activities

Support of a confederation-sponsored labor statistics or labor economics program merits study. Great care, however, should be given to assure that it is soundly conceived and reasonably calculated to have an impact commensurate with cost. Alternatives as well as a single plan should be considered.

As a means of securing greater AIFLD impact in key city labor areas, priority consideration should be given to the possibilities of an arrangement between AIFLD/B and the Brazilian



National Housing Bank whereby the former would render community development services to new workers' housing projects in Brazil. USAID/B should give sympathetic consideration to a request for funds for such purpose.

It is generally recommended that AIFLD/B avoid the field of vocational education in Brazil (except as is incident to its rural development program) in the light of the limited possibilities of achieving substantial impact in a country of the scale of Brazil.

Consideration might be given to some form of assistance to Brazilian unions in the field of worker safety.

#### 7. Management of AIFLD Program in Brazil

There should be closer consultation between the Labor Attache and AIFLD/B on basic strategy for achieving maximum impact with the Brazilian labor movement, particularly with a view toward achieving concentrated coverage of key unions and key labor areas through both the AIFLD program and the union-to-union program.

The program planning and budgeting procedures of AIFLD/B should be substantially revised to provide a more effective management tool both for AIFLD/W and the local CPD. (More detailed recommendations are made in Part I as this problem is general and not confined to Brazil.)

The reporting requirements imposed on AIFLD/B by both USAID/B and AIFLD/W should be greatly simplified and rationalized. This should include the setting up of a basic ICT reporting system that would simultaneously meet the informational needs of AIFLD/B,

AIFLD/W, and USAID/B on the ICT activity.

AIFLD/B should continue its program of follow-up on educational programs, social projects, and other activities in order to develop more complete and meaningful data on program impact and achievement.

The remaining accounting problems relating to AIFLD/B, which have their origin in AIFLD/W, should be resolved. (More detailed recommendations are made in Part I.)

CHAPTER II

CONTEXT OF THE AIFLD PROGRAM IN BRAZIL

Brazil is a vast and complex country with vast and complex political, economic and social problems. The institution with which the AID and AIFLD must work, the Brazilian labor movement, is equally a large and complex structure sharing and conditioned by these political, economic and social problems. What these problems are and the conditions under which they must be faced can perhaps best be focused against a backdrop of their historical development.

A. POLITICAL, SOCIAL AND ECONOMIC BACKGROUND

1. Political

Brazil's political history is composed of a series of episodes of varying degrees of representative government alternating with varying degrees of authoritarianism.

From 1889 until 1930 Brazil was a loose organization of states each controlled by highly personalized local or regional political parties. National governments evolved from "deals" among these parties and personalities. The result was a weak central government with real power exercised by the states, not infrequently at odds with one another.

The year 1930 marked a major change in Brazilian political affairs. In that year a group of junior officers of the military

spearheaded a revolt, the "Revolt of the Lieutenants." The result was successful and a relatively little known figure from Rio Grande do Sul, Getulio Vargas, was named Provisional President. He was to leave an indelible imprint.

Vargas was a master manipulator of political forces and began consolidating power in his own hands. By 1937 he was able to cancel the scheduled elections, set aside the 1934 Constitution, ban the political parties, rule by decree, and launch his "Estado Novo."

The Estado Novo was a faithful copy of the corporate state concept of Italy and Portugal. Workers, employers and the professions were to be organized in "sindicatos" under detailed rules laid down by the Government. A Labor Code (Consolidacao dos Leis do Trabalho) was promulgated which regulated practically every aspect of trade union activity and placed the unions firmly under government control. It controlled their source of funds through the Trade Union Tax and their leadership through control of the election of their officials. At the same time sweeping social benefits were decreed and Vargas' favorite posture was that of "O Pai dos Pobres" (The Father of the Poor). He was ousted by the military in 1945 and General Dutra was elected President. In the elections of 1950 Vargas was returned to the Presidency by a decisive vote. Four years later, beset by economic and political troubles and facing another ouster by the Military, Vargas committed suicide.

In the approximately sixteen years since Vargas' suicide Brazil has had seven administrations. Vice President Cafe Filho completed the Vargas term. Juscelino Kubitschek was elected in 1955 and Janio Quadros in 1960. Quadros after one year resigned and was succeeded by Vice President Joao Goulart. Goulart, one time Labor Minister under Vargas, turned sharply to the left, openly intervened in favor of leftist candidates in trade union elections and his economic policies were such that inflation, long a problem, by 1964 had become rampant. The military moved on him and General Humberto Castello Branco was the choice of the military to succeed him. The trade unions were intervened, the political parties banned, and a policy of stringent economic austerity adopted to bring the rampant inflation under control.

Marshal Arthur da Costa e Silva succeeded General Castello Branco in March 1967. The Marshal had pledged to "humanize the revolution," but by December 1968, to meet student violence, controversy with the Church and mounting congressional opposition, the Government promulgated Institutional Act No. 5 giving the President broad dictatorial powers.

President Costa e Silva suffered a stroke in August 1969 and when by October it had become apparent that the President would not recover, General Emilio Garrastazu Medici was named to succeed him.

Through all of these changes the influence of Getulio Vargas has survived. The laws he promulgated in founding the Estado Novo

in large part remain in force today. Especially in the field of labor, the Consolidacao dos Leis do Trabalho (Labor Code), with its tight control by the government of trade union activities and finances and the exercise by the government of most of the conventional trade union responsibilities for wages, working conditions and fringe benefits remain practically unaltered.

The Medici administration has publicly expressed its hope for an early return to democratic processes but has set no time table. It has also expressed the opinion that the conventional democracy is not suitable to Brazil. New mechanisms are being sought which will permit greater popular participation in government without reopening the doors to a return to the political and economic excesses of previous years.

It is in this political context that the Brazilian trade union movement must develop its potential and within which the AID and AIFLD programs must operate to assist it.

## 2. Economic

Over the years the Brazilian economy has experienced alternating periods of growth and regression associated with large and profitable production of one or another of the natural raw materials, Brazil wood, sugar, gold, diamonds, rubber and coffee. Each in its time has spawned periods of affluence for one or another social group or geographic area. Recurrent spasms of inflation and deflation have been an accompaniment. The masses of the people have participated marginally in the periods of prosperity and weathered

the periods of hardship as best they could.

Rates of economic growth have fluctuated widely over the years. According to official data published by Frank Brandenburg e Associados (FBA) in its publication "The Brazilian Economy, 1969-70" gross domestic product per capita in real terms during the period 1960 through 1970 fluctuated between the extremes of a negative 1.5 percent in 1963 to a projected 8.0 percent in 1970. During this period the contribution of the several sectors also showed marked changes. The agricultural sector contribution declined while the industrial and services sectors rose sharply. This growth is impressive but there is little to indicate any very marked improvement in the equitability of the distribution of its benefits among the various social sectors.

Inflation has been a chronic problem. After the revolution of 1964, the government set inflation control as one of its primary objectives. It has attempted to achieve this by such measures as exchange controls, measures to stimulate both traditional and non-traditional exports, wage controls and some price controls. Some progress has been made. From the 80 and 90 percent rates of the pre-revolutionary period the rate has been reduced to about 20 to 25 percent.

The government's wage policy has been a highly controversial issue. Allowable wage increases have been held to levels below the anticipated price rises and the policy has been enforced by the

Courts. The trade unions contend that the wage policy has resulted in serious deterioration of real wages with resultant increasing hardship on the workers. Furthermore, the wage policy has practically eliminated collective bargaining in any meaningful form.

Only about 30 million of Brazil's 90 million people are in the labor force. Nearly half of these are in low wage agriculture contributing only about 20 percent of the GDP. Industry has been expanding rapidly and its contribution to the GDP is estimated at about 30 percent for 1970. However, its share of the labor force will probably be no more than 20 percent. High production costs reflected in high prices in a low wage market handicap Brazilian industry not only domestically but weaken its position in the international markets.

Labor's economic plight is a serious one. It is dependent upon government determination of its wages. Faced with low wages against high and rising prices and with little that it can do for its members in the economic sphere, it has little at its disposal with which to attract dues-paying membership.

### 3. Social

Unemployment and underemployment are of serious proportions although there are indications that both have declined modestly over the past couple of years. Substantial numbers of both urban and rural workers live only partially within the money economy. Among the rural elements a small, overworked patch of ground may



enable the individual to engage in some degree of subsistence farming. The urban unemployed lack even this recourse. Brazil has an agrarian reform program on the books but as yet it has been implemented only partially.

The drift of population from the rural to the urban areas has inundated the large cities with masses of unskilled workers many of whom must first be trained for even simple tasks in the industrial or services enterprises, even if job openings exist for them. Housing does not exist for these people, with the result that huge slum areas have grown up to breed further problems of health and nutrition.

School facilities have not kept pace with population growth. Illiteracy is high and poses a serious problem in both urban and rural areas.

It is in this area of social problems that the Brazilian labor movement has its major role to play. Cut off from political activity and with little latitude for action in the economic sphere, the trade unions can and in fact are encouraged by the government to be active in providing social services.

#### B. OBJECTIVES AND PROGRAMS OF AID IN BRAZIL

In presenting its proposals for the assistance program in Brazil for FY 1970 the Agency for International Development (AID) stated its objectives in the following terms:

"Brazil is half of the South American continent. Its size, population, natural resources and large industrial base make it crucial to the orderly development of the hemisphere and to the success of our overall assistance efforts in Latin America. U.S. assistance programs in Brazil have three overriding objectives:

- (a) Social Development and Reform - particularly in the critical sectors of agriculture and education to insure more widespread participation in the process of development and in the benefits derived from economic growth;
- (b) Stabilization - bringing inflation under control, which is essential to the rapid growth and sound development of Brazil's economy; and
- (c) Increased Economic Growth - a sine qua non for social justice and more equitable income distribution."

Within this overall program the labor sector is handled as one element as follows:

"To strengthen the free democratic trade union movement in Brazil by leadership training, encourage Brazilian-American "union-to-union" exchanges, development of Brazilian trade union services and by helping the Ministry of Labor in efforts to improve and expand services in fields directly affecting worker benefits, interests and productivity."

The American Institute for Free Labor Development (AIFLD) is the instrument being used for the execution of this program in the ranks of Brazilian organized labor. It provides courses in labor education, a substantial part of this effort through a sub-contract with the Instituto Cultural do Trabalho (ICT) formed by the eight Brazilian labor confederations. /1 Classes and seminars of varying degrees of academic sophistication are carried on at local, regional and national levels. Advanced academic training is provided at the AIFLD's facility in Front Royal, Virginia and at Georgetown University.

The AIFLD also assists local unions in executing social projects. These projects are financed by either loans or grants using both AFL/CIO and AID sources of funds.

The AID also runs a union-to-union program independently of, but with some degree of collaboration with, AIFLD. Under this program groups of unionists from a given union or field of activity are sent to the U.S. for periods of up to about a month where they are programmed jointly by AID and the U.S. Department of Labor with the assistance of their counterpart union in the U.S. In turn a team of usually two people from the U.S. host union are sent to

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/1 This arrangement provides an interesting example of the flexibility of legal interpretation and perhaps some measure of the importance attached to the education effort by the Brazilian Government. Although inter-confederation, -federation and -union organizations are prohibited by the Labor Code, the ICT was recognized and given legal status by the Government. A similar organization at the Federation level is functioning at Porto Alegre in the state of Rio Grande do Sul and similar organizations in other states have been proposed.

Brazil at a somewhat later date to complete the exchange. They are programmed in Brazil by USAID in collaboration with the Brazilian host union.

The annual labor program of USAID/B runs about \$830,000 or around 6.4 percent of the total technical assistance program.

A program of leader grants is also operated under the auspices of the Cultural Affairs Office (CU) of the Department of State and administered in the field by USIS. These grants are reserved for influential or potentially influential trade union leaders and are generally of short duration.

The International Trade Secretariats (ITS) have had some education programs in Brazil sometimes independently and sometimes in collaboration with AIFLD. At the present time only the International Metal Workers' Federation (IMF) and the International Chemical Workers' Federation (ICF) have programs in Brazil. These programs are small and limited in scope.

On the Government side, AID is carrying on several technical assistance programs in the manpower and statistics fields with the Ministries of Labor and Planning. These programs utilize U.S. technical specialists from the U.S. Department of Labor Technical Assistance Corps (DOLITAC), or the Department of Health, Education and Welfare (HEW) for assignments to the appropriate Brazilian agency for periods ranging from one or two months to as much as two years or more. In support of the work of the U.S. technicians, selected Brazilian technicians are sent to the U.S. for training

and observation in their particular fields. On their return to Brazil these specialists are expected to support and ultimately take over the work of the U.S. specialists.

Independent of, but related to these programs, is the activity of the International Manpower Institute (IMI) operated by the Department of Labor under contract with AID. The IMI provides specialized training in the manpower field at a fairly high academic level. Ten Brazilian technicians have attended this course since 1965 and an additional one is enrolled for the 1970 course.

### C. THE BRAZILIAN LABOR MOVEMENT

The Brazilian labor movement has had a history of development differing in material respects from that of other labor movements of the hemisphere. As a result, Brazilian organized labor today is not exactly a parallel of other labor movements either in its structure, philosophy, or attitudes. These differences pose problems which have had to be taken into account by both AID and AIFLD in developing their objectives and programs.

Prior to 1930 the Brazilian labor movement developed along lines closely comparable to many of the other countries of the hemisphere. During the early 1900's its leaders and organizers were Spanish, Portuguese, Italian and German immigrants. Anarchist principles dominated the movement. In fact, as early as 1909, the anarchist unions formed a Confederacao Operaria Brasileira (COB) which limped along for nearly twenty years.

During World War I the Brazilian labor movement grew rapidly. However, under the economic difficulties of the 1920's, the bitter internal struggle between the anarchists and communists, and the severe repressive measures by the government, the trade union movement stagnated.

The advent of Getulio Vargas to the Presidency and the launching of his Estado Novo marked a definitive change in the course of Brazilian labor. The Estado Novo was a corporate state. In the classical way this provided for the grouping of workers and employers in parallel organizations and provided for collective bargaining to be handled between these parallel organizations.

For the regulation of the trade unions a comprehensive labor code, the Consolidacao dos Leis do Trabalho, was adopted which, in all of its salient features, remains in force today. The code regulates in detail almost every aspect of union organization and operation and provides almost all aspects of working conditions and social benefits. The following are a few of its features:

- (a) Detailed procedures for the organization of a trade union and its recognition by the Labor Ministry as a "legal" trade union are provided. If not recognized by the Ministry the organization is "illegal" and is denied access to the labor courts.
- (b) The fields of economic activity in which unions are to be formed, and the grouping of these unions into Federations at the state level and into Confederations at the national level, are prescribed. Confederations in six (now eight)

fields, e.g., Industrial Workers, Commercial Workers, Land Transport Workers, etc., were defined but there is also a prohibition against the consolidation of these Confederations in a central labor body.

- (c) A system of labor courts, ranging from the Court of First Instance, the Junta de Conciliação e Julgamento, through a Tribunal Regional do Trabalho to a Tribunal Superior do Trabalho handles just about every kind of employee grievance and labor/management dispute.
- (d) For the financing of the trade unions the labor code provides for a Trade Union Tax (Imposto Sindical). This tax amounts to one day's pay per year and is paid by all workers whether members of unions or not. The proceeds of the tax are distributed according to a prescribed formula to the unions, federations, confederations, and a government-controlled fund called the Fundo Sindical. Workers who wish to belong to a union pay union dues in addition to the trade union tax.

The provisions of the labor code have been applied with greater or lesser degrees of stringency depending upon the government in power. However, the existence of this all-encompassing code of regulations of trade union organization and activity has had pronounced effects on the present character of Brazilian organized labor, among them the following:

- (a) Collective bargaining for all practical purposes is non-existent. On an industry-wide basis the union and employer, through their federations, present their demands and offers. The "negotiation" then goes through one or more levels of the labor court system and an award is handed down. Differences in which the court does not rule simply remain differences. Under the government's present wage policy the wage increase will be limited to the amount allowable under the government's prescribed formula. There is practically no bargaining at the plant level.
- (b) The union rarely becomes involved with management in worker grievances. The worker who has a grievance, if he cannot work it out on his own, takes it to the labor court where he may receive some assistance from the union. The substitution of the labor court mechanism for normal grievance procedure removes another of the conventional union roles.
- (c) Working conditions similarly are defined and prescribed in the law. Should the union seek advances in this area the employer can take the position that these matters are defined in law, and that he is observing the law.



- (d) Fringe benefits such as vacations, overtime, etc., are also prescribed by law leaving the union little room in which to maneuver in this area. However, it was observed that some employers are providing benefits beyond those legally required.
- (e) Union finances are provided by the trade union tax. The trade union leader does not need to rely on a large dues paying membership for finances, and consequently there is only minimal pressure on the leadership to exert great effort in the organizing field. An example is one industry with well over 200,000 employees all of whom pay the trade union tax, about 20,000 of whom are members of the union and of whom less than 18,000 voted in the last union election.

In summary, the very comprehensive provisions of the law leave the unions with limited ability to influence wages, working conditions or social benefits. At the same time the financing of the labor movement by the government, through the trade union tax, has the double effect of providing the government with an instrument for firm control, and shelters the labor leadership from the necessity to build membership to provide its economic resources.

Despite the legal limitations on its conventional activities the Brazilian trade union movement is a large one and extends across the country's whole spectrum of economic enterprise. Eight

national confederations are provided for under the law. A sense of both the scope and magnitude of the organization is provided in the following tabulation of the confederations and their claimed membership:

<u>Organization</u>	<u>Claimed Membership</u>
(a) National Confederation of Industrial Workers (CINTI)	5,000,000
(b) National Confederation of Commercial Workers (CNTC)	3,500,000
(c) National Confederation of Land Transport Workers (CNTTT)	140,000
(d) National Confederation of Workers in Credit Institutions (CONTEC)	140,000
(e) National Confederation of Maritime, River and Air Transport (CNTTMFA)	450,000
(f) National Confederation of Agricultural Workers (CONTAG)	2,500,000
(g) National Confederation of Communications and Publicity Workers (CONTCOP)	85,000
(h) National Confederation of Educational and Cultural Workers (CONTEEC)	<u>30,000</u>
<u>Source:</u> American Embassy, Rio de Janeiro's A-1066 of 9/25/68. <u>TOTAL</u>	<u>11,845,000</u>

Claimed membership figures tend to be inflated, grossly so in the case of agricultural workers, and there are probably no exceptions. However, even if one were to make an arbitrary downward adjustment of perhaps 50 percent the Brazilian labor movement would still constitute an impressively large and potentially influential organization. /1

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/1 A public opinion survey of workers in Rio de Janeiro released by MARPLAN of Brazil during our visit indicated that 37 percent of the workers belonged to unions. Of those belonging to unions, 65 percent said they were satisfied with them. Jornal do Brasil, May 4, 1970.

On the international plane, four of the Brazilian confederations, CNTI, CNTC, CNTTT, and CONTCOP are affiliated to the International Confederation of Free Trade Unions (ICFTU) and its regional organization, the Inter-American Regional Organization of Workers (ORIT). The following International Trade Secretariats (ITS) also have Brazilian affiliates:

- (a) Postal, Telegraph, and Telephone International (PTTI)
- (b) International Metalworkers Federation (IMF)
- (c) International Federation of Petroleum and Chemical Workers (IFPCW)
- (d) International Chemical Workers Federation (ICF)
- (e) International Transport Workers Federation (ITF)
- (f) International Federation of Commercial Clerical and Technical Employees (IFCCTE)
- (g) Inter-American Federation of Working Newspapermen's Organizations (IAFWNO)

The National Brazilian Confederation of Christian Workers (CBTC), an association, not a recognized trade union organization, at one time was affiliated with the Latin American Confederation of Christian Trade Union Organization (CLASc). However, this relationship was broken off in 1966.

Because of the limitations placed on it in the conventional fields of trade union action, Brazilian labor leaders turn to action in the social services field as the avenue through which to attract membership and maintain their support among the rank and file of the workers. Action in this field also is facilitated by the fact that the government strongly endorses this position. In various public statements government spokesmen have emphasized the priority which the unions should give to such fields as education, leadership training, medical assistance, etc., as services to their membership.

An excellent detailed analysis of the position of the Brazilian trade union, as a result of its enforced reliance on its social service as against its conventional trade union role, was published in Jornal do Brasil for May 3, 1970. A translation of the article is presented as Appendix II to this report.

In considering the kind and content of labor programs in Brazil, AID and AIFLD must take these realities into account.

D. LABOR PROGRAMS IN BRAZIL OTHER THAN AIFLD

In addition to the AIFLD there are a number of other programs in the labor field some of which have been identified briefly in a previous section of this report. In the following paragraphs an attempt will be made to examine these in somewhat more detail:

1. International Trade Secretariats (ITS)

For a time following the Revolution of 1964 a number of the ITS were operating and maintained offices in Brazil. In early 1969 a law was passed requiring all foreign entities such as the ITS to submit to a security check and be licensed to operate in Brazil. /1 For a time this stopped the work of the ITS. However, clearances were received but limited resources and lack of active support by their local affiliates resulted in most of them closing their offices. By the end of 1969 only the International Metal Workers' Federation and the International Chemical Workers' Federation remained active.

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/1 It is significant to note that this order did not apply to the AIFLD. The then Minister of Labor ruled that AIFLD, being an activity within the Alliance for Progress framework, did not fall within the intent of the order.

In the past the ITS has attracted a notable amount of support, as for example, the Postal Telephone and Telegraph International (PTTI) in the years immediately preceding and following the 1964 Revolution. For whatever reason this support and enthusiasm among the Brazilian labor groups has varied. Perhaps one Brazilian trade union leader expressed it when asked by the evaluation team why his union was not affiliated with any of the internationals. He replied that if the headquarters of the international were in Brazil, he would be interested; otherwise, no.

The ITS have a role to play in assisting counterpart Brazilian unions in both educational and social projects programs. The community of professional interest between them presumably should facilitate communications. However, the ITS lack resources with which to undertake such activities on any but a very limited scale. All except one have their headquarters in Europe and have worldwide interests which compete with the interest in Latin America. Those active in Brazil in the past have cooperated with the AIFLD.<sup>1/</sup> A few are thinking of renewing their activities here at least on some modest scale. AIFLD and ITS efforts should reinforce one another but from the purely practical standpoint of resources alone, it does not seem realistic to expect more than a modest effort from the ITS, except in activities which might be stimulated under the provisions of Task Order 42.

## 2. Inter-American Regional Organization of Workers (ORIT)

The ORIT maintains a main office in Rio and a sub-office in Sao Paulo. Each is a one-man operation. It carries on no independent

<sup>1/</sup> It does not apply to IMF and the ICF, both of which go their own way and maintain little or no contact with AIFLD.

assistance programs for its affiliates beyond providing three or four scholarships each year to the ORIT school at Cuernavaca. Four of the Brazilian Confederations including the two largest, the Industrial Workers and the Commercial Workers, are ORIT affiliates. The mission of the ORIT offices is primarily to keep touch with its affiliates and to supply them with information on developments in the field of international labor. Brazilian labor leaders seem to value their international associations, but to resent somewhat the fact that the ORIT should be headquartered, not in Brazil, the location of its largest affiliates, but in Mexico. Whether the rank and file of the Brazilian workers has any awareness of, or particular interest in, international affiliation, was impossible to determine but appears doubtful.

### 3. Organization of American States (OAS)

The OAS, through its Trade Union Technical Advisory Committee (COSATE) has provided the Brazilian trade unions with some technical assistance and support. A study of certain economic aspects of Brazilian labor's wage and price position was conducted in 1967 by a research expert retained by the OAS through COSATE. Several trade union leaders commented favorably on the project. At the present time, however, no similar operations are under way. The OAS has provided a number of scholarships to labor leaders for ORIT and AIFLD courses. This program has been very small, and its impact limited by its resources.

An OAS technician in the manpower field is also being made available to the Ministry of Planning on a periodic consulting basis.

He has collaborated well with the AID manpower specialists and is held in high professional regard by them. For the Ministry of Labor the OAS is providing at least two scholarships for Ministry specialists to the Training Center at Lima, Peru.

On balance, it can be said that the assistance rendered by the OAS while limited in amount has involved people of fairly high professional competence and has had a positive, beneficial effect. This view is based upon information obtained in interviews with the Minister and three other top officials of the Labor Ministry.

#### 4. International Labor Organization (ILO)

The ILO now has three technicians assigned to Brazil. One of these is a rural education specialist, and a second is an expert in vocational training.

The third ILO specialist is the first of a group of four technicians to be supplied under an ambitious United Nations Development Program (UNDP) project. The project is a five-year program contemplating the use of about eighty man-years of technician time in the fields of manpower planning, statistics and vocational training. The ILO and the United Nations Economic and Social Council (UNESCO) will collaborate in the program and supply the needed experts. The first of the team is presently collaborating with AID's experts in the manpower field in getting the program under way.

#### 5. AID Ministry-to-Ministry Program

This program (officially titled the Labor Ministry Services Expansion and Improvement Project) is intended to help the Brazilian

Ministry of Labor and Social Welfare to improve its professional competence and efficiency. It covers the areas of labor statistics, worker skill improvement, employment services, labor standards, wage and manpower administration and social security. The cost of the project over its life span (FY 1965 to FY 1973) is estimated at US\$1,582,000, of which about 6 percent would be supplied from the Trust Fund. In addition the Brazilian Government is supplying office space, and counterparts to work with the U.S. technicians.

Over the life of the program to date the services of nineteen U.S. technicians totalling about 165 man-months have been supplied. Concurrently, some forty Brazilian technicians in fields such as industrial safety, social security administration, price data collection, price index computation, data processing and industrial medicine have visited the U.S. for observation and study courses ranging from one to three or four months' duration.

The lines of communication between the AID and AID contract technicians on the one hand and the counterpart Brazilian agencies on the other are complex but seem to be operating well. Both the Ministry of Labor and Social Security and the Ministry of Planning are involved in this work, but there was no indication on the part of the U.S. technicians that they have any difficulty in gaining access to or working with their Brazilian counterparts. On the Brazilian side the Minister of Labor and his four top subordinates, when interviewed by the evaluation team, commented in the most favorable terms on the professional competence and cooperation on



the part of the U.S. technicians who have been or are presently assigned here. They also commented favorably on the results of the training received by Brazilian technicians in the U.S. In this connection the Minister said he hopes it will be possible to send additional substantial numbers of his people for similar training.

The following is a brief summary of some of the programs carried out under the Ministry-to Ministry program:

- (a) Labor Statistics. The National Salary Department (DNS) of the Ministry of Labor in 1966 embarked on an ambitious project to produce consumer price indexes to assist in its minimum wage recommendations and sought the assistance of AID on this program. As a result U.S. technicians recruited through DOLITAC from the U.S. Bureau of Labor Statistics (BLS) were sent to Brazil to work for periods of from one to six months in the DNS. At the same time DNS technicians were sent to the BLS for short periods of intensive training in specialized fields. On the advice of the U.S. technicians the project was reduced somewhat in scope to make it more manageable. Indexes have been prepared for thirteen cities and are being published entirely by the Brazilian technicians. Previously only much more limited data were available to the DNS in the indexes published by the Getulio Vargas Foundation.

Considering the vast economic differences between the several geographical areas of Brazil, this was a serious problem for the DNS. The DNS has recently begun regular publication of its new data although much remains still to be processed.

The U.S. technicians reported very favorably on the cooperation they received from their immediate counterparts and from other officials of the Ministry.

It seems reasonable to believe that for the near future at any rate the government will maintain its present wage policy of limiting increases to a figure approaching the cost of living increase. This policy lends added urgency to the need for reliable measures of the consumer price changes. With the more comprehensive and reliable data at its disposal, more realistic determinations of wage adjustments will be possible.

It should be noted that this project generated an important by-product. As a base for the preparation of the price indexes, family expenditure studies were excellently planned and executed. As a result, according to the technicians, they provide a rich source of data for research and planning in many related fields such as training and employment.

The six Section Heads of the Department, whom the Director of the Department facetiously refers to as his "cabinet," all were trained under this program and speak some English. They were unanimous in their favorable evaluation of the training they had received and said that without it they could not be doing their present jobs as well. The only criticism that could be elicited was that in some of the cities they visited and worked in the per diem was so low that they had some financial troubles. Also, they were emphatic (as was the Director) in saying that the program should be continued at least on a reduced scale for new people coming into their organization and for short refresher courses in new developments at some future date for those who have had the training and are now in executive jobs.

- (b) Industrial Safety. This project began in 1966 with the assignment of a technician from the U.S. Bureau of Labor Standards to work with the Brazilian Ministry of Labor on development of a long-range industrial safety and hygiene program. In accordance with the program developed, nine Brazilian technicians were sent to the U.S. to observe and receive intensive training in their special fields. In at least one case the Brazilian autonomous agency which employed the technician paid all of his expenses. By 1968 the

program had progressed to the point at which the Brazilian Government was able to promulgate an order requiring all employers of 100 or more people to establish permanent joint management/labor safety committees to implement the program. Opinion among the people interviewed by the evaluation team is that the program is proving successful, but statistical data on accident rates, to provide a quantitative measure of improvement, are not yet available.

- (c) Skill Training. Focal points of this activity are in the National Manpower Department (DNMO) of the Ministry of Labor, the Ministry of Planning and the National Industrial Apprenticeship Service (SENAI). On the U.S. side the center of activity lies with the Human Resources Development Section of the AID, including two U.S. Department of Labor specialists under contract. A variety of studies to determine skill needs of the economy have been made, combined with studies of training resources and methods to be used. As a result the DNMO has embarked on an action program to provide training for 100,000 workers primarily in the construction trades. As a corollary, the DNMO has established regional offices. These regional offices will serve as data collection and training centers concentrating on the

determined needs of the specific area. The DNMO also is embarking on a program to create a system of employment offices. At present it has twenty-four placement agencies scattered throughout the country, but according to the Director of the DNMO they do not have the necessary services nor the trained personnel to make them effective. He is seeking a program of training in the U.S. Employment Service to qualify his key technical personnel.

One U.S. technician has been working with SENAI. The objective in this case has been a dual one: to improve SENAI's conventional apprenticeship training procedures, and to expand SENAI's activity to include in-service training.

The program with SENAI is based on recommendations made by two U.S. technicians after a six-week detail to SENAI in 1966. From 1966 to 1968, four U.S. technicians were detailed to SENAI and since 1968 one has been detailed to put the program into action.

The program has moved forward but slowly. SENAI is an old and established bureaucracy with almost zero turnover in its personnel. Consequently, movement up the ladder for the lower echelons is slow. It is difficult therefore to gauge the effect of U.S. training on the course of the younger technicians. However,

the present U.S. technician working with SENAI believes that that agency will be able to take over on its own by the time his tour of duty is completed. The development of skills at all levels is an urgent need in Brazil. The AID programs have helped to improve the practices of such institutions as the DNMO and the SENAI at both the planning and operational levels, and consequently have made a contribution to the ultimate solution to the problem. Material with which to attempt to quantify this contribution might be developed but does not now exist.

- (d) The International Manpower Institute (IMI) Ten persons sent to the IMI course in Washington since 1965 were identified by the evaluation team. Of the ten, six are still active in the manpower field, five of them working with SUDENE in northeast Brazil and one with the DNMO in Rio de Janeiro. One is now with the ILO teaching at the Labor Ministry Training Center in Lima, Peru. One is known to have left SUDENE, but his present whereabouts is not known. Two appear to have been unfortunate selections. On their return they expressed dissatisfaction with and disinterest in the course, and both are believed to have left the government for other employment.

While it does not appear that any of the former participants have made major moves up the ladder, it is significant that eight of the ten are still active in the field for which they received training.

- (e) Social Security. About three years ago the Brazilian social security system was restructured. Whereas previously there had been a number of separate institutes for separate economic categories, these were combined into one organization, the National Institute of Social Welfare (INPS). Problems long imbedded in the system, such as the early age at which pensions are payable, the loose definition of "disability" etc., were compounded by new administrative problems arising out of the consolidation.

In 1967 the services of a U.S. consultant were provided to INPS for a brief period of time. The same consultant returned for a short tour in 1969 and found that some considerable progress had been made by INPS in its administrative and organizational set-up. However, he also noted that considerable improvements remain to be made.

As a result a program involving the services of two teams of two technicians, each from the U.S. Social Security Administration, to be assigned for six-week

tours to the INPS, has been developed. Concurrently, two teams of four members each would visit the U.S., for four months' tours, one to study general administration and the other, disability evaluation and rehabilitation.

This program scheduled to be carried out in fiscal 1970 (supplemented by a further program in fiscal 1971) has not been implemented yet due to top level personnel changes in the INPS and the desire of the new INPS President to reassess his training needs.

- (f) Census. A technical assistance program with the Brazilian Institute of Geography and Statistics (IBGE), because of its peripheral relationship to the present evaluation, was not investigated.

Regarding the Ministry-to-Ministry programs in general, the evaluation team found that Ministry officials are well pleased with the results obtained and very favorably impressed by the professional competence of the U.S. technicians supplied. They also expressed great satisfaction with the results of the training received by the Brazilian technicians whom they have sent to the States. In this connection, they said that their needs in this field have been filled only partially and expressed the hope that it will be possible for the Ministry to send additional numbers of its personnel to the States for training over the next few years.



## 6. AID Union-to-Union Program

The concept of the union-to-union program was developed some years ago with the trade unions of Japan. It has since been adapted to Brazil and there is also a similar program in Colombia.

The thinking behind this program in Brazil is that while industrialization and modern management techniques are developing rapidly, the trade unions' structure and techniques are not developing at the same pace. The objective is to expose influential and potentially influential leaders, especially younger leaders, to modern methods in the U.S., thereby permitting them to adapt the results of their observations to their own needs in the Brazilian context. The program is also intended to build up a mutual rapport and understanding between Brazilian leaders and the leaders of counterpart U.S. unions.

Operationally, the program consists of selecting promising leaders of a given influential union to visit their counterpart union in the U.S. for periods ranging from four to six weeks. While in the U.S., these leaders are programmed jointly by the AID, Department of Labor and the host union. The program is designed to permit them to study at first hand the structures, administration, and operational techniques of a U.S. union in the same professional field as their own. The Brazilian team is generally composed of about eight to ten members. In a follow-up arrangement a return visit to Brazil of about three weeks' duration for two, sometimes three officers of the U.S. host union, is sponsored. A variant in

one instance consisted of sending the Brazilian team to a short course at the University of Puerto Rico. All of the Brazilian teams make a brief visit to the ORIT school at Cuernavaca, Mexico, en route either to or from the U.S.

Since its inception some 400 Brazilian trade unionists and forty U.S. trade unionists have participated in the program. According to the Non-capital Project Paper (PROP) dated December 16, 1969, the total cost over the life span of the program (FY 66 through FY 74) is estimated to be U.S.\$1,659,000, of which U.S. \$112,000 is to come from the Local Currency Trust Fund.

No systematic follow-up on the participants in this program was maintained although a system to contact returned participants on their reactions has been instituted. A record is available in the case of two members of a team of labor journalists which attended a University of Puerto Rico course. These men reported that the course and the trip had been very useful in that they had gotten a number of ideas for improvements to be made in their own union newspapers.

In conversation with other labor leaders who had participated, or who had headed unions in which other officers of the union had participated in the program, favorable comments on it were received. Some felt that the experience of visiting and observing their counterparts' operations in the U.S. had broadened their outlook and given them new ideas for improving the work of their

own organizations. Others felt that the visits of the U.S. trade unionists were especially helpful in stimulating rank and file interest in the union. (The group in Porto Alegre made a special point of this.) On the negative side the feeling was expressed that too often the relations between the Brazilian trade union and its U.S. counterpart tended to end once the exchange visits had been completed. They felt that some device for maintaining periodic contact between the parties should be developed.

On balance it seems that beneficial results are being achieved, but in the absence of an objective and sustained follow-up the magnitude of the result among more than 400 widely scattered participants remains unknown.

#### 7. State Department Cultural Exchange (Leader) Program

Labor leaders also participate in the Cultural Exchange Program under the Bureau of Educational and Cultural Affairs (CU) of the Department of State. The program is administered in the field by the Cultural Affairs Officer (CAO) of the United States Information Service (USIS).

Between 1967 and 1969 eight Brazilian leaders in the field of labor affairs visited the U.S. under this program, according to information made available from CU files in Washington. Among this group have been three presidents of labor confederations, two university professors of labor law active as advisers to labor confederations and the Ministry of Labor, two members of Congress

active in labor matters in the Congress, and one priest active in campesino affairs and an adviser to a rural workers' federation.

Two of the confederation presidents are still in the same positions. The third, while no longer president, is Director of Labor and Social Affairs of the Confederation. The remaining five grantees continue active in the roles they had at the time of their participation in the program.

Inasmuch as participants in this program are already prominent figures at the time of their selection, it is not surprising that in general they have not advanced materially. However, it is encouraging to note that all of them remain active in important roles in the labor field, the consideration which dictated their selection in the first place.

CHAPTER III

GENERAL DESCRIPTION OF AIFLD PROGRAM IN BRAZIL

A. PROGRAM OBJECTIVES

The prime objective of AIFLD in Brazil as in other countries is to assist in the development of free and democratic trade unions. By "free and democratic trade unions" we understand unions which are truly responsible to their membership, which are neither controlled by nor dependent upon government, which are committed to free or open societies, and which can deal effectively with employers on an equitable basis to achieve responsible goals in wages and working conditions. By "development" of such unions we understand the training of intelligent and capable leadership, the organization of workers in such unions, the creation of union infrastructure to serve the interests of the membership, and the achievement of financial capability to carry out effective programs without outside support.

Under the conditions obtaining in Brazil there is a long way to go before these aims could be fully achieved. AIFLD and AIFLD/B are both conscious of this problem. The nature of Brazilian law and administrative practice, as we have seen, results in unions being financially dependent upon the state, which extensively controls and circumscribes their activities; it requires that union leadership be acceptable to the state, and almost completely eliminates the right to strike or the ability of unions to conduct collective bargaining as this is generally understood.

It is therefore implicit in the AIFLD program in Brazil that there is no opportunity to work in a straight line toward full accomplishment of the goal. Therefore, the immediate objectives can perhaps best be restated as follows:

- (1) To prepare the union movement for the day when free and democratic trade union activity may be permitted.
- (2) To strengthen the capability of unions to work along lines of opportunity to secure modifications in government policy that will permit in one respect or another freer unions with a freer sphere of activity.
- (3) To assist unions at least to hold their own as an organized force, in the face of restrictions on their activities, by conducting social programs and other activities that are legally permissible and of benefit to their membership.

It is evident that the pursuit of these policies carries with it no assurance of success. Every hope that exists, and indeed the whole of the AIFLD program, could be cut down at any time by the Government of Brazil. There is, indeed, a body of opinion, which we find much in the minority, that holds that the outlook is already so dismal that AIFLD is wasting its time and endangering its reputation by association with a labor movement which is too much captive to the state.

This appears to us to be too dogmatic a view. No one can predict the future course of Brazilian politics nor exclude the possibility of considerable shifts either by evolution or more climactic events. For this reason the AIFLD/B program has been likened to an "insurance policy" to assure that there will be a responsible democratically-oriented trade unionism that can avail itself of opportunities that may be created, so that a clear field is not open to extremist movements of the far right or far left.

This rationale seems to us to justify more than amply the limited resources being put into the AIFLD program. Free institutions will never work unless they have roots in the working population. Further, should events occur in Brazil which make it impossible for independent institutions to exist, it will not only be the AIFLD program which goes down the drain; the entire AID effort will go down with it, too.

There is also room for some mild and cautious optimism within the existing political situation. AIFLD is not only tolerated in Brazil but generally welcomed and regarded by some elements, such as the Ministry of Labor, with relative favor. The Brazilian Revolutionary Government has made a number of statements and passed some legislation (unimplemented or almost wholly so) in favor of workers' interests in such fields as agrarian reform and collective bargaining. Further, while labor unions are effectively controlled by Government, they do provide a voice for labor and make numerous attempts to register their views with Government and secure liberalization in policy. Trained and responsible leadership, not feared

by Government as representing a potential threat from the extreme left, could some day carry some weight and perhaps be a significant factor in an opening toward a freer society.

#### B. SCOPE AND TECHNIQUES OF AIFLD PROGRAM

A broad perspective of the AIFLD program in Brazil can be gained by examination of Tables 1 and 2.

Table 1 classifies total expenditures (including loans and counterpart funds) of \$3,601 thousand from 1963 through 1970, according to source of funds. At current levels the AIFLD/B program runs somewhat less than 5 percent of the entire USAID/B technical assistance program, and is modestly supplemented with some financing through AFL/CIO funds. Table 2 classifies expenditures according to the object of expenditure.

AIFLD/B's main office is established in Rio de Janeiro, where approximately 46 percent of the basic program costs (salaries, rent, administrative expenses) are incurred. An office of approximately equal size and cost is maintained in Recife. A small office (8 percent of total) is maintained in Sao Paulo.

The core of AIFLD's program in Brazil is labor education. This consists primarily of courses given by Instituto Cultural do Trabalho (ICT), an organization jointly controlled by the eight Brazilian labor confederations and AIFLD, and almost wholly financed by the latter. The ICT gives seven to ten-day "regional courses" throughout Brazil as basic orientation in Brazilian unionism and union leadership. In addition it gives a nine-week advanced residence course four times annually at its center in Sao Paulo, to which



Table 1

AIFLD/Brazil Sources of Funds  
1963-1970  
(in '000)

<u>Year</u>	<u>U.S. Government/1</u>	<u>AFL/CIO</u>	<u>Other</u>	<u>Total</u>
1963			\$ 73	\$ 73
1964	\$ 170		18	188
1965	526	\$ 2	-	528
1966	399	19	-	418
1967	659	1	-	660
1968	545	38	-	583
1969	594	22	-	616
1970 (est.)/2	<u>535</u>	<u>/3</u>	<u>-</u>	<u>535</u>
TOTAL	\$ 3428	\$ 82	\$ 91	\$ 3601

Source: AIFLD/B records. Price, Waterhouse audits of ICT; Touche, Ross audits of AIFLD/B; AID/B Controller's Office.

Notes:

1. Including counterpart, converted to dollars at then prevailing exchange rate.
2. Task Order 51 for the 1970 program is presently being renegotiated. Figures shown are the original approval.
3. Unknown.



AIFLD/BRAZIL PROGRAM  
AND RELATED AID/B  
19

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YEAR	Basic Program Cost <sup>2/</sup>			Education Program			
	Rio de Janeiro	Recife	Sao Paulo	ICT Courses & Seminars	ITS Courses <sup>3/</sup>	AIFLD/B Special Ed. Pgm.	USA Courses
1963	\$ 33			\$ 40			
1964	134			54			
1965	255			101	\$ 11		
1966	224			113	42		
1967	374			119	107		
1968	129	\$ 129	\$ 22	135		\$ 10	
1969	137	139	23	137		14	\$ 3
Est. 1970 <sup>4/</sup>	143	143	25	160		10	4

Source: AIFLD/B records; Price, Waterhouse audits of ICT; Touche, Ross audits of AIFLD/B; AID/B Controller's Office.

Notes: 1. Task Order 51 for the 1970 program is being renegotiated. The figures shown are the original approval.

2. Basic Program Cost for the years 1963-1967 cannot be allocated among offices.

3. The International Trade Secretariat (ITS) conducted an education program with AIFLD/B funds from 1964-1968. Funds for 1964 are included in 1965, and funds for 1968 are included in 1967. Unions comprising ITS are Postal, Telegraph & Telephone International Federation of Commercial, Clerical and Technical Employees; and International Federation of Petroleum and Chemical Workers.

4. Brazilian students have attended AIFLD courses in the United States since 1963. The associated cost is included in Basic Program Cost for the years 1963-1968.

5. \$42,000 of loan funds have been repaid; \$37,000 was reinvested in 1969.

6. Task Order 51 specifies \$50,000 for small projects. In addition, an undetermined amount of loan repayments will be reinvested.

7. \$9,000 of loan funds have been repaid.

8. Unknown

9. Listed according to year obligated. Converted to dollars at then prevailing exchange

TABLE 2  
PROGRAM EXPENDITURES  
AID/BRAZIL COUNTERPART  
1963 - 1970  
(000 omitted)

Courses <sup>4/</sup>	Social Projects					Counterpart N.E. Brazil <sup>2/</sup>	TOTAL
	Small Projects		Impact Projects		Regional Revolving Loan Fund		
	Loans	Grants	Loans <sup>7/</sup>	Grants			
				\$ 2		\$ 159	\$ 73
	\$ 16	\$ 4	\$ 10	9			188
	33	7		1		19	528
	24	1	25	13		95	418
3	112 <sup>5/</sup>	4	18	4	\$ 25		660
4	45 <sup>6/</sup>	5	-- <sup>8/</sup>	-- <sup>8/</sup>	-- <sup>8/</sup>		583
							616
							535

AID/B

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labor union officials and potential leaders are drawn from throughout Brazil.

At the apex of the educational structure AIFLD sends Brazilians to the U.S. for training at its educational center at Front Royal and, in a few cases, for training in labor economics at American universities.

AIFLD's program also includes a substantial element of technical assistance and a significant social projects program. Both of these aspects of the program have the objective of strengthening the unions chiefly through broadening the scope of their services to members. Thus, they also make a meaningful contribution to social progress in the country going beyond basic development of the trade union movement. This could be said of the labor education program as well to the extent that it provides training oriented to furthering social service and community action.

While the Rio de Janeiro office is largely concerned with overall administration of the AIFLD program and basic representation of AIFLD with the Brazilian labor movement, the Recife and Sao Paulo offices are primarily engaged in technical assistance activities. At Recife the principal aim is to work with union organizations to enable them to provide a voice for rural workers, to prepare them for land reform, and to take such action as is possible under existing circumstances to improve their economic lot. Thus, it is involved in promoting and developing the programs of rural workers' interests to Government agencies, for community development, for experimentation in new agricultural techniques, for distribution

of food and fertilizers, for rendering of dental care, and other services. All of the counterpart used in connection with AIFLD programs in Brazil has gone into the northeast programs, and social ("small" and "impact") projects have also played a supporting role.

In the south technical assistance has been much less extensive. It has involved community development work, in association with local labor organizations, essentially in rural areas and also at the Vila Samuel Gompers urban housing project in Sao Paulo.

Social projects (small projects financed with USAID funds and impact projects supported by AFL/CIO funds) are conducted partly on a grant but chiefly on a loan basis. They are carried out throughout the country to help strengthen unions. They relate principally to the building or purchase of union halls and to assisting unions to provide medical and other services to members through these halls.

AIFLD has used the Regional Revolving Loan Fund only for one project--development of a successful low-cost vacation center for textile workers.

The various elements of the AIFLD/B program are described in considerable detail in the succeeding section of this report, together with commentaries on their impact and on problems and issues which warrant consideration in program evaluation and planning.

CHAPTER IV

DISCUSSION OF PROGRAM ELEMENTS

A. LABOR EDUCATION

1. Description of Education Programs

AIFLD's program for labor education in Brazil includes:

- (a) advanced training in the U.S.;
- (b) advanced training at the Instituto Cultural do Trabalho (ICT) at Sao Paulo;
- (c) regional courses sponsored by ICT throughout Brazil; and
- (d) special courses given by AIFLD/B.

These elements will be discussed in order.

a. Description of Training in the U.S.

The following is a listing of the labor courses in the U.S. to which Brazilians have been sent from 1963 to date, including a group of twenty now in process:

Front Royal:

Instructor Training Courses	81
Advanced Leadership Courses	35
Advanced Collective Bargaining	20
Training for International Trade Secretariats	8
Community Development and Cooperatives Courses	7
Labor Relations Courses	6
Labor Teacher Training	4
Communications Course	<u>2</u>
Sub-total	163

American Universities:

Loyola (Labor Economics)	3
Georgetown (Labor Economics)	<u>7</u>
Sub-total	<u>10</u>
<u>TOTAL</u>	<u>173</u>

AIFLD/B's method of selection of candidates is to request nominations from the respective Labor Confederations. To insure, however, that candidates named are suitable for training, AIFLD establishes ground rules to govern selection. Thus, in 1969 AIFLD/B notified the eight Brazilian confederations of the following ground rules, established by AIFLD/W, to be effective January 1, 1970:

- "1. Participants must be between 18 and 50.
- "2. Participants must have participated in an ICT residential course.
- "3. Participants must not previously have participated in an AIFLD course in U.S.A.
- "4. The participants should be selected, depending upon the course, as follows:
  - "a. Collective Bargaining - Officers of unions, federations, and confederations.
  - "b. Leadership Training - Officers and union delegates to federations.
  - "c. Instructors - Union members as well as those cited in (a) and (b) can be chosen.
  - "d. Cooperatives and Community Development - Directors of cooperatives and of unions that work in community development.
  - "e. As for special courses there should be selected unionists to whom the course applies.
  - "f. Any candidate who does not meet these criteria will be able to participate only with the previous knowledge and approval of AIFLD."

The last provision is in effect an escape clause which makes it possible for the confederations and AIFLD to agree upon exceptions necessary to select outstanding candidates that do not meet all of the other criteria.



Within the framework of this procedure AIFLD/B does endeavor to negotiate with the confederations to select certain individuals whom it believes of unusual ability and promise and particularly desirable for training in the U.S. AIFLD/B believes that this method works better than if AIFLD itself were to attempt to select candidates directly, since the latter course would be resented by the confederations as interference in their affairs. Direct selection by AIFLD/B could arouse suspicion of efforts to build up men to undermine the position of current leadership, which would be prejudicial to the AIFLD program and to the individuals selected.

b. Description of Advanced Training at ICT in Sao Paulo

The Instituto Cultural do Trabalho (ICT) is a non-profit organization controlled by a Board of Directors on which all eight of the labor confederations in Brazil are represented. Various AFL/CIO and AIFLD officials (including Messrs. Meany and Doherty, and the AIFLD/B Country Program Director) are also members of the Board.

Prior to reorganization in 1968, the ICT had been controlled by a group representing essentially academic rather than union interests who were considered increasingly non-responsive to the aims of both the unions and AIFLD. In consequence, a reorganization was successfully achieved, by which control passed to the labor confederations, and a change in the ICT direction was effected.

The Institute is now directed by Senhor Helcio Maghezani, who was formerly Vice President of the Confederation of Communication Workers and President of the Sao Paulo Federation of Communication Workers.

The ICT's full-time staff consists of eighteen employees, as follows:

- 1 Director
- 1 Supervisor of Instructor/Coordinators
- 8 Instructor/Coordinators
- 8 Administrative employees

In addition to the full-time staff, the ICT draws heavily on part-time lecturers. These include ranking officials of the Brazilian trade union movement, several of whom come down from Rio de Janeiro to give their courses. Instructors also include professors from the University of Sao Paulo, local attorneys and others who work with labor unions, and the Director of the AIFLD office in Sao Paulo.

The Institute is recognized by the University of Sao Paulo and graduates receive a certificate from that institution as well as from ICT. This significantly increases the prestige of participation in the ICT courses.

The Institute is housed in three buildings, one of which is for administration, and the others for residence facilities (dormitories, sitting room, dining room and kitchen) and classrooms. The premises are relatively old but functional and very neat and well-maintained. There are library and mimeograph room facilities. The ICT also publishes a printed newsletter.

The following is a statement of sources of income and object of expenditure for 1969:

	<u>New Cruzeiros</u>	<u>Dollar Equivalent</u>
<u>Receipts:</u>		
From AIFLD	NCr 593,253	\$ 131,800
Other	<u>12,437 /1</u>	<u>2,800</u>
Total	NCr <u>605,690</u>	\$ <u>134,600</u>
<u>Expenditures:</u>		
Administration	175,653	39,000
Building expense	98,584	21,900
Courses at ICT	136,259	30,300
Regional courses	159,373	35,400
Balance	<u>35,821</u>	<u>8,000</u>
Total	NCr <u>605,690</u>	\$ <u>134,600</u>

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/1 Chiefly rental of facilities to another labor group.

The foregoing expenses include costs of operating the regional courses described in the next sub-section as well as the advanced residency course with which this sub-section is concerned.

As will be noted from the figures, the ICT is almost completely financed by AIFLD. During the past year, however, significant progress has been made in securing a greater measure of Brazilian support than the above figures would indicate. New rules have been promulgated by ICT under which the respective unions are required to provide transportation of students to and from Sao Paulo, although the Institute continues to pay some expenses in certain cases (e.g., where expensive air transport is involved). In addition, progress has been made in persuading unions and some employers to assure continuance of salaries of students during the nine-week study period; approximately a quarter of the class enrolled at the time of our evaluation study was provided for in this manner,

and it is expected that the proportion will increase. Finally, ICT has had considerable success in eliminating the practice of paying lecture fees to lecturers from union organizations and to some extent the necessity of paying their per diem and transportation expenses. /1

Over the long-run it is contemplated both by AIFLD and the confederations that the latter will take over financing of the ICT. However, as this involves getting eight separate confederations to agree to make new commitments of funds in an equitable manner, it will be a slow and complicated process.

The ICT gives four courses (formerly three) a year, each of nine weeks' duration. Except for local Sao Paulo students, all are residents at ICT. Each class consists of approximately twenty-five, of which two each are chosen by the eight labor confederations. A few are selected by ITS's in Brazil and by AIFLD/B. Priority is given to outstanding graduates of regional courses, whose names are supplied by the ICT to the confederations, and to persons occupying important union positions.

The ICT course is comprehensive in its coverage. Subjects include world labor history with emphasis on Europe, the U.S., and Latin America; study of the development and organization of the Brazilian labor movement and of all Brazilian legislation affecting labor interests; union leadership; human relations in the work situation; and the philosophies of capitalism, socialism and communism.

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/1 AIFLD/B has also calculated the support made available by local unions and federations for regional courses as worth NCr\$16,080 in 1969 (NCr\$9,280 for instruction time of local labor leaders at NCr\$20 an hour, and NCr\$6,800 as the value of union meeting places provided). This would be roughly US\$4,000.

Courses are presented by the lecture and discussion method. A class attended by the team appeared to be extremely well conducted with active and interested class participation. In addition the ICT supplies students with a considerable number of paperback textbooks, all in Portuguese, and several published by the ICT itself.

The thoroughness with which courses are organized is further evidenced by the abundance of mimeographed course outline material made available to us--some 300 pages including the regional courses.

A detailed examination of the course outline material on the residency course has provided a good means of analyzing its orientation. The approach is scholarly, and presentation of facts is markedly preponderant over ideological content. With respect to the latter, where it emerges, it can be described as reflective of moderate democratic trade unionism. The course outline criticizes communism on the ground that Marxist theory has been proved faulty, and that the conditions of labor and all of society under capitalism (e.g., U.S.A. and Germany) have risen rather than deteriorated. With respect to socialism, it is indicated that experience shows that intervention of the state contributes to social harmony and progress only when it is limited to correcting faults of individual initiative, or to guarantee the "normality" of collective life. Capitalism is described as being either exploitative, paternalistic, or organic ("organico"). The latter is described as a system in which capital and labor are equals and in which unions secure their

rights through collective work contracts and recognize the rights of employers. In the study of the functions of unions, such matters as the right to organize, the right to strike, and the right to bargain collectively are included.

In sum, the ICT conveys the impression of a very efficiently operated school both in physical appearance and program organization, which is educating for leadership in the Brazilian labor movement within the context of a philosophy of moderate democratic trade unionism.

c. Description of Regional Courses Sponsored by ICT

In addition to its courses at Sao Paulo, ICT gives worker education courses throughout the various regions of Brazil. For this purpose, it has on its staff eight regional coordinators who give these courses, often with the assistance of local ICT graduates.

At the end of each year the coordinators meet and a schedule of classes for each region is prepared for the following year. Some courses are given by day, but most are given in the evening after working hours. As a general rule, courses will not be given unless a group of twenty is interested.

There is some regional variance as to the manner in which the courses are organized and sponsored. The most organized system is in Rio Grande do Sul, where most of the labor federations have gotten together to organize a comprehensive program of labor education within the State in cooperation with the ICT and the ICT coordinator of the State. This system is described in Appendix III to this report.

It is hoped that this system can ultimately be applied in other states. However, there are frequently frictions among the various union federations within a state, which makes this difficult to achieve. In some provinces certain federations are for varying reasons uninterested in the ICT program. In consequence there will be varying patterns of union support and cooperation.

One of the most interesting local variations is in the port city of Santos, which has a reputation as a "hotbed" of radical union activity. Here the local union leadership (which of course has long since been purged of communists) did not cooperate in organizing local courses. Their reasoning is believed to be that the courses might undermine their positions in two ways: (1) by alienating some of their left-wing voting members because of ICT's alleged "conservative" orientation, and (2) by training individuals who might later challenge the established leadership. In consequence, a number of ICT graduates got together in Santos and are organizing courses in cooperation with ICT apart from the union leadership. The courses thus appeal to trade unionists who occupy a middle ground between the established leaders whose main interest is in holding their union jobs and the more radical elements of their constituency. In other words, the organizers represent that element of union leadership with probably the greatest promise in the development of an authentic free trade union movement.

The ICT maintains records on regional courses given and evaluates the outstanding students. Usually two or three are identified as having very good potential for more advanced training.

While the confederations are not obliged to select these persons for ICT residency training, they are asked to give them priority consideration.

There are three courses given at regional level--a basic orientation course of seven days' duration; a union education course of ten days; and special courses (chiefly shop steward). Decision as to what course to give in each locality are made by the ICT regional coordinator for the region. The shorter orientation course is deemed most elementary, but is essentially a cut-down version of the longer union education course. The latter in turn is essentially a shortened version of the ground covered in the ICT advanced residency course. The regional courses, however, eliminate completely any discussion of international labor history and development and concentrate on Brazilian labor organization, practice and legislation. While they thus serve to make labor leaders more knowledgeable and effective under Brazilian conditions, they do not appear designed to have much broadening effect.

ICT has also recently inaugurated a correspondence course, which appears to be well received.

#### d. Description of Special Courses

Most of the special courses given directly by AIFLD have been in the field of rural agriculture. Some of the courses are in the northeast and are touched on in the subsequent section of this report dealing with this region of Brazil. In addition a number of courses on rural agriculture and community development have been given on an experimental basis in southern Brazil. These courses involve about thirty participants each and extend over a one-month period. An experimental course in school administration was held in Rio de Janeiro city.



2. Impact of the Labor Education Program

a. Impact of Advanced Training in the U.S.

From 1963 through 1969 AIFLD sent a total of 129 /1 Brazilians to Front Royal and nine to labor courses at Loyola and George Washington Universities.

At the present time AIFLD is in the process of building up records from which it can be shown where these people are now placed, both absolutely and in comparison with their positions at the time of selection for training in the U.S. If carried out fully, this will provide an important indication of impact. /2

From information currently available in AIFLD/B files, we have compiled data on the current positions of 129 Front Royal graduates who studied during the years 1963 through 1969. This compilation is presented in Table 3. From this Table, it will be seen that ninety-four of the 129 are still in the union movement, only ten have clearly left it, and twenty-five cannot be, or have not as yet been located. (The tracing process is continuing.) Of the ninety-four clearly still in the labor movement, eighty-seven are in positions of leadership or working professionally for labor organizations in Brazil.

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/1 The gross total is 135, of which six individuals attended more than one course.

/2 We have suggested to AIFLD/B that they make this analysis separately for students attending different types of Front Royal courses. The reason for this is that different courses should lead to different expectations. For example, one would hope that those going to a course on advanced union leadership would rise to higher positions in their unions. However, those attending a course in community development can best be measured according to their subsequent accomplishments in this sphere of activity.

Table 3

Positions Held in Brazilian Labor Movement by  
Front Royal Graduates (Classes 1963  
through 1969)

<u>Position Held in 1969-70</u>	<u>No. of Front Royal Graduates</u>
<u>GRAND TOTAL</u>	<u>129</u>
Officials of Confederations	<u>3</u>
Presidents	<u>1</u>
Other	2
Officials of Federations	<u>23</u>
Presidents	<u>9</u>
Other	14
Officials of Unions <u>/1</u>	<u>43</u>
Presidents	<u>18</u>
Other	25
Officials of Other Labor Organizations	<u>18</u>
ICT	<u>8</u>
AIFLD/B	7
ITS	3
Union Members	<u>7</u>
Others	<u>10</u>
Government Official	<u>1</u>
Out of Labor Movement	7
Deprived of Political Rights	1
Deceased	1
Not Known	<u>25</u> <u>/2</u>

/1 Not including confederation and federation officers also holding positions with local unions.

/2 The number of unknowns may be unduly high since AIFLD/B has not yet completed its project of tracking ex-students.

Source: AIFLD/B statistics and files.

A much harder task is to pull together data comparing current jobs with those held at the time the students were sent to Front Royal. Moreover, in view of the short time that has elapsed, great progress cannot necessarily be expected. Nonetheless we have worked out these data for one group of students--those who went to Front Royal in 1966. We chose this as a year late enough to reflect a shake-down in the selection process, yet early enough that significant changes in position might be observable. The results are presented in Table 4.

Of the thirteen persons whose full records we could locate (of a total of fourteen), seven appear to have risen to positions of greater responsibility though, of these, two (both ICT instructors) have since left their posts. Two appear to hold approximately the same level of responsibility as before. Two officers have lost ground--one reverted to ordinary member status, and the other was deprived of civil rights by the Government. The status of two ordinary members sent is unknown, which makes it probable, though by no means certain, that they have not reached leadership positions.

Taking these sets of data together, we believe the conclusion is warranted that Front Royal training is effective in reaching individuals of leadership potential. The statistics also tend to support the general belief that Front Royal training helps a union man seeking election or re-election to union positions, but because many other factors are involved this cannot be effectively measured.

Table 4

Status of Students Before Attending Front Royal  
Classes in 1966 and as of 1969

<u>Former Status</u>	<u>Present Status</u>
1. Ordinary Member	President of Union
2. Secretary of Federation	President of Federation
3. Treasurer of Union	President of Union
4. Ordinary Member	Employed professionally by AIFLD/B
5. Ordinary Member	ICT Instructor
6. Ordinary Member	ICT Instructor, now retired
7. Ordinary Member	ICT Instructor, now only ordinary member
8. Union Representative to Federation	Director of Union
9. Director of Education of Union	Director of Union
10. First Secretary of Union	Ordinary Member
11. President of Union	Deprived of civil rights by President of the Republic
12. Ordinary Member	Status unknown
13. Ordinary Member	Status unknown

Source: AIFLD/B files.

We also made a rough check of Front Royal candidates according to the unions they represent. This indicated very substantial representation of the industrial workers (CNTI) in many branches, including important metallurgical (including steel) and petrochemical industries. The commercial and communications workers were also well represented. Our examination suggests, however, that the banking and transportation sectors were not as well represented as might have been expected. Agricultural representation was also weak, but promising candidates in this poorly organized sector are not plentiful. (It is highly significant, however, that the current President of the Confederation of Agricultural Workers is a graduate of both ICT and Front Royal.) The main gap in terms of strategic importance of unions is the lack of candidates from key industrial

unions in the larger industrial areas, a problem to which we will refer at length later in this report (see pp. 103-106).

We also had a look at the subsequent histories of the three Brazilians sent to Loyola and six sent to Georgetown during the 1966-69 period.

Of the three Loyola men, one works for an ITS in Brazil (International Federation of Commercial, Clerical, and Technical Employees). Another worked for a time for a labor-sponsored statistical gathering organization in the state of Sao Paulo and is now Financial Counselor of the Industrial Workers' Confederation (CNTI). A third is employed by the Communications' Confederation (CONTCOP).

The Georgetown graduates are now (1) a union secretary; (2) financial counselor of a union; (3) President of the Federation of Worker of the State of Amazonas and Director of Organization of the Industrial Workers' Federation; (4) secretary of a banking union; (5) alternate fiscal council member of a banking union; (6) assistant of the Federation of Agricultural Workers in the province of Sergipe.

These data available from AIFLD/B do not provide sufficient information to judge the extent to which education in the U.S. is being put to productive use by course participants. While they are almost all positioned where it could be useful, our general impression is that the training is not being significantly utilized in positions of key importance that should have been expected. We would suggest much more careful planning and evaluation of this sector of the program.

b. Impact of Advanced Training at ICT

The ICT is developing a "follow-up" system to learn what becomes of its alumni. Some results should be available in a few months. The most we were able to do was to make a spot check of some of the follow-up responses. From this it would appear to us that, as in the case of Front Royal, the results will show a good correlation between training and subsequent union performance.

A feature that we liked about the ICT's follow-up is that it asks for information on all of an alumnus' subsequent union activities, not only his union position. This turned up some interesting data showing that many of the alumni, though not holding office, are actively engaged in union activities. These include work on the formation of union-sponsored cooperatives and assistance to ICT in organizing and conducting regional workers' education courses. This gives a much fuller picture of the impact of the training program; follow-up information on Front Royal graduates should also be more impressive if this feature were included. A dedicated active unionist may often be of more long-run value to the achievement of authentic free labor unions than those so placed as to rise swiftly and facilely to positions of nominal leadership.

To gain a better idea of the coverage of ICT, we have compiled from AIFLD/ICT records three Tables showing respectively the following:

Table 5 - Classification of ICT Students According to  
Trade Union Field

Table 6 - Classification of ICT Students According to  
Union Office Held

Table 7 - Classification of ICT Students According to  
Region of Country from which Drawn

All of these Tables are based on the 136 students attending courses held between March 5, 1969 and June 1, 1970, the period during which ICT has been operating under its current leadership.

Our judgment is that in most respects these data indicate a fairly well-balanced selection of candidates. There are, however, a number of conspicuous holes.

In the industrial fields, the metallurgical industry (which includes automobiles, shipbuilding, steel mills, metal fabrication) is poorly represented in proportion to its strategic strength. (See Table 5). To a lesser degree this is also true of the petrochemical industry. This is in large part due to the non-participation of key unions in the Sao Paulo, Rio de Janeiro, and other industrial areas in the AIFLD/ICT program.

In view of the key importance of Sao Paulo in Brazilian industry, we would not view unfavorably the high concentration of ICT students drawn from that state (See Table 7). Again, however, considering the non-participation of key Sao Paulo unions in the ICT program, we question the validity of the Sao Paulo emphasis (which probably results from sheer proximity to ICT).

Table 5

Classification of ICT Students According to Trade Union Field  
(Period March 1969 to June 1970)

<u>Field</u>	<u>No. of Students</u>
<u>GRAND TOTAL</u>	<u>136</u>
Manufacturing and Related Industry	<u>40</u>
Chemicals	4
Garments	2
Food Processing	4
Metallurgy	2
Combustible Fuel	1
Shoes	4
Glass	2
Textiles	5
Combs and Buttons	1
Paper	7
Carpentry	2
Electrical	1
Hides and Skins	1
Bakers	1
Tailoring	2
Graphics	1
Utilities	<u>31</u>
Telegraphy	5
Telephone	16
Electrical Energy	8
Urban Utilities	1
Gas	1
Transportation	<u>23</u>
Port Workers	9
Stevedores	2
Drivers	12
Other Services	<u>31</u>
Journalism	1
Banking	9
Educational and Cultural	6
Commercial	10
Labor Union Employee	1
Nursing	2
Civil Construction	2
Rural	<u>11</u>

Source: AIFLD/B and ICT statistics



Table 6

Classification of ICT Resident Students  
According to Union Office Held  
(Students attending between March  
1969 and June 1970)

<u>Office</u>	<u>Number</u>
<u>GRAND TOTAL</u>	<u>136</u>
President	25
Vice President	1
Secretary	19
Treasurer	15
Union Representative to Labor Federation	6
Supplementary Directors <u>/1</u>	12
Fiscal Counselors	10
Social Directors	5
Legal Counsel	1
Librarian	1
Shop Stewards	8
Ordinary Members	33

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/1 These persons are elected to fill vacancies should they occur  
in other offices.

Source: ICT statistical records.

Table 7

Classification of ICT Students According  
to Region of Country from  
which drawn  
(Period March 1969 to June 1970)

<u>Region and State</u>	<u>No. of ICT Students</u>	<u>No. of Unions in State</u>
<u>GRAND TOTAL</u>	<u>136</u>	<u>2,053</u>
South	26	427
Rio Grande do Sul	18	187
Santa Catarina	8	126
Parana	-	114
Central	89	892
Sao Paulo	55	442
Rio de Janeiro	14	125
Guanabara	9	108
Minas Gerais	7	181
Espiritu Santo	1	33
Brasilia	3	3
Northeast	17	595
Bahia	4	78
Pernambuco	10	101
Piaui	--	81
Paraiba	--	58
Rio Grande do Norte	--	55
Alagoas	2	24
Sergipe	--	21
Ceara	--	120
Maranhao	1	57
Interior	4	139
Goias	1	39
Para	2	55
Amazonas	1	39
Other States and Territories	--	6

Source: AIFLD/ICT statistics

We also note that ICT draws very poorly from the important northeast sector of the country except from Pernambuco, where AIFLD/B has a branch office at Recife. It indicates, in fact, a very weak impact on an important area. Much of this gap is due to the fact that the ICT course is not geared to agricultural workers, for which different laws and problems apply than to other workers. ICT is currently considering a special course for rural workers. We believe, however, that ICT and AIFLD should also review whether they are getting sufficient students from the industrial, transport, and other sectors in the northeast.

The gap in the southern state of Parana is of comparatively little importance, but is a curiosity that would warrant investigation. Apparently the confederation selection process has so far resulted in by-passing it in favor of more important states since Parana has many regional courses.

Another factor that should be taken into account in evaluating ICT's impact is that it tends to draw heavily from small unions and seems to be less effective in attracting "up and coming" potential future leaders of strong unions. Therefore, the large number of union presidents (see Table 6) attracted can be looked at two ways. On the one hand, it is doubtless a means of giving many small unions their first injection of trained leadership. On the other hand, this is not the source from which the future top leadership of the Brazilian labor movement is likely to spring.

In sum, therefore, our judgment is that the ICT advanced course given at Sao Paulo has a substantial impact through broad sectors of the labor movement of this large and diverse country.

However, this impact has some weaknesses at points in which the Brazilian labor movement is currently and potentially most important.

c. Impact of Regional Courses Sponsored by ICT

The following is a tabulation of the program of regional courses sponsored by AIFLD/ICT:

	<u>No. of Courses</u>	<u>No. of Students</u>
Offered by ICT, July 1963 to April 1968	308	9,472
Offered by AIFLD, April 1968 to December 31, 1968 /1	35	934
Offered by ICT, 1969	<u>139</u>	<u>3,700</u>
<u>TOTAL</u>	<u>482</u>	<u>14,106</u>

As indicated in Table 8, the effort is well-spread throughout the various regions of Brazil. For example, in contrast to the small numbers of students in the northeast to attend the ICT residential course, there have been more regional courses given in the northeast than in any other section of Brazil. Similarly, there have been many regional courses given in Parana although, during the period we examined, there were no students from Parana who went to ICT. This appears to indicate that at the moment the principle of drawing to ICT the best candidates from successful students in regional courses is working unevenly, giving due allowance to the probably lower average quality of the northeast student.

A major factor that we have noted in analyzing data on regional courses is that relatively few are given in major industrial

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/1 During this period of reorganization of the ICT, AIFLD/B gave courses directly.

Table 8  
Classification of AIFLD/ICT Regional Courses  
According to Region in which given  
1963-1969

	<u>1969</u>	<u>April-Dec.</u> <u>1968</u>	<u>July 1963-</u> <u>April 1968</u>	<u>TOTAL</u>
<u>GRAND TOTAL</u>	<u>139</u>	<u>35</u>	<u>308</u>	<u>482</u>
South	<u>41</u>	<u>16</u>	<u>52</u>	<u>109</u>
Rio Grande do Sul	22	7	22	51
Santa Catarina	9	5	15	29
Parana	10	4	15	29
Central	<u>57</u>	<u>9</u>	<u>97</u>	<u>163</u>
Sao Paulo	26	3	56	85
Rio de Janeiro	11		4	15
Guanabara	5		9	14
Minas Gerais	13	5	23	41
Espiritu Santo			3	3
Brasilia	2	1	2	5
Northeast	<u>30</u>	<u>10</u>	<u>132</u>	<u>172</u>
Bahia	6	1	8	15
Pernambuco	6	5	83	94
Piaui	3		2	5
Paraiba		1	7	8
Rio Grande do Norte	6	1	8	15
Alagoas			2	2
Sergipe			4	4
Seara	7	2	10	19
Maranhao	2		8	10
Interior	<u>9</u>	-	<u>27</u>	<u>36</u>
Goiias	3	-	6	9
Para	-	-	8	8
Amazonas	2	-	8	10
Other States and Territories	4	-	5	9

Source: AIFLD/B and ICT statistics

Note: The 1969 and Total columns each add up to two less than their Grand Totals since the region and state of two courses were not immediately identifiable from information available to the evaluators at the time of compilation.

centers. They tend to be popular in smaller communities where people can gather more easily and have fewer things to do. In addition, the unions being small and less well developed, officers can take time to attend courses; in contrast, the city union official, especially if his union work must be done after hours from a regular job, is less likely to be spared from his regular duties. <sup>/1</sup> Still another factor at work appears to be a lack of enthusiasm for courses by many well-paid city leaders, who may feel that the result might build up potential rivals or union activism that could adversely affect the comfortableness of their positions. Finally, at least at leadership levels, city unionists are generally more sophisticated and less in need of courses. Thus, in 1969 there were only five courses given in Guanabara (city of Rio de Janeiro) with an average participation of eight compared with an average participation of twenty-seven throughout the program. Similarly, in Sao Paulo, there were only three courses with an average participation of nineteen. In contrast, however, it is interesting to note that in Santos (where courses are given independent of unions) five courses were successfully given with an average enrollment of twenty-nine. The ICT ability to achieve impact in this important labor area would appear to merit further analysis and follow-through.

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<sup>/1</sup> This same factor presumably is operative also in the case of the ICT residential course to the extent that an official from a large union is less likely to be able to get time off for a course than one from a small one.

Time and lack of readily available statistics made it impossible for us to examine regional courses with any thoroughness in terms of the impact on various sectors of industry. Available evidence suggests that the impact of the regional courses is much stronger than the ICT residential courses on rural workers, but shares much the same limitations in key industrial sectors (such as metallurgy and, to a lesser extent, petrochemicals), particularly in the states of Sao Paulo and Guanabara. The impact on communication workers ( a well organized labor sector) appears substantial.

d. Impact of Special Courses

We have not attempted to make a detailed appraisal of the rural development courses being given in southern Brazil as they are too new and experimental, and we have tried to concentrate on the major program activities to date. There is, nonetheless, much evidence that these courses are extremely popular. They are more oriented toward technical assistance than to labor organization. For this reason and because of the more prosperous conditions in the south, they appear to be significantly more effective in promoting community development than efforts in the northeast.

The former Labor Attache in Brazil, with whom we had discussions prior to visiting Brazil, strongly indicated a belief that rural work in the south presented much better opportunities for impressive results than in the northeast. In addition, we have noted that courses given in some areas of the south have created strong interest in other areas that have learned about them.

During the period of our evaluation, AIFLD/B received a request for such a course from a union federation in Santa Catarina, including assurance that the federation would arrange a meeting place and accommodations for participants.

### 3. Problem Areas

#### a. Relevance of Courses to Brazilian Conditions

Given the limited ability of Brazilian unions under current conditions to function as unions in a normal sense, the question arises as to the value of teaching union officers and workers techniques that they are unable to put into practice. More specifically, in terms of the major subject which is academic under existing circumstances in Brazil, is it worthwhile to teach "collective bargaining?" We found only one instance in which a union leader suggested to us that this was an unprofitable use of time. In most instances on the contrary there appeared to be substantial interest in the subject at all levels of union leadership. As officials of one labor confederation put it to us, they want their people to know what collective bargaining is, particularly the younger ones who will be rising into positions of leadership. In other words, meaningful collective bargaining is a goal which most union leaders hope one day to achieve. They want to be prepared for that day, and they hope that being prepared for it will somehow help to bring it about.

Aside from this hope that they may some day realize collective bargaining as it is practiced in other countries, labor leaders also hope that they may be able to achieve some more



limited progress through pressing for Government action to make more meaningful the restricted form of collective bargaining provided under existing Brazilian labor legislation. As noted earlier, union federations do bargain nominally with employer federations, but such bargaining is now meaningless since the employer group must act unanimously. If the employer group fails to act unanimously, the case goes to Government arbitrators who, under current policy, refuse to breach the Government wage line even though (as sometimes happens) only a single employer may have voted against a higher wage level. Thus, it would not take a radical change in Government policy to provide some substance, within controlled limits, to this form of collective bargaining. Finally, as a last resort labor confederations and federations can bargain ("lobby" might be a better word) with the Ministry of Labor as to the levels at which wages and salaries are set. In some cases they have secured modest increases through this route. To pursue this course effectively, they need to marshal much the same kinds of statistics and arguments that would be used in direct negotiations with employers.

We believe it is to the credit of AIFLD's imagination that it decided to offer an advanced course in collective bargaining for Brazilians at Front Royal for the fall of 1970. The mere fact of offering such a course makes a point and takes the edge off possible criticism that AIFLD is simply riding with the situation in Brazil, rather than seeking available opportunities and techniques to build toward free and responsible trade unionism. The generally enthusiastic response to the course, and the proposal

of more candidates than can be accommodated, are evidence that the union movement is something more than a captive of the state, content to be relegated to the status of a social service bureau.

We are inclined to be somewhat critical of the courses given by ICT at regional level on the ground that they do not provide the broadening impulse of exposure to world labor history and union development. As against this, however, we recognize that at this level the emphasis should be on teaching people how to run unions within the context of Brazilian life and on the rights of workers as they are provided for under Brazilian law. We recognize also that the conduct of "militant" courses could lead to problems that would be wholly counter-productive. Nonetheless, some modest cultural exposure to currents of labor union activity within western civilization generally, and within the Alliance for Progress in particular, would seem to us to achieve a better balance and to be feasible within the range of what would be acceptable in Brazil.

Another point on which it seems to us that the ICT courses, both in Sao Paulo and regionally, might devote more attention is to labor organization--the recruitment of new members. It is generally agreed that many union leaders in Brazil, in the interest of maintaining their positions, or out of sheer inertia, and because unions are largely financed out of the Government-collected "imposto sindical" rather than by union dues, do not seek additional membership. Others are aggressive in trying to build up their

membership rolls. We believe AIFLD/B and ICT should give consideration to means for adopting a more positive stance to build up both a stronger proselytizing spirit and a greater know-how of recruiting techniques. The preparation of case studies on some of the more successful union efforts to expand membership might be a particularly valuable teaching tool.

The previous point leads us to a final comment that the ICT itself is aware that its courses were originally established with too academic a frame; since its 1968 reorganization, it has been working toward making them more practical. We believe this development should be encouraged. Again, we consider that practical examples of how some of the more vital unions are helping their members, not only through social services, but also through protection of the rights afforded them under Brazilian law, would give greater substance to the ICT courses.

b. Education at Local Union Level

The ICT courses, even at the regional level, are essentially designed only for union officials and the most active and interested union members. Except in rare instances they are offered only for groups of unions. There are apparently no short workers' education courses or programs for use in educating the rank and file at the level of the individual union. /1 Given the objective of encouraging democratic unions, in which each member has a voice, we believe that it would be desirable for AIFLD/B and ICT to consider possibilities in this direction. Now that a large number

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/1 A very few short courses have been given at federation level.

of union members have been trained at ICT, there should be a considerable reservoir of trained unionists capable of presenting short programs at the union level. The preparation of materials for short (even single evening) programs that could be given by ICT graduates at the local union level would appear to merit consideration. It would also give graduates an opportunity to put into practice something of what they have learned about the conduct of union meetings and the discussion of labor topics.

c. Language Barrier

To a much greater degree than unionists in other Western Hemisphere countries, Brazilian unionists are handicapped in communicating with their colleagues of other countries by a barrier of language. This difficulty is less in understanding than in being understood; while a Brazilian can in varying measure tune his ear to Spanish, a Spanish-speaking person will encounter much difficulty. Thus, at Front Royal, when Brazilians are brought to classes taught in Spanish, they often have problems participating in classes; they also are handicapped after classes in communication with classmates and teachers. Accordingly, AIFLD periodically organizes all-Brazilian classes at Front Royal to be taught in Portuguese; this however excludes the Brazilians from the broader benefits of discussion with unionists from other Latin countries.

The problem of language is, we suggest, even broader than the dilemma of how to work with Brazilians at Front Royal. The entire Brazilian labor movement is singularly lacking in leaders with the language capabilities to function with full effectiveness in international labor circles. There is, nonetheless, an evident

interest on the part of many Brazilian labor leaders in the English language. Many do indeed speak and understand a considerable amount. There is therefore a base on which a fairly strong English language capability could be built. We believe that there are so many values--in improved results from the Front Royal program; in better communication under the union-to-union program; in greater ability of Brazilian leaders to follow and participate in international labor developments; in sustained ability to maintain contacts and exchange correspondence, etc.--that it would be worthwhile for AIFLD/B to consider a program of offering English language training at selective points in its program for Brazilians. This might include offering English courses in Rio de Janeiro and Sao Paulo to union leaders and intensive English language training of Front Royal candidates who would appreciate this added opportunity of increasing the value of their experience in the U.S.

We recognize that the objection might be made that the offering of English language training could be offensive to Brazilian national pride in their language. However, we see no reason why this should be so if the courses were properly offered as an opportunity for Brazilian labor leaders to increase their capacity for effective communications with labor leaders of other countries. English courses for labor leaders could also have added impact at advanced levels through the use of English language readings in the labor field.

d. Lack of Support of Key Unions

One of the major factors which limits the AIFLD impact in Brazil is the reflection in this country of splits in the American and international labor movements. Though all eight of the Brazilian confederations participate in the ICT, some of the local metallurgical unions maintain relations with the IMF (International Metallurgical Federation) and indirectly the UAW. In fact, on a very small scale the IMF /1 sponsors a workers' education program among metallurgical unions.

The international split between the IFPCW and ICF also seems to have repercussions. While the IFPCW had previously worked closely with AIFLD, it has not yet secured a license under present Government regulations to operate in Brazil. Meanwhile, the ICF, which is not supported by AFL/CIO is operating and, although unsuccessful in attracting Brazilian affiliates, appears to be a factor limiting chemical union support of the AIFLD/ICT educational program. ICF also engages to a minor degree in workers' education.

A number of key unions in Brazil, including metallurgical and chemical unions and also some important unions in other fields, have also adopted a position somewhat independent of the national confederations. On one occasion, bypassing confederation leadership, they arranged a meeting directly with the President of Brazil. The leaders of these unions tend to regard themselves as more "authentic" and activist union leaders than the heads of the confederation.

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/1 IMF operates without, so far as is known, a license from the Brazilian Government as required of ITS's.

Still another factor that seems to work against some unions participating in the AIFLD/ICT educational program is the existence of left-wing elements in their membership. While leadership has long since been purged of communist and other radical officials, the current leaders have to give some attention to left-wing voting strength in the rank and file. Thus, the maintenance of a certain posture of independence of the confederations and the confederation-controlled ICT may appear to offer advantages. A personal interest in maintaining union position, and therefore to avoid developing well-trained potential rivals educated by the AIFLD/confederation-sponsored ICT, appears also to be a contributing factor.

All of the elements of union politics described above add up to a very complicated picture, and the degree to which the unions concerned are for or against AIFLD and ICT varies considerably. However, to get a better perspective of the problem, the evaluation team discussed AIFLD with the leaders of two principal Sao Paulo federations (the metallurgical and chemical) which are critical of ICT.

The leaders of these unions told us that they were not unfriendly toward AIFLD but that a difference of opinion existed within their organizations as to the advisability of relationships with AIFLD and ICT. With respect to ICT they stated that they regarded it as being too conservative and as not reflecting all the views within the Brazilian labor movement. They volunteered, however, that they understood it had considerably improved

since the reorganization of 1968. They also stated that there was a body of opinion which objected to the fact that AIFLD was financed by the U.S. Government and to some extent also by private American firms. They said that many felt that unions should work together on a union-to-union basis without outside interference. The President of the chemical federation stated that one of his unions had applied for an AIFLD loan but later decided not to pursue the project for which funds were applied for. He complained, however, that in handling loan applications AIFLD asked for a great deal of information on union activities, financing, etc., and suggested that such requests constituted interference in union affairs. The implication of his remarks appeared to be that AIFLD might be gathering such information for purposes going beyond the needs of a loan program.

The metallurgical federation seemed to take the view that, while they would find it difficult to take part in ICT, they would take a different view of AIFLD assistance in such fields as medical services. Indeed, the metallurgical federation had recently made application for medicine from AIFLD/B. This application was initially turned down by AIFLD/W but we understand is now being reconsidered.

We believe that AIFLD's best course is to exercise patience, restraint and labor statesmanship in maintaining as good relations as possible with labor groups which have reservations with respect to it and to the AFL/CIO. To the extent that others too come to



Brazil to promote free trade unionism, this can have complementary value if unproductive rivalry can be avoided. Further, we should expect that over the course of time there is reason to expect that some of the non-participating unions could ultimately move in the direction of taking part in the AIFLD/ICT program. For example, we asked the two union leaders referred to above whether, if invited to lecture at ICT to give their point of view they would accept, and both said they would.

e. Limited Interest in the Large Cities

As has been indicated, the ICT regional courses attract relatively low levels of interest in the big cities--most particularly Rio de Janeiro and Sao Paulo. (This is partially, but by no means entirely, due to the factors of labor politics referred to above.) We believe that this suggests the need to study some new approaches as to how the program can be made effective in these key areas, or as to whether some new approaches are desirable.

One possibility might be to offer courses that are well-publicized and cut across federation lines, rather than dependent upon specific federations for students. Perhaps offering them within a city on an evening basis in strategic locations which are easy for workers to get to would help. There are also indications that, for people already in positions of union leadership, shorter courses keyed to topics of current interest might be useful.

The foregoing are only suggestive. The point of our comment is that training in the big cities is disproportionately low

and that thorough study ought to be given to means of achieving greater impact.

f. Consistency of Selection Techniques with Objectives

The AIFLD system of giving preference to regional course graduates to go to ICT and to ICT graduates to attend Front Royal has considerable merit in terms of building a strong educational system. The question is the extent to which this technique is effective in reaching the individuals who have the greatest promise of becoming key union leaders of the future.

We believe that to a large extent it does have this potential. Indeed, there is evidence that successful students who are identified in the educational process and pass through its successive steps have a better chance of reaching positions of responsibility. We have already noted that one confederation president, still a very young man, was developed through ICT and Front Royal programs. On the other hand, we have some reservations--largely because of the emphasis of ICT on small unions from which top leadership in the future is less likely to come than from the strategic major city unions.

While we see much merit in a broad approach that will help to raise the level of effectiveness of labor leadership as a whole, it also seems to us that there is need for some measure of concentration of effort in developing leadership in depth in the really key urban unions which will count if and when the chips are down.

In this respect, we recognize that AIFLD will waive the requirement of study at the residency course at ICT in order to accept outstanding candidates for Front Royal. Accordingly, a desirable flexibility does exist. What we sense is the lack of a thorough pinpointing of the key labor groups and a basic strategy to assure that these points are covered proportionately to their importance.

g. Financing of ICT

Given the AIFLD goal of building free labor institutions that will ultimately stand on their own feet, at some point a start should be made toward assumption by Brazilian labor organizations of some part of the cost of ICT. Thus far, as noted above, Brazilian labor unions have taken over only certain peripheral costs. We recognize the difficulty, under Brazilian conditions, of working out a program of local financing of the labor education program. The prohibition of a unified labor movement under Brazilian law, division of the movement into eight distinct confederations, and government control over union financing introduce complexities not found in other countries. We believe, however, that some formula might be devised by which the confederations could agree to a gradual assumption of financial responsibility. The key would appear to be to establish a token system of financial support that would establish the principle and provide a basis on which progressive increases in Brazilian contributions could be negotiated. We have found AIFLD/B mindful of the desirability of moving in this

direction, and their main reason for not having moved more rapidly appears to have been a justified priority in setting ICT on a sound course. In talking with labor leaders in Brazil, we were frequently told of their aspiration to move from a position as recipients of assistance to one of being able themselves to assist in the development of labor movements in other Latin American countries.

B. SOCIAL (SMALL AND IMPACT) PROJECTS

1. Description of Social Projects

In Brazil, as in other countries, AIFLD finances small projects with labor organizations in order to strengthen them as unions and to encourage and assist them to extend their activities into social services of benefit to their membership.

The following is a statement of the amount used for such projects in Brazil according to source of funds:

<u>Source</u>	<u>No. of Projects</u>	<u>Disbursements</u>	
		<u>Loans</u>	<u>Grants</u>
USAID/B Small Projects Funds	105	\$234,000	\$21,000
AFL/CIO Impact Project Funds	39	53,000	29,000
AID Regional Revolving Loan Fund	<u>1</u>	<u>25,000</u>	<u>---</u>
<u>TOTAL</u>	<u>145</u>	<u>\$312,000</u>	<u>\$50,000</u>

The great majority (almost 90 percent) of these projects has involved interest-free loans to unions or to union-related organizations. Grants have been generally limited to cases involving the supply of drugs obtained through the Direct Relief Foundation in the U.S., or cases involving extremely poor rural

unions. The funds supplied by USAID/B have been set up in a revolving loan fund which can be used and re-used by AIFLD/B in accordance with general terms of the task orders. AIFLD/W, however, requires that AIFLD/B obtain its approval for all loans and grants over \$2,000. In the case of AFL/CIO impact funds, each project requires approval of AIFLD/W and reimbursements are returned to Washington.

Table 9 presents a classification of small projects by the purpose of the loan or grant.

As will be noted the great majority of projects has been for the construction (in some cases remodeling, completion, or equipment) of union halls. These loans are small ranging from NCr\$2,000 to NCr\$35,000. Almost all of these projects are financed out of USAID funds, since the rules for AFL/CIO impact projects preclude use of funds for this purpose; there are a few marginal cases (e.g., addition to a union hall to build classrooms for secondary school education) which meet the AFL/CIO criteria.

Next in importance are loans or grants for medical equipment and supplies--mainly to equip medical and dental offices in union halls and for drugs to be dispensed and, in a few instances, for ambulances. Other loans are also generally related to services provided by unions to their members such as support of union-sponsored cooperatives, schools, community and vacation centers. One of the largest projects--a vacation center for textile workers located at Santos--is financed under the Regional Revolving Loan Fund. In a few cases vehicles, mimeograph machines and typewriters are supplied for union operation.

Table 9

Small Social Projects Conducted by  
AIFLD/B According to Purpose,  
Cumulative May 1, 1970

<u>Purpose of Project</u>	<u>Total</u>	<u>Small Projects (AID-financed)</u>	<u>Impact Projects (AFL/CIO-financed)</u>	<u>Regional Revolving Loan Fund Project (AID-financed)</u>
Total	145	105	39	1
Union halls, construction, purchase, or expansion	69	66	3	
Medicinal and dental equipment and supplies	30	12	18	
Office machinery, vehicles and tools	17	11	6	
Support of cooperation	13	8	5	
Schools and educational equipment	4	2	2	
Emergency aid (food, etc.)	5	2	3	
Vocation and community centers	4	1	2	
Miscellaneous	3	3	-	1

Source: Data compiled from AIFLD/B files.

The basic purposes of small AIFLD projects are to assist unions in developing facilities for the conduct of their affairs and the rendering of service to their membership. Given the limited role of unions under current Brazilian law to represent their members in negotiations with employers to secure higher wages and improved working conditions, they have little to offer their membership and little basis for attracting new members unless they provide social services. The emphasis placed on union halls is based not only on the need for a union office and meeting place, but also a locale in which social services can be provided.

The most-prized services are medical and dental since government health facilities are inadequate and involve long waits for attention. Depending on the wealth and location of a union, there are other services that have much appeal. The supply of legal and funeral services is widespread. Frequently, there is a lack of government schools beyond the primary grades, but the government will often provide teachers if a union will provide classroom facilities in its union hall. Adult education, both academic and courses such as sewing, may also be given. Consumer cooperatives are frequent aspirations--though less frequent successes. For larger unions of reasonably well-paid workers, a low-cost vacation center is a viable proposition. Finally, union halls operate as community centers for dances and other special events and often sports and physical education. For all these reasons a union hall can occupy a position of considerable

importance in the life of a working community, where there are few other sources of social services and recreational opportunities.

AIFLD/B has found that its ability to make loans finds a ready market, and the number of applications considerably exceeds the funds available. While there are other sources of funds, particularly for stronger unions, they involve what may often be interminable waits for loans on much less favorable terms. Accordingly, AIFLD/B does not have to seek out projects. It has become generally known that AIFLD is a favorable source, and AIFLD's problem is essentially to select those of greatest merit and assurance of repayment.

AIFLD/B makes a thorough investigation of each loan or grant application to assure that the project is well-conceived, will contribute to strengthening the union, is not excessive in amount, and that the union will be able to repay. Approval for a loan or grant is also required from the union's federation, national confederation, and the Brazilian Government. /1 The union must also secure approval for its application from a general assembly meeting of its members. A detailed questionnaire must be answered giving information on the size, finances, and activities of the union and how the loan will aid it.

AIFLD/B has found most loan requests to be acceptable. While in a large proportion of cases it requires changes in the project and reduces the amount it is prepared to loan, in few

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/1 This latter is a requirement of Brazilian law, which forbids unions to accept foreign assistance without Government approval.



cases has it found it necessary to make outright rejections. At times, applications are withdrawn. AIFLD/B has on its staff a local architect to review the soundness of building plans and to make helpful suggestions.

In summary, we believe that it would be hard to visualize a small loan program more conscientiously administered to assure the best use of every dollar from the viewpoint of both the lender and the borrower.

## 2. Impact of Social Projects

The theory of social (small and impact) projects is that they help to build unions and to give them basic facilities to operate, to provide services, and thus to hold and to attract members.

We believe the theory is sound. There is certainly a clear consensus among labor leaders in the country that their ability to maintain the vitality of unions in the face of limitations on normal union activities depends upon offering services that are desired by the workers. (See Appendix II)

AIFLD/B itself maintains a follow-up procedure not only to secure repayment but also to assess the success of a project in achieving its objective. In financial terms, about half of the loans are behind in payments but in most cases by only four months or less. In three cases, loans presumably will have to be written off.

In terms of achieving objectives (a more rigorous test of success than loan repayments) AIFLD/B rates five out of thirty-nine projects financed with AFL/CIO funds as failures. With respect

to projects financed out of USAID funds the percentage of failure appears lower since these are concentrated on union halls, which are generally the most successful. A large proportion of the failures concern early projects to aid cooperatives. Most cooperatives are shaky or have gone out of business although AIFLD/B has recovered--or expects to recover--the loan funds in all but two cases. In the light of experience AIFLD/B has basically eliminated loans to cooperatives from its program although it may be prepared to consider special cases offering unusual prospects for success. Another failure concerned a brick-making machine that was never put to use.

We have also made our own independent evaluation of small projects. This included an examination of the files on a random sample of ten projects--of which eight turned out to involve construction and purchase of union halls, one, purchase of a mimeograph machine, and one, purchase of equipment for a dental office. /1 All of the union hall projects seemed to be well conceived with the size of loan proportionate to the financial capacity of the union and the extent of self-help. The documentation indicated clear intent by the unions to gain members and to improve their services. While many projects were too new to evaluate results, in the case of union halls completed there was considerable evidence that they were being well used and that social services had been installed

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/1 AIFLD/B small loan project files are extensive with original documents, newspaper clippings, photos, status reports, etc.

in them. In some cases there were clippings showing that the project had received wide newspaper coverage including generous mention of AIFLD. The mimeograph project was impressive since the file included samples of the union's informative and well-prepared (with decorative cover) twenty-page newsletter. Included in the newsletter was extensive coverage of an AIFLD/ICT educational course. The union itself appeared very active with 520 members out of a potential of 580. The dental project was noteworthy in that it was undertaken with a key union--the second largest of commercial workers in the country with 19,500 members out of 35,000 potential. Pictures indicated a well-equipped and well-staffed dental operation.

We also visited several social projects in the Rio de Janeiro area. /1 One involving the addition of classroom facilities to a union hall was impressive. The facilities are used on a three-shift basis both for secondary education of children and for adult education. The union secretary indicated that the project had resulted in a large block of workers joining the union. The Government had supplied teachers and the union itself was providing for school administration. Another project involving the purchase of an ambulance was dubious in terms of impact but was nonetheless apparently fulfilling a widely-felt need and performing numerous errands of mercy in between collisions.

We have suggested to AIFLD/B that it might be useful in its follow-up procedures to obtain information on union size some time after a project is completed to compare with membership before

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/1 We would have covered more save for limits of Brazilian geography and traffic. The visit to two projects took up an entire Saturday.

approval. In many cases (e.g., where the aid is small such as grant of drugs through the Direct Relief Foundation or where the union already approaches 100 percent organization) this will not be a meaningful criterion; frequently, however, it would be a highly useful indicator of success.

On balance, considering the small size of the projects and the fact that they are mostly loans, our judgment is that the results amply justify the program. These results consist not only of strengthening union organization at the grass roots, but also of helping large numbers of the working people of Brazil to obtain badly-needed medical, dental, educational, and other help. This dual impact, together with the multiplying effect of a loan program, warrants the conclusion that this use of funds is extremely productive.

### 3. Problem Areas

#### a. Depreciating Value of Brazilian Cruzeiro

Owing to the successive devaluation of the Brazilian cruzeiro at a rate of around 25 percent yearly, interest-free loans repayable over a five-year period will recover in terms of purchasing power only about half the money lent. When repayments are not made promptly, the shrinkage is even higher. In consequence the AIFLD loans are at least half grants in character, and the AIFLD revolving fund will, in the course of time, spiral down to zero unless substantial new funds are periodically injected.

AIFLD itself well recognizes this problem, and has been giving thought to possible changes of policy. Many loans in Brazil are made on a basis whereby repayments are adjusted to offset the devaluations. AIFLD could, therefore, either by this means and/or introduction of interest charges eliminate or cut back on the shrinkage of its funds.

In our view it would be desirable to take some action along this line. Our reasoning is not that it is objectionable that aid under small and impact project programs should include a grant element. Rather it is on the ground that the present procedure does not provide full flexibility of choice in deciding whether and to what extent the aid should be grant in character. Thus, the same treatment is generally extended to a strong union that could repay in equivalent purchasing power as to a smaller union for which this would be more difficult.

b. AIFLD Administration vs. Building of Union Lending Program

The question naturally arises as to whether at some point, to give permanence to the loan program for unions, a union lending organization ought not to be established to take over some or all of this work. This would have the merit of building another institution through which the Brazilian labor unions could work together. It also has several drawbacks. First, if only one union institution were created, it would need the support of, and a plan of operation that would be considered equitable by, all eight confederations; conversely establishing an institution for each

confederation would fragment the effort. Second, it would involve putting more eggs in the basket of the confederation and thus limit AIFLD's ability to encourage and support developments at the union level.

Our judgment is that it would be preferable to continue the present system unless the confederations are prepared to allocate significant resources of their own to the establishment and financing of a lending agency. In the latter eventuality, it would seem appropriate for AIFLD to provide some financial support to help get such an organization started, while continuing its own small projects program on a more limited scale (e.g., by generally eliminating aid for construction of union halls).

c. Linking of Small Projects to Other AIFLD Objectives

AIFLD screening of applications for small projects does include evaluation of the significance of the projects to union development, a key element of basic AIFLD strategy. Further, the acquisition of a union hall is so basic to the establishment of an effective union operation under Brazilian conditions that there is good reason for viewing projects in this category as, with reasonable supporting evidence, almost certain to serve the program objective. It would, however, be useful if better evidence were collected to test results in terms of impact not only on the development of union social services, but also on union membership and participation in the ICT educational program. Current evidence suggests these results, but is too scattered and fragmentary to lead to conclusions.

It is furthermore tempting to suggest that loans and grants for small projects might be conditioned on union agreement to some measure of cooperation with the ICT regional program. We believe, however, that it is better to promote the ICT program by persuasion and example than with what might be regarded as a sledgehammer approach. This would apply particularly to many significant unions which do not now participate in the ICT program for reasons connected with inter-union politics. Many of these may well be won over with patience. In the meanwhile, some assistance to them through small projects provides another channel through which AIFLD can improve relations with them and further its objectives by means other than the educational program.

### C. HOUSING PROJECT

#### 1. Description of Housing Project

A housing project was originally conceived by AIFLD in 1964 as a means of achieving major impact with workers and unions in the important Sao Paulo area. AIFLD contemplated financing the project with \$23 million of AFL/CIO pension funds to be protected by an AID guarantee.

In view of the conditions following the revolution, and AIFLD concerns with respect to the labor policies of the new government, AIFLD proposed reducing the plan to a pilot project pending later approval of the guaranty program. In August 1965, USAID/B entered into a loan agreement with the National Housing Bank (BNH) for NCr\$5 million of counterpart funds. Part of

USAID/B's objective was to support the Bank, a new agency of the Brazilian Government, in developing an ongoing program of low-cost housing construction. Thus, the loan is repayable without adjustment for devaluation, which makes it almost tantamount to a grant to the Bank. The Bank in turn was to relend the funds to COOPSEP, the trade union cooperative set up to operate the project. The AIFLD role was to provide architectural and engineering services.

When the project was let to bid in June 1966, there was disagreement among AIFLD, USAID/B, BNH, and COOPSEP as to the bidder that should be awarded the contract. USAID/B took the position that there should be rebidding. AIFLD decided to withdraw completely except to provide (at no cost) community services subsequent to completion of the project.

USAID/B apparently decided that its commitment to BNH had come too far to withdraw gracefully and, following rebidding, agreed to award of the contract to a new low bidder in May 1967.

The project was finally completed about the end of 1969. The project consists of 432 units distributed in twenty-seven four-story walk-ups, of which 340 have been occupied to date.

## 2. Impact of Housing Project

The impact of the Samuel Gompers project is debatable in view of its small size and the fact that the cost of apartments is high (nearly \$7,000 for fifty-two square meters and about \$50 monthly instalments after modest down payments). In an area in



which the minimum wage is \$42 a month, only highly paid workers can afford to live there. Nonetheless, the residents are unionists and they appear to form a happy community.

It has been suggested by USAID/B sources that the most important impact of the Samuel Gompers project may have been to provide a spur to the Brazilian Government to act through the BNH to launch a large-scale workers' housing program of its own. While this would probably have taken place anyway, the planning of Vila Samuel Gompers as a pioneer project is believed to have had some, and possibly considerable, effect. In any event the GOB is now so heavily engaged in workers' housing that it seems dubious that the conception of further schemes by AIFLD could be of sufficient comparative scope to have significant impact.

Since AIFLD withdrew from housing construction as such, its performance is chiefly to be measured in terms of the community services it is now rendering to the project. On this score, we would give it very high marks. It has organized the community center with a full program of activities that seem to be very well received. In addition, it has organized the residents on a landscaping project which has gone a long way to redeem the project from becoming a newly built slum. This presumably has contributed to the impression, which we share with other visitors, that despite the deficiencies mentioned below, Vila Samuel Gompers is a happy community. The Brazilian National Housing Bank is

sufficiently impressed with AIFLD's community service work that it would like AIFLD to provide similar assistance for other workers' projects which it is financing.

### 3. Problem Areas in Housing Project

The basic problems of Vila Samuel Gompers are that the construction costs were too high and that the quality is deplorable.

With respect to costs AIFLD architects suggest that the cost of NCr\$466 per square meter for a three-bedroom apartment is about 50 percent higher than it should be. However, the existence of a community center is an added value in the Gompers project. In any event it appears clear that costs were measurably higher than other Brazilian low-cost housing projects.

With regard to quality, construction is very poor with respect to sewage, windows, interior partitions, doors, roofs, water system, sidewalks, and drainage channels. Finally, the floor of the community center, used for sports among other activities, sags in one corner.

Since the construction was undertaken through BNH, an organ of the Brazilian Government, USAID/B agreed upon an inspector chosen by the latter, who was considered reputable. Further, AIFLD architects have examined other recent low-cost housing projects in Brazil and report that Vila Samuel Gompers is no worse than average. Since AIFLD is itself very anxious for USAID/B to do whatever may be possible to remedy the defects, and since AIFLD had no part in the construction phase, there is no reason not to accept

this judgment as objective. This also serves to explain why, despite the shortcomings, the apartments are being sold and the tenants better satisfied than one would expect.

Nonetheless, we find it distressing that the construction is so bad--and with respect to electrical installations apparently dangerous--in a project bearing the name of a noted American and a plaque indicating connection with the project of both AIFLD and AID. Even though the project may be fairly representative of Brazilian low-cost housing, we would urgently recommend that USAID/B take some action, through pressure on BNH, if possible, or even through some additional expenditure of funds if necessary, to eliminate or minimize some of the more glaring defects. We would recommend also that AIFLD/B, through its community action program, expand its efforts to improve the presentability of the project.

We believe that the Vila Gompers project has been valuable in identifying a very useful role that AIFLD can play in workers' housing developments--without the expenses and frustrations of participation in housing construction, a phase in which we take it neither AID nor AIFLD would relish a repeat experience. This is the demonstrated ability of AIFLD to provide leadership in community development in workers' communities. AIFLD/B would be prepared to act on BNH's request that it provide similar services for other projects, but does not have the resources to do so. We suggest that USAID/B consider providing AIFLD/B with

modest resources for this purpose for two reasons. First, it is a way by which AIFLD can secure greater impact in urban areas-- a problem which we have identified at several points in this report. Second, such work would have a dual value in view of its direct relevance, not only to development of unionists' activities, but also to one of USAID/B's primary program objectives--social development and reform.

#### D. NORTHEAST PROGRAM

##### 1. Description of Northeast Program

The AIFLD program in northeast Brazil, though funded under the country task order, is in most respects autonomous, with distinctive goals and activities. The current task order offers evidence of the northeast's special status by describing the AIFLD role as "technical assistance to rural trade union and community development projects, including rural labor centers..." This broad mandate, not found in other AID activity specifications for AIFLD projects, reflects both the special conditions and problems of northeast Brazil and the substantial agreement among AIFLD, AID, and Department of State representatives about the U.S. role in alleviating them.

These special conditions are both economic and political. The northeast is universally identified as the area of greatest rural poverty in Brazil. Partly as a result, it has also been the site of the most revolutionary labor movements. This combination produces, under current conditions, a continuing political

tension that is particularly manifest in pressures for agrarian reform and for trade union survival. In this context, the U.S. Mission and AIFLD view themselves as a vanguard within the narrow limits currently permissible, assisting agricultural workers in these concerns. Urban trade unions are also involved in the labor program, but the primary challenge and priority is rural. Approximately 80 percent of the AIFLD/NE effort is concentrated on rural unions and federations.

The present context of labor work includes not only intervention by the government in union affairs such as removal of officers and designation of candidates, but also alleged violence by government and employers that goes unpunished. The impact of violence and intervention on labor leadership and members is demoralizing, making the AIFLD task extremely difficult. The absence of meaningful collective bargaining or other apparent possibilities for improving his lot causes the northeast worker to be more passive toward labor organization and education than his brothers in other countries.

The rural labor groups allowed to remain are heavily influenced, in the state of Pernambuco, by two Catholic priests whose ideological views seem to be less important than their desires to differ with each other, particularly on the role of the rural labor federation and the means for implementing agricultural reform. The AIFLD considers them seriously in all program planning because of their large followings and political

influence, and accommodates the interests of both. SORPE, the organization sponsored by Father Crespo, is directly involved in Pernambuco Center activities.

Also important to the AIFLD context is GERAN, the government agency charged with modernization of the sugar industry, including a mandate for implementing agrarian reform in the process. The agency has not so far been distinguished in its agrarian reform achievements and is the principal target of rural labor's hopes and frustrations.

AIFLD works closely with FETAPE, the Federation of Agricultural Workers of Pernambuco, and with similar federations in Alagoas and Sergipe. Efforts in other states are very limited and the three states mentioned are identified as priority targets, with Pernambuco having been the recipient of most attention. FETAPE includes seventy-six unions with over 100,000 members, an estimated 40 percent of whom pay dues. FETRAL, the Alagoas federation, now has thirty-five unions and claims 35,000 members, including 20,000 dues-payers. In Sergipe, the federation includes twenty-two unions, but total membership is uncertain.

a. Program History

The AIFLD northeast program began with a 1964 visit by the Institute's Executive Director that, though accomplishing its purpose, created an ambience unpromising for the program. AIFLD's admirable concern for the plight of the northeast worker became, according to an AID representative still on the scene, a near-demand for rural service centers, to be financed by AID and

administered by FETAPE with AIFLD help. Neither AID nor AIFLD appears to have spent much time considering alternatives to the rural service centers or the implications of saddling the Pernambuco group with three of them, the program finally established. The first Project Agreement, dated July 20, 1965, called for 350 million Cruzeiros (then about \$170,000) for the creation and initial operation of the centers. On November 27, 1968, a new Project Agreement allocated 120,000 NCr for continued operation of the centers and two other agreements provided 90,000 NCr each for construction of smaller centers in Alagoas and Sergipe. All other northeast program funds have come from regular AIFLD task orders and country budgets, and include little more than staff salaries and routine office expenses.

The initial planning errors were compounded by early AIFLD attempts to implement the project. Early personnel apparently did not meet minimal standards for performance and personal conduct. More important than the details of these calamities are three conclusions vital to understanding the current situation and project:

- (1) Current AIFLD staff in Recife are comparable in dedication and competence to most U.S. governmental and contractor personnel abroad.
- (2) The early mistakes of AIFLD still plague that present staff, through current financial reporting requirements, requests for reconstruction of past transactions inadequately reported, and the need to accommodate to earlier commitments.

- (3) The working relations of AID and AIFLD in the northeast are now excellent and the scars of earlier battles are healed.

This evaluation assumes that a positive approach to the question of how AID and AIFLD can continue to assist the rural worker is more important than reporting the residual traces of past errors. Fair appraisal of the labor project requires that current status and prospects be reviewed without bitterness or preconceptions arising from previous conditions.

b. Program Goals

Because the principal AID and Department of State roles in Recife are combined in one man, the determination of labor goals and objectives is simplified. AIFLD and the Mission agree on the need for U.S. efforts to help the rural worker and on the choice of AIFLD to perform them. The early emphasis on rural service centers established a program direction and commitments that would be difficult to change in any case. However, the labor project has recently shifted emphasis, through a joint planning effort, in a way that further clarifies objectives.

Building and operating rural centers is an intermediate goal that leads to questions about long-run specific purposes. AID and AIFLD are now committed to the goal of strengthening the role of the rural worker in relation to agrarian reform, through the centers and other labor-related activities. When the first three centers were completed, attention shifted from the myriad



construction and financial reporting problems accompanying the early work to the details of program strategy. The goals of "building service centers" or "strengthening the federations" were seen to be inadequate as guides to action. While the program strategy has not yet been translated into a detailed program plan, broad agreement on the importance of agrarian reform, and the choice of the rural labor federations as instrumentalities for pursuing it, gives the northeast labor project unity of commitment and direction.

While "a voice in agrarian reform" is again an intermediate goal, since the reform itself is the real aim, it is a useful focus for defining the limits of U.S. policy and identifying the political assumptions underlying it. There is first the recognition, shared at the Embassy level, that the U.S. should remain involved with the free labor movement, whatever the immediate prospects for substantive accomplishment, to be ready for future liberalizing changes by Government. In the northeast, where the rural workers have no one else to turn to, humane considerations and political concerns coincide in making a U.S. response vital.

Present Brazilian legislation and statements of intention make pressure for land reform one of the few permissible outlets for worker frustration and for U.S. attempts to influence the present regime in a direction consistent with Alliance for Progress goals. Making rural labor unions a more effective voice for agrarian reform requires improvement in ability to speak, act,

and administer effectively. It also requires that some immediately apparent benefits of organization accrue to the workers, so that their incentive does not diminish.

AIFLD/NE has not yet reviewed program activities and impact to determine the appropriate types and balance of activities required to maximize progress toward the long-term goal of rural free labor union self-sufficiency, nor has it identified indicators of intermediate achievement to mark current progress. While current activities are not linked as effectively as they might be, they are consistent with broad free labor goals. There is enough evidence of progress to suggest that an effective routine reporting system, concerned with progress indicators directly related to the goals, would amply justify most project activities.

c. Program Activities

The northeast project deviates from the typical education and social projects characteristic of most AIFLD projects. Because the task order emphasizes "technical assistance" and the rural centers also dictate a broad range of concerns, AIFLD is more clearly building institutions than performing specific activities. Staff is strict about placing maximum feasible responsibility on local groups, particularly FETAPE, and consciously sacrifices volume, in number of courses, for example, to increasing the local effort. This approach, vital but rare in institution-builders, should not be discouraged by overemphasis on quantification of the wrong variables. Measurement should, for example, be concerned

with "number of FETAPE-administered" courses, not simply "number of AIFLD courses," recognizing that the lower number does not necessarily mean a less effective project.

The general technical assistance role is accompanied by the following specific activities:

- (1) Assisting in programming and financial record-keeping of the three operating centers in Pernambuco.
- (2) Assisting in the construction of new centers in Alagoas and Sergipe states.
- (3) Assisting unions and cooperatives in development and presentation of social projects.
- (4) Monitoring, implementation, reporting, and repayment for projects already disbursed.
- (5) Providing agricultural assistance and training to unions and cooperatives.
- (6) Instructing in courses organized by AIFLD and by others.

This listing does not convey the direct sympathetic, supportive involvement of AIFLD staff with federations, unions, and individuals, that is responsible for any success attained through other activities. AIFLD maintains the American presence in the northeast through a range of continuing contacts at all levels that would be impossible for a program not staffed by labor people or more directly identified with the U.S. Government. The term "public relations" is an inadequate description of a variety of

social and ceremonial activities that are demanding but indispensable.

These activities are carried on by seven professionals, including three North Americans, with four vehicles and a local supporting staff of five. The Director, a Brazilian consulting architect, and a U.S. agricultural specialist, are joined by four staff members with varying involvements in cooperatives, education, and community development. Job titles are misleading, since activities frequently overlap, and AIFLD has not yet recognized that broadly-defined rural labor extensionist role that has developed. The group functions as a team, with the specialists frequently supporting the extensionists. The agricultural specialist will soon be replaced by an ex-Peace Corps Volunteer whose primary role will be to serve as liaison between the rural workers' federation and GERAN. He will also be involved with IBRA (the Brazilian Agrarian Reform Institute) and will help prepare data useful to FETAPE.

FETAPE operates the three rural centers in Pernambuco with a zeal and efficiency that, though far below the early optimistic expectations of AIFLD and AID, is passable and promising. AIFLD exacts course and financial reports that should, when FETAPE can handle them routinely, make the federation an excellent candidate for substantial future projects or loans. In Alagoas, where the new center should open in June, AIFLD staff have coordinated and taught five courses to prepare the federation there to conduct its own courses.

Since 1966, AIFLD has instituted thirty-four projects with local unions and cooperatives. Exchange variations make determination of dollar amounts difficult, but the local groups have used approximately \$180,000 NCr (\$40,000 at current rate) of AID and AFL/CIO funds to supplement substantial inputs of their own. Present policy allows grants only in special emergency or humanitarian cases and all loans are accompanied by local contributions and review of payment capacity. While more than half the loans have been delinquent on occasion, monitoring has succeeded in avoiding any write-offs. AIFLD estimates of repayment capacity are over-optimistic, perhaps to make projects appear more attractive to reviewers, and this should be corrected. The monitoring of loans is used as the basis for a continuing technical assistance relationship.

Sixteen union headquarters have been built with AIFLD financial and technical help. The AFL/CIO Special Impact Projects Fund cannot be used for regular union expenses, which has been interpreted to exclude capital loans for union halls, so that these projects are funded with AID money. The AFL/CIO should reconsider its position, because the union headquarters projects appear to be the most important vehicles available to AIFLD for giving union members a sense of progress and participation. The buildings frequently become a base for mobilization of private and governmental resources, such as medical and dental equipment, so that visible expansion of services available to workers takes place. Since Brazilian unions can presently offer members little

beyond delivery of such services, the headquarters assumes greater importance than in areas where free collective bargaining benefits are possible.

The number of projects is not a helpful indicator of the extent of activities, since the time requirements of project development and assistance vary widely. In Camela and Sitio Buraco, for example, the AIFLD effort is better characterized as community development, involving several projects and an extensive continuing relationship with weekly visits of AIFLD staff. In projects with cooperatives, too, the loan is the basis for accounting and other kinds of help. A loan to build a headquarters takes much more time, for example, than one involving purchase of a building or vehicle. Making "number of projects" rather than total impact an important criterion discourages the preparation and follow-up that make significant permanent change more likely.

In addition to the new centers and the social projects, AIFLD/NE assists the ICT coordinator for the northeast to organize courses for non-rural workers in the area and works with the rural federations on courses for members of agricultural unions. The general goal of educational activities is the training of leaders who can return to their unions and orient the rank and file. However, there appears to be little systematic effort to assure coverage of specific unions and the extent of progress toward full coverage is not considered explicitly by staff. Linking educational activities to other efforts, as in the preparation of

instructors for the Alagoas Center, is not typical of the Recife project and this omission is the major impediment to more significant accomplishment. A wide range of activities is undertaken, but too many are cut off before being integrated into some self-sustaining mechanism that will assure independent continuation. Furthermore, the failure to consider all elements required to make a particular system self-sufficient reduces the impact from accomplishments of individual elements in the system. For example, construction of the Pernambuco centers should have been accompanied by more careful consideration of all elements required for it to function effectively. Sufficient instructors and administrators could then have been prepared to permit immediate capacity operation of the centers. Early efforts could also have assured presence of additional service activities in the centers. To date, the centers operate on a limited schedule.

AIFLD has perhaps been over-solicitous of FETAPE in turning over operation of the centers. Fear of imposing or appearing to dominate has prevented development of a joint approach aimed at full and effective utilization. Operations were also hampered by an eight-month delay in delivery of counterpart funds and an accompanying government embargo on assistance to unions, in 1968. FETAPE continued to operate the centers on a limited basis with 25,000 NCr of its money, a major accomplishment considering the other severe strains and intimidation to which the rural labor movement was subjected during that period.

AIFLD, with Federation and AID assistance, recently completed a comprehensive survey of the seventy-six unions affiliated with FETAPE. Extensive data on seventy-six of them was obtained through interviews with officers. The results, not yet tabulated, will be useful to all three sponsors and should serve as a baseline for measuring future AIFLD impact. Such a survey would have been helpful years ago for planning a project responsive to the real and felt needs of the unions. The responses, for example, overwhelmingly confirm the importance of land reform to the workers.

The AIFLD concern to avoid appearing to dominate also affects social project programming. The Institute does not actively solicit projects, now that availability of funds is generally known. A union's thoroughness in complying with presentation requirements is a major criterion for acceptance, though occasionally a sincere but poorly-prepared group is given extra help in working out a project and presenting it. Although the emphasis on headquarters buildings surfaced as a result of union requests, no other visible strategy is followed in choosing projects. Selection is rarely linked to educational objectives by combining courses and projects, nor is the federation encouraged to view the AIFLD funds as a tool for strengthening itself. AIFLD handles the approvals and, though Federation and CONTAG (the confederation) approval are required, the social projects are not offered through them. AIFLD, without sacrificing control over funds, could do more to educate the federation in the use and supervision of credit and to improve the federation image among affiliated unions.



The AIFLD activities with cooperatives were also developed without adequate concern for all of the elements required to produce self-sufficiency. A weak federation, which AIFLD could not alone sustain, meant that the individual cooperatives were bound to have difficulty. AIFLD has managed to salvage all of its loans, but has resolved to make no more to the cooperatives for a while, because the monitoring efforts are not justified by the results. The cooperatives, sponsored by unions and often sharing officers, should not be encouraged without AID or national agency commitment to a full-fledged development plan culminating in self-sufficiency. Since an earlier CLUSA contract to assist the federation has been terminated, future AIFLD involvement with co-ops is likely to be limited.

After the new Project Director arrived in November, 1966, and straightened out the administrative problem, he adopted a pragmatic approach to programming that has improved activities. For example, (1) the new centers were made smaller because the earlier ones were not filled; (2) loans were substituted for grants because local unions appeared to be taking help for granted; (3) AIFLD payments for lost time were eliminated because workers were using education to rest; (4) vocational classes were ended when the job placement record was found to be under 5 percent; and (5) loans to cooperatives were discouraged. These examples are mentioned to show that the project has improved by learning from past experience and is now a more intelligent effort to develop a rural free labor movement. The apparent diffuseness

of activities and the failure to link elements relating to a common goal, typical problems in activist-oriented institutional development programs, are still present in the project, but can be remedied with little difficulty.

## 2. Impact of the Northeast Program

The quarterly reports of the AIFLD northeast office, incorporated in the Brazil quarterly reports to AID, are replete with data on the number of social projects and the number of courses given by FETAPE at the centers (about one per month in each), together with the number of AIFLD-sponsored and ICT-coordinated courses held elsewhere in the region. Of the thirteen northeast union leaders completing a Front Royal course, twelve are identified as still active in the labor movement (two work for AIFLD) and committed to the workers. The other, still a union officer, is reported to be a government man, though this could not be defined further or documented.

The President of the rural workers' confederation, a Front Royal graduate from Recife has advanced particularly well. An officer of the commercial workers' union in Caruaru, also an alumnus of Front Royal, organized an association of ex-ICT students, named it for the AIFLD Country Director, and the group completed its first orientation course during the evaluation visit, with no help from AIFLD. This course was especially noteworthy for bringing together urban and rural workers. In Brazil, labor unity is hampered by the urban failure to understand and support the campesino movement. AIFLD has encouraged integration of the two groups and the Caruaru course is a promising response.

The sixteen union centers completed are additional tangible impact, along with the other social projects, but this kind of enumeration, and items such as changes in co-op membership, do not permit full appraisal of progress toward AIFLD goals or the organization's effectiveness in performing the activities that produced it. The most important goals involve prospective impacts that go far beyond number of projects or number of course participants. AIFLD/NE has unfortunately not yet identified quantitative indicators that would reflect this kind of impact, and the present diffusion of activities makes this difficult. The evaluation visit provided some basis for estimating changes more closely related to development of a self-sufficient rural labor movement fully active, within the limits of the Brazilian environment, in serving its members and pursuing agrarian reform.

The Caruaru course, for example, sponsored by forty-six ex-students of ICT courses, illustrates the kind of post-course impact that suggests development of a self-sustaining movement. The Alagoas Federation, prepared to run its own courses with about fifteen AIFLD-trained instructors, is additional evidence of desired results. In Sergipe, AIFLD can point to little evidence of progress toward independent functioning. This suggests that training of instructors and administrators is an important future goal for the new center. FETAPE, with a staff of twenty that includes three lawyers and four accountants, still lacks staff trained to run a center effectively, though the new treasurer is beginning to meet AIFLD reporting requirements without much help.

Throughout Pernambuco, and to a lesser extent in other states, beneficiaries of labor education financed by AID through AIFLD are performing services for their unions and providing education to their members. Though continued probing failed to yield any specific figures, AIFLD staff members were able to mention enough examples to suggest that the time has come to assess systematically the gaps remaining in development of continuing, independent education programs. The use of union and federation instructors, for example, is desirable but should be accompanied by additional training or monitoring to improve proficiency.

Membership levels in Brazilian unions and federations are so fragile, and subject to so many other influences, that in the present context they are little evidence of AIFLD impact. Cooperative membership, too, is a fragile indicator that is less useful than volume of sales, condition of accounting records, functioning of committees, and other variables that reflect self-sufficiency. Six of seven AIFLD-assisted cooperatives improved in membership after receiving loans, but it is already obvious that the groups will require extensive assistance for a long time to come, if they are to survive.

The FETAPE-directed centers are not yet the hubs for labor-serving activities that they were intended to be, nor is FETAPE likely to be financially able to make them so in the near future. The federation is too busy using its money for fighting workers' battles and keeping unions together, to spend more on the centers.

This is certainly a permissible choice of priorities and federation performance must be appraised in this context. The evaluator's meeting with the federation's officers conveyed an impression of dedication, remarkable knowledge developed from a very limited base, and cooperation accompanied by independence. All indications suggest that substantial progress toward effective and self-sufficient functioning has been made.

The AIFLD Director suggests, and observation confirmed, that the federation needs help in "improving administration." AIFLD has not yet used its relationship of trust and confidence, or the resources available to it, to assure that this help is received by FETAPE and constituent unions. By strengthening locals, the support burden on FETAPE can be reduced.

In sponsoring courses, the centers are not operating at capacity, but there are enough courses to permit consideration of their program implications. Besides the federation-sponsored courses, INDA, ANCARPE, and other national agencies conduct training activities. While commendable as orientation courses, it is evident that they do not constitute a developed educational program. A one-week preparation on cooperatives, trade unionism, or agricultural reform, particularly for campesinos previously uninvolved in such matters, can do no more than create an interest and perhaps stimulate desire for continued study. AIFLD has made little provision for follow-up of students, for development of a progressive curriculum, or for other reinforcement. The ICT

involvement in rural education is negligible. A few top campesino leaders may go to Front Royal or an AIFLD campesino course in Colombia, but there is no established pathway to leadership or technical competence. If AIFLD is serious about building a strong rural labor movement, steps must be taken to broaden center educational activities into authentic leader training programs, or to provide other means for enabling promising students to rise.

Another aspect of impact that is not clearly recognized or reported by AIFLD involves development of local unions' capacity to mobilize resources and deliver services. The Labor Delegates (representatives of the Minister of Labor) for Pernambuco and Alagoas outlined a Brazilian government blueprint in which trade unions are to be the chosen instrument for bringing government services to the workers. While this paternalistic pattern is hardly the ideal for a free labor movement, it makes sense in the Brazilian context for unions to take advantage of the offer. One of the delegates identified AIFLD as "a little SUDENE," comparing its aid to the labor movement with the northeast development agency's role in bringing governmental assistance to industry.

The AIFLD social projects are a kind of miniature development bank for trade unions, permitting them to build locales suitable for use as schools, medical centers, and the like. AIFLD should develop a strategy that maximizes the infusion of government services resulting from each project. The extent of government responses to current projects has not been tabulated, but it was

apparent that almost all union center projects involved development of additional services. This makes the failure of the more elaborate three Pernambuco centers to become focuses for services more evident. AIFLD has accompanied construction of the two new federation centers with the seeking of commitments from government agencies to bring services into the centers. Each new center will also have a federation or union headquarters on the premises, an omission that has hindered development of activities in the first three major centers.

The AIFLD community development efforts compare favorably, in cost and results, with more elaborate projects of other agencies. Characterized by a practical and experimental approach, rather than an academic blueprint, the work in Camela, for example, has had visible impact on the motivation and standard of living of the people. The project began partly as a political gesture to placate Padre Melo, an opponent of unions organized under current Brazilian law who proposes to build "ruropolises" on land acquired from sugar plantation owners. These villages, combining work in the city with subsistence agriculture in a rural area are like "new towns." In Camela, there are now two wells with pumps and water storage, electric lights, a center with school and medical services, a small plant for grinding manioc flour, and a laundry. Though community plots do not receive all the attention needed, individuals are building and improving houses, cultivating individual parcels, and meeting to discuss their problems. AIFLD has brought

a union into the community, but it has been received half-heartedly. Promotion of a free trade union movement is not the major goal or result of this AIFLD project.

While the effort may be necessary to divert Padre Melo's influence from preventing union development, AID and AIFLD are faced with a hard choice of alternatives in relation to similar future projects. AIFLD's concern and creditable performance should not divert attention from the most effective allocation of limited resources. Given the fragile status of rural unions, it is hard to justify the investment in major community development efforts not directly related to rural union growth.

AIFLD could combine objectives by making pressure for more and better support of community development activities a major FETAPE target. The present Brazilian context is likely to make requests for additional government services, including assistance in community development, the only permissible avenue for rural union advocacy. AIFLD can achieve more permanent community development impact by encouraging responsive governmental community development activities through the unions than by running its own rural program.

Progress in development of self-sufficient unions and federations does not mean automatic improvement in the workers' share of the gross national product, achievement of meaningful reform, or the gain or any other long-term objectives desired by the workers. While five years of labor work in the northeast may seem like a major effort, progress must be viewed in the cultural and political context of the northeast. The AIFLD is



not likely ever to bring about agricultural reform or any other major economic change by itself, though it is making a contribution, and will make a greater one if labor is given more opportunity to press for improvements in Brazil. At an intermediate level, however, the rural labor federations are functioning, helping their workers express grievances and occasionally winning, protesting illegal action, and making their voice heard (though not yet listened to) in agrarian reform circles.

Outside the three states where AIFLD is sponsoring rural centers, the impact of AIFLD in the northeast is sketchy. In Belem, Para, for example, where an evaluator visited a 1968 Front Royal graduate, he found little more than a token AIFLD presence. The graduate, president of a small union and a director of its federation, spoke wistfully of ICT, whose yearly visit was not due for several months. An AIFLD social project in the state kept the name alive, as did monthly mailing of the Institute's paper. However, it was obvious that without more follow-up and investment of resources, the AIFLD impact in Para would be negligible. Hopefully, with increase in self-sufficiency of labor organizations in areas in which AIFLD/NE is now concentrating, it will be possible for the program to broaden its impact to other parts of this immense section of Brazil.

Despite the current limitations on AIFLD/NE's ability to detail the economic, human resource and institutional development progress being made through its work, the evaluation suggests

that labor institutions and union members are doing more for themselves, and receiving more services, because of AIFLD efforts. There is, in addition, the improvement in self-image and human dignity, measurable only at great expense, that results from education in the principles of joint effort and mutual respect. While resource allocations must ultimately rest on the importance given to helping northeast workers, the non-political impact of the AIFLD projects suggests that the decision should not be based solely on political considerations.

### 3. Problems and Outlook for Northeast Program

Despite the dimness of the future from a Brazilian free labor point of view, the AIFLD project offers opportunity for continued significant impact.

The outside evaluator, free of the daily problems confronting a project director, can look at the labor project from a perspective too often denied, though vital, to the director. While reviewing objectives, accomplishments, and alternatives, the evaluator must not measure by an unobtainable ideal but by the possibilities inherent in a situation that involves legacies from the past, daily crises of the present, and human limitations of ability and of prescience.

There is substantial room for improvement of the northeast project, part of which is due to progress in meeting initial goals. For example, within the present framework, the project should begin to concentrate on education in those unions which have no trained members or none who are passing their orientation

on to the rank and file. The absence of routine follow-up data prevents this kind of focus at present. By picking carefully, the educational network now being built like a jigsaw puzzle can be made to include all the missing pieces. Review of the federation's capacity for advanced instruction, and filling of gaps there, can then broaden the network and help assure that rank and file benefit from their training.

The project staff should also take a hard look at cooperative education. Pernambuco unions are very much in a pre-coop education phase, but it is not clear that the cooperative federation framework, required to take them beyond it, will ever thrive. AIFLD staff admit, too, that the present tax structure makes it impossible for co-ops to compete. Savings and loan groups are not promising in inflationary Brazil, consumer groups cannot offer benefits in most contexts, and production cooperatives outside agriculture are sophisticated and difficult. If co-op education is to be linked to agrarian reform, the plan should be clearer than the present general feeling that co-op education is a good thing, so AIFLD should do it. It is good, but there may be other things, such as technical training for union officers, that would give AIFLD's limited resources greater impact. There are also others doing co-op education, and only AIFLD is available to handle the union training. Similar considerations affect agricultural training.

AIFLD has, for example, emphasized dialogue with management and government as desirable. Some initial efforts have taken

place. There should be systematic weighing of this alternative against co-op education and other activities, so that the more important activity receives sufficient attention to reach the critical level required for more than transient impact. At present, the tendency is to do a little of many good things, resulting in too many dissipated efforts.

The absence of collective bargaining over wages, though inimical to development of the free labor movement in Brazil, does not bar concentration on specific areas of legislation, now unenforced, that allegedly exist to help workers. Both urban and rural groups need further help in this area, though the FETAPE centers give courses on agrarian reform and, hopefully, will do more when AIFLD's staff specialist is available. The unions and federations lack competence in developing statistical support to assist in forming and advancing their views. Here, too, AIFLD can do more to build a self-sustaining institutional base.

The possibilities for flexibility are constrained by the requirements of the five major centers. Nevertheless, subject to these constraints, a more directed program for attaching priority problems can be developed. While the federations may disagree with AIFLD on priorities and alternatives, and their wishes should be heeded, it is evident that they have not been presented by AIFLD with more than a highly subjective and speculative analytical basis for decision-making. Comparison of alternatives, based on consideration of specific priority goals and estimates of likely progress toward them, will be valuable for developing independent

and effective decision-making ability in the federations.

It is not clear that the U.S. Government is fully prepared to accept the political implications of assisting in development of a free rural labor movement in Brazil. Inadequate Brazilian governmental response to legitimate pressures may bring explosive consequences. Unless the U.S. is confident that responses will be adequate, or is prepared to assist rural federations to mount ever stronger pressures, it is a cruel fraud on Brazilian campesinos to encourage their hopes. This issue can be avoided for a while, because the rural movement is not yet an effective voice, but the decision to assist it has implications for future programming. The choice of this priority requires a continuing commitment of resources for years to come. It is better not to start than to leave the work unfinished, for disillusionment would nullify early efforts and damage the U.S. image.

The role of labor in a society governed as Brazil can be frustrating to militant trade unionists. The "cutting edge" of labor concerns is dulled and possibilities for improvement seem too limited. Those who choose not to work "within the system" cannot justifiably condemn all who do. There are Brazilian labor leaders who are making limited gains for their workers and who are retaining their independence. The support given them through AIFLD helps them maintain their balancing act and work more effectively. It is easy, at broad policy levels, for both ends of the political spectrum to generalize about labor's fate and what labor should do. It is quite another thing to be a local labor leader

trapped in the realities of competing claims, loyalties, and ideals. At this level, there is still maneuvering room, and this is where the AIFLD project operates. In Brazil, at this time, this is about the best the Alliance for Progress can do.

#### 4. Administration of Northeast Division

The early difficulties of AIFLD/NE have not been entirely overcome. Things get done and money is accounted for, but an outsider wonders if it could not all happen more simply. With AIFLD/W, AIFLD/Rio, AID/Recife and the Brazilian Government (payroll requirements) to account to, some confusion is excusable. The 1966 and 1967 construction expenditures for the three centers are still being battled over, and it is still not clear who the final referee is to be. At no time does it appear that FETAPE or AIFLD have been suspected of misappropriating funds. The centers are completed, and the matter should be dropped. The centers and social projects involve relatively small expenditures and it is a tragic waste of time to over-account for them. AIFLD/NE spends an inordinate amount of time on such matters and needs both consideration and help from AID, so that a simple, understandable system acceptable to all concerned can be implemented.

Northeast reporting is similar to that for the rest of Brazil, which means that results measurement is just beginning to receive attention. Social projects payments are monitored carefully, but tabulation of post-course and post-project results is weak. Contact with AID is almost daily and AID personnel are fully informed of all developments. Their approval is solicited

for all actions remotely likely to be of concern to them. Staff members of the small AIFLD office make weekly reports to their director, which could be dispensed with by a fifteen-minute structured conference that would be less time-consuming and more effective.

Routine office expenses are paid by AIFLD/NE from a fund advanced monthly from the Rio office and replenished on the basis of disbursement records forwarded by Recife. Repayment of social project loans has also been centralized in Rio. The Project Agreement funds are more trouble, because even with record-keeping handled from Rio the Recife office is obliged to rely on the federation's reports of expenditures. AIFLD staff combine technical assistance and dunning with a sensitivity that appears to maintain satisfactory relationships in what is too often an unpleasant situation in other circumstances. The same is true of efforts to collect money and reports from the unions with social project loans.

AIFLD/NE has not been delegated a clear sphere of operations responsibility in the region. There are reports of Front Royal invitations and social project approvals going to federations in the northeast, without the regional office's approval or knowledge. Management economies and efficiency would suggest that the northeast office should administer fully a defined geographical area.

#### E. POSSIBLE NEW PROGRAM ACTIVITIES

There are a number of areas in which consideration is being given or might be given to amplification of the AIFLD program activities in Brazil.

## 1. Labor Statistics

The labor confederations of Brazil have shown considerable interest in working together to establish a labor-statistics organization to gather information on wages, cost of living, and other relevant matters throughout Brazil. They envisage that this would entail having a network of people in the various states of the country who were trained to assemble data and send it to a central point, plus a central organization to compile and interpret information gathered.

The objective of this program would be to arm the labor unions with statistics of their own to improve the prospects of successful negotiation on wage questions with the Government. At the present time confederations frequently have meetings with the Government to seek the setting of more favorable wage and salary standards. However, lacking data of their own, they have relatively little basis for challenging the Government statistics.

AIFLD/B has discussed this problem at various times with the confederations, and AIFLD/W has also taken the matter under consideration. From AIFLD's point of view the plan has merit, aside from its specific purpose, in providing a means for building a further cooperative effort among the labor confederations of the country. The proposal has been made that the project might be undertaken as a parallel institution to the existing AIFLD/Confederation labor education institute at Sao Paulo (ICT). Still another factor is that, as pointed out in the education section of this report, AIFLD has trained a number of Brazilians in labor economics



in the U.S. who are not being advantageously used for the purposes trained.

A drawback to the plan is that there may be difficulties in getting all confederations in agreement. At least one confederation would prefer to do this type of work on a confederation rather than labor-wide basis. The reason stated is that conditions vary in the different labor fields. Another reason may be that, given a Government policy to restrain wage and salary increases in the interest of overall economic development, there may not be much possibility for one confederation to gain except at the expense of another. Another drawback is that the plan would involve sizeable annual expenses which the confederations may have a hard time either financing or agreeing upon a plan for financing. The proposition does not, at least at first blush, seem to us attractive on the basis of near 100 percent AIFLD financing.

Nonetheless, we believe there is merit in considering plans that might give labor a stronger voice in the economic decision-making of the country. In addition to further study of this plan, we would suggest also the study of possible alternatives or permutations to determine whether other approaches might be more effective. For example, it might be worthwhile for labor to conduct various forms of economic research--for example, to show how the economy might benefit from productivity schemes in which wage increases would play a role or through measures of land reform that might increase agricultural output. Perhaps,

in such ways as these, labor could make a contribution to economic planning in the country in ways that involve compatibility between objectives of national economic development and the specific interests of labor.

## 2. Community Development

In the section on housing we point out the very creditable performance of AIFLD/B in community development at the Samuel Gompers housing project and the interest of the Brazilian National Housing Bank that it render similar services at other Brazilian housing projects. Given the desirability--as we have noted at several points in this report of finding means by which AIFLD can achieve greater impact in the big city areas--this has much appeal. It appears to us to constitute an opportunity to achieve considerable impact among large groups of workers at very modest cost.

## 3. Vocational Education

In view of the suggestion in the Rockefeller report that AIFLD should extend assistance in the form of vocational education, we have given some consideration to this possibility. Under a broad interpretation of the term "vocational education" AIFLD/B is already substantially engaged in it in rural areas of the country and has sponsored a course in school administration in Rio de Janeiro. We can conceive that, with careful pinpointing, AIFLD might make some valuable use of vocational education with a view to increasing its impact in selected urban areas. Basically, however, the country is so vast and the Government itself has

embarked on a program of such scale, that AIFLD could register little impact. Our inclination would be to avoid initiatives which count for little and could result in spreading AIFLD too thin.

4. Worker Safety

Brazil now nominally has a system whereby there are joint management-labor groups that look after problems of worker safety and accident prevention. One union leader suggested to us that he would like to have assistance from American labor unions in this area. The particular problem that he was concerned with was fumes in paint factories, on which he felt that information from the United States would be helpful.

CHAPTER V

MANAGEMENT OF AIFLD PROGRAM IN BRAZIL

A. AIFLD RELATIONS WITH EMBASSY AND USAID/BRAZIL

Relations between the Mission (USAID/B) and Embassy are exceedingly good. AIFLD/B may at times feel that the Mission does not ascribe as much importance to its program as it should. However, this is largely a matter of perspective. On the political level, the Embassy is conscious of the limited role of the labor movement in the country, both politically and economically, under current conditions and the unlikelihood of any immediate and early change. Nonetheless, it is in basic accord with the philosophy and objectives of the AIFLD/B program and recognizes the significant role that it could potentially play over time.

At the AID level, the AIFLD/B program is a minor portion of the total technical assistance program, and only a fraction of one percent when loans are taken into account. Accordingly, the AIFLD program is not a major focus of attention. Nonetheless, AID officials are sympathetic to the needs and objectives of a labor program within the context of their total effort to support social progress and development. They appear to regard the AIFLD component of the labor program as of at least equal, and perhaps of greater significance than the other elements of the Mission's labor program. For this reason, they have an essentially sympathetic outlook with respect to AIFLD/B program proposals and funding requirements. It may be noted, however, that their evaluation of AIFLD/B program impact and potential with respect to activities in the northeast is less positive than with respect to other

program activities.

The AIFLD program in Brazil is administered "unilaterally," that is, without a program agreement with the Government of Brazil. The absence of a Project Agreement with the Brazilian Government involves administrative problems for AID, such as AIFLD personnel tax status in the country, customs clearance complications, and the like. From the AIFLD point of view, however, these difficulties are a small price to pay for avoiding over-identification with the host country government. In Brazil and elsewhere, some governments prefer to avoid the impression of approval implied by execution of a Project Agreement, though willing to countenance continued operation of the direct AIFLD-to-local-unions program. While Project Agreements are desirable for more orderly administration, their absence is not a major impediment to effective program operation.

The AIFLD/B program is monitored through the Embassy's Labor Attache, who also serves as Labor Technical Officer for USAID/B. During recent years, this relationship has worked well. In developing the budget for the AIFLD/B operations, the Labor Attache has fully consulted with the CPD to assure that his views were considered and that a viable program would result. The CPD in turn has conscientiously complied fully and promptly with reporting requirements. Closer consultation between the Labor Attache and AIFLD/B CPD on basic strategy and on increased coordination of their activities would achieve greater reinforcement and complementarity among Mission programs in the labor field.

There has been some development of over-control of the AIFLD/B program through reporting requirements. This arises

out of historical factors and continues in large measure owing to reservations as to the adequacy of AIFLD's own monitoring procedures. This indicates that there should be strong mutuality of interest between AID and AIFLD in the strengthening of overall AIFLD program planning, management, and evaluation procedures.

Further, as is stated in the subsequent section on accounting, the USAID/B Controller and USAID Regional Auditor are fully satisfied with the adequacy of AIFLD/B accounting and consider that such difficulties as remain stem from AIFLD's Washington office.

## B. ORGANIZATION AND STAFFING

### 1. Organization

The AIFLD/B organization structure is simple and geographically dispersed, providing AIFLD/B with coverage of three major trade union centers, Rio de Janeiro, Recife, and Sao Paulo. The diagram on Table 10 outlines schematically the assignment of professional level positions among these offices.

### 2. Staffing

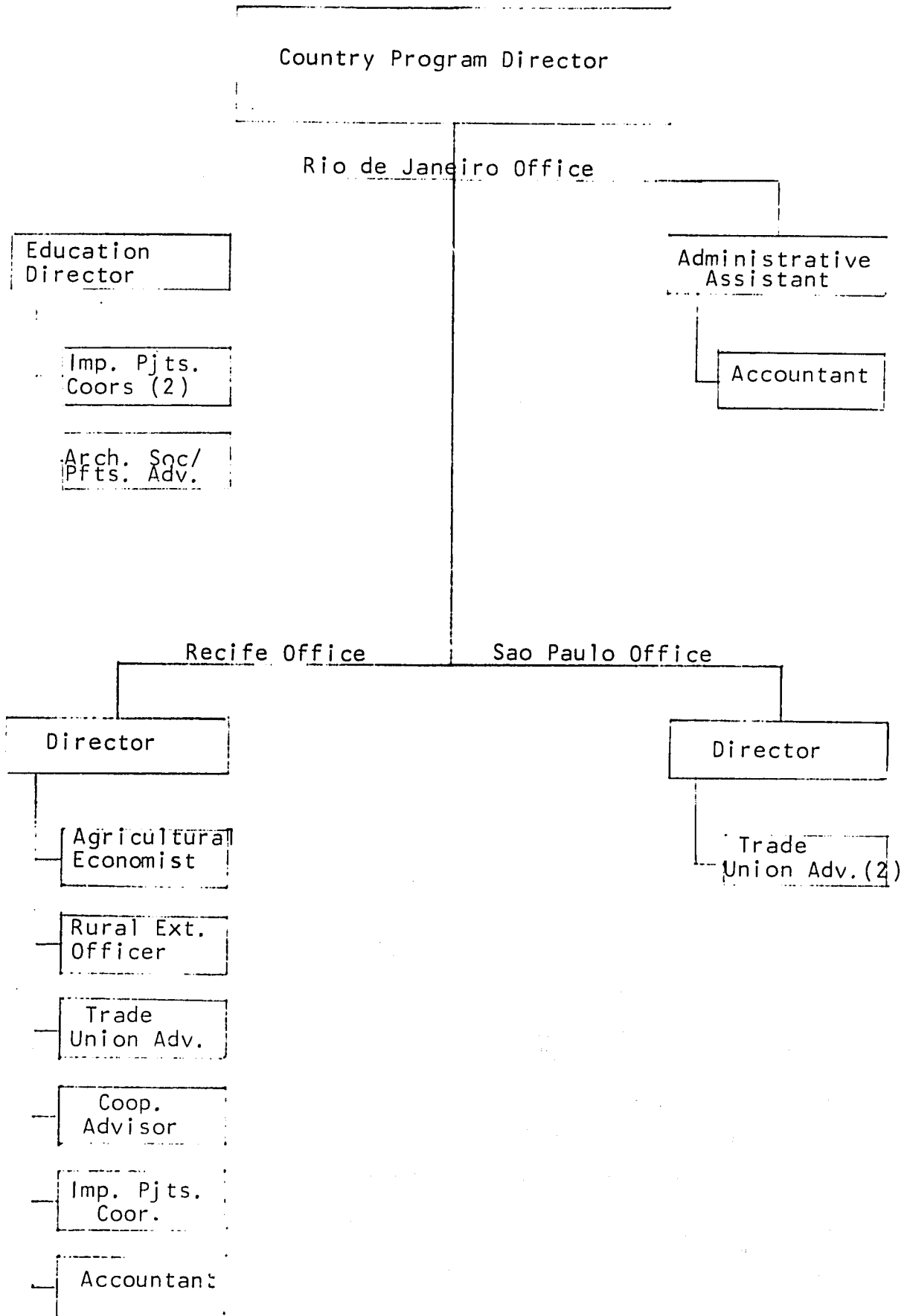
#### a. Rio de Janeiro

##### i) Country Program Director (CPD)

Rio de Janeiro is the site of the headquarters and the CPD's office is there. He is responsible for the planning, direction, and control of the AIFLD/B program effort and its administrative support.

The CPD designates the Education Director to act in his absence, although the scope of the delegation is sharply limited. In most matters that arise during his

TABLE 10  
AIFLD/BRAZIL ORGANIZATION



absence, he requires that he be contacted personally.

He has delegated personnel and office administration within the Rio de Janeiro office to an Administrative Assistant.

ii) Education Director

The Education Director is responsible for the development of the education program, and works as required with the ICT and the AIFLD/B field staff in the design, scheduling, and evaluation of programs. The Education Director is also responsible for assembling materials pertinent to the evaluation of student participation.

In the absence of the Country Program Director, the Education Director assumes responsibility for direction of the total country program, although the scope of the authority delegated is limited, as noted above.

iii) Social Projects Coordinators

Two Social Projects Coordinators, reporting to the Education Director, are responsible for the initial assessment of applications for social project loan and grant funds, the preparation of necessary documents, and the continued evaluation of projects after awards have been made.

iv) Architect/Social Projects Advisor

A large proportion of social projects monies and counterpart funds have been awarded for the construction of multi-purpose community centers, union halls and schools. An architect on the Rio de Janeiro staff provides assistance



in the design, contract preparation, bidding, contract award, and construction phases.

v) Administrative Assistant

Authority for supervising the AIFLD/B financial operation is delegated to the Administrative Assistant. He is responsible for expense records, cash management, and budgetary control. Within the Rio de Janeiro office he is also responsible for questions of personnel and office administration.

This is a new position which was created in mid-1969 when, as the result of Mission audits, it became apparent that AIFLD/B operations were funded at such a level as to necessitate the presence in Brazil of an experienced, full-time, financial supervisor.

b. Recife

The Director of the Recife office has been delegated authority to administer the AIFLD/B program in the northeast. The actual authority delegated for program operations is substantially circumscribed by the CPD. There is no administrative budget for the Recife office, although a permissible level of average administrative expense is known to the Director. However, since the Director can never be certain of the level of administrative support available, the responsibility for program operations is necessarily limited. In actual practice, the Director, before committing funds, regularly checks on most unusual expenditures, thereby giving

implicit recognition to the limited authority delegated to the office.

The program in the northeast includes technical assistance to campesinos, trade unions, and cooperatives. Five staff specialists, reporting to the Director, carry out these activities. A fifth staff specialist, Social Projects Advisor, provides assistance to applicants for small projects and impact program monies, although all applications must be transmitted through Rio de Janeiro.

A full-time accountant is employed because the Recife office is financed through a local bank account on which checks are drawn in payment of locally-incurred expenses, and for which a monthly expense report must be prepared. The Recife accountant is responsible for the preparation of bank reconciliations and monthly expense reports, which are, in turn, verified in Rio de Janeiro.

c. Sao Paulo

The Sao Paulo office is staffed by three professionals, a Director and two Trade Union Advisors. The observations recorded above regarding the scope of the authority delegated to the Recife Director generally characterize the authority of the Sao Paulo Director as well.

3. Observations

The present organizational structure and staffing pattern appear appropriate for carrying out the current AIFLD program in Brazil. We found the staff to be very competent, and often excellent, both with respect to American and local employees, and fully utilized. We were most favorably impressed by the interest

and industry of the AIFLD/B personnel in the performance of their work.

### C. PROGRAM PLANNING AND CONTROL

#### 1. Planning Cycle

There are four parties to the AIFLD/B planning cycle: AIFLD/B, AIFLD/W, AID/B, and AID/W. The diagram on Table 11 outlines the procedural steps in the planning cycle and indicates the points of convergence. Each step is amplified in the ensuing discussion.

May, 1969. Policy guidance is given the CPD on the basis of a Country Labor Plan and estimated budget which he submitted in the preceding fall. The Country Labor Plan is a narrative, citing program accomplishments and including a general discussion of program expectations. The estimated budget follows a format established by AIFLD/W. Administrative costs and program costs are fairly well itemized. But there is no reference in the Country Labor Plan narrative to the specific budget items. Nor is there any reference to historical cost data, so that the proposed budget can be placed in a proper perspective.

Discussions with AIFLD/B staff indicated substantial thought and considerable reference to previous cost experience had formed the basis for each budgeted item. Nevertheless, it is not really possible for the Board of Trustees or AIFLD/W program and financial officers to review the Country Labor Plan and budget adequately on the basis of the supporting

## AIFLD/BRAZIL PLANNING CYCLE

Month	AIFLD	AID
July 1969	AIFLD/B receives policy guidance re: program content and estimated budget from AIFLD Board of Trustees. Given on basis of Country Labor Plan and budget submitted preceding Fall.	
Sept. '69	CPD reviews program and budget approved in May and makes any changes deemed appropriate, e.g., to reflect inflation, political environment, demand for specific courses.	
Oct. '69	AIFLD/B and AID/B Labor Technical Officer discuss AIFLD/B revised program and budget. Budget items negotiated and final agreement reached at level of funding.	
Nov. '69	AIFLD/B submits budget negotiated with LTO to AIFLD/W, together with CLP and estimated budgets for 1971 & 1972. Negotiated budget reviewed at AIFLD/W, incorporated into total AIFLD program, and submitted to AID/W.	LTO writes PIO/T reflecting negotiated program & budget. Secures concurrence of other AID/B offices. PIO/T forwarded to AID/W to serve as basis for AID/W negotiations with AIFLD/W on 1970 task orders.
Dec. '69	AIFLD/W and AID/W commence negotiations on 1970 task orders.	
'70	Conference of Country Program Directors to review and finalize Country Labor Plans and estimated budgets for 1971 and 1972.	
1970	AIFLD Board of Trustees reviews Country Labor Plans and budgets, and gives policy guidance for 1971 program.	

documentation. There is ample opportunity, generally not capitalized upon, for a thoroughly integrated presentation of program and cost experience and anticipated relationships.

September, 1969. The budget which the Board of Trustees approved in May, 1969, was, in fact, drawn up in the fall of 1968. Revisions may be appropriate due to inflation, a changed political environment, willingness of unions to contribute a greater share to the cost of education programs, and the like.

October, 1969. The Country Program Director stated that he negotiated his budget with the Labor Technical Officer. Independent corroboration from the LTO supports this description of the procedure. The evident interest of the LTO to understand the AIFLD/B objectives and to support with AID funding a realistic program is to the credit of both the CPD and the LTO.

November, 1969. It is incumbent upon the CPD to advise AIFLD/W of any changes in the proposed budget and the reasons therefor. At the same time that the revised budget is submitted, he must also prepare and submit a Country Labor Plan and estimated budget for the next two years. In effect, therefore, there is an excellent opportunity to take a three-year period and establish some fairly long-range program objectives. There is, however, no

evidence to suggest that this is an explicit factor in the AIFLD/B planning process. To illustrate, in the estimated budgets for 1971 and 1972, (the first years for which the longer perspective is available), there is an increase of total expenditures in 1972 over 1971 of \$21,592. Of that amount, only 14 percent is attributable to program cost, namely participant costs for programs in the U.S. On the other hand, 73 percent can be traced to increased salaries and benefits for the same number of staff.

The Labor Technical Officer must secure the concurrence of the AID/B Program Office, the Controller's Office, the Contract Office, and the Management Office on the budget he has negotiated with AIFLD/B. He thereupon prepares a Project Implementation Order Technical Services (PIO/T) describing the agreed-upon program and budget, which is forwarded to AID/W Contract Office by AID/B. It is apparent that the Brazil Country Program Director has had ample opportunity to present his views to the Labor Technical Officer prior to the latter's preparation of the PIO/T. The Country Program Director stated that this was an important element in his administration of the country program.

December, 1969. In theory, agreement should be reached on a contract between AIFLD/W and AID/W in January 1970, so that funds are available at the beginning of the AIFLD/B program year. Agreement was not reached on 1969 funding

until May. (The pressures that this creates for the field operation are discussed under the section Accounting Procedures.)

January, 1970. The Country Program Directors' Conference provides each CPD with an opportunity to describe fully his Country Labor Plan and estimated budgets to AIFLD/W program and financial officers, prior to the submission of these documents to the Board of Trustees. If, as noted earlier, the Country Labor Plan and budgets were more thoroughly integrated and a cost perspective provided, this review would likely be more useful and expeditious.

May, 1970. On the basis of the documentation presently provided the Board of Trustees, it is unlikely that the Board can make much more than a highly generalized policy review prior to approval of the Country Labor Plan and budget.

## 2. Preparation and Utilization of Budget

### a. Introduction

Budgets provide an effective tool for planning and control. Because AIFLD/B is becoming more adept in its utilization of this tool, this section describes the present procedures, identifies weak spots, and suggests remedial action.

The essential steps in the budget process are:

- i) an explicit statement of plans for a future period, expressed in specific numerical terms;
- ii) a consolidation of each department's estimates into a well-defined and balanced program; and
- iii) a comparison of actual results with the budget and adjustment of plans as shown to be necessary.

b. Statement of Plans

The statement of plans should represent, as nearly as possible, actual plans rather than informed guesses as to what is likely to happen. Historical perspective should be added wherever available. It is our observation that the AIFLD/B budget format does not present as complete a statement of program plans as would be desirable for optimum direction and control. On the other hand, we find that AIFLD/B now has in its files most of the data necessary to present a complete picture. Table 12 indicates one way in which rent, an administrative cost, and various program costs might be shown on a budget. The budget should, of course, be supported by a narrative statement which would explain any significant changes from the preceding year.

c. Consolidation of Each Department's Plans

The statement of program plans in a budget contributes to coordination within the organization. AIFLD/B emphasizes an education program and a loans and grants program. The design of an appropriate strategy, focusing these two major thrusts,



TABLE 12  
AIFLD/BRAZIL

BUDGET FOR THE YEAR ENDING DECEMBER 31, 1970

Selected Items Only

	<u>1969 Actual</u>	<u>1970 Approved Budget</u>	<u>1971 Approved Budget</u>
<u>RENT</u>			
Rio de Janeiro office			
Recife office			
Sao Paulo office			
TOTAL RENT			
<u>ICT PROGRAM</u>			
Residential program			
Number of courses			
Course duration			
Student enrolment per course			
Student cost			
Administrative cost			
Total cost residential program			
Total cost per student			
Regional program			
Number of courses			
Student enrolment per course			
Cost of courses			
Total cost regional program			
Total cost per student			
TOTAL COST ICT PROGRAM			
<u>SPECIAL EDUCATION PROGRAM</u>			
Course			
Title			
Frequency			
Cost			
Course			
Title			
Frequency			
Cost			
Regional Centers' Program			
TOTAL SPECIAL EDUCATION PROGRAM COST			

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such as on a specific region or a particular program activity will be facilitated by the exchange of information requisite to budget planning.

d. Comparison of Actual Results with Budget

As in any control technique, a report showing deviations of actual operations from standards is significant only insofar as it provides a basis for corrective action. It will be noted therefore that on the sample budget diagram more than financial measures were suggested. This is because the budget should serve as a comprehensive control mechanism. The measures suggested systematically cover major intermediate program impacts. Intangibles may of course be concealed, and a narrative statement is likely to be appropriate to present a complete review.

Importantly, very little special effort is required for the comparison of actual results with the standard, since the control standard, the budget, is classified and expressed largely in terms of the regular accounts. It may be necessary to establish one or more subsidiary ledgers to accumulate specific program costs, but no additional inspection or reporting system is required.

The Administrative Assistant in the AIFLD/B Rio de Janeiro office today prepares a monthly report showing expenses to date against budgeted annual figures. A further control shows monthly expenditures against budgeted monthly targets. The expenses reported conform to the budget as currently presented.

While both measures embodied in the report are useful tools, the report could be improved. To arrive at the monthly target, the annual budget is divided into twelve equal parts.

This is a satisfactory procedure for the administrative expenses which tend not to vary from month to month. But for program costs, especially the education course program, it is unrealistic. An attempt should be made to reflect in the monthly targets the actual scheduling of ICT and other course offerings. The report could also be improved to the extent that it was modified to include the kind of standards suggested on the sample budget.

A by-product of a more realistic statement of the timing of program expenditures would be a more accurate statement of cash requirements each month. Difficulties in the reimbursements procedure have placed a burden on AIFLD's cash position, as discussed elsewhere. A more accurate statement of cash requirements from the field would relieve some of the pressure.

e. Relationship of Budget to Organization Units

Ordinarily in the budget process accounts are divided according to managerial responsibility, so that costs attributable to specific organization units may be readily isolated. Within AIFLD/B a distinction should be drawn between the operations of three offices, nameiy, Rio de Janeiro, Recife, and Sao Paulo, and an operating budget set forth for each. Such is not the case.

There does not appear to be any formal pattern by which the Recife basic program costs are considered in the formulation of the country budget. Program requirements and office support are generally solicited informally from the Recife office prior to the October budget submission to the Labor Technical Officer.

The office's basic program costs include local salaries and benefits, travel and per diem, rent, supplies, and the salaries, benefits and housing allowances of U.S. employees. The Recife office accounts for approximately 46 percent of the AIFLD/B basic program cost, as shown on Table 1, p. 67.

Similarly, once the budget is approved, there is no breakdown of the cost categories to show Recife targeted amounts. The CPD explained that this was not done because he wanted to maintain full centralized control and flexibility in the use of funds. He felt the Recife Director would regard the budgeted amount as his, and this would hamper the CPD's ability to move funds according to the respective need of the three offices.

We have two difficulties with this approach. First, it restricts sharply the ability of the Recife office to plan the operation of its essentially autonomous program in the northeast. Apparently, this problem is met by a procedure whereby the Recife office can incur most types of local operating expenses without specific approval from Rio and is controlled essentially only by remonstrances from Rio should expenses appear too high.

The second problem is that the CPD has no guidepost as to how to distribute funds among offices and in effect is allocating funds on the basis of expenses incurred rather than in accordance with a plan.

We believe that an improved budgeting system with breakdowns of proposed expenses by offices is desirable to achieve greater understanding and control by the CPD of his total operation, and would serve, rather than hamper, decision-making as to desirable shifts in the use of funds. The important point for the CPD is

that his authority over the Recife operation, including the right to change budget allocations, be fully recognized by AIFLD/W and USAID/B. His flexibility would, of course, be destroyed if budgeting breakdowns on the respective offices became line item requirements.

It is our recommendation that more formal attention be accorded to the Recife office in the preparation of the Country Labor Plan and budgets; that Recife's budget be prepared in Rio, but with specific Recife inputs as necessary on estimated local costs; that it be presented in the same detail which is outlined in the sample budget; that monthly reports be furnished to the Recife Director indicating annual expenses targeted, and expenses recorded to date by budget category. It is our feeling that the explicit, formalized planning requirement will provide the foundation for careful program assessment and assure appropriate support in the Country Labor Plan and budget.

While the same observations apply to the Sao Paulo operation, we consider formalization of the planning and control functions somewhat less urgent in view of the fairly small proportion of basic program expense, 8 percent, generated in that office.

#### D. REPORTING REQUIREMENTS

##### 1. Requirements

##### a. AID/B

The Task Order for 1970 enumerates the following reports, which are required to be sent to AID/B by AIFLD/B:

- i) Status and progress reports on rural education seminars and social projects (including identification of travel and administrative costs), quarterly;
- ii) Personnel travelling and on TDY, number of days in travel and TDY status, and project to which costs are to be charged, monthly;
- iii) Statement of funds disbursed under ICT sub-contract for regional courses, listing of courses given, names and positions of students, itemization of administrative costs, and Brazilian unions' contributions, monthly;
- iv) Names, unions, positions of students, ICT evaluation of student performance, itemization of administrative and program costs for each ICT residential course, within forty-five days after conclusion of each course; and
- v) Evaluation of worker education and social projects funded, annually.

b. AIFLD/W

AIFLD/W requires a copy of each report sent to AID/B, plus the following:

- i) Status and accounting of Impact Projects, monthly;
- ii) Status and accounting of Small Projects, monthly;
- iii) Listing of regional courses conducted by AIFLD/B field staff and ICT, monthly;
- iv) Activities Report from professional level staff members, quarterly;

- v) Evaluation of each Impact and Small Project award, quarterly;
- vi) For each ICT residential course, dates held and students participating, upon close of course; and
- vii) Resume of each special education course and receipts for expenditures, upon close of course.

## 2. Observations

### a. Need for Reports

It appears that present reporting requirements reflect the earlier disillusionment of monitoring organizations with AIFLD/B performance. Consequently, it is our suggestion that current reporting requirements be reviewed within the perspective of the present level of staff performance.

Reports, in the first instance, should be designed to illuminate the degree to which performance conforms to plans. Hence, in the discussion of budgeting we have suggested that plans be thoroughly described in the budget, and we have noted several standards that describe the adequacy of the performance expected. Comparison of these expected levels of performance with actual results should be the crux of reporting requirements. Because it is impractical to report on every activity an organization undertakes, a premium should be placed on identifying strategic points in the organization's activities and concentrating the reporting requirement on these focal points. Reports should provide timely, economical, and comprehensive checks on these key points.

Not infrequently, a multiplicity and detail of reporting requirements reflects either an inability to identify the really crucial indicators of performance and/or a lack of confidence in the capability of those responsible for performance. We suspect that the present plethora of reporting requirements, and the ancillary reports which have developed around the required documents, reflect a combination of both of these difficulties.

### 3. Recommendations

It was not possible to review each and every report prepared by AIFLD/B for either external or internal use. The following recommendations apply to the most frequently utilized documents.

- i) ICT Data. We have suggested to AIFLD/B that all data relating to ICT residence and regional courses be collected by the ICT and simply transmitted to AID/B and AIFLD/W by AIFLD/B. Data should be collected and summarized by the personnel responsible for the activities being reported upon. AIFLD/B may have to give guidance to the ICT in the collection of data and in the design of reporting formats acceptable to monitoring agencies. ICT financial data, i.e., the analysis of student and administrative costs, may require AIFLD/B supplements to the ICT report, but such supplements should be kept to a minimum.
- ii) Quarterly Status and Progress Reports to AID/B. The Task Order specifies only that a report be made on rural education seminars and social projects. It has



grown, however, to include a complete review of all AIFLD/B activities, e.g., office administration, public relations, labor community centers, and Vila Gompers.

Apparently, the additional information was requested by the Labor Technical Officer to assist him in a regular review of AIFLD/B program. The report now requires substantial time to prepare, and we suggest that the content be reviewed with AID/B with the objective of deleting that which may be unnecessary to presently appropriate monitoring, or duplicative of other reports. An instance of the former might be the section on public relations; an instance of the latter, the section on ICT, if ICT reports can be designed as discussed in the preceding section.

iii) Monthly Reporting of Impact and Small Projects Awards.

It is our recommendation that the interval between reports be reviewed. A general rule to be observed in reporting is to report only at significant intervals. It is not readily apparent to what use analysis of monthly data is necessary to effective monitoring. Quarterly reporting might well be all that is required, and this could consist more of statistics and of highlights of significant successes and failures, and less of routine narrative detail.

iv) Bi-weekly Activities Report. The need for a bi-weekly report of each professional's activities is of questionable utility to AIFLD/W. More pertinent would be a monthly review of major program developments and administrative changes, presented in the form of a concise narrative.

On the other hand, from our observation, the Activities Report serves to provide the Brazil staff with a report of country activities. It is, in other words, being used as a substitute for staff meetings. This is not a satisfactory practice because of its economic cost and because it provides no opportunity for group discussion or questioning.

Consequently, we suggest that professional level staff meetings be held in each office, either bi-weekly or monthly, that notes be taken, and that a summary of the discussion be circulated to each of the other offices as well as forwarded to AIFLD/W.

#### E. ACCOUNTING PROCEDURES

##### 1. Background

It is the policy of AIFLD/W to focus all accounting operations in the headquarters office. Hence, field accounting is little more than expense reporting. This financial operation has not always been carried out adequately. In an audit covering

the period February 20, 1964-April 30, 1969 USAID/B auditors concluded that "... the AIFLD/B organization did not have an organized accounting system, or even the semblance of a simple one." The report takes note, however, of the fact that with the assistance of AIFLD/W personnel, a system providing improved internal control over cash and operations generally had been designed and was being implemented.

A subsequent audit by the Mission for the period April 30, 1969-November 30, 1969 states that "... an effective accounting system has since been instituted to assist management in the coordination and control of operations; and internal procedures have been designed to protect the organization's assets, e.g., cash. A selective test disclosed such practices to be in accordance with sound accounting principles and standards."

## 2. Description of Financial Records

Current AIFLD/B financial record-keeping to which the second Mission audit refers may be described briefly.

### a. Expense Reporting

A full-time accountant (locally-hired) collects invoices for locally-incurred costs, prepares checks in payment thereof, and posts the expenses to a monthly expense report under appropriate expense categories. Checks drawn are entered in a check journal, and the journal entries serve as a control in the preparation of the monthly expense report. The journal also serves as the basis for bank account reconciliation. The expense report and the underlying documentation are forwarded to AIFLD/W for posting to the official country ledger.

The AIFLD/B Rio de Janeiro office incorporates expenses of the Sao Paulo office with its own expenses; the AIFLD/B Recife office prepares its own expense report which is forwarded to Rio de Janeiro for verification and then submitted to AIFLD/W along with the combined report for Rio de Janeiro and Sao Paulo.

b. Cash Control

- i) Bank Accounts. AIFLD/B has four local currency accounts, three in Rio de Janeiro and one in Recife. The Rio de Janeiro accounts are designated for operations, for impact project funds, and for small project funds. AIFLD/B makes all deposits to and withdrawals from these accounts, and reconciliation is a regular monthly function of the accountant. The fourth local currency account is in Recife. It is utilized for operations, and the Rio de Janeiro office makes deposits to that account generally monthly and in pre-determined amounts. The account is reconciled in Recife and verified in Rio de Janeiro. There have been no evident difficulties due to the fact that deposits are made by personnel in Rio de Janeiro and checks are drawn by personnel in Recife.

A dollar drawing account is maintained in a Washington, D.C. bank which provides funds for the AIFLD/B program operations and the expenses of U.S. employees in Brazil.

AIFLD/B draws checks on the account and converts the withdrawal to local currency at the Embassy. Local currency is then deposited into the four local accounts described above.

Reconciliation of this account is done in Washington since the checks are returned there.

Problems which arise from the handling of this account are discussed subsequently; they stem from the fact that while checks are drawn in the field, deposits are made irregularly in Washington. Lack of timely deposits provides substantial opportunity for frequent overdrawn positions.

- ii) Petty Cash. Small petty cash funds are kept in each of the three field offices. Although common practice calls for a separation of the record-keeping and custodial functions, AIFLD/B has found the practice not practicable considering the small amounts kept on hand, generally about \$100-115 per week. Records are maintained for receipt and disbursement, and the chief financial officer makes frequent, unscheduled inspections.
- iii) Special Purpose Funds. Separate journals are kept for receipts, including repayments on loans, and disbursements made from impact project funds and small project funds.

3. Problem Areas

a. Reimbursement Procedure

- i) Description of Procedure. AIFLD/B prepares a combined monthly expense report for its Rio de Janeiro and Sao Paulo offices and one for its Recife office. Expenditures for the month are listed and the amounts are entered under appropriate expense classifications. The reports are submitted to AIFLD/W in duplicate within ten to fifteen days of the close of the month. Expenses are reviewed in AIFLD/W and may be reclassified by the financial office prior to entry in the headquarters journal for Brazil expenses. When reclassifications are made, or when any other changes are made that make the report prepared by AIFLD/B different from that posted by AIFLD/W, the second copy of the report submitted by AIFLD/B is returned to it with all changes noted. AIFLD/W prepares a voucher submission for the period covered by the monthly expense report. The voucher shows the task order budget by major line item categories, the charges to date, charges covering the period for which the voucher is submitted (distinguishing between Washington-incurred and field-incurred expenses), and the balance in the task order. Copies are sent to AID/W for reimbursement, and to AIFLD/B, the AID/B Labor Technical Office, and AID/B Controller's Office for information purposes. Importantly, the voucher is the only notification to AIFLD/B of the expenses incurred

in Washington and chargeable to the Brazil task order. These expenses include the salaries and benefits of U.S. employees in Brazil.

After review for certification and compliance with budget restrictions, AID/W advises the Treasury through an Advice of Charge to reimburse AIFLD/W the amount of the voucher submission. A copy of the Advice of Charge is forwarded by AID/W to the Mission, so that the amount of the payment can be charged to the AIFLD/B allotment.

The time period required for reimbursement of local expenses is approximately two months. That is, expenses incurred by AIFLD/B during April are submitted by May 10-15, submitted to AID/W for reimbursement in early June, with a check sent to AIFLD/W by mid-June.

- ii) Problems. There has been continuing difficulty in reconciling AIFLD/B expense records with the voucher, submitted to AID/W by AIFLD/W. The return of a corrected expense report to the field--a procedure initiated late in 1969--has helped to reduce the number of discrepancies. But the Mission auditors noted in their second report "... the AIFLD/W reimbursement billing statement..still bears no relationship to AIFLD/B records." The situation remains true today, and may be illustrated by the following examples:

- 1a) In June 1969 AIFLD/B paid \$13,803.74 from the ICT and AIFLD Severance Fund, and entered that amount on its expense report. The June submission to AID/W showed only \$3,000 charged to the Severance Fund, the balance charged elsewhere. AIFLD/W was advised by the field of the discrepancy; the problem was acknowledged. Not until the October submission was a further charge made, and then the Severance Fund was charged too much.
- 1b) AIFLD/B is required by law to make monthly payments to a government social security fund. It records these payments as monthly expenses on its reports to AIFLD/W. However, during 1969, AIFLD/W placed these actual expenditures in a payable account, and only in December were they transferred to expense.

The first example highlights a difficulty often encountered in highly centralized financial operations. There is generally a substantial amount of record-keeping, in this case, 20-25 monthly reports from the field, plus the records of the headquarters office. The Brazil submissions generally run 200 expense entries per month for the combined Rio de Janeiro--Sao Paulo report, and perhaps 90 for the Recife report.



With this volume of data comes a high probability for human error in posting to ledgers and in preparing documents from these ledgers.

The second example illustrates that there is room to improve the reciprocal flow of financial information between AIFLD/B and AIFLD/W.

The bookkeeper at AIFLD/W with responsibility for posting Brazil expenses also posts for several other countries. Practices vary among countries with respect to social security requirements; for example, some countries require monthly payments, others, quarterly; employer and employee contributions may be treated differently. The difficulty in properly recording the Brazil social security expenses was because the bookkeeper did not know the specific Government of Brazil regulations.

The cases cited highlight the difficulty of the country program director in determining where he stands vis-a-vis his budget. The problem is not limited to control by the country program director. Neither the Mission controller nor auditor nor the labor attache's office can exercise effective local monitoring either if the documents they receive, that is, the voucher submissions, do not accurately reflect the field's expense position.

b. Delays in Program Year Funding

Task Orders for the years 1969 and 1970 were not signed until the AIFLD/B program year was well underway. The 1969 program agreement was concluded in May 1969, and that for 1970 in March 1970. Funds cannot be released until the contractual agreement is signed, but necessarily expenses are incurred from the first of the year because of the on-going nature of the field activities. The absence of funds requires AIFLD/W to keep substantial year-end funds available or to secure non-AID funds in order to make advances to the field and to shift available monies with some dexterity among field operations and the headquarters office.

The effect of the shortage of funds is, in turn, shifted to the field where disbursements may be deferred, loan and grant awards delayed, and education programs rescheduled. Here, too, a premium is placed on dexterity.

The potential for jeopardizing the effectiveness of the field operation is inherent in delayed program year funding. It may well be that AIFLD/W is able to keep appropriate balances or to secure funds from non-AID sources to insure program continuity. But it would seem that a more productive effort would be one directed toward minimizing the year-end "crisis" and maximizing the utilization of cash in continuous year-round support of program operations. To this end, it is necessary to accelerate the negotiations between AIFLD/W and AID/W. The contract discussions must begin earlier and/or more authority must be delegated to the AIFLD/B CPD and AID/B Labor Technical Officer to negotiate definitive terms, so as to reduce the topics to be settled in Washington.

c. Underfunding of Field Operation

The time lag in the reimbursement procedure and the delay in program year funding are manifested in underfunding of the field operation. The AIFLD/B dollar account in Washington is more often than not in an overdrawn position. AIFLD/B has overdrawn its dollar account as follows:

July 31, 1969	\$ 12,340
August 31, 1969	969
September 30, 1969	4,831
October 31, 1969	56,056
November 30, 1969	7,842
December 31, 1969	6,623
January 31, 1970	10,332
February 27, 1970	26,151
March 31, 1970	21,791
April 30, 1970	36,327

AIFLD/W advises that it has worked out a satisfactory arrangement with the bank's officers to cover this repeating situation, so that the potential for jeopardizing the field operation for insufficient funds in the operations account is minimized.

4. Relations with Financial Monitoring Offices

a. AID Labor Technical Office

The position of Labor Technical Officer has recently become vacant. The incumbent also served as the Embassy's Labor Attache. AIFLD/B enjoyed a good working relationship with this officer. He was instrumental in assisting AIFLD/B to correct various audit deficiencies and to initiate more satisfactory internal control procedures. During the past three years he worked closely with AIFLD/B on questions of program design, implementation, and evaluation. The PIO/T's for those years were written only after extensive discussion with the Country Program Director.

Prior to his departure the Labor Technical Officer expressed concern over his inability to monitor effectively because of the discrepancies in expense reporting between AIFLD/B and AIFLD/W. Because of his frequent contacts with AIFLD/B on questions of program, he was able to secure financial information on an informal basis. Nevertheless, his correspondence reflects a concern over the absence of a formal procedure that would illuminate expense data accurately and in timely fashion.

The Labor Technical Officer is responsible for monitoring AIFLD/B compliance with budget restrictions established in the Task Order. In Task Order 51 for calendar year 1970 these are:

- i) Administrative expenses, special education program expenses, and expenses of participants attending AIFLD courses in the U.S. may not exceed 15 percent of the amounts specifically budgeted, without the approval of AID/B.
- ii) Social project funding and ICT program funding may not exceed the amounts budgeted without the approval of AID/B.

AIFLD/B is obliged to submit a memorandum to the Labor Technical Officer for a waiver of these restrictions. The LTO considers the necessity for the waiver with the AID/B Program Office and the AID/B Controller's Office. If the request is approved, AIFLD/B is so notified. AIFLD/B sends a copy of this notification to AIFLD/W.

It should be observed that the inability to reconcile AIFLD/B expense records with AIFLD/W voucher submissions to AID/W has impeded the Labor Technical Officer in his review of requests for waivers of line item restrictions. If Washington and Brazil disbursement records differ, it is not possible to grant appropriate approval. In October 1969, the Labor Technical Officer addressed a telegram to AID/W advising that the Mission's compliance with a request from AIFLD/B for a line item change was impeded over accounting differences. He insisted that resolution of these difficulties was essential for competent administration of the contract.

AIFLD/B expects to work closely with the new officer who is scheduled to arrive in August 1970. In the interim it will maintain its liaison with both AID and the Embassy through the Assistant Labor Attache.

b. AID Office of the Area Auditor-General

The Area Auditor-General considers that the AIFLD/B financial operation is satisfactorily performed. However, as noted in the audit reports cited earlier, he continues to feel that he is hampered in the performance of a legitimate monitoring responsibility through the inability to reconcile the AIFLD/B expense reports with the voucher submissions by AIFLD/W to AID/W. Mission audits conclude that the difficulty resides in the AIFLD/W financial operation, and have therefore recommended that AID/W undertake a close look at that operation.

c. AIFLD Auditors - Touche Ross & Co.

i) Proposed disallowances for 1966 and 1967. Touche Ross

& Co, audits of AIFLD/B for the years ending December 31, 1966 and 1967 include a substantial list of proposed disallowances. The most frequently cited category for such disallowances is salaries, and particularly a lack of salary authorization and security clearance, and various salary payments. A second category of expenditures, cited for lack of adequate support, is payments to students and costs of special seminars. These proposed disallowances account for 82% of the costs disallowed for the two years examined.

1a) Salary authorization and security clearance.

The major oversight was related to salary authorization; generally, security clearance had been secured. A procedure satisfactory to AID/B and Touche Ross & Co. has been in effect since early 1969, in which appropriate approvals are secured at one time by means of a form designed specifically for this purpose.

1b) Bonuses and other payments to employees, required by Brazilian law. Salary payments that were called bonuses were questioned because no bonus payments are contemplated in the Task Orders. However, the term "bonus" is misleading; it is a payment of one month's wages to the employee, required by Brazilian law to be paid by employers to employees upon the completion of twelve months' employment.

Payments to a severance fund, payroll taxes, and liability insurance are similar legal obligations of AIFLD/B. The legitimacy of these payments under the Task Orders has since been satisfactorily settled with Touche Ross & Co.

- lc) Inadequate support for student costs and special seminars. It had been AIFLD/B procedure not to require receipts from students who received travel and per diem payments while attending education courses. The procedure now requires that such payments be advanced to the instructor and expensed only upon the return of a receipt from the student that he received the payment. This procedure is satisfactory to Touche Ross & Co.
- ld) Other proposed disallowances. Of the proposed disallowances remaining after accounting for the foregoing items, 11 percent can be traced to inadequate supporting records for such expenditures as travel and per diem, supplies and equipment, rent and utilities, and the like. The procedure initiated to collect and report expense data, ensure that there is now adequate documentation for expenditures.
- le) Expenses in question. Approximately 7 percent of the proposed disallowances are not yet satisfactorily explained. Entertainment costs, various family

allowances, education allowances, transfer allowances, and contributions are included in this unresolved category. The amount involved is less than \$18,000 out of total costs examined of just over \$975,000.

- ii) Adequacy of present procedures. It is our observation that AIFLD/B has initiated appropriate procedures to ensure compliance with contract requirements and to meet generally accepted accounting standards. As pointed out in the foregoing section, the Mission audits reach a similar conclusion.



LIST OF PERSONS INTERVIEWED

AMERICAN EMBASSY, Rio de Janeiro

C. Burke Elbrick, Ambassador  
John J. Snyder, Labor Attache (to April 1, 1970)  
Herbert Baker, Labor Attache (1967-68)  
Stephanie Mayfield, Asst. Labor Attache  
Robert H. Shields, Political Officer  
William Young, Political Officer (Brasilia)  
Arthur Lefkowitz, USIS/Labor  
Richard McKiernan, USIS/SPEC Asst. for Information

USAID/Rio de Janeiro

Robert J. Ballantyne, Acting Director  
Harlan Harrison, Asst. Director (Program)  
William F. Gelabert, Program Officer  
Albert D. Nemecek, Comptroller  
J. R. Smith, Human Relations Officer  
Allen E. Broehl, Human Relations Officer  
R. T. McGuerty, Human Relations Officer  
Owen Lustig, Evaluation Officer  
Joseph Quinn, Development Planning  
Marshall Brown, Capital Developments  
E. John Eckman, AID Regional Auditor

AMERICAN CONSULATE, Sao Paulo

Robert Corrigan, Consul General  
Allan Silberman, Labor Officer

AMERICAN CONSULATE, Porto Alegre

Robert Lane, Consul

U.S. CONSULATE AND AID MISSION, Recife

Donor Lion, Consul-General and AID/NE Director  
George Pease, Deputy Director, AID/NE  
Douglas McClain, Deputy Principal Officer  
James Villalobos, Public Administration, AID and AIFLD Contract Monitor  
David McGrath, Political Officer  
Luis Guzman, Agrarian Reform Specialist  
Charles Bosley, Peace Corps

AIFLD/Brazil

Americo Ramos, Country Program Director  
Vicki Latham, Program Officer  
Arthur Hill, Administrative Officer

LIST OF PERSONS INTERVIEWED

AIFLD/Sao Paulo

Ruben Ramos, Director

AIFLD/Recife

Elfriede Thiemann, Director  
Herbert Steiner, Agricultural Technician  
Isaac Barnes, Program Officer  
Edison Buarque Ferraira, Education Officer  
Jose Lopez, Cooperative Technician  
Demasio Marquis da Silva, Rural Devel. Technician  
Bruce Jay (interviewed in Washington) Program Officer

GOVERNMENT OF BRAZIL

Ministry of Labor

Julio Barata, Minister of Labor  
Romulo Marinho, Director General National Department of Labor  
(Front Royal Graduate)  
Dr. Sales Pupo, Director, National Salary Department  
Dr. Armando de Brito, Secretary General  
Sr. Cortes, Coordinator of Salary Policy, National Salary Dept.  
Se. Necchi, Chief, Data Collection Section, National Salary Dept.  
Sr. Bernardo, Chief, Computer Section, National Salary Dept.  
Sr. Amaury, Chief, Family Expenditure Study, National Salary Dept.  
Sr. Luis, Legal Advisor, National Salary Dept.  
Sr. Dannemann, Director, National Manpower Department

BRAZILIAN LABOR LEADERS

Jose Francisco da Silva, President, Confederation Agricultural Workers  
Jose Felix Neto, Vice President, Confederation Agricultural Workers  
Rudor Blum, Secretary of Finance, Confederation of Industrial Workers  
Ary Campista, Secretary of International Affairs, Confed. of Ind. Workers  
Joao Wagner, Secretary, Confederation Industrial Workers  
Ruy Brito de O. Pedroza, President, Confeder. of Bank & Ins. Workers  
Oswaldo Alves de Andrade, 1st Vice Pres., Conf. of Bank & Ins. Workers  
Laecio Figueiredo Pereira, Sec. General, Conf. of Bank & Ins. Workers  
Augusto Lopes, President, Chemical Workers Union of Sao Paulo  
Joaquim dos Santos Andrade, President, Metallurgical Union of Sao Paulo  
Paulo Zimmermann, Director, Social and Labor Affairs, Conf. of  
Bank & Ins. Workers  
David Jose Zonata Filho, Exec. Sec., Conf. of Bank & Ins. Workers  
Adao Mendes Jurak, President, Federation of Construction Workers,  
Porto Alegre (Front Royal Alumnus)

LIST OF PERSONS INTERVIEWED

Dalimar Severo, Director, Instituto de Orientacion y Divulgacion,  
Sindical Porto Alegre  
Fiorentino Barbieri, Secretary, Federation of Construction Workers,  
Porto Alegre  
Alceu Portocarrero, President, Federation of Communication Workers

Raimundo Lopes da Conceicao, Secretary, Perfume Workers Union (Belen)  
and Front Royal graduate  
Jose Rodriguez da Silva, Commercial Workers' Federation, Front Royal  
graduate, and Director of Education, City of Caruaru  
Euclides Almeida do Nascimento, President and other officers of FETAPE  
Benedito Fernandes da Silva, President of Federation of Agricultural  
Workers, Alagoas  
Luis Geneino da Silva, President of Construction Workers, Recife and  
President of Carpina Co-op and Rural Workers Union

LABOR REPRESENTATIVE IN BRAZIL

Joviano de Araujo, ORIT Representative in Brazil

INSTITUTO CULTURAL DO TRABALHO

Helcio Maghenzani, Adm. Director  
Leopoldo Brissac, Director (Also President, Gas Production Union  
and Treasurer, Federation of Urban Employees, Sao Paulo)  
Evaldo Borba, Instructor-Coordinator (Front Royal alumnus)

AMERICAN BUSINESSMEN

Harold Walker, Managing Director, Union Carbide (Brazil)  
J. Waters, President, General Motors (Brazil)  
Gene Richards, Industrial Relations Director, General Motors (Brazil)

OTHERS

Gustavo Colaco Dias, President of Union of Sugar Refinery Owners  
Romildo Leite, Regional Labor Delegate, State of Pernambuco  
Jose de Barrosarmento, Regional Labor Delegate, State of Alagoas  
Padre Antonio Meio

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LABOR UNIONS OFFER SERVICES IN ORDER

NOT TO LOSE MEMBERS

At the hall of some labor unions in Guanabara, several posters can be seen, as follows: "Sewing Classes Will Begin May 4"; "Elect the Queen of Your Group"; "Visit our Vaccation Club"; "Daily Legal Assistance up to 20:00 PM).

The labor unions of Guanabara face an option: if they do not offer services, as it is the case of the majority of them, the worker will not come since the major attraction - the perspective of better wages - no longer exists after they lost the power to negotiate. Now, as an union leader stated, "the union is a mere service office, that's all".

NO ATTRACTION

A technician from the Ministry of Labor, quite knowledgeable on labor union problems, reads a publication of the SEPT (Social Labor Statistics Service) before he answers the question on the cause for the draining from the unions. He finds the right page and shows: in 1968, the average wage of the workers in the Southeast region (the most developed one in the country) varied between NCr\$130, 00 and NCr\$150, 00.

To him, these are important figures because they show that the worker is in no condition to at least pay his morthly union dues. When the worker still had the hope of, through the union, get a higher percentual wage increase, he then would join the union and would participate in the union's life due to the fact that his contribution would help to get a better wage for his group.

But now he knows that a tight wage policy is in force. It is worthless for the union to even try to negotiate because the increase index will be fixed by the National Salary Department of the Ministry of Labor. Last year, the metalworkers, one of the major trade categories of the State of Guanabara, went through the experience.

They tried agreements with the nine employer unions in order to obtain 2% above the index determined by the Government. All of them agreed to, but one of the unions, the Union of Naval Construction Industrial Workers, explained that they would have to get authorization from Sunamam. This entity refused to accept the increase and the agreement was not made. Once the collective dissension was established, the Labor Regional Court maintained the official index, not taking into account the careful consideration of the metalworkers' lawyer that the employers, themselves, had agreed to give the 2% more.

In view of this revendication impotence on the part of the unions, the worker prefers to save the money he would have used to pay the union dues. From a general view point, the unions, in the last years, have not been able to increase the number of members and the new ones are not in a sufficient number to compensate the loss of the old members.

#### HARD WORK

Some labor technicians and lawyers defend the thesis that the Brazilian worker has not yet acquired the necessary awareness to perceive that unionism is not only for the purpose of wage increases. To them, the unionism "en masse" would dynamize the unions and would force the labor leaders to improve the services already existing as well as to create new services for the members.

But, does this awareness not exist or has it simply been discouraged by political problems? In the Union of Bank Employees, President Antonio Guedes talks about the situation of the "carioca" unions. The lack of confidence on the part of the official authorities difficults the work of the labor leaders.

"- Our little band" - says Mr. Guedes - "which goes to the streets to convoke the members for assembly meetings where salary increases will be discussed, must previously obtain authorization from the DOPS (Department of Political and Social Order). And, sometimes, our fellow-workers are arrested for doing so.

At the office, according to Mr. Guedes statements, those who collaborate with the union are not looked upon with good eyes and, whenever an opportunity presents itself, they are fired. In the Metalworkers Union, President Teixeira speaks of the same problem. The union's Board of Directors has been arrested a few times and those who divulge the union within the plants have their work very much hampered.

NO POWER

The 108 labor unions in Guanabara have, to date, nearly 350 thousand members against a number of workers many times superior. The President of the Union of Bank Employees expresses his opinion on the cause for union's draining.

" We do not agree with the Government Wage Policy, because the increases never correspond to the real percentual in the rising of the cost-of-living index. But the fight in the wage field is each time more difficult. The workers have already perceived that the unions have lost the power to negotiate. There is a general disillusionment towards the union, and the result is that the interest of joining the union is falling little by little. We have to go out for the worker because, otherwise, he will not come to us.

In order to substitute the strongest appeal - the hope for better wages - the union, according to the President's statements, "must create a number of services to avoid its draining." With nearly 25 thousand members, the Union of Bank Employees have had only a vegetative growth of its membership".

An average of 30 daily ratifications of working contract rescissions (which he attributes to the FGTS (GARANTEE FUND FOR LENGTH OF SERVICE), makes the Legal Department one of the busiest in the Union, followed by the dental assistance (11 dentists). The Union of Bank Employees also maintains an intensive course of Article 99 (high school taken in two years only) for which 70 members are enrolled. There are other courses with less attendance: sewing classes, guitar lessons and, ioga.

The leader explains that one other alternative for the union to show that it exists, is to conduct smaller campaigns.

" We have to think of a series of things to attract new members. We conduct unionism campaigns, hold Christmas parties for the members' children (last year we spent 27 thousand new cruzeiros in gifts), and we are in constant contact with the Ministry of Labor in order to see that they keep checking the banks accordingly.

IDENTICAL PROBLEM

Labor leaders of the Metalworkers Union face the same problems and present the same solutions. In speaking of the unhealthy working condition, the union, in order to obtain special retirement for the workers of this category, was able to attract 5 thousand new members in 1969. By the end of the year, the union had 42 thousand members against a labor force of 200 thousand metalworkers.

Should the Wage Policy be less rigid and the union more free to negotiate better wages than those fixed on official indexes, there is no doubt that the joining would be much more impressive, states Secretary Waldir Pereira.

In order to attract new members, the union has taken other measures. It remodelled the legal and medical departments to better service its members and their dependents. New clinics were open in Nova Iguaçu, Caxias, Fábrica Nacional de Motores, and Paracambi. At the union's headquarters, the union maintains two doctors, four dentists, and one pharmacist who give daily assistance to the members. The union also has its own laboratory for clinical tests.

In the field of professional qualification, the union offers courses, as follows: technical drawing; mechanical drawing; drawing reading and interpretation; mechanic technology; radio, electrical, coiling, and welding courses. In the educational field, there is the Metalworkers High School "Elpidio Evaristo dos Santos" holding afternoon and night classes, and where dues for members' children are smaller.

#### NO POLITICS

The union of Commercial Employees operates in a private owned building (nine story high) located at Rua André Cavalcanti. Just as the metalworkers and bank employees unions, it is part of the small active group of unions in Guanabara. But President Luizant Mata Roma has a different opinion about unions' draining. There are poorly managed unions and leaders who are not eager to challenge government policy.

Mr. Roma is also of the opinion that the revendication impotence of the union has not kept the worker away, in view of the fact that the various assistances provided by the union are similar to better wages. President Roma sounded pleased with the 24% increase obtained for his group which was granted this year. He states that he is politically independent and is of the opinion that the unions must live to render services, such as those rendered by his own union.

Other leaders are not of the same opinion which is quite similar to the orientation given by Minister Julio Barata (the unions cannot play politics, but only render all types of assistance to their members).

### MUCH WORK

But, what has the Commercial Employees Union made for, as stated by its president, to increase its membership from 2 thousand members in 1967 to 40 thousand members in 1969? For nearly 230 thousand commercial employees with wages a little over the minimum-wage, there is no question that medical, legal, educational and recreation assistances provided by the union, function as a reasonable attraction.

The same arrangements are used by the metalworkers and bank employees leaders. A perfect medical assistance at its headquarters where 20 doctors attend the members in offices well equipped and located on the ground floor of the building. There are offices for general clinic, pediatricians, orthopediacs, protologists, urologists, gynecologists, othorrinolaringologists, ophtamologists; physioterapy services, radioscopy, X-rays, and electrocardiograms; and laboratories for clinical tests. On the sixth floor, two dentists give daily assistance. In short, all kinds of services which were to be granted by INPS to the worker.

Legal assistance is also complete and, in the educational field, the union's high school handles almost 1 thousand students, divided into two shifts. The union also maintains a course of the Article 99 (high school in two years only) and another one on optical techniques. Other plans are under study depending on the financial possibilities of the union.

Vaccation Club VILA RICA, savings and loan cooperative, and an unemployment fund complete the series of assistance provided by the union. All this, according to the President, signifies an authentic labor movement and it is the reason why the member is searching for the union. But, for a working group of nearly 230 thousand people, 40 thousand members is a fair number?

### NO RENNOVATION

Labor leaders, officers of the Ministry of Labor, and labor lawyers, are unanimous to affirm that there is no renovation in the leaderships. What are the reasons for this stagnation? The right diagnosis becomes quite difficult for the Brazilian labor movement presents structural errors which have been piling up since its creation.

At present, the situation is one of the most difficult ones. The lack of renovation in the leaderships is an effective prove for the workers not come to the unions. The observation made by the President of the Bank Employees Union regarding the distrust on the part of the official organs, seems to be one of the factors to make the problem worse.



Under such climate, few are those who become particularly interested in participating to union life, in Brazil. Consequently a new problem arises: the leaderships take advantage of the union for personal benefits. The "pelegos" continue to exist, according to Mr. Jarbas Passarinho, former Minister of Labor, when, last year, he made a conference at the War Superior School. The former Minister said:

"- It is 09:00 AM. At this time, thousands of workers and their dependents must be standing in line outside INPS clinics awaiting for medical assistance. Meanwhile, the "pelegos" are sleeping. They wake up late."

#### MAJOR PROBLEM

The union tax is, at the same time, the financial support of the Brazilian unions and the generating element for national union problems. The leaders are conscious of this but explain that, unfortunately, it cannot be yet abolished for, otherwise, the majority of the unions would have to close down.

The union monthly dues, according to one labor leader, "is the umbilical cord which attaches and subordinate the unions to the Government." Besides, for a leader less active and without awareness of the labor problems, this tax provides all conditions for his inertia. And, this, is what can be noticed in the majority of the unions of Guanabara.

LABOR EDUCATION AND RELATED DEVELOPMENTS IN

RIO GRANDE DO SUL

The labor program in Rio Grande do Sul, most especially the labor education program, is an offshoot of the contractual arrangement between the AIFLD and the ICT, Sao Paulo. In a sense it is a pilot program. The Regional Coordinator of the ICT, with the collaboration of the leaders of the Regional Labor Federations, set up a separate institute under the aegis of the ICT, Sao Paulo. It is the plan of the ICT to set up similar institutes in the other states using what it learns from the Rio Grande do Sul experience as a guide.

Although commonly referred to as the ICT, the proper name of the Rio Grande do Sul Institute is "Instituto de Orientacao e Divulgacao Sindical." Except for the bank workers all of the Rio Grande do Sul federations are cooperating in the Institute. The metal workers is the largest of the federations and is participating. "Ideological" differences was given as the reason for the non-cooperation of the bank workers. (Its president is currently in jail.)

The Institute was started in February 1969. It has now given thirty courses with from thirty to thirty-five participants in each course. It has thus reached about 1,000 unionists. For the current year twenty-three courses are planned in twenty-three different communities.

The Institute has no office and no staff except the Director who has desk space in the construction workers' federation offices.

In its method of operation the Institute follows the method of going to the workers rather than bringing the workers to the Institute. Its course materials are supplied by the ICT Sao Paulo and its instructors are drawn from union members who have attended the Sao Paulo Institute courses. Because it works in small as well as large communities course materials are tailored to the local situation. It has the Type A course which is used in the larger communities and a Type B course at a somewhat lower academic level for use in small and/or rural communities. In both cases the courses are open to the rank and file membership as well as to the union officers.

The Institute uses a selection process. Participants for the ICT course in Sao Paulo are selected from the most likely looking of the participants in the local courses. Instructors are then selected from those making the best record in the Sao Paulo courses.

Although approximately 1,000 persons have gone through the Institute courses the Director felt that it is too soon to be able to determine results except in a subjective way. Less than a year has passed since many of these people attended the course. The next

union election results may provide a more realistic gauge of whether these courses have enabled participants to move up the union ladder. He did report that the interest in the courses at both the leadership and rank and file levels is great and that there is greater demand for the courses than the Institute is able to satisfy. The people interviewed agreed that there has been an increase in both membership and rank and file interest but were unable to translate this into quantitative terms.

In summary, those interviewed spoke highly of the course materials being supplied by the ICT Sao Paulo and the courses it gives which have supplied them with competent instructors. They see the benefits of the program limited only by the resources available to them. They pointed out that while they will give courses in twenty-three communities this year this will cover only about 10 percent of the more than 230 communities (municipios) in Rio Grande do Sul.

Regarding employer cooperation in the work of the Institute those interviewed reported it as minimal. From time to time a local employer will make space available for holding a course but employer cooperation does not seem to extend much beyond this point. On the other hand, the Institute does not face employer objection or obstruction to the education program. Rather than opposition or support the employer attitude appears to be one of neutrality or perhaps disinterest.

Social projects have not played a prominent role in AIFLD program in Rio Grande do Sul area. However, those interviewed expressed strong approval for this type of program. One of them whose union has secured a small loan for a medical facility said that it increased the interest of the rank and file of his union in the union affairs and resulted in some increase in membership although again he was unable to put a quantitative measure on this result.

It was the consensus of those interviewed that the education and social projects programs are complementary. While the latter program has not been large they profess to have noted an increased demand for education courses in areas where social projects have been carried out. They would like to see both programs expanded.

The union-to-union program is viewed in a very favorable light. Those interviewed were of the opinion that the Brazilians who participate in the program return able to speak authoritatively about the United States and especially about the U.S. labor movement. They were especially favorably disposed toward the visits of the U.S. trade unionists in the program. They cited the instance of two U.S. trade unionists who visited here and although neither spoke Portuguese they talked to a number of trade union meetings, in one instance to a group of more than 200, and left a lasting favorable impression.

The Federation of Agricultural Workers offers another facet to the AIFLD operation here. The Federation has 223 unions with about 400,000 members scattered throughout the state. Membership dues are about eight cruzeiros a year and some of the membership has difficulty paying this amount. Roughly 60 percent of the membership is illiterate. Most are small holders but with insufficient holdings to provide support for themselves and their families.

The federation, using funds supplied by the Fondo Sindical and in collaboration with the Frente Agraria Gaucha (a church-sponsored group set up in 1962), has established three schools in Tapera, Novo Prato and Bom Principio. Children of the members are brought in for one month resident training courses in farm skills, mechanical skills and trade union orientation. The three schools combined are turning out between 180 to 200 graduates a year. Instructors are recruited in the various specialties at small fees; many contribute their services free. The trade union courses are taught by ICT instructors and the federation has two students in each ICT class and is reaching a point at which it will be able to supply its own needs. This summer the Secretary of the federation will attend the course at Front Royal on an AIFLD scholarship. The ultimate goal of the federation is to open eighty such schools and to lend technical assistance to the graduates in farm crafts and methods. Significant here is the degree of cooperation between the Frente, the federation, ICT and AIFLD.



PART III

FIELD SURVEY REPORT

ON

AIFLD PROGRAM IN

GUYANA

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CHAPTER I  
GENERAL ASSESSMENT AND RECOMMENDATIONS

A. General Assessment

Overall Program Impact and Potential

1. Assistance by the American labor movement and AIFLD has helped the Guyana labor movement to play a substantial and constructive role in building and maintaining democratic institutions of government and society in Guyana.

2. The AIFLD program continues to provide effective support for the free labor movement in Guyana. This movement, as the largest organized body in the country, constitutes an important force for the democratic development of Guyana for the following reasons:

- (a) it is ideologically democratically-oriented both within Guyana and in its international trade union associations;
- (b) it is engaged in continuing confrontation with communist-oriented unions and has the potential to weaken the hold of communist leadership on its constituency;
- (c) it exercises significant influence over political and economic policy within the country; and
- (d) it is one of the media through which progress in inter-racial cooperation may be realized.



3. The AIFLD program has made its most solid impact in the training of Guyanese labor leaders in the United States. Its labor education efforts and small projects within Guyana have made a further but more modest impact which has fallen short of the potential that might have been realized. Its project in vocational education has been highly successful and its housing project, despite serious difficulties, has made a positive contribution without incurring financial losses for either AIFLD or AID.

4. The AIFLD program has been well received in Guyana not only by the labor movement but also by the Government and the business community. Both the labor movement and the Government strongly desire to see a continuance of the AIFLD program and would welcome its amplification.

#### Labor Education

5. Training of Guyana unionists in the United States has been highly productive. Of fifteen Front Royal graduates, all but two remain in the labor field and most in positions of greater scope. One is currently Minister of Labor and another served a term as Chairman of the Guyana Trade Union Council. There is every evidence of continuing friendly ties between these men and the American labor movement.

6. AIFLD support of labor education in Guyana has been of major importance in the development of the program which is currently in being. This program is generally credited by the unions, Government, and the business community with having positive value.

Nevertheless, there are many indications that it is comparatively less effective than AIFLD-supported educational programs elsewhere.

7. Labor education in Guyana does not appear to have been organized with sufficient thoroughness. There are deficiencies in overall course planning, in instruction, and in availability of textbooks and other course materials. Courses are often regarded as pitched too high for the students selected and not always to provide adequate coverage of the subject matter that should be taught.

8. A particular deficiency of the labor education program at the present time is that it does not address itself sufficiently to education of the rank and file and lower echelons of leadership in the field.

9. Contributing factors to the inadequate development of labor education in Guyana have been:

- (a) inadequacies in joint planning between AIFLD/G and the TUC;
- (b) insufficient depth of professional support by AIFLD;
- (c) confusion and financial complications caused by the creation of a labor college; and
- (d) misunderstandings and differences of view between AIFLD and USAID/G.

At the time of the evaluation team visit a realistic plan, agreed upon between TUC and AIFLD/G and supported by USAID/G-- the essential prerequisites to a fully effective program--did not exist.

10. General recognition by Guyana labor leadership of deficiencies of the present labor education program provide a basis on which to believe that a more effective and balanced program is achievable.

11. The solution does not lie in a patchwork approach to the problem. There should be thorough planning of a program, based on a fresh assessment of needs, in which worker education at the grass roots and courses at Critchlow Labor College play complementary roles.

#### Vocational Education

12. The Guyana Industrial Training Center is a sound project which is making a significant contribution to vocational training in the country. A high record of placement of graduates, coupled with a most favorable reaction to the project by both Government and industry, indicate that it has made a substantial impact.

13. The impact of the project could have been improved through better advance planning between AID and AIFLD and by retention of the American teaching staff until teaching methods had been more fully implanted and a viable two-shift program had been achieved.

14. The addition of courses to upgrade existing skilled workers is the unfulfilled major objective of the GITC project and a continuing priority need.

15. There is a continuing need in Guyana for technical assistance in vocational education. Further AIFLD and/or AID assistance in this field would be well-received in Guyana.

Social and Impact Projects

16. The major housing project--TUC Cooperative Housing Society--encountered difficulties owing to a financial failure of the contractor that could not have been foreseen. Final costs make the houses too expensive for any but the more highly paid unionists; nonetheless, the houses represent good values for the purchasers, all of whom are union members, and neither AIFLD nor AID are expected to incur a financial loss. The pioneering nature of the project has also helped to stimulate other similar housing developments in Guyana. Current AIFLD proposals for new housing projects (under RRLF) would, like the first venture, appear to help only trade unionists in the highest income groups, except to the extent that additional housing may relieve housing conditions generally.

17. Small projects have been generally successful and well targeted to meet needs of key unions and to further social progress among working people. The largest expenditure (for a printing press) has particularly helped the sugar estate workers union to keep in touch with its large membership. However, overall program size has been too limited to achieve major impact. Since USAID/G has decided to eliminate small projects from its program and AIFLD/G has been inactive in developing new impact projects, there is currently no plan to achieve impact through small social projects.

18. There would appear to be significant opportunities available in Guyana to use small social projects effectively, particularly to serve key objectives of:

- (a) assisting communist-threatened unions to operate more effectively and build stronger ties with their rank and file; and
- (b) furthering inter-racial cooperation among unionists and workers generally.

A program of helping the sugar workers to develop union halls on sugar estates where they could conduct their activities and provide some social services to broaden the union's appeal would appear particularly worthy of consideration.

#### Management of AIFLD Country Program

19. AIFLD/G's annual Country Labor Plan is an inadequate instrument for effective planning and does not provide a satisfactory base for USAID/G and AIFLD/G negotiations on program or budget.

20. There had been virtually no accounting records and/or books maintained by AIFLD/G until March 1968. The accounting system established at that time is considered adequate, and there appear to be no current accounting problems stemming from the AIFLD office in Guyana.

21. The principal problem besetting the AIFLD program in Guyana is a complete lack of mutual confidence at this time between USAID/G and AIFLD/G. Unless this situation is remedied there will not be a sound foundation on which to develop a more effective program.

B. Recommendations

General

22. The AIFLD program in Guyana warrants continuance and continued AID support in order to make the following contributions to the development of Guyana:

- (a) to strengthen the leadership of the trade union movement and to encourage its continued democratic orientation;
- (b) to assist in revitalizing the labor education program of the country to one which measures up to needs;
- (c) to help in promoting greater understanding among unionists and workers generally of different ethnic backgrounds and to strengthen the position of unions directly confronting communist opposition;
- (d) to provide limited assistance, as opportunities permit, in such fields as vocational education and community development, in furtherance of the above aims and the social and economic development of the country.

23. The level of AID support should not be based on the principle of immediate progress toward phase-out of the entire AIFLD program in Guyana. Nonetheless, particular AIFLD projects, including labor education, should be planned on a scale and conducted in a manner that is consistent with Guyanese capability progressively to take over operational and financial responsibility.

### Labor Education

24. Subject to AID concurrence, AIFLD should negotiate with TUC a comprehensive plan to develop a more balanced and effective labor education program in Guyana, including leadership training and worker education of the rank and file, through CLC, TUC Education Committee, local unions, or whatever combination of institutions they may mutually agree upon. AIFLD should bring to such negotiations and subsequent program development the best of its educational planning and administrative talent to assure a high quality program. (See pp.46-48 for further suggestions on possible elements of an agreed program.)

25. AID should consider providing modest additional annual financial support to AIFLD for educational activities to make the achievement of a viable program, as recommended in 24. above, possible. The provision of a reasonable sum of one-time aid to develop teaching materials should also be considered.

26. AIFLD should continue to bring a limited number of Guyanese to the United States for labor training at Front Royal (and, where appropriate, to special courses such as labor economics at other institutions). Particular attention should be given to training of younger men with superior leadership potential, particularly from the larger and more important unions and union branches.

### Vocational Education

27. AID and AIFLD should give further consideration to the desirability of instituting at Guyana Industrial Training Center a second shift program for the upgrading of skills of existing skilled workmen. This might best be approached on a one

or two skills at a time basis rather than the launching of a new major program. (Note: The current plan to retrain railroad workers, while useful, should not be confused with a program to upgrade existing skilled workers in their present trades.)

28. AID and AIFLD should consider the desirability of further assistance to Guyana in the field of vocational education. A useful starting point might be a project to assist the Ministry of Labor to assess current deficiencies in and future needs for skilled workers, together with study of possible means of rationalizing various training programs (including vocational schools, GITC and apprenticeship programs) to best meet such needs.

#### Social Projects

29. AID and AIFLD should give consideration to the desirability of revitalizing social projects, either through AIFLD impact projects or various forms of AID financing. Study of the feasibility of assisting sugar workers, particularly with union halls, is suggested.

30. Proposals for housing projects for higher paid unionists should be given less emphasis and should be balanced with consideration of means of benefiting lower-paid workers with respect to either housing problems or other essential needs.

31. Particular efforts should be made to look for opportunities to support projects that may promote better relations among working people of different ethnic groups.



Management of AIFLD/G Program

32. AIFLD should considerably revise its Country Labor Plan procedures to make them a more realistic and effective tool of program planning and of program negotiation with the AID Mission.

33. There should be full consultation between USAID/G and AIFLD/G at all points in program planning and budgeting for the AIFLD/G program in order to achieve greater mutual understanding of objectives and to enhance the possibilities of program agreement at local level. Where this cannot be achieved, problems should be referred to Washington for resolution, and there should be efforts on both sides to avoid involving the Government of Guyana in differences between them.

34. There should be clarification of the role of AID monitoring (whether through the Labor Technical Officer or otherwise) to assure that it is consistent with a monitoring function, that the role of this function is well understood by AIFLD/G, and that it does not involve conflicts with AIFLD/G responsibilities in program direction.

35. The staffing pattern of AIFLD/G needs to be reconsidered in the light of future program plans to assure that adequate and effective assistance is provided for accounting and administrative support of the CPD. In this respect, we consider that needs can be effectively met through local hiring without requiring a second American position.

36. A particular effort needs to be made by AID/W and AIFLD/W to restore an atmosphere of mutual confidence and effective working relations between their respective offices in Guyana.

CHAPTER 11

THE CONTEXT OF THE AIFLD PROGRAM

A. Political, Economic and Social Background

1. The present government came to power in elections held in December 1968. Under its constitution, which provides for a parliamentary system of government, the government will hold office for five years. However, also under its parliamentary system, new elections could be called before that time by action of the Parliament.

2. The political scene is dominated by two major parties-- the Peoples National Congress (PNC) and the Peoples Progressive Party (PPP); a third, the United Force (UF), plays a minor role. In the 1968 elections the PNC won thirty seats, the PPP nineteen seats and the UF four seats in the fifty-three-member Parliament. Both the PNC and the PPP are labor-based parties.

3. The incumbent PNC government headed by Linden Forbes Burnham as Prime Minister (he is on leave from his position as President of the Guyana Labor Union while serving as Prime Minister) is dedicated to democratic principles with socialist overtones. The PNC has indicated its intention to deal and trade with the East as well as the West and is sympathetic to the "third world" or "unaligned" posture.

4. The PPP, the principal opposition, is led by Cheddi Jagan, an avowed communist, bitterly anti-American.

5. The UF, also in the opposition, is a business party endorsing free enterprise capitalism and in a difficult position in making common cause with the PPP.

6. On February 23, 1970, the ties with Great Britain were severed (except for membership in the British Commonwealth) and the country adopted the name of the Cooperative Republic of Guyana. Exactly what the term "Cooperative" means beyond stimulation of the cooperative movement and greater inclusion of the people in exploitation of the country's natural riches is not clearly known at the moment. That the labor movement and other national institutions probably will be more deeply involved in cooperative endeavors is indicated but the mechanisms by which this will be achieved have not been disclosed in any detail.

7. Two spectres hover in the wings of the political scene. The first is that there is a racial division between the two major parties. The PNC is predominantly African while the PPP is predominantly East Indian. Racial animosities have been deep and bitter in the past and on occasion have flared into violence and bloodshed. The Prime Minister has been trying to soften this racial polarization by including East Indians in Government activities and by other means but the effectiveness of these measures remains to be tested.

8. The second spectre is the claim by Venezuela to a large area of presently Guyanese territory. Border incidents have occurred. A resort to force by Venezuela would pose an almost insuperable problem for the Guyanese Government.<sup>/1</sup>

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<sup>/1</sup> The accord recently signed between Guyana and Venezuela appears to have placed this problem in abeyance.

9. Economically, Guyana has been experiencing steady growth for the past five years. The GNP in real terms has grown at a rate of about five per cent per year and may show a level somewhere between six and seven per cent in 1969 when the final data become available. The domestic price trend has been steadily upward but at a tolerable average annual rate of about two to three per cent. Labor unrest diminished sharply during 1969 but the important negotiations on a new contract in the sugar industry have not been completed and could be the source of labor unrest in 1970. /1

10. Sugar, bauxite and rice provide something over 80 per cent of Guyana's export earnings. Earnings from all three sources have been favorable and combined with a policy of fiscal and monetary restraint have kept the Guyanese dollar firm.

11. In consequence, the government has not been faced with the need to adopt restrictive domestic economic policies which might serve to limit the freedom of the unions in their organizational or collective bargaining activities. Additionally, the close personal and professional ties existing between the trade union leaders and many officials of the government probably tend to give the unions a somewhat freer hand than they might otherwise enjoy. The present union leadership seems to be trying to maintain a cooperative yet independent posture so far as the government is concerned.

12. In the offing there is a bill pending before the Legislature, the Trade Disputes Bill, which may have a far reaching effect on collective bargaining. No one could provide us with the exact text of the bill although it has been under discussion

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/1 A strike was called as we left Guyana and subsequently settled.

between government, labor, and employer representatives for more than a year. It appears to be patterned somewhat on the Trinidad and Tobago Industrial Stabilization Act and will impose some degree of compulsory arbitration.

13. Opinion regarding the bill is mixed. Government and business circles generally favor it while labor leaders generally, but not unanimously, oppose it. Labor leaders favoring the bill base their position on the opinion that it would serve to prevent a recurrence of the wave of wildcat strikes which plagued Guyana in 1968. In addition it is reported that the proposed law includes a provision for the establishment of some form of the "agency" or "union" shop which some union leaders consider an adequate compensation for the compulsory arbitration features.

14. Guyana, while enjoying the advantage of a very high (probably close to 90 per cent) literacy rate, faces serious problems arising from a lack of trained and skilled workers and a high rate of unemployment, variously estimated at 15 to 20 per cent. The government recently put into limited effect a National Insurance Scheme (NIS), a social security plan, which eventually will cover industrial accident, sickness, maternity, dependent and old age benefits. The labor movement is represented on the Board of the NIS. Although the economy is growing, inequities in the distribution of this growth remain. Housing and medical facilities remain in short supply.

B. Overall U.S. Objectives in Guyana

15. The U.S. objectives in their broadest terms are to assist Guyana in achieving a viable economy and a democratically oriented society reflected in an effective government freely chosen by the Guyanese people.

16. The objectives of the AID program in Guyana as stated in the 1970 budget presentation were as follows:

"AID is attempting to assist the Government of Guyana in its efforts to promote the social and economic integration of its major racial groups and to lay the base of self-sustaining economic growth."

17. Against this background of broad U.S. objectives the labor program spells out specific objectives and activities related to reduction of unemployment through skill training and upgrading through the mechanism of the Guyana Industrial Training Center (GITC) and the fostering of a democratically oriented, independent and responsible trade union movement through the facilities of the Critchlow Labor College (CLC), lower level labor education courses and labor-related social projects.

C. Review of the Guyanese Labor Movement

18. The background and origins of the Guyanese labor movement differ from others in Latin America in certain essential respects.

19. Whereas most of the other national labor movements of Latin America at their start had a strong infusion of European socialist, communist, and anarchist philosophies, the Guyanese labor movement

was a creation of the British labor movement and consequently British socialism played a stronger doctrinal role. For many years the principal support and tutelage of Guyanese trade unionism came from the British and Canadian labor movements. Although there had been contacts between the U.S. and Guyanese labor movements prior to that time, substantial assistance from the U.S. to Guyanese labor did not begin until AIFLD became operative in 1962. British and Canadian help in the meantime had decreased leaving the U.S. labor movement and AIFLD as Guyanese labor's major foreign support.

20. With few exceptions the Guyanese labor leaders are warmly attached to the U.S. labor movement. They feel that the AFL-CIO gave them help when they needed it most and a substantial number are graduates of various AIFLD courses. The present Labor Minister is a graduate of Front Royal. They are nationalistic (in the best sense of the word) but seem strongly convinced of the merits of international cooperation in the labor movement. While these leaders want to cooperate with the present government they also voiced the opinion that in order to do this effectively the trade union movement must remain independent of government.

21. The Trade Union Council (TUC), with its affiliated unions, is by far the largest organized non-government institution in Guyana. It is democratically oriented and has strong ties and associations with the U.S., British, and Canadian trade union movements. It is also one of the places where Africans and East Indians not only have a community of interest but seem able to

cooperate with one another in an effective manner. To what extent this may be effective in reducing race polarization and breaking the emotional commitment of rank and file membership of the communist led PPP is not readily measurable. However, the TUC is an institution in which racial polarization has been reduced, at least to some extent.

22. The TUC is weak on several counts. Although on a basis of estimated membership of some 40,000 /1 in a labor force of about 175,000 it appears that over 20 per cent of the workers are organized, the picture is spotty. While the larger activities such as sugar and mining are substantially organized, union membership in other activities, construction, for example, is estimated to be as little as 5 per cent or less.

23. The relatively small scale establishment predominates in Guyana and this type of enterprise is traditionally difficult and costly to organize. This situation plus the liberal provisions of the Guyanese law governing the organization of unions encourages proliferation of small unions. According to the Directory of Trade Unions (September 1969), of the 37 unions listed, 28 or about 75 per cent have individual claimed membership of less than 1,000 and of these 23 claim membership of less than 500 each. Only two unions, the rival pro-Jagan General Agricultural Workers' Union (GAWU) and the TUC-affiliated Manpower Citizens' Association (MPCA) claim membership of 10,000 or more. /1

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/1 Statistics on union membership are extremely shaky. In particular the membership figures of the rival sugar workers' unions appear to be little more than claims.



24. A third weakness lies in the lack of professional preparation of the leadership, most especially at the lower or local union level of leadership. Most of the top leadership has received training either in the U.S., England, or Canada. These men are well-informed and competent. A second level is being reached, if perhaps insufficiently, through the Critchlow Labor College. At the local and shop steward levels, however, a gap exists. The handling of grievances and interpretation of collective contract provisions is a complex task and there is a scarcity of qualified personnel to fill these posts. The top leadership is fully aware of this deficiency and is trying to solve it by means of local seminars and courses in which these people can participate without having to take time off from their jobs. However, the sheer numbers involved and resources required pose serious problems.

25. Finally, the unions are financially weak. This is not surprising in a low-wage scale area for the simple reason that the rank and file of the membership cannot afford to pay more than minimal dues and sometimes cannot pay even these.

26. In spite of these weaknesses there was near unanimity of opinion among persons from all sectors of the society with whom the evaluation team spoke that the labor movement is a significant political and economic force in the Guyanese society. Because of its multi-racial composition it may ameliorate, in some degree at least, the racial polarization within the country. Additionally, it is represented on a variety of official boards and commissions such as the National Planning Council, Guyana Development Corporation, National Insurance Board, etc., giving it a voice in national policy and decision-making.

27. Neither the Communist Party nor the Communist Labor Movement is a recognized legal entity in Guyana. The PPP is headed by an avowed communist. Whether the rank and file of the PPP know or cares very much about communist political dogma is unclear but the fact is that the charismatic Dr. Jagan has been able in the past to command at least a substantial part of its loyalty. The labor arm of the party, the GAWU, is the spearhead of the communist effort in labor. The GAWU collects only nominal dues and is more interested in maintaining a roster of membership than in developing a full scale union organization. Its base is in the East Indian sugar workers and it represents a continuing challenge to the democratically-oriented MPCA. Racial, rather than ideological considerations, probably constitute the basic cleavage. Nevertheless, the communist element is active and militant and constitutes a force against which the legitimate unions must maintain a running struggle, not only among the sugar workers but in the other areas as well.

D. Labor Programs in Guyana Other Than AIFLD

28. While the great preponderance of activity in the labor field from overseas organizations is concentrated in the AIFLD program, the U.S. Agency for International Development (AID) and several of the international agencies such as the International Labor Organization (ILO) and the Inter-American Development Bank (IDB) have active programs on labor matters or have had such programs in the recent past.

29. Under its participant training program USAID/G has sent from FY 1956 to FY 1968 35 Guyanese to the United States for training in the labor field. Seven of these were from the Ministry of Labor and Social Security and 27 from the TUC, and one from the personnel department of a company. A TUC participant was sent by USAID/G to the International Manpower Institute in 1969; in addition to his post as Secretary General of his union, he is now serving as the head of the TUC Education Committee.

30. Also, under USAID/G auspices over the past three and a half years, three technical specialists have been assigned to Guyana for varying tours of duty ranging from two to six months. One of these, a Manpower Adviser, assisted in planning the first tripartite conference on manpower training ever held in Guyana. A second, an Occupational Guidance Adviser, assisted in developing a system of testing and counselling for young applicants at the Guyana Industrial Training Center. The third, an Employment Services Adviser, was detailed to assist the Employment Service Section of the Ministry of Labor and Social Security on the development of operating procedures, job descriptions and an occupational classification system. The specialists were supplied by the U.S. Department of Labor International Technical Assistance Corps (DOLITAC) under a contractual arrangement with AID.

31. Relations between Guyana and the ILO have been good and Guyana has received some technical assistance from it. An ILO technician in skill training played an important role in the creation

of the GITC. It appears that the original concept of the Critchlow Labor College was drawn on a somewhat modest scale. An ILO technician was an important factor in changing this concept of the institution from that of an "Institute" to that of a "College" with the higher academic level implied by the name. This action has had a profound effect both on cost and operations. The only current ILO project is that of an expert on social security administration working with the Ministry of Labor and Social Security on a one-year assignment during 1970. Not yet firm but under consideration is a plan of the Government of Guyana to avail itself of three training grants at the ILO training center in Turin, Italy for three men who, after the Turin course, will be assigned to the staff of the GITC.

32. Guyana is not yet a member of the Organization of American States (OAS). Nevertheless, Labor Minister Carrington attended the Third Inter-American Conference of Ministers of Labor in Washington in October of 1969 as an observer. Guyana has already implemented many of the recommendations of previous conferences through its encouragement of cooperatives, credit unions and the inclusion of labor representation on national planning boards and councils.

33. Guyanese labor has extensive affiliations with the international labor movement. The TUC is affiliated with and active in the International Confederation of Free Trade Unions (ICFTU), the Inter-American Regional Organization of Workers (ORIT) and the Caribbean Congress of Labor (CCL). Additionally, corresponding individual Guyanese unions are affiliated with the following international Trade Secretariats (ITS):

Public Service International (PSI)

International Transport Federation (ITF)

International Metal Workers' Federation (IMWF)

Postal Telephone and Telegraph International (PTTI)

International Federation of Plantation Agricultural  
and Allied Workers (IFPAAW)

34. The ITS generally have limited financial resources for assistance programs, but do manage some limited action in the form of advisory services and an occasional seminar. At the time of the visit of the evaluation team the PTTI was just completing a seminar using the facilities of the CLC.

35. Although there is no recognized Social Christian political party, there is a small but active Christian Trade Union group, especially active in the rural areas. One small union of some 1,100 claimed membership, the Guyana Farmers and Workers' Union (GFWU), is affiliated with the Latin American Confederation of Christian Trade Unionists (CLASC). Just how much assistance, financial and other, the GFWU is receiving from CLASC is not known.

36. The GAWU is affiliated with the communist World Federation of Trade Unions (WFTU), but again the extent of the assistance GAWU is receiving from this source is not known.

CHAPTER III

THE AIFLD COUNTRY PROGRAM

A. Objectives

1. The stated objectives of AIFLD/G are set forth as follows in the 1968 Country Labor Program for Guyana: /1

"The primary goal of the AIFLD in Guyana is to support and assist the one element in the society which is militant in the cause of freedom, democracy, and economic and social progress--the trade union movement... The secondary goals...(are):

- "1. To reinforce the image of the Guyana Trades Union Council as a responsible spokesman for Guyana labor.
- "2. To develop trade union solidarity through programs that reflect the sincere desire of the TUC to better the lives of workers.
- "3. To channel the energies of the movement in the development of the country.
- "4. To encourage a continuation of labor's policy of no political alignments.
- "5. To aid specific unions as a means of bolstering the entire movement."

B. Historical Development

2. There has been a considerable history of fraternal relations between the labor movement of Guyana and that of the United States. Even prior to the establishment of AIFLD, contacts were developed and counsel and assistance were provided to the Guyanese labor movement.

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/1 The 1970 plan contains a similar but more abbreviated statement.

3. AIFLD as such made its first substantial impact on the Guyana labor movement in 1962, when eight Guyanese labor leaders participated in the Washington training course held from June to September 1962. These men were mostly senior officials of unions covering the bulk of organized urban and rural workers in Guyana. Three others were sent to later courses in 1962 or 1963; three in 1965; and one in 1967. In addition one was sent to a nine-month labor economist course in 1968.

4. The AIFLD office in Guyana was established in the spring of 1965. Almost concurrently with its organization it embarked upon what have been its three main projects in Guyana to date:

- (a) workers' education through the Critchlow Labor Institute (now Critchlow Labor College) and the TUC;
- (b) establishment of the Guyana Industrial Training Center; and
- (c) development of a cooperative housing program under the aegis of the TUC.

During the entire life of AIFLD/G, these have been its major program activities.

5. AIFLD also engaged during the period 1966-69 in seven AIFLD impact projects and eight AID-AIFLD small social projects in various parts of the country.

6. Table I presents a breakdown of AIFLD's expenses during the years 1965-69 according to object and source of funds.

TABLE I - EXPENDITURES OF AIFLD/G PROGRAM  
 BY OBJECT AND SOURCE OF FUNDS  
 (1965-69 and estimated 1970)  
 (In U.S. dollars)

YEAR	USAID Funds						AFL-CIO Funds		
	Total	Basic Prog. Expenses	Labor Educ.	GITC Bldg. Construc.	Other GITC Expenses	Small Projects	Total	Impact Project Funds	Housing Loan Funds
1965	\$54,647	\$51,204	\$3,443	-	-	-	\$1,575		
1966	136,814	116,092	8,834	\$5,500	\$5,749	\$639			
1967	239,032	152,528	12,383	34,830	35,705	3,586	2,082		
1968	418,523	122,559	35,321	122,791	126,935	10,917	4,931		
1969	235,581	65,833	20,148	-	149,600	-			
<b>TOTAL</b>	<b>\$1,084,597</b>	<b>\$508,216</b>	<b>\$80,129</b>	<b>\$163,121</b>	<b>\$317,989</b>	<b>\$15,142</b>	<b>\$702,188</b>	<b>\$8,588</b>	<b>\$693,600</b>
<u>1970</u> <u>Esti-</u> <u>mated</u>	\$128,000	\$56,000	\$22,000	-	\$50,000 <sup>1/</sup>	-	-	-	-

<sup>1/</sup> This is a minimum figure which does not fully take into account probable expenses arising from extension of the services of the U.S. administrator (advisor) at Guyana Industrial Training Center.

Source: Information on USAID-funded expenses compiled from accounting records of AIFLD/W; other data from AIFLD/G.



C. Guyanese Receptivity to Program

7. There is no question that AIFLD, together with the AFL-CIO, have earned in Guyana considerable good will and respect, both for the American labor movement generally and for the United States.

8. Almost every labor leader of consequence in Guyana has visited the United States and met with American labor leaders-- either in connection with attendance at the AIFLD Front Royal course or under AID or other programs. Members of the evaluation team were frequently shown with pride photographs of Guyanese leaders meeting with American labor leaders and--in the case of those who attended the 1962 class--treasured photos of handshakes with President Kennedy.

9. The Prime Minister (himself a labor union president on leave from his union) has had a long and friendly association with the AFL-CIO.

10. Other major leaders of Guyanese labor indicated to the evaluation team on repeated occasions that the support they received from AIFLD was of much greater value than what they had received from the British TUC. These comments were not elicited by the evaluation team--the Guyanese took the initiative to make the point. One leader stated that he had had training in the United States, Britain, and Germany, and found the American approach decidedly most useful and relevant to Guyana problems.

11. The trade union movement has provided major support for the present government.

12. We believe that the weight of evidence is that the American labor movement continues to play a highly useful role in strengthening democratic forces and ideals in Guyana and the friendliness of Guyana towards the United States.

13. The labor movement is the largest and most influential organized movement in Guyana, and practically the only important group with inter-racial leadership, supporting the present government.

14. We believe that the strong desire of Guyana political and labor leaders to maintain their prestige with international labor movements and with AFL-CIO is a constructive force in maintaining a democratic form of government. Continued AIFLD representation in Guyana and tangible support from AIFLD have substantial value in sustaining this keen interest in continued alignment with labor movements in the free world.

15. We are aware that serious concerns have been expressed that AIFLD's position that labor unions should maintain their independence of government may be inconsistent with political realities in Guyana. We have found, however, no ideological disagreement within Guyana to the principle that unions ought to be independent of government. The leader of one union stated: "We do not want to see the labor movement emasculated by political patronage."

16. Under the realities of Guyana life, it is true that government and labor are closely allied in terms of political, economic and social objectives, personal friendships, and other common interests. They are reciprocally much more directly susceptible to pressure, the one from the other. Under such circumstances, AIFLD may well at times voice concern that the labor movement is compromising its

independence in one way or another. We do not believe that this is harmful. Guyanese labor leaders are articulate and well able to take on AIFLD in ideological discussions.

17. Furthermore, it should be recognized that another keystone of AIFLD ideology, also shared by Guyanese labor leaders, is the "solidarity" of the free labor movement. As indicated below in greater detail, TUC leadership of constituent unions and union leadership of the rank and file are often imperfect. Most strikes have been wildcat. AIFLD stress on solidarity of the union movement can be a constructive force in stabilizing labor relations and achieving a more effective relationship between labor leadership at various levels and with the rank and file.

18. Finally, a continuing dialogue between American and Guyanese labor can be very helpful as a factor influencing the economic philosophy and investment climate of the country during these critical early years of independence. Guyanese labor leadership (and thus political as well) has been greatly conditioned by the moderate socialistic ideas of British trade unionism. In consequence, there is a heavy emphasis on "socialism" in the sense of stressing the importance of a sharing by the common man in the fruits of the country's production. The importance of the public sector is accepted as a matter of course, but is tempered as in Britain by a recognition of the vital role the private sector can play as well. More recently, this socialist tradition and other factors have given impetus to the policy, embraced in the concept of a "Cooperative Republic," of a cooperative sector as a third sector in the country's economy. Against this background, American labor philosophy can contribute some further healthy inputs. Perhaps

most central is the concept that labor should concentrate as much in enlarging the size of the pie as in seeking a larger share of the existing one. In this respect, ideas such as cooperation with management and government in improving productivity, responsibility in avoiding unnecessary work stoppages, and the necessity in collective bargaining to take account of the needs of the country and of industry for stability and growth can all have significant value.

#### D. Labor Education

19. The core of AIFLD's program to promote the development of a strong free democratic labor movement in Guyana has been and is labor education. It is useful for discussion to consider labor education in three tiers:

- (a) education of top leadership in the U.S.;
- (b) education for middle and lower level leadership;
- (c) education of rank and file.

#### Education of Top Leadership in the U.S.

20. Since 1962, AIFLD has provided opportunities for fifteen Guyanese labor leaders or potential labor leaders to participate in training at Front Royal. Of these, at the time of their courses, four were presidents of their unions; ten held other offices in their unions; and one was an ordinary member of a union.

21. Appendix II contains a list of these trainees showing their positions when they came to the U.S. for training and their positions today.

22. Of the four presidents, two remain presidents of their unions. One of these, however, is on leave serving as Minister of Labor and Social Security in the Guyanese Government (Winslow Carrington). A third president has stepped down to become full-time paid executive director of his now much stronger union, and the fourth president (of a small union) has become an Industrial Relations Officer with the Ministry of Labor.

23. Of the ten other officials, eight remain in the labor movement in posts at least as high as those held at the time of the course. One of these has already served a term as Chairman of the TUC but chose to return to New Amsterdam, where he leads the major union branch in the eastern province of the country. Another rose from Education Office to General Secretary of his union and another from Secretary of his union to Registrar of Critchlow Labor College. Others have returned too recently for a change in position to be expected.

24. The one ordinary union member sent to Front Royal has remained an ordinary union member.

25. On the whole, therefore, it can be concluded that candidates for Front Royal were generally well chosen and as a group have subsequently played important roles in the Guyanese labor scene.

26. While it is therefore evident that in terms of persons selected, the Front Royal courses have been well targeted, it is more difficult to determine the extent to which Front Royal training

helped them to become more effective leaders. The following factors are indicative that the training was of substantial benefit:

- (a) All five of the trainees whom the evaluation team interviewed agreed that it was a very valuable experience. They felt particularly that it assisted them in very practical ways both in bargaining with employers and in the organization and conduct of union affairs.
- (b) Employers expressed to us the view that AIFLD training was constructive in broadening the horizons of labor. One expressed the view that there was a very sharp difference between leaders whose experience was exclusively in Guyana and those who had had opportunities for extensive study abroad.
- (c) Members of the evaluation team were impressed on the whole with the knowledgeability of the trainees and with attitudes that appeared constructive in terms of the needs of Guyanese labor in particular and the country in general.

27. The one candidate sent by AIFLD to the U.S. for training as a labor economist is now working full time for the largest union in the country (MPCA), which deals with the important sugar, electrical and rice industries. He is also made available to render service to other unions. He appeared to enjoy the confidence of his union president, who had him at his right hand during our interview.

Inasmuch as the union was involved at the time of our visit in major bargaining on wages and fringe benefits with the nation's largest employer group (Sugar Planters' Association), the need for the staff support of a labor economist was manifest.

28. At the present time there appears to be little or no continuing need of AIFLD training in the United States of present top leadership of the Guyana trade union movement. Heads of important unions who have not taken part in the AIFLD course have generally received training as participants under the AID technical assistance program.

29. There is, however, an important continuing need to identify and provide opportunities for AIFLD training to younger men who are likely to rise in the movement or who are already important in the leadership of large labor branches outside the Georgetown area. The number of suitable candidates is likely to be small.

#### Local Education for Middle and Lower Level Leadership

30. Since the inception of the AIFLD program in Guyana, education for labor leadership within the country has been centered in Critchlow Labor Institute, founded on May 1, 1965, and changed to Critchlow Labor College in October 1967. During the early period of Critchlow Labor Institute, AIFLD largely provided the funds for its operation. In 1969, it provided about \$17,750 to the College; the total expenses of the College were \$37,000, exclusive of mortgage payments. The newly completed College building includes an administrative block housing both CLC and TUC headquarters, three classrooms, a large auditorium and foyer, a kitchen and cafeteria. A dormitory and library facility is planned.

31. The following is a record of the number of labor education courses given by Critchlow Institute (College) during past years:

<u>Year</u>	<u>No. of Courses</u>	<u>No. of Students</u>	<u>No. of Class Hrs.</u>
1965	5	123	n.a.
1966	6	128	n.a.
1967	n.a.	n.a.	n.a.
1968	13	376	648
1969	18	485	704
1970 (proposed)/1	20	550	962

Courses vary in length from week-end seminars to three-month courses.

32. The \$17,750 spent by AIFLD in 1969 went to pay for scholarships (bursaries) of 400 students attending labor courses. Normally AIFLD will pay for only twenty-five students per class and only for labor courses. In addition to labor courses, CLC also gave in 1969 five evening courses in business management, public speaking, local government, and social studies. These courses are open to trade unionists and non-trade unionists alike, although the former are in the majority.

33. The effectiveness of the labor courses offered at Critchlow is difficult to measure. No attempts have as yet been made to introduce formal measurement. The evaluators did, however, discuss this at length with the college administration, which indicated strong interest in developing an evaluation system. The lack of any such

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/1 According to ProAg dated February 10, 1970, and excluding four proposed public lectures.



system to date they attributed to the short period of the College's existence and the problems involved in organizing the college and developing its initial program.

34. Our evaluation at this time, therefore, must be made on the basis of views expressed to us in interviews and available data on course content.

35. On the plus side may be listed the following factors:

- (a) Without exception labor leaders described the courses as useful and said that their members had benefited from them. The General Secretary of the TUC, for example, stated that before AIFLD entered Guyana, labor education had "no real meaning" and only occasional courses were given. Labor education was credited with strengthening the stability of unions; increasing the ability of members of the labor movement to express themselves; and in contributing to reduction in wildcat strikes.
- (b) The argument with respect to reduction of strikes (most of which are wildcat, though unions frequently make them "official") can be supported by the following data:

<u>Year</u>	<u>No. of Strikes</u>	<u>Man-days Lost</u>
1965	146	137,098
1967	170	150,000
1968	136	306,000
1969	129	38,000

Some observers, however, look to other factors than labor education as more important in the reduction. These include efforts by the Government to achieve labor peace in the interest of the national economy; however, it can well be argued that better union leadership, trained to maintain greater discipline and to deal more effectively with grievances, made it possible for labor to cooperate more effectively with Government and business in avoiding work stoppages.

A representative of a mining company attributed improvement in his company to a change in company policy by utilizing the union as a channel to inform its workers instead of holding of direct management meetings with workers.

At the time of the evaluation team visit, a major strike developed in the sugar industry, which will undoubtedly reverse the decline, at least in man-days lost, in 1970. Our judgment is that education may be biting somewhat into the problem by helping to reduce the number of strikes developed over inconsequential causes. With respect to major issues, its effect is less likely to be noticed in terms of man-days lost than more intangibly in terms of the manner in which strike action is conducted and settlements are reached.

- (c) Members of management interviewed take a friendly view toward the labor education program and believe it has been useful in training union leadership--though some would say this impact is barely, if at all, discernible. The advocacy by some CLC professors of union representation on boards of directors appears to concern some while others take the view of "let them talk" and criticized the program mainly on ground of low and confused intellectual calibre of the institution.
- (d) Participants in courses, to the limited extent we were able to talk with them, felt they had benefited from the training. They were not, however, very articulate in explaining how. To those in lower echelons particularly, attendance provides a form of prestige and a variation from their work routine.

37. The following factors are suggestive of material weaknesses in the Critchlow program:

- (a) The quality of labor education available at Critchlow Labor College appears to be lower than in other AIFLD-supported educational programs with which we are familiar. There appears to be a dearth of textbooks and other course materials. AIFLD's Spanish materials are, of course, of no value. In this respect, we understand that AIFLD has a program to develop materials in English for the Carribbean area but this

has been stalled for lack of funds. Overall course planning seems to leave much to be desired. Instruction appears to be left essentially to instructors, drawn from a variety of sources on a part-time basis, who are not of uniformly high quality. Courses are frequently described as being too philosophical and insufficiently practical. In short, there does not exist the evidence of careful programming and professional teaching that we found in Brazil and Honduras.

- (b) There was a general feeling that CLC courses were pitched too high. This was stated both by labor leaders and other observers. In consequence, it is felt that unions have too few people to send who can really benefit. This feeling was particularly strong in the two major unions (well over half TUC membership) whose strength lies mainly outside the Georgetown area-- MPCA (sugar estates) and the GMWU (mines).
- (c) Concomitantly, it was felt that labor education in the field was being neglected. Labor leaders considered that more needed to be done for shop stewards and other minor officials or potential officials at the local level.
- (d) While it is claimed by TUC and CLC that East Indians participate proportionately in the program, enrollment records that we examined for a sampling of courses suggest they are much in the minority, although they

constitute half of the labor force of the country. The MPCA (the largest union, of which the majority of members are East Indians), supports CLC but observed that the TUC divides things up among unions and the large ones get proportionately less than others.

- (e) There is substantial feeling that CLC was conceived as an overly ambitious project.

38. Considering all of these factors our judgment is that the net effect of CLC is constructive but that much more needs to be done to achieve a balanced and effective labor education program. It is encouraging to note that the leaderships of both TUC and CLC recognize in large measure current weaknesses and the need to fashion a more effective institution.

#### Local Education of Rank and File

39. AIFLD/G has attempted to carry out with the Trade Union Council, through its Education Committee, a program of workers' education at the "grass roots." For this purpose AIFLD has a mobile unit for travel into rural and mining areas. This is equipped with transformer, projector and screen, tent and cots, and other items to permit the program to be carried into areas lacking electrical power and other amenities.

40. This activity was never strong and has essentially dried up in consequence of a lapse of the TUC Education Committee into relative inactivity during the course of 1969. Some individual

unions do conduct education of their workers in the field, but this appears to be slim and without TUC's support or guidance.

41. Owing to the inactivity of the program of workers' education of the rank and file, the evaluation team has not found much to evaluate. From such reports as we have been able to obtain, its effectiveness has been limited.

42. In our view, an educational program at the grass roots is essential to a balanced worker education program in Guyana. There are further many indications of weaknesses in the Guyana labor movement closely linked with lack of grass roots education. Management sources indicated to us that they felt unions were deficient in educating their rank and file. A particular point made was that the unions did not have thorough programs of educating their membership or the various levels of union officials to the provisions of collective bargaining agreements entered into. They also felt that shop stewards were often poorly selected and had limited conceptions as to their duties and how to discharge them.

43. The evaluation team also found that there often was a gap between union leadership in Georgetown and the rank and file in the field. As one source expressed it to us, the rank and file likes to lead the leadership. One indication of this is the prevalence of wildcat strikes, sometimes over issues which do not even lie in the field of labor union concerns.

44. Again it was widely indicated, as mentioned above, that training at Critchlow was pitched too high. Collateral to this is

a lack of basic training in the field to prepare candidates for Critchlow and to identify better those who can benefit from it.

45. Finally, while Guyanese labor statistics have little reliability, one gains the impression that membership growth is very slow. This is particularly a problem among the East Indian agricultural workers, who are subject to proselytizing by pro-communist labor organizers.

#### AIFLD/G Problems with Labor Education Programs

46. Inability to achieve an effective program of workers' education for the rank and file has been a primary cause for concern by AIFLD/G (and AIFLD/W) during the past year. A major source of the problem without doubt is the financial strain on TUC to maintain and operate Critchlow Labor College. The budget of the College for 1970 is G\$102,000 (or U.S.\$51,000), of which G\$12,968 represents mortgage payments. This is not a vast sum when it is considered that the building is also useful to TUC to house its own secretariat and other union purposes. However, it is enormous in terms of the small sums TUC can raise through constituent unions of modest membership and low dues.

47. In consequence TUC has been under pressure to obtain funds from every possible source to finance Critchlow. /1 Thus, the TUC appears to have followed a pragmatic policy of encouraging the flow of AIFLD funds to Critchlow and discouraging their use

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/1 Indeed a major source is the Government of Guyana, which AIFLD considers tends to compromise TUC independence of government.

for educational purposes in the field. Further, AIFLD feels bitterly that USAID/G has been pushing in the same direction.

48. What has actually transpired, however, appears far murkier than this simple explanation suggests. The TUC has never abolished its Workers' Education Committee or indicated that its functions should not be funded. Further, while in its ProAg with the Guyana Government, USAID/G earmarks workers' education money only for Critchlow and none for the TUC Education Committee, nonetheless in its letters it sometimes indicates that the money can be used either for Critchlow or for the TUC Education Committee.

49. For the year 1969, AIFLD/G budgeted the funds allowed it for workers' education (\$22,000) as follows:

\$15,000 for Critchlow

\$ 5,000 for TUC Education Committee

\$ 2,000 for the mobile unit (used by TUC  
Education Committee)

50. The amount of \$15,000 from AIFLD/G was listed by Critchlow in its budget as an anticipated receipt. By the end of the year, however, AIFLD/G had actually spent the money approximately as follows:

\$17,750 for Critchlow

\$ 2,750 for TUC Education Committee and mobile unit

\$ 1,500 unexpended

51. It is very difficult for us to understand why, since AIFLD/G considers the needs for funds for workers' education through the TUC Education Committee to be so critical, it agreed to finance



Critchlow above the level budgeted or why AIFLD/G and TUC somehow could not get together to make use of the unexpended funds.

52. One explanation given us by the TUC Education Committee is that the method of financing TUC Education Committee projects by AIFLD/G precludes them from drawing the money until after the work is performed and expenses must be paid. Therefore, it has to seek an advance from the TUC. The TUC in turn, reportedly, has not had available cash to provide advances. Whether TUC's finances have been consistently so tight, or whether TUC hoped that by not making advances to the Committee more AIFLD funds would be directed to Critchlow, is a matter for speculation. Both factors were probably operative.

53. For the year 1970 Critchlow has budgeted \$17,500 as expected receipts from AIFLD. This is presumably based on its 1969 experience rather than any understanding with AIFLD/G. In any event, this would leave a balance of \$4,500 in the AIFLD workers' education fund presumably available for the TUC Education Committee Program. Meanwhile, as the evaluation team left Guyana, the TUC Education Committee met and agreed to ask TUC for stronger financial support.

54. In our view it is unprofitable to explore further the intricacies of the actions taken or not taken by AIFLD/G, TUC, TUC Education Committee, Critchlow, and USAID/G. What clearly emerges is that there has not been a sharply defined well-laid-out policy or plan. In consequence, grass roots education of the rank and file appears to have been, and to remain, in a state of drift.

55. We strongly support AIFLD's view that education of the rank and file has been neglected and requires attention. We also sympathize with AIFLD's problems to the extent they have been created by conversion of Critchlow Labor Institute into a College and the construction of the College building.

56. Nonetheless, we do not believe that a viable labor education program can be achieved by ignoring the important substantive role of Critchlow Labor College as capstone of workers' education within Guyana or by concentrating all substantive attention on workers' education for the rank and file.

57. In this connection, it needs to be emphasized that AIFLD's difficulties with labor education in Guyana by no means began with the building of Critchlow College and the tapering off of activity by the TUC Education Committee. The AIFLD Country Plan for 1968 (prepared in early 1967) contains the following statements, among others, that suggest how long-standing the problems have been:

"The CLI has not functioned as well as desired. . .  
". . . the failure to establish standards for performance for the instructors, who are not necessarily themselves trained in AIFLD organizing techniques, has undoubtedly hindered the program . . .

"The problems of the CLI are extremely difficult to rectify by direct AIFLD action. . . Although arrangements were made for consultation and jointly-arrived at decisions, the TUC gradually took over the decision-making in several important areas, e.g., the selection of students and the selection of instructors. . .

". . . More thought should be given to directing the instruction to meet the problem areas of the union movement and of industrial relations generally rather than simply to rehash the history of the Caribbean labor movement and similar topics.

". . . The Education Committee, which consists of eighteen persons, is the largest TUC Committee, with no decision-making powers. This makes it in fact a well attended debating society. . ."

58. All of these problems persist today, and strongly suggest the lack of a concerted and professional plan to develop an efficient labor education system supported by effective teaching resources.

#### Future Prospects

59. Inadequate as the development of labor education in Guyana has been, there are solid reasons for believing that an effective, realistic and balanced program is achievable.

60. On the Guyanese side the evaluation team has found widespread recognition both of inadequacies of the Critchlow Labor College program and of the serious lack of effort at the grass roots

both for basic workers' education and to provide a feeder into Critchlow. On the labor side this view was expressed by both the President and Vice President of the TUC, and the views of other leaders were generally supporting and in no case conflicting. The Minister of Labor expressed the view that CLC is at the "saturation point" and that to develop workers' education programs to feed into CLC the "TUC should lay down policy that AIFLD should work with the unions and TUC should give ground rules therefore." He added that "it should be possible to work with individual unions and maintain good relations with TUC and do a better job."

61. Our conclusion is that what is basically needed is for AIFLD and TUC to work out a viable long-range labor education program in which both Critchlow Labor College and workers' education through the individual unions each play a proper and coordinated role.

62. If this is to be achieved successfully, there are three problems that should be squarely faced:

- (a) the substantive problem of program planning and implementation;
- (b) the problem of program control; and
- (c) the problem of finance.

63. With respect to substance, we would suggest that TUC and AIFLD work out a multi-year plan for the development of a balanced program in which the respective roles of Critchlow and basic education in the field at union level are well-defined and complementary. Such a plan should include a good outline of courses and seminars to be offered, number of workers to be accommodated,

and the frequency with which each course and seminar should be given; arrangements to assure that the best possible cadre of instructors is made available and that instructors receive adequate training in what they are to teach; and finally arrangements to develop or provide course outlines, textbooks, and other needed materials. The plan should be developed utilizing the best talents of the AIFLD Washington office as well as the CPD.

64. With respect to control, we would commend to AIFLD the statement in its 1968 Country Program Plan that "Any attempt to directly control the CLI program would cause a serious collision with the TUC that would demolish AIFLD's effectiveness in the country....the changes which are so necessary....must be effected in a deliberately diplomatic and indirect fashion." We stress this language out of conviction that at times AIFLD has been too preoccupied with control per se rather than with availing itself of opportunities to bring to a cooperative program the full weight of its substantive professional expertise.

65. Further, it would seem to us that there should be a mechanism through which a joint program can be developed and reviewed. Accordingly, we would suggest establishment under TUC of a small working group on Labor Education Programming, in which AIFLD would have representation, that would be responsible for continuous program planning and evaluation. Such a mechanism would provide a means for developing a cooperative program without the objections involved in AIFLD membership on the Board of Directors of CLC. /1

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/1 About two years ago AIFLD voluntarily withdrew its CPD from this body.

66. With respect to the third problem--finance--it is suggested that AID agree in principle to a modest increase in funds for labor education to permit development of a well-rounded program. This sum should be adequate to cover expenses of an effective program for education of the rank and file, including employment of a well-qualified Guyanese national to work full time to keep the program moving.

67. We also believe that the support for scholarships to Critchlow Labor College should be limited to no more than the current rate of \$17,500. This is a substantial part of the cost of the College and is sufficiently generous. To do much less at this point would be to waste energy in trying to develop a substantive program against a background of financial crisis. Further, to assure that the funds for Critchlow will be used with maximum effectiveness and to avoid the possibility of courses being given primarily because they are eligible for AIFLD's financing we believe the funds should be available for other courses (such as on cooperatives) of benefit to unionists and not solely for courses strictly relating to trade unionism. This would be consistent with AIFLD practice in other countries.

68. Finally, we believe AID should agree in principle to provide reasonable additional sums (say, \$20,000) on a one-time basis for the development or acquisition of books and other course materials or other special purposes necessary to increase the quality as opposed to the quantum of courses.

E. Vocational Education: The Guyana Industrial Training Center

69. Under AID financing, AIFLD has sponsored the development of Guyana Industrial Training Center. This involved the construction and equipment of a building costing \$163,121 /1 and an additional \$318,000 essentially for provision of a staff of seven vocational teachers for periods ranging from about thirteen to twenty months. The school is now being turned over to the Guyana Government.

70. The Center has been extremely well-received. The Prime Minister cited it as being in his view the most important thing AIFLD has done in the country. The Executive Secretary of the Consultative Association of Guyana Industry, which has several representatives on the GITC, also referred to it as an outstanding project. The Minister of Labor told us he regarded GITC as even more important than the training of trade unionists. Employers with apprenticeship programs generally indicated that it was impossible or difficult to fit graduates of the Center into their organizations except under conditions of significant expansion of work force. However, employers without apprenticeship schemes regarded it as a highly promising source of workers for their operations.

71. The school has a capacity for 120 students for day classes and a like number for evening classes. Only the day program has been made operative. As some of the courses are six

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/1 Excluding land contributed by the Guyanese Government.

months and others twelve, the number graduated in 1969 was 155. Of 59 graduated in June, 49 reportedly found employment, 47 in the trades for which trained. Of the 96 December graduates, 64 were employed by March. All classes for the first half of 1970 are filled and it is reported that there are 1,800 applications for admission to subsequent courses. Therefore, on the basis of serving an obviously useful purpose in Guyana, the Center may be rated as a very successful project.

72. The basic success of the GITC has been unfortunately clouded by extensive controversy over the project between USAID/G and AIFLD. This controversy largely revolved around the question whether the American instructors hired by AIFLD and financed by USAID/G should have been withdrawn after one year of school operation, or whether they should have been financed for a longer period. In Appendix III we provide as full an account of this controversy as possible. Our conclusions are the following:

- (a) There could have been better planning of the project from the outset by both AIFLD and AID.
- (b) USAID/G maintained a consistent position that the school should have been turned over to the Guyanese on December 31, 1969.
- (c) As a practical matter it would have been preferable in order to achieve the full potential of the project, to have kept the instructors for a longer period. (It has, however, been beyond the scope of our study to investigate the whole of the AID program in Guyana and to reach judgments as to the priority that should have



been given this project in comparison with other needs for program funds.)

- (d) The institution of a second shift program at GITC for upgrading existing skilled workers remains a continuing high priority need in vocational education in Guyana. This was the original intended purpose of the school, which remains unfulfilled. We consider it desirable for AID and AIFLD to give continued attention to this matter. Rather than the launching of a new major program, we believe that it could be approached on a one or two skills at a time basis.
- (e) Guyana appears to be an excellent country in which to carry out the recommendations of the Rockefeller mission for continued AIFLD technical assistance in the field of vocational education. Our suggestion would be smaller, thoroughly planned projects based on careful assessment of needs. A useful starting point might be for USAID/G and AIFLD/G to consider a project to assist the Ministry of Labor to assess deficiencies in and future needs for skilled workers, together with study of possible means of rationalizing various training programs (including vocational schools, GITC and apprenticeship programs) to best meet such needs. /1

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/1 On a return trip to Guyana we were told that USAID/G had already undertaken some work in this direction.

F. Small Projects

73. Between 1966 and 1968, AIFLD/G was involved in eight small projects approved and financed by USAID/G, totalling \$15,100 in amount.

74. The most important of these projects was the supplying of \$10,000 of printing equipment to the largest union, MPCA, which hitherto had been unable to produce enough copies of its newspaper for its large membership. This project encountered early difficulties inasmuch as the press had mechanical defects and was not a piece of equipment with which Guyanese technicians were familiar. It is to the credit of the present AIFLD Country Program Director that he succeeded, where others had failed, in finding someone to repair it. The press is now operating and fulfilling the important purpose for which it was intended.

75. The other seven projects appear to have been well worth the limited funds devoted to them in assisting unions and working communities. Examples are a small calculating machine and a large but modest conference table and chairs which we saw being put to effective use in a large and active branch union office.

76. In addition, seven impact projects have been undertaken with AFL-CIO funds totalling \$8,600. The only serious failure was \$1,400 expended for equipment to help a laundry cooperative. The cooperative was not well conceived and the equipment can be considered a total loss. A second project involving an inconsequential sum also failed.

77. It is noted that all the projects that have failed or on which difficulties have been substantial involve the supply of mechanical equipment. Greater attention might be paid to the technical resources of the donee and the country generally.

78. Although small projects have been generally successful, AIFLD/G appears to be no longer looking for new ones to propose. One reason is that USAID/G has decided no longer to consider small projects; however, there appears to be no reason for not submitting projects that could be financed by AIFLD/W as impact projects and the country is sufficiently small that this should provide an adequate source of funds for most purposes.

79. In our view, the most appealing use of funds would be for projects to strengthen the free labor union movement on the sugar estates, where a communist-oriented union is engaged in proselytizing. For example, for some years now the sugar workers' union (MPCA) has been asking for help to build small union meeting places on the estates to provide facilities where they can carry on their activities free of communist interference. We believe this merits serious study and, if found desirable, consideration of means of financing. (The financing of union halls has been excluded by AIFLD as a use of impact project funds.)

80. By the same token, we also feel that the provision of some social services for sugar workers through the union could provide an important means of increasing the identification of sugar workers with the free labor movement. In this respect USAID/G

has provided some support to an MPCA credit union in Berbice. While we have made no evaluation as to whether further support (as requested by the Union) is necessary to its viability, we would consider it unfortunate to the strengthening of free trade unionism in the area if it were to fail. Accordingly, we would recommend that its development be closely followed.

G. TUC Housing Project

81. AIFLD cooperated with the Guyana TUC to establish the Trades Union Council Cooperative Housing Society, a non-profit association, to construct a total of 568 houses for TUC members. The project, known as Tucsville, has been supported by provision of up to \$2 million in mortgage loan funds by the AFL-CIO Pension and Welfare Fund under USAID guarantee.

82. The project encountered early difficulties owing to financial failure of the U.S. Contractor, who had been approved by both AIFLD and AID.

83. Thereafter, the Housing Society endeavored to continue the work on its own. The result, it is generally agreed, by TUC, USAID/G and AIFLD/G was inadequate management. However, the Housing Society, as an independent body, was not subject to control by any of these organizations. An AIFLD engineer, who spent a great deal of time in Guyana on the project, is credited with doing the best anyone could do with a bad situation. The Government of Guyana finally stepped in and appointed an administrator to replace the Housing Society management. It also provided construction loan money.

84. To date 214 houses have been completed with \$693,600 drawn from AFL-CIO funds. Another 115 houses are under construction and arrangements have been made to build 205 more, for a grand total of 534. Inasmuch, however, as the agreement with AFL-CIO permits drawing on the loan only to June 10, 1970, the long-term financing of any houses built after that date is unresolved. This is currently a matter under negotiation between GOG and AIFLD/W.

85. It is unfortunate that the Tucsville project has fallen short of achieving its hoped-for impact. It has not demonstrated the ability of the Trade Union movement to undertake large-scale social projects responsibly. In addition, escalation in the costs of the houses has removed them from the range where they can be bought by any but the most affluent trade union members. Whether these are sufficient to take up all the remaining houses planned for construction does not appear to be established.

86. On the other hand, it would be unwarranted to characterize the project as a failure. The houses built to date are considered to be worth well over their mortgage value and the AFL-CIO loan can be fully paid, without recourse to the AID guarantee. Furthermore, the project does not compare unfavorably with other housing projects in Guyana, and others have been stimulated to build similar projects including a major one adjacent to Tucsville. Certainly the failure of the original contractor was an event that could not have been foreseen.

87. One lesson to be drawn from the project perhaps is the importance from the beginning to assure that responsibility on the Guyanese trade union side is vested in individuals who can be relied upon to act responsibly. To this we would add the observation that the construction of low-cost housing in South America, particularly on a pioneering basis, is fraught with difficulties. From our report on Brazil as well as observations in Guyana, AIFLD is not unique in experiencing problems.

88. The only current activity of AIFLD/W on social or impact projects is the development of housing projects for possible financing under the Regional Revolving Loan Fund (RRLF). Plans have been made for a 16-unit workers' housing development for the Local Government Officers' Association union and other projects are being considered.

89. It is our understanding that USAID/G has suggested to AIFLD/G that plans for these projects be reviewed with USAID/G prior to their development in order to determine their consistency with U. S. policies, and to avoid the risk of unnecessary disappointment of the unions concerned. AIFLD/G has not adopted this suggestion and is believed by USAID/G to feel that it would be the latter that would bear responsibility for the disappointment if favorable action were not forthcoming. Whatever may be the exact situation, the evaluation team considers that there are elements in this situation which reflect the continuing lack of effective communications between the two organizations in Guyana.

CHAPTER IV

THE MANAGEMENT OF AIFLD COUNTRY PROGRAM

A. Program Planning and Budgeting

1. AIFLD/G prepares for each calendar year a Country Labor Plan, which includes a budget. This plan is prepared in the early part of the previous calendar year and submitted to AIFLD/W, which revises the submission into a final document. It is then approved by the AIFLD Board of Directors in May and sent to AID in the United States and AIFLD/G in Guyana.

2. While the Country Labor Plan is apparently designed to be a basic programming instrument, it does not appear to fulfill this function. The following (using the 1970 Plan as an illustration) are the factors:

- (a) The AIFLD/G 1970 Country Labor Plan was not supplied to USAID/G by AIFLD/G until August 1969, after USAID/G had already made its preliminary allocation of funds for FY 1969-70, including the amounts to be allocated for AIFLD programs. Thus, quite apart from the question of the merits of AIFLD programs or financial requirements, its country program became available somewhat late for fully effective consideration in the USAID/G planning process.
- (b) While the Country Labor Plan included a proposed budget, it was unsupported and unrealistic. No attempt was made to compare the funds sought for 1970 with those actually provided in 1969 nor were any justifications

given for the increases. Thus, the Country Labor Plan for 1970 budgeted \$236,885 for the Guyana Industrial Training Center (compared with \$149,600 provided in 1969) and \$143,071 for all other purposes (compared with \$88,300 in 1969). These were fairly big tickets to present to an AID Mission after its FY 1970 had already begun--amounting to some 40 percent of the AID grant funds expected to be made available for Guyana.

Leaving aside the complexities of the GITC, which will not be recurrent, it is sufficient to note that with respect to other budget items, the Country Labor Plan offers no justification for proposed increases in salaries, overseas allowances, travel, transportation and per diem, utilities, supplies, equipment, printing, communications and postage, benefits, consultant fees and expenses, or other costs of the AIFLD/G office. With respect to the worker education program, the justification is skimpy. Although the budgeted figures propose an increase in scholarships to Critchlow Labor College, the text states only that "AIFLD will have a scholarship program to the CLC in calendar year 1970, but on a limited scale." The need for weekend workers' education seminars is referred to but no explanation as to how the number or cost was arrived at. Budget estimates for a labor economist scholarship, travel



and expenses--lecturers, audio-visual vehicle maintenance and insurance, and special seminars on credit unions, etc. (aggregating \$20,500) are not mentioned in the text.

- (c) The Country Labor Plan does not identify and discuss the basic policy problems that are crucial to the AIFLD/G program. For example, although all program documents between AIFLD/W and USAID contemplated termination of the American instructors at GITC in December 1969, the Country Labor Plan does not identify this as a problem or describe how the school will be turned over to the Guyanese. It simply assumes that the instructors will remain throughout the whole of 1970, and indicates no date whatever for their termination. Again there is no effective discussion of the difficulties involved in getting "grass roots" labor education under way again and of the problems being encountered in this respect by AIFLD/G with the TUC and Critchlow Labor College although this was becoming a major concern. Indeed, the entire section of the Country Labor Plan concerning AIFLD/G Guyana goals in 1970 covers only nine lines of text.

The whole of the budgeting process was done by USAID/G unilaterally without consultation with AIFLD/G. After having prepared its tentative budget for AIFLD/G for 1970, USAID/G sent it to AIFLD/G on August 21, 1969. In so doing it expressed willingness to discuss with AIFLD/G possible changes in line items but not any changes in the total allocation. Upon receiving this information, AIFLD/G sent to USAID/G for the first time its Country Labor Plan for 1970. In so doing it took the position that since USAID/G would permit no discussion of the total amount, discussion at the local level would be meaningless.

B. Relations Between AIFLD/G and USAID/G

3. At the time of the evaluation team visit it was apparent that mutual confidence between AIFLD/G and USAID/G was non-existent. The relationship was perhaps most aptly and moderately expressed to us as characterized by a "lack of dialogue."

4. From the point of view of AIFLD/G, the USAID/G was interested in doing everything in its power to eliminate the AIFLD program in Guyana. AIFLD/G felt that through cutbacks in its programs it had been eliminated from any role other than to provide a funnel for the passage of limited funds from USAID/G to Critchlow Labor College for a program over which it was able to exercise no control and little influence. It was also under notice of USAID/G's

questioning of the necessity of AIFLD's field office in Guyana. /1 AIFLD/G felt further that USAID/G was interested in developing a complete labor program of its own through its Labor Technical Officer and projects with the Ministry of Labor and Social Security.

5. A particularly sore point with AIFLD/G and AIFLD/W is that representatives of USAID/G are in frequent contact with representatives of TUC and Critchlow Labor College, and AIFLD considers that the discussions involved tend to confuse and to conflict with its freedom and flexibility in administering its program. Among other things, AIFLD considers that USAID/G is biased in support of Critchlow Labor College and undermines AIFLD's prospects for success in developing a broader workers' education program.

6. AIFLD points especially to the fact that USAID/G is the only AID Mission which has a Labor Technical Officer /2 and regards the function of such a position (at least insofar as it relates to trade union activities rather than technical support to the Ministry of Labor) as inconsistent with its program responsibilities.

7. AIFLD has also expressed strong objections to action by USAID/G in passing to the Ministry of Labor copies of letters from USAID/G to AIFLD/G. It considers that matters between the two organizations should be solved between them.

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/1 Letter of October 23, 1969, from USAID/G to AIFLD/W, stating: "...I am not prepared at this time to indicate that I would plan to continue to finance this part of AIFLD (personnel services to AIFLD office) in 1970."

/2 An exception is Brazil where there is a substantive labor program and this function is consolidated with the Embassy Labor Attache.

8. On the other hand, it became evident to the evaluation team that AIFLD/G for its part does not hesitate to go directly to the offices of the Guyana Government to secure support for its efforts to obtain reversal by USAID/G of budgetary and program decisions.

9. The result, in the evaluation team's view, is a thoroughly unsatisfactory situation requiring remedial action. It is damaging to both organizations for the Government of a host country to be cast in the role of middleman between an AID Mission and an AIFLD Mission.

10. USAID/G for its part felt strongly that AIFLD/G was seeking additional funds for projects which either had no justification or were low priorities for Guyana both in its judgment and in that of the Government of Guyana and at worst might run seriously counter to interests of the United States in the country. On the first score it was convinced that AIFLD's main request for funds (for continuance of U.S. teachers at GITC in 1970) was unnecessary since the Guyanese instructors were able to take over and since the Guyana Government was unwilling to sacrifice funds from any other AID project to make this possible. Further, it was concerned by AIFLD/G's desire to undertake workers' education programs other than through Critchlow Labor College, to which it considered that the Guyanese Government and TUC desired all workers' education funds to be channeled. For this reason, and apparently on the basis of more general impressions, it was concerned that AIFLD/G was trying

to "drive a wedge" between the Government and the labor movement. USAID/G recognized the usefulness of an AIFLD presence in Guyana to maintain union-to-union contact with the Guyana labor movement. However, in view of the strength and comparative maturity of the Guyanese labor movement, it did not feel that more than a limited program was necessary. USAID/G was further concerned by the accounting problems that had been encountered with AIFLD projects, including what it considered to be attempts to secure payments for items not allowable under the AIFLD contract and task orders.

11. In consequence of its concern both over policies that AIFLD might pursue and over AIFLD administrative and fiscal practices, USAID/G expressed to us the further view that it would prefer that AIFLD/G program be financed and administered out of AIFLD/W rather than through the local AID program.

12. This basic lack of mutual confidence in effect was rendering extremely difficult harmonious resolution of any problem affecting AIFLD operations in Guyana at the local level.

13. On the formal side, contacts between USAID/G and AIFLD/G generally take place between the AIFLD/G Country Program Director (CPD) on the one hand and the Mission Director and/or the Labor Technical Officer. Since most recent matters relating to program appear to involve both questions of money and controversy over policy, the Mission Director is very substantially involved. On each task order AIFLD/G is required to submit quarterly reports to USAID/G. At the time of the evaluation team visit there was

dissatisfaction on the part of USAID/G with the quarterly report submitted on GITC under Task Order No. 44 since it was prepared by the Administrator of the Center rather than the CPD and did not contain certain evaluative data that USAID/G thought would be desirable. It indicated, however, willingness to accept the report if the CPD would endorse it.

14. With respect to program planning and budgeting, as indicated above, the two organizations, like ships passing in the night, plan independently and there is no point at which they come together.

C. Relations Between AIFLD/G and Embassy

15. There appears to be little contact between the Embassy and AIFLD/G. The Ambassador has been kept fully informed of developments through USAID/G. AIFLD/G has made no direct approach to the Ambassador, nor does the Ambassador appear to have called in the AIFLD/G CPD.

16. USIS/G is under instruction from USIA to be as helpful as possible to AIFLD and considers the AIFLD program consistent with its own objectives. AIFLD/G has drawn upon USIS/G from time to time and has found the latter cooperative and useful. We believe that, particularly in connection with promotion of workers' education in the outlying sections of the country, AIFLD/G would derive much practical advantage by maintaining a close relationship with this office.

D. Relations Between AIFLD/G and AIFLD/W

17. AIFLD/G makes a bi-weekly report to Washington that covers both labor developments in Guyana and activities of the AIFLD/G office and AIFLD/G country projects. It also submits a monthly financial report and other financial data. In addition, AIFLD/G makes the annual country program submissions referred to above.

18. In the conduct of projects in Guyana, the AIFLD/G Country Program Director has general authority to carry out the work provided in task orders, which are signed by AIFLD in Washington. Important matters of program and policy, however, are discussed through correspondence, or orally when possible. In addition to keeping AIFLD/W itself informed, the CPD also passes through AIFLD information and requests which he considers of importance to offices or officers of AFL-CIO.

19. While trips to Guyana by AIFLD management are few, it is contemplated that the CPD make two trips a year to Washington for consultation, during which visits all significant matters are discussed.

E. Accounting

20. The accounting records of the American Institute for Free Labor Development (AIFLD) both in Washington and in the AIFLD Field Offices have been audited on numerous occasions.

These audits have been performed by public accounting firms as well as by the Auditor General's Office of AID and the U.S. General Accounting Office. The audit report findings pointed out the areas in which the contractor was not complying with certain terms of the basic contract (AID/1a-259) between AID and AIFLD/W. A sample of the exceptions taken are as follows:

- (a) Fiscal and accountability records were not satisfactorily maintained.
- (b) Overpayments made on contractual transactions.
- (c) There were not always records on file to support recorded expenditures.
- (d) No travel authorizations were issued for either U.S. or local personnel.
- (e) Per diem expenses for travel to and from the U.S. not paid in accordance with terms of contract.
- (f) American flag airlines were not used.
- (g) Taxi services were used for non-official travel, such as travel to and from work.
- (h) Property inventory records were incomplete.

21. A concentrated effort has been made by AIFLD/G to comply with the recommendations made in Audit Report No. 70-1 covering the period May 14, 1965 through December 31, 1968. A number of the recommendations have been satisfied, and the management of the office has improved.



22. The accounting procedures and records maintained by AIFLD/G were examined in their offices at Georgetown, Guyana.

23. There had been virtually no accounting records and/or books maintained by AIFLD/G until March 1968. The accounting system established at that time is considered to be adequate. It consists of the following:

- (a) Check Register for U.S. dollar account with the National Savings and Trust Company in Washington, D.C. (This account is used primarily to transfer funds into the Guyana dollar account.)
- (b) Check Register for Guyana dollar account maintained at the Royal Bank of Canada, Georgetown, Guyana.

24. The deposits, as well as disbursements, are recorded by check number, date, payee's name, and the amount, in the above Registers.

- (c) Two Cash Journals are maintained. One is for the U.S. dollar account and one is for the Guyana dollar account. The date of the disbursement, payee's name, description of the transaction, and the amount paid is recorded in these Journals.
- (d) Two Payroll Journals are maintained. One is for the AIFLD/G and one is for the Guyana Industrial Training Center.

25. The expenditures recorded on the above records are reconciled on a monthly basis, with the Guyana dollar bank account.

26. At the month's end, AIFLD/G prepares Expense Reports on the U.S. dollar and Guyana dollar accounts. The expenditures reflected on these reports are reported by the object codes prescribed by AIFLD/W procedures. The Guyana dollar expenses are converted and reported in U.S. dollars. The Monthly Expense Reports show the disbursements as they appear in the Cash Journals under each object class (expense classification) and Task Order. When the Expense Reports are forwarded to AIFLD/W, they are supported by original documents such as vendors' invoices, payrolls, and expense account vouchers.

27. Upon receipt of the above reports and supporting documentation, AIFLD/W reviews them for accuracy and proper accounting classifications. A voucher is then prepared, (Standard Form 1034-A Service Other Than Personal) covering the expenditures shown in the Monthly Expense Report. This voucher is submitted to USAID/G for approval. The USAID/G Labor Technical Officer and the Controller examine the voucher for compliance with applicable regulations and contract terms. It is then certified and scheduled to the U.S. Disbursing Officer in Washington, D.C. for payment. The U.S. Treasury check in payment thereof is forwarded by the Disbursing Officer to AIFLD/W where it is deposited into AIFLD/W operating accounts.

28. Until recently, AIFLD/W would make certain corrections to the Expense Reports received from the field offices without notifying them what the corrections or adjustments entailed. AIFLD has now designed a form entitled "The Following Corrections Have Been Made in the Expense Report of \_\_\_\_\_, 19\_\_\_\_." This form is transmitted to the field office with a corrected copy of the Expense Report giving an explanation for the change.

#### F. AIFLD/G Staffing

29. AIFLD/G has a staff consisting of two Americans-- a country director and a program officer--and three locals. Of the locals, one is a professional intended to develop special projects, one is a secretary, and one a driver-messenger.

30. USAID/G believes the second American position is unnecessary and has budgeted it to be phased out as of June 30, 1970. /1 The AIFLD/G CPD stated that he needed the position because the individual concerned does the accounting and he requires someone who knows the AIFLD procedures. The evaluation team considers that the incumbent in the second American slot is not given tasks of sufficient responsibility to warrant the cost incurred and that the accounting function could be performed by a qualified local on a part-time basis.

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/1 The incumbent left for the United States in May 1970.

31. The local Social Projects Officer appears to us not to be fully utilized or fully effective. He does some limited teaching at Critchlow Labor College and provides some general assistance to the CPD. As indicated above, AIFLD/G is not currently engaged in developing social projects (other than housing under RRLF). If he cannot be given more substantial responsibilities, there should be a change in staffing pattern.

32. The office should have an additional competent local employee capable of handling accounting and record-keeping and of helping out somewhat with typing and receptionist duties.

33. Office space and equipment appeared satisfactory.

LIST OF PERSONS INTERVIEWED

AMERICAN EMBASSY, GEORGETOWN

Spencer King, Ambassador  
C. Wiley Gilstrap, Second Secretary (Pol.)  
Raymond S. Yaukey, Second Secretary (Ec.)  
William C. Mateer, Public Affairs Officer  
John T. Enkoji, Political Officer

USAID/GEORGETOWN

Robert C. Hamer, Director  
Robert M. Klein, Program Officer  
John Sapp, Assistant Program Officer  
Arthur Linnehan, Controller  
Maurice C. Sandes, Labor Program Development Officer  
James McQ. Shea, Capital Development Officer

AIFLD/GEORGETOWN

Arthur O. Maxwell, County Director, AIFLD  
Joseph E. Butcher, Administrator, Guyana Industrial  
Training Center  
William Boyd, Program Officer  
Cecil Williams, Program Officer

GUYANA LABOR LEADERS

- W. Verbeke, Chairman, TUC; President, Guyana Mine Workers' Union
- J. H. Pollydore, General Secretary, TUC; Vice President, Federation of Unions of Government Employees
- Richard A. Ishmael, Vice President, TUC; President, Manpower Citizens' Association
- Cleveland Charran, General Secretary, Manpower Citizens' Association
- A. Wally Mohamed, Assistant General Secretary, Manpower Citizens' Association
- Mohan Rambajan, Labor Economist, Manpower Citizens' Association
- David R. Persaud, Senior Field Secretary, Manpower Citizens' Association, Berbice Province
- Sydney Hector Farley, Field Secretary, Manpower Citizens' Association
- Habib Boodhu, Field Secretary, Manpower Citizens' Association
- Henry Dookhie, Field Secretary, Manpower Citizens' Association
- Edward Mooheshaven, Vice President, Manpower Citizens' Association and Chairman, Manpower Citizens' Association Credit Union
- George De Peana, Executive Secretary, Clerical and Commercial Workers' Union
- W. O. Orderson, President, Guyana Local Government Officers' Association
- P. Benjamin, General Secretary, Guyana Mine Workers' Union
- T. Anson Sanko, Chairman, TUC Education Committee
- Oscar A. Johnson, Principal, Critchlow Labor College
- N. E. Griffith, Registrar, Critchlow Labor College

GOVERNMENT OF GUYANA OFFICIALS

\* Hon. Forbes Burnham, Prime Minister

\*\* Hon. Winslow Carrington, Minister of Labor

Alan Price, Administrator-Designate, Guyana Industrial  
Training Center

Alan Reid, Chief Engineer, Ministry of Works and Hydraulics

\* Also President (on leave), Guyana Labor Union

\*\* Also President (on leave), Transport Workers' Union

BUSINESSMEN IN GUYANA

Neil Moore, Personnel Officer, Sandback Parker Co.; Member  
Board of Management, Guyana Industrial Training  
Center

Col. Thompson, Executive Director, Consultative Association  
of Guyanese Industry, Ltd.

Richard A. Chung, Director of Industrial Relations,  
Reynolds Guyana Mines, Ltd.

Edward Cummings, Industrial Relations Officer, Demarera  
Bauxite Co., Ltd.

Stanley Wilson, Demarera Oxygen Co.

AIFLD GUYANA

WASHINGTON PARTICIPANTS

UNION AFFILIATION, POSITION, AND ACTIVITIES

GUYANA

Name: James Thomas Anthon Course: I Resident (6/18-9/14/62)  
Prior: Third Vice Pres. and Branch Pres. (Guyana) Mine Workers' Union  
Present: Supervisor with Reynolds Guyana Mines Ltd. (no longer with TUC)

Name: Winslow Carrington Course: I Resident (6/18-9/14/62)  
Prior: General Pres., Transport Workers' Union and General Council  
member, Guyana Trades Union Council  
Present: Member of National Assembly, Minister of Labor and Social Security

Name: Albert Critchlow Course: I Resident (6/18-9/14/62)  
Prior: Pres., Municipal Branch, Public Service Employees' Union  
Present: Industrial Relations Officer - National Level

Name: Herman S. Cyrus Course: I International (9/9-12/3/62)  
Prior: Educ. Officer (Guyana Medical Employees' Union)  
Present: Educ. Officer and Gen. Secretary, Guyana Medical Employees'  
Union; during his period in office, union membership has been  
doubled

Name: Selwyn H. Daly Course: I Resident (6/18-9/14/62)  
Prior: Treasurer, Central Executive, Transport Workers' Union  
Present: Same

Name: George DePeana 1962  
Prior: Local Pres. and Central Exec. Board Member, Clerical and  
Commercial Workers' Union  
Present: Exec. Secretary (Elect.) Clerical and Commercial Workers' Union,  
(resigned as Coordinator of AIFLD affiliated Critchlow Labor College)

Name: Neville Griffith Course: I Resident (6/18-9/14/62)  
Prior: Gen. Secretary, Guyana Post Office and Telecommunications Workers'  
Union  
Present: Registrar, Critchlow Labor College

Name: David R. Persaud Course: I Resident (6/18-9/14/62)  
Prior: Sr. Field Secretary, Manpower Citizens' Association  
Present: Same (was Pres. of TUC for two years)

Name: Arthur Winslow Pyle Course: I Resident (6/18-9/14/62)  
Prior: Ordinary Member, Guyana Mine Workers' Union  
Present: Same



Name: Sydney Hector Farley Course: IV Resident (5/20-8/9/63)  
Prior: Field Secretary, Manpower Citizens' Association  
Present: Same

Name: Reginald McLean Waddell Course: IV Resident (5/20-8/9/63)  
Prior: Gen. Secretary, Amalgamated Building Trade Workers' Union  
Present: Ordinary member of the Guyana Labor Union and Clerk of Construction Critchlow Labor College's building.

Name: Clinton Samuel Cameron Course: III Resident (10/4-12/7/65)  
Prior: Grievance Officer (Guyana) Mine Workers' Union  
Present: Same

Name: Horace B. Felix Course: III Resident (10/4-12/7/65)  
Prior: President, Guyana Medical Employees' Union  
Present: Same

Name: Rudolph Mascoll Course: III Resident (10/4-12/7/65)  
Prior: Educ. and Research Secretary, National Level, National Union of Public Service Employees  
Present: Grievance Office No. 2 Section NUPSE

Name: Darrel S. Sukhdao Course: XVI Course (1966-1967)  
Prior: Clerk, Manpower Citizens' Association  
Present: Same

Name: Mehan Rambajan Course: II Labor Economist Course (1/15/68-10/10/68)  
Prior: Agric. Field Assistant, Civil Service Association  
Present: Labor Economist, Manpower Citizens' Association

Name: Winston Verbeke Course: Steel Workers' Convention August 19, 1969)  
Prior: President, Guyana Mine Workers' Union  
Present: President, Guyana Trades Union Council

THE CONTROVERSY OVER GITC

The controversy began in earnest with a letter from USAID/G to AIFLD/G dated August 27, 1969, stating that there would be no funds available for the American instructors assigned to AIFLD's Guyana Industrial Training Center project beyond December 31, 1969, and advising it to inform the instructors so that they could make orderly arrangements for their departure.

This caused grave concern to AIFLD/G, which considered that this action imperilled the success of the GITC project. The Guyanese counterparts were only then being recruited and a Guyanese administrator not yet selected. The CPD felt that this allowed too little time for effective training and turnover of the school.

Accordingly, AIFLD/G expressed its objections to USAID/G. The response made by USAID/G was that AIFLD/G had been repeatedly on notice that the instructors were to be phased out by December 31, 1969, and that there would not be sufficient funds available for 1970 to continue them.

The matter then became the subject of an appeal by AIFLD/W to USAID/W for a continuance of the instructors, and a reply from USAID/G. In its reply USAID/G adhered to its position, stating (a) that USAID/G had repeatedly since October 31, 1968 told AIFLD that the instructors were to be terminated on December 31, 1969, and that this was noted in the Project Implementation Agreement of January 30, 1969; (b) that the Ministry of Labor

stated that he was fully prepared to have the Government operate the school; and (c) that USAID/G was convinced that the Guyanese instructors could do as good a job as had been done by the American instructors.

The problem was also taken up by AIFLD/W with AID/W and a meeting was held at AID/W in early November. One wing of AID (Office of Labor Affairs) supported the AIFLD position and indeed wrote a letter to USAID/G expressing this support. Other elements of AID apparently were unwilling to overrule the USAID/G position.

Meanwhile, in Guyana, the Board of Management of GITC appealed to USAID/G to continue the American instructors. Following this USAID/G discussed the GITC teacher problem with the Ministry of Labor, which was to take over responsibility for GITC and with which relevant AID project agreements for GITC and other labor programs are signed. On the basis of these discussions USAID/G concluded that the Minister was prepared to have the Government operate the school as from December 31, 1969, and that the Minister would not wish money diverted from AID programs in support of the Ministry of Labor to continue the American instructors. Nonetheless, USAID/G found monies sufficient to extend the teachers to February 28, 1970 (and later to extend the American Administrator to March 31).

Accordingly, on February 10, 1970, USAID/G signed a program agreement with the Minister of Labor providing for \$37,100 for continuance of the instructors to February 28, 1970.

On a formal point at issue, there seems little question that AIFLD should have been continuously aware of the contemplated December 31, 1969 termination date. The evaluation team has found no evidence that USAID/G ever agreed on a later one. Both the Pro Ag of January 30, 1969, and Task Order 44, signed by AIFLD/W as late as May 1, 1969, stated: "It is contemplated that the U.S. Administrator and the U.S. instructors will terminate in December 1969, at which time the administrator and the local instructors will have been selected and trained, and will be capable of operating the center for the Government of Guyana." In retrospect, it is evident that it was the intent of USAID/G to hold AIFLD/G to the date and to expect it to meet the condition of training the instructors and preparing the Center for Guyanese takeover. Conversely, AIFLD, to the extent it focused on this provision, apparently regarded the condition as more significant than the date.

On the substance of the problem--whether the instructors should have been retained longer in the interest of assuring the full success of the project--we believe the evidence strongly

supports the conclusion that they should have been continued. This judgment is based, of course, on an evaluation of GITC alone and without review as to whether all other needs for AID funds allocated for Guyana were so pressing as to be overriding, or as to whether AID/W might have considered the possibility of providing some additional funds to meet the crisis.

Our conclusion is based on a study of the program from its conception to the time of our visit (February 1970) to Guyana.

The original AIFLD feasibility study /1 prepared for AIFLD called for a "five-year program" to establish the Center. It was contemplated that American instructors would stay for three years and the American Administrator would depart only after the fourth year "if possible." At some point, however, USAID and AIFLD agreed that 18-24-month tours by the American staff would be sufficient. AIFLD recruited on this basis.

We believe much of the problem stems from deficiencies in planning at the outset of the project. Assuming it would take six months to set up the school and start classes, not much time was allowed for getting the center in operation and training counterparts. The matter was further complicated since the original plan of the feasibility study--to recruit counterparts from the first graduating class (a procedure that seems to us dubious at best)--was not abandoned. Accordingly, we believe that, certainly on the basis of 18-month tours, a deficiency in time for molding the institution and training counterparts was built into the project from the outset.

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/1 Feasibility Report, Industrial Training Center, Georgetown, British Guiana, September 1965.

A further factor which gives us much difficulty is that the feasibility study recommendation for a center was justified on the immediate needs of Guyana over a five-year period to upgrade existing skilled workers. It also stressed that the center could be particularly useful for upgrading workers for two large projects being planned at the time the study was made. Though the projects were irrelevant by the time the Center got underway, AIFLD and AID do not appear to have gotten together to shift the emphasis to meet the realities of the situation. Indeed, this has led USAID/G at times to take the position that the Center was intended as only a temporary institution, which would be written off after two or three years and which came into being too late to serve its purpose. If there is validity in this view, it would appear to us that \$163,000 of buildings were constructed on rather slender planning.

Still another factor, which was neither AIFLD's nor AID's fault was that the construction of the building fell behind schedule. Thus, some instructors arrive in Guyana as early as April 1968 though the school was unable to open until December 2 (following turnover by the contractor on November 15).

During the organization phase of the school, the American instructors, realizing the difficulty of starting out the school on the original plan, decided to open the Center as a day training school for unskilled youths and to defer instituting upgrading courses for skilled workers until they had Guyanese assistants and could also start an evening program. This was approved by the

Center's Board of Management. We believe this made good sense in the orderly development of an effective two-shift training center; however, it made the plan of recruiting counterpart teachers from the first graduating class completely impracticable, a fact which should have been recognized when the Pro Ag was signed on January 30, 1969, two months after the school commenced operation on the revised basis.

In the upshot it took time to change the plan, to decide to hire the best Guyanese teachers available on the market, to advertise for them, review applications, interview candidates, make selections, hire them and get them on board. While AIFLD/G might have expedited this process somewhat, we do not believe that under the circumstances much time could have been gained.

By the time the counterparts were recruited in the latter half of 1969, the American staff never knew where it stood. Even in August 1969, when USAID/G asked AIFLD/G to notify the teachers of the December 31, 1969 termination date, AIFLD/G instead informed the teachers that the matter would be straightened out and that they would probably continue for another year. Therefore, from August 1969 to February 1970, the teachers were living in month-to-month uncertainty, trying to train counterparts without knowing how much time was available, when they should terminate leases on their houses, whether they would be able to stay in Guyana long enough to establish tax-free positions, and as of when they would have to find new employment. Under the circumstances, the evaluation team considers that they rendered a very creditable performance.

In our discussion with the American Administrator of the Center, he offered the following reasons why he felt the teachers should stay longer:

- (1) to train a second set of teachers for the evening program to double the Center's capacity and institute the upgrading program for which the Center had been originally conceived;
- (2) to demonstrate how to operate a school in two shifts;
- (3) to teach the Guyanese teachers some upgrading skills necessary for the evening program (e.g., heli-arc welding);
- (4) to show how to organize lesson plans;
- (5) to impart the philosophy of vocational education;
- (6) to be sure the instructors do not go back to teaching antiquated "Victorian" techniques.

In our discussion with the Minister of Labor he said that he had very much desired that the American instructors be continued, but had not wished to tell USAID/G what it should do or to make demands.

One of the business members of the Board of Management of the Center stated that he had been trained in the United States and knew the limitations of his own people; accordingly, he felt that if the American instructors were being pulled out so soon, it would have been better not to have gone into the project in the first place. He also asserted that Guyana could utilize several more such centers and that, before it became apparent that an evening program could not be started, he had arranged for a sizeable group of his firm's employees to attend an upgrading course in welding at company expense.



The evaluation team does not take the extreme view that retirement of the American instructors will result in failure of the Center. It was favorably impressed with the quality of Guyanese instructors recruited. Though some are very young, they all have teaching backgrounds in school or other training programs. They appeared keen enough to benefit from further training. We also met the Guyanese appointed Administrator, who made a favorable impression although he does not have vocational teaching skill. It is planned to recruit a Guyanese "Chief Instructor" to assist him.

Aside from the desirability of keeping the instructors longer to implant more firmly their methods of instruction, we consider it particularly regrettable that they could not have remained long enough to have started a second-shift program to upgrade existing skilled workers. The original objective of the Center was to upgrade skills rather than train the untrained, and we found much evidence in Guyana of need for, and interest in, upgrading skills. This in our view continues to be a priority need particularly as we were repeatedly told that the greatest shortage was in the highly skilled. /1 Accordingly, we consider it highly desirable that AID and AIFLD give further consideration to this matter. The need, as we see it, does not have to be fulfilled by launching a new major program. Rather, we believe it can be handled more

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/1 About the time the team completed its evaluation in Guyana, the Minister of Labor requested and USAID/G agreed to the continuance of the American Administrator for another six months (to September 1970) in order to establish a program at GITC for retraining railroad workers who were being made redundant by a cut-back in rail service. This, however, is a retraining and not an upgrading program.

surely and effectively, and with less strain on USAID/G program funds, on a "one skill at a time" basis. For example, it would appear that a good demand exists for a course in advanced welding techniques. A program of this type might be instituted and, thereafter, on the basis of experience gained with respect to demand for and techniques of conducting upgrading courses, consideration could be given to moving on to other skills.

Our study of GITC led us to find that there exists no recent data on present or prospective needs of Guyana for vocational skills either generally or as to particular skills. There was much difference of opinion as to particular skills. There was much difference of opinion as to the extent and nature of needs other than unanimity on a shortage of the highly skilled. There is also a great deal of dissatisfaction with the present apprenticeship system and with vocational training offered at secondary school level.

Accordingly, we believe there is considerable scope for continuing technical assistance to Guyana (in line with recommendation of the Rockefeller Mission) in vocational education. This need not, and probably should not, involve new projects of large size such as GITC. The initial step rather should be to provide assistance to Guyana in assessing its needs for skilled workers and for vocational training and in working out a plan whereby the apprenticeship program, the GITC, and secondary schools providing vocational training can be rationalized to complement each other in effectively meeting the country's requirements. Such an assessment, in addition to its general value, might well indicate some specific areas in which further technical assistance through AIFLD would be particularly desirable.



PART IV  
FIELD SURVEY REPORT  
ON  
AIFLD PROGRAM IN  
HONDURAS

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## INTRODUCTION

The American Institute for Free Labor Development operates a program in Honduras, under contract with the Agency for International Development, to strengthen free labor unions, implementing the policy of the United States declared in Section 601 of the Foreign Assistance Act of 1961, as amended. The Honduras AIFLD program is subject to the provisions of AID/1a-259, the general document establishing and defining the contractual relationship between AID and AIFLD, and is specifically covered by Task Order 34 under the contract.

From inception of AIFLD's Honduras activities in January, 1963, until August, 1969, the Honduras national program was an integral part of IESCA (Central American Labor Education Institute), the ROCAP-sponsored AIFLD-operated educational program for trade unionists from all Central American countries, also located in Honduras. IESCA was moved to Guatemala early in 1970 and the Honduras national AIFLD program, that shared its instructors and administrative support, now operates independently with a much-reduced staff. This report deals with IESCA operations only as involved in the national program.

## CHAPTER I

### GENERAL ASSESSMENT AND RECOMMENDATIONS

#### A. GENERAL ASSESSMENT

##### Overall Program Impact

1. AIFLD has been an important influence on the dedication, understanding, and technical competence, of Honduran trade union leadership, which has produced a growing free, democratic, and responsible movement, with a steadily improving record of sound contract negotiation and administration.

##### Labor Education

2. AIFLD education activities have had significant positive impact on membership and leaders of the Honduran free labor movement.

3. The two principal regional labor federations of Honduras have the will, the instructional capacity, and the administrative ability, to operate their own education programs, but, in the absence of AIFLD or other outside support, their limited resources and the competing demands of other service activities make implementation of an adequate program unlikely during the next five years.<sup>1/</sup>

4. AIFLD and the federations have successfully undertaken to expand and support a campesino federation (ANACH) that is a critical element in implementation of agricultural reform in Honduras and will require extensive assistance for more than the next five years.

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<sup>1/</sup> Because of the reluctance of the federations to disclose income and expenditures data to the evaluators, it was not possible to ascertain the financial resources of the unions with any degree of precision. Observation of union facilities and interviews with labor leaders suggest that the financial resources of the unions and the federations are severely limited.

5. The AIFLD educational activities are not designed to provide for achievement of specific skill levels and the relationships among student capability, course length and content, and achieved skill levels, are not known or evaluated by the contractor.

#### Social Projects

6. AIFLD social projects have had significant impact on the well-being of Honduran workers and campesinos, and have made a demonstrable contribution to the individual and institutional capacity of the labor movement to develop and implement economic activities.

#### Housing Project

7. AIFLD has made a major contribution in helping a Honduran labor federation undertake an important housing project (1,000 homes) by assisting it to establish credibility as a borrower and by supplying architectural and engineering assistance.

#### Program Management

8. The AIFLD/H program is well managed and relations with AIFLD/W and USAID/H are good.

### B. RECOMMENDATIONS

1. Considering the growing capability of the Honduran labor movement to manage its own affairs, AIFLD/H should seek progressively to "phase out" of local basic labor education activities and concentrate attention on:

- (a) providing assistance at more sophisticated levels, while
- (b) aiding the federations in establishment of a basic



education program to be financed and administered by them; and

(c) training an adequate number of instructors to permit professionalization of basic course teaching.

2. AID should request AIFLD to develop and implement a system for measuring progress toward specific labor education and social project goals.

3. The labor education program should be improved by careful planning of number and types of courses based upon assessed needs for worker training and the development of specific leadership skills. Study should also be made to relate student capability and course length and content to specific skill levels desired.

4. AIFLD/H should continue efforts to help ANACH become a more effective instrument for supporting agricultural worker agrarian reform aspirations, using social projects to expand agricultural credit and improve the organization's administrative capability.

5. AIFLD/H should review alternatives, in addition to conventional education and social project activities, for developing self-sufficiency of the Honduran free labor movement, including:

(a) internship arrangements;

(b) technical assistance in management and administration; and

(c) direct administration of social project funds by the federations.

6. AID/H and AIFLD/H should join with cooperative federations and the national Agrarian Reform Agency (INA) in coordinating their efforts to assist Honduran campesinos through mutually reinforcing programs addressed to education, agricultural assistance, and cooperative development.

7. Responsibility for USAID/H monitoring of AIFLD/H should be concentrated in a single officer who would follow the program in close association with the Embassy Labor Attache.

CHAPTER II

THE CONTEXT OF THE AIFLD PROGRAM

The Conservative and Liberal parties are both continuing strong presences in Honduras. The 1971 elections are already creating an atmosphere of uncertainty. The Social Christian element is an active political force and maintains links with some labor groups. The Latin American Confederation of Christian Trade Unionists (CLASC) has affiliated to it the Authentic Labor Union Federation of Honduras (FASH) which claims nine constituent unions and 1200 members.

The Communist Party is illegal but extremist elements continue to seek influence with students and workers. Both labor and employer spokesmen expressed concern over this.

The increased nationalism growing out of the Salvadoran conflict and the exodus of Salvadorans from Honduras also affect labor and the AIFLD role. In addition, the hurricane during September, 1969, considered by many to have done more economic damage than the war, involved a financial drain on the unions and also reduced employment, temporarily slowing the labor movement's steady financial progress.

The very limited Honduran industrial development and the heavy dependence on banana exports have also shaped the labor movement. The largest and financially strongest unions are SITRATERCO, the United Fruit Company Workers' organization with more than 10,000 dues-paying members, and SUTRAFSCO, with about 7,000 Standard Fruit Company workers. These two unions make up more than half of the 28,000 recorded members of FESITRANH, the north coast federation. Of the 28 other unions in the Federation, only the campesino group has more than 1,000 members. FECESITLIH, the Federation for Tegucigalpa and the south, includes many government workers among its estimated 7,000 members from more than 50 unions. Both Federations are affiliated with CTH, the national confederation of free trade unions.

Because Honduran labor is more than 70 per cent agricultural, and vagaries of the banana business cause constant shifts from campesino to fruit company worker and the reverse, the Honduran labor movement is closely tied to agricultural laborers and small cultivators. ANACH, the campesino union, is part of the north coast federation, heavily supported by it and by the larger individual unions. ANACH is weaker in southern Honduras, and FEMTCH, the campesino group of FASH, (the CLASC-affiliated federation), competes most strongly there. The appropriate resource allocation and strategy for meeting this challenge is a major policy issue facing the Honduran

federations and the AIFLD program. The campesino issue is especially important because the Agrarian Reform Law, presently administered by INA (the national Agrarian Reform Agency), is beginning to have substantial impact. The landless are a potentially strong source of political and financial support.

The AIFLD program is also influenced by the remarkable quality of Honduran primary labor leadership. Oscar Gale Varela and Ceieo Gonzales, Presidents of SITRATERCO and FESITRANH, both veterans of the 1954 United Fruit Company strike that marked emergence of the free labor movement as a major force in Honduras, are universally respected and acknowledged to be the dominant free labor leaders. In no interviews with Hondurans from various groups, or with U.S. private industry or governmental personnel, was there expressed anything but the highest regard for these two men. There was no suggestion of venality, rivalry between them, personal political ambitions, or excessive commitment to U.S. or AIFLD interests. Although Gale and Gonzales have shared their leadership roles with others, their pre-eminence raises serious question about the future of Honduran labor leadership. There are no clear heirs apparent and, despite past stability, the possibility of a splintering struggle for power exists. The situation has important implications for the AIFLD program.

These two leaders have kept the labor movement notably free of internal political bickering and have retained the support of their membership. They have helped strengthen the Tegucigalpa southern movement and have curbed many of the local regionalist tendencies that might otherwise weaken labor nationally. Labor is an important democratic political force without being tied to any party. The union leadership lobbies continuously for favorable legislation, but has not yet been successful in raising minimum wages or requiring non-union beneficiaries of collective agreements to share union expenses, their major interests.

Honduran employers, including U.S.-owned businesses, vary widely in their acceptance of trade unionism. While the United Fruit Company manager and the Honduran president of the San Pedro Sula Chamber of Commerce, for example, were very positive in their appraisals of the bargaining process and the unions' role in it, paternalistic and hostile attitudes were encountered frequently among other management people, especially in the south. The Honduran Labor Code, considered by many employers to "favor the worker too much," does not prevent mass firings and other union-busting tactics during attempts to organize unions.

The Labor Minister signs off on the AID labor program document and is friendly to AIFLD, but does not get involved in program matters. The Honduran government, though the target

of a 1968 general strike over regressive taxation, does not hinder operation of trade unions. The labor movement and the government maintain respectful relationships and trade union officials sit as members of governmental bodies, but both groups also appear to perceive each other as potentially threatening. Government's support of the collective bargaining process might be severely tested if maintenance of Honduras's present relative financial stability required more stringent measures of economic stabilization or austerity.

The labor movement's desire to avoid dependence on government has made labor increasingly concerned with social projects and non-wage benefits. This concern is frequently broadened to include interest in projects that benefit the community beyond trade union membership.

ORIT (Inter-American Regional Workers' Organization), the International Labor Organization, Organization of American States, and the international trade secretariats do not maintain continuing active programs in Honduras. Their intermittent activities are done in coordination, and often in conjunction, with AIFLD, but they are less involved with the national labor movement because of their limited operations.

United States government policy toward the Honduran government and the labor movement can be described as pluralistic or contradictory, depending on the describer's predilections. The Honduran government is supported while the Honduran labor movement, which will often differ with the

government, is also encouraged. The AIFLD program is funded, but a contract program with ACDI (Agricultural Cooperative Development International), to develop and assist agricultural cooperatives serving many identical constituencies, receives greater financial assistance.



CHAPTER III

HISTORY AND OBJECTIVES OF THE AIFLD PROGRAM IN HONDURAS

A. HISTORY

Activities of the U.S. labor movement and AID in Honduras preceded formation of AIFLD. Honduran labor leaders still refer gratefully to the help of AFL-CIO's Andy McLellan, then a roving international representative. He helped them win the critical 1954 SITRATERCO union recognition strike against United Fruit Company that formed the country's free labor leadership. Jesus Artigas, first AIFLD Regional and Country Program Director in Honduras and a strong influence on Honduran leaders, participated with other U.S. trade unionists as an instructor in AID-sponsored courses, during the years immediately before AIFLD was organized. The AFL-CIO and AIFLD emphasize that AID support reinforced already existing private activities. In Honduras, although funding of the labor program by AID is

acknowledged, AIFLD is still viewed primarily as a private group continuing and expanding the early union-to-union activities.

The first AID contributions to AIFLD operations in Honduras were part of the IESCA budget. In 1965, the first separately funded national program received \$5,000. Subsequent AID commitments have increased the total funds obligated through 1970 to \$352,400.

These funds represent only the national program and do not include expenditures for IESCA. Separate financial allocations were made and separate records kept for the two programs, although they were indistinguishable in operation, sharing staff and facilities. The IESCA departure presents a serious handicap to the national program, because staff and facilities previously made available by it at little or no cost must now be obtained elsewhere.

The 1970 national program budget provides funds for a country director, an educational coordinator in Tegucigalpa, and a cooperative technician who serves as social projects coordinator. The three professionals, one full-time and one part-time local secretary, are the entire staff. Salaries, travel, and office expenses account for over \$90,000 of the total task order budget of \$145,038. The only substantial flexible

item is \$55,000 for direct costs of the education program. There is no separate social projects program budget.

The only other governmental funds included in program input are amounts received by AIFLD/Honduras from AID/financed regional social project funds, the costs of AIFLD regional consultants, and allocable expenses from AIFLD Regional and International courses, financed under other task orders.

Non-AID program dollars have been limited to AFL-CIO contributions for special impact projects. Since January, 1966, \$41,387 has been made available to AIFLD/H in the form of either loans or grants.

#### B. OBJECTIVES

The Honduras Country Labor Plan for FY 1970 contained no statement of specific goals or objectives. The proposed program called for twelve two-week seminars, a special seminar for the campesino union executive council, five four-week advanced seminars for selected graduates of basic courses, and three week-end round table discussions between labor leaders and employers. The plan also described social projects activities, including:

- (1) technical assistance to housing projects;
- (2) technical assistance to union organizations on cooperative efforts;
- (3) advice to the vocational education program;

- (4) technical assistance for construction of union buildings;
- (5) assistance to the medical brigades and other campesino projects;
- (6) development of impact projects.

The absence of specific objectives and the couching of plans almost exclusively in activity terms are partly a consequence of the AID practice of viewing the labor program contract as the purchase of activities rather than as the expenditure of funds for achievement of specific labor objectives. Although this approach makes financial review and control simpler, since delivery of the activities becomes the basis for certifying performance, it diverts attention from the important analytical tasks of identifying the results to be anticipated from these activities and reviewing the consequences that actually occur.

The AID Non-Capital Project Paper (PROP), a 5-year plan for the Honduras Labor Education and Social Development Project, dated January 5, 1970, goes further, identifying the project objective as

"to develop democratic worker organizations and related groups, who can effectively participate in and contribute to the social and economic development of Honduras."

This document emphasizes popular participation in the development process, comparing trade unions with other private sector institutions receiving AID attention in Honduras.

The project paper identifies subsidiary 5-year targets, encompassing both activities and goals that flow from the broad objective of developing a strong democratic movement, including:

- (1) Basic, intermediate, and advanced seminars, both full and part time, for union officers and members, campesinos, women workers, and social projects.
- (2) An adequate supply of officers and rank and file members qualified to act as instructors in basic labor and social service programs.
- (3) A strengthened and expanded ANACH (National Association of Honduran Campesinos) program with campesinos and other agricultural workers.
- (4) An expanded volunteer ANACH Medical Brigades program.
- (5) An increase in union membership, including campesinos, of at least 10% annually.
- (6) Establishment of labor information centers in the principal cities.
- (7) Increased participation of unions in social and civic development activities.
- (8) Skill training, literacy training, and English language training programs in North Coast and Tegucigalpa area.
- (9) Increased union participation in the legislative process and improved liaison with governmental agencies.
- (10) An appropriate technical assistance program developed between USAID and the Ministry of Labor for personnel training.

A later statement converts some of these targets into quantitative goals such as:

- (1) 150 seminars.
- (2) 5,000 course participants, including 1,000 graduates of instructor training.

- (3) Increase in ANACH paid memberships from 1,500 to 15,000.
- (4) Increase in campesino families treated under Medical Brigade program from 2,500 to 5,000 per year.
- (5) Growth of membership in democratic labor organizations from 30,000 to 50,000.
- (6) Average of 2-man years of participant training for key personnel in Ministry of Labor.

Despite the increased precision in identification of goals and quantification of anticipated results, the program document still rests heavily on seminars and social projects, attributing to them broad potential results such as the membership growth figures forecast for ANACH and the whole democratic labor movement. Such objectives are useful in identifying the general direction of AIFLD program efforts, but do not provide a sound basis for review of program activities in relation to performance. The labor program would benefit from establishment of milestones and intermediate performance objectives directly related to project activities, that more readily permit measurement of short-term progress.

For example, the long-term goal of assisting the Honduran free labor movement to operate its own education program can readily be broken down into a series of short-term goals relating to the number of instructors to be trained, the skill levels they will attain, and the post-course activities they will perform.

CHAPTER IV  
THE AIFLD PROGRAM IN HONDURAS

The AIFLD program in Honduras is based upon activities broadly defined as labor education and social projects. The 31 courses sponsored by AIFLD during 1969, and the five new and four continuing social projects financed from various sources with the Institute's assistance, are formal measures of the program's intermediate output, but they do not convey the essence of either the AIFLD techniques in Honduras or their contribution to development of a free and effective labor movement.

The labor program has from the start been a broad technical assistance effort through which AIFLD staff have helped Honduran trade unions move to constantly higher levels of proficiency in achieving their objectives. AIFLD sponsorship of courses is essentially a support, stimulus, and coordination effort that broadens and improves the educational and other activities of the Honduran federations.

Course length and content reflect only a part of the total assistance effort. There is no fixed package of courses that can be considered as an isolated input. For example, in a typical basic course, there are no lost time payments and the AIFLD contribution may involve only furnishing a coordinator, who finds a donated site and assembles a roster of instructors from Honduran labor, university, private, and governmental sources. From the arrival of Director Alvin Warren in September, 1969, until the evaluation visit in late February, 1970, AIFLD paid no instructional costs for basic courses in the Tegucigalpa area and very little elsewhere.

For intermediate and regional courses, instruction has been provided by the AID-funded instructors of the IESCA staff. With their dismissal when the Institute moved to Guatemala, the AIFLD/Honduras national education program will be more dependent on volunteer instructors and will increasingly become part of the local federations' educational activities. This is similar to the pattern found in Colombia, for example, where AIFLD adds a fixed amount to the educational budgets of the two major confederations, using personal and institutional influence, along with this financial leverage, to affect goals, content, and administration.

The coordination of labor education courses by AIFLD, essential because the federation and confederations cannot afford the full-time help required to do this for themselves, has brought the Institute into such close relationship with the labor movement that the AIFLD coordinators have typically become consultants, guides, and mentors to the groups with which they are involved. As the AIFLD Director put it, in opening a basic course, AIFLD provides "formal and informal" education. Labor education is the vehicle through which AIFLD, in Honduras and elsewhere, has gained the trust and confidence of local labor movements sufficiently to permit provision of the broad range of technical assistance required to advance a free labor movement. Jesus Artigas was described by labor leader Celeo Gonzales as "un brazo" (an arm) of the Honduran labor movement, emphasizing their highly personal relationship and the broad role AIFLD has played in Honduras.



The independence and ability of Gonzales and Oscar Gale, the two principal Honduran leaders, led AIFLD into an ideal technical assistance relationship in which dialogue among equals, accompanied by the continued operating responsibility of those being assisted, brought about steady growth in skills and performance. Although neither Gale nor Gonzales were ever enrolled in an AIFLD course, both acknowledge the importance of continued assistance received from AIFLD staff.

The evolution of SUTRAFSCO, the union of Standard Fruit Company workers, from a communist-dominated group of little value to the rank and file, into a responsible and effective free trade union, is another example of the AIFLD role. It was accomplished, according to informed observers, by Honduran trade unionists who had participated in AIFLD labor education programs.

The influence and impact of AIFLD on the Honduran labor movement results principally from the counseling and other activities of the Country Program Director (CPD) and those working with him. Their education administration work is important but the effect of it is rarely separable from that of the direct involvement with local unionists it facilitates. Programming documents can too easily ignore this critical aspect of the union-to-union relationship and its implications for labor solidarity. Concern over details

of seminars and expenditures should not be permitted to obscure importance of the personal relationships that are critical to the success of the education program.

#### A. EDUCATION ACTIVITIES

##### 1. Description of Courses

Review of the AIFLD educational input emphasizes the difficulties of describing the program in terms of numbers of seminars or social projects. The education activities include provision of coordination, instruction, and lost-time payments, that are different in each course. There are basic, residential, intermediate, national and special courses. Honduran unionists are also sent to IESCA Regional courses and the Institute's Front Royal and Georgetown University programs. Separate basic, intermediate, and regional courses are given for campesinos.

The third week of each four-week regional campesino course is an "action week," during which students get practical experience assisting local communities with social projects. The education program is, at this point, so linked to social project activities that attempts to separate them would give a distorted picture of the total program. The "action week" results, for six courses since 1964, have included 21 different construction efforts. Schools, roads, water systems, and similar projects have been completed, with work and funding coming primarily from the course participants and communities.

The AIFLD contribution averages less than \$250 per course for the project work.

The AIFLD and local federation basic courses are designed:

- (1) to motivate members of local unions to further union activity;
- (2) to give them an introduction to the rights, benefits, and responsibilities of union membership; and
- (3) to help the federations select promising candidates for further training.

They are typically given immediately after a new union has been organized (to give them earlier would alert employers to the organizing effort). The federations also offer annually, with AIFLD assistance, a number of other basic courses for older unions throughout the country. In 1968, 11 basic courses were identified as AIFLD-sponsored and 25 were included among the activities of 1969. The federations and local unions offered an unascertained number of additional basic courses during these years, in which AIFLD was not directly involved.

Many Honduran unionists have specialized training and can teach sections of the basic courses, but there is no cadre of union people trained specifically for labor education. A Front Royal instructor's course graduate heads the budding FECSITLIH education program, but the standards required of the instructors he is obliged to use are necessarily elastic. The failure to professionalize labor education reflects the federations' decisions to give priority in use of their resources to training for contract negotiation and administration. It may be remedied

as their resources and AIFLD support permit employment of paid full-time instructors.

Because the IESCA regional program has been in Honduras, with full-time instructors also collaborating in national courses, the quality of most AIFLD instruction has been high. Unlike countries where full-time instructors include AIFLD-trained graduates from local unions, the Honduras group are all older, university-trained, people with extensive practical experience in their specialized area. The intellectual level of Honduras advanced labor education reflects their qualifications, judging from the obvious command of sophisticated collective bargaining issues by most of the graduates interviewed during the evaluation visit.

The basic courses are relatively free of ideological indoctrination or pressure, according to Celeo Gonzales and Oscar Gale, who indicated that they would permit none. Brief discussions of FASH and CLASC, the Christian Democratic Federation and confederation, in an early class on trade union history, and one two-hour session on democracy and totalitarianism, are the only political elements in a twenty-hour basic course that typically also covers union organization, collective bargaining, cooperatives, parliamentary procedure, and labor law. An opening class attended by one of the evaluators included brief negative reference to Christian Democratic and Communist approaches to trade unionism, that could do no more than alert students to ask questions. The volunteer instructor,

an AIFLD alumnus, emphasized principally the economic benefits that could result from free trade unionism and the CPD, who also spoke, did the same.

The influence of basic courses is well illustrated by a situation encountered by the evaluation team at the Port Workers union in Puerto Cortez. The union president, who had completed three AIFLD courses, was obliged to cancel an annual assembly for lack of a quorum. Without prodding, he pointed out that those union members who had attended a recent basic course had been far more diligent in attending than their less interested brothers. He also pointed out that, because the basic course is voluntary, attendance is the first step toward leadership positions for those sufficiently motivated.

Other Honduran leaders emphasized that the basic course is to give "conscience," "responsibility" or "discipline" to the membership, with success measured ultimately by willingness to support a democratically reached strike decision. Some added that worker conduct during the 1968 general strike, called to protest government-imposed taxes on consumer goods, indicated considerable need for more labor education.

In Honduras, successful completion of a basic course is a prerequisite for entry into higher level courses. Papers are written, examinations are given, and evaluations are made of participating students. Course records serve as the reference source for selection of students to attend advanced courses.

Although formal enrollment in basic courses is limited to union members, outside auditors are permitted. Instructors suggest that the auditors occasionally become active in organizing a union, a fringe benefit of the education program that has seldom been noted.

The regional intermediate and national advanced courses are arranged jointly by AIFLD and the federations. Some include more intensive general study of the material covered in basic courses, but there is also an effort to provide technical preparation in specialized fields such as accounting, cooperatives, union organization, and contract negotiation. AIFLD has also sponsored a vocational training course for hotel workers. The AIFLD/Honduras program has not yet provided specialized preparation for instructors, as has been done systematically and effectively in Colombia and Ecuador. While this is explained in part by the greater Honduran emphasis on training for services perceived as more useful by members of local unions, development of a body of instructors with common training should be encouraged by AIFLD.

Specialized courses are offered to actual and prospective union officers, so that the criteria for reviewing effectiveness must include both later assumption of office and performance in positions already occupied. Passage through the labor education system, culminating with international study, is an important part of the informal selection requirements

accepted by trade union leaders and members in expanding or replenishing the leadership pool. The quality of leadership is more a function of the personal and political factors affecting selection than of the kind of education offered, but in Honduras labor leadership and labor education are serious business. Economic benefits share importance with political appeal as the tests of leader survival and labor education is viewed as a key to obtaining ever-greater benefits. Creation of this environment, though partly a tribute to AIFLD, reflects the complex personal, cultural, and historical influences that have made the Honduran labor movement a very important democratic force in the country and one that is widely respected in Latin America.

## 2. Impact and Evaluation

The AIFLD and IESCA labor education activities have served as the principal training ground for the Honduran labor movement. While Celeo Gonzales and Oscar Gale, the movement's leaders, say they had learned their work through the lessons of experience and informal education before the Institute was organized, they acknowledge the importance of labor education and point out that the selection of local and national officers from among course graduates, and the entry into courses of non-graduate officers, are almost automatic. The 25-man directiva of ANACH, for example, includes only AIFLD-trained people. In both the free labor federations and their

affiliated unions, the prevalence of Institute graduates is so evident that detailed tabulation would be superfluous. The president of CTH, the free labor confederation, is a Front Royal graduate.

More impressive than the number of AIFLD-trained people in high positions are the depth and independence of their commitment to free and democratic trade unionism. Unlike Ecuador, for example, where a young free labor movement too often appears dominated by AIFLD guidance and local leaders' opportunism, the Honduran trade unions view their AIFLD assistants as partners in a broader effort to further workers' interests. The pluralistic U.S. government approach, supporting an independent labor movement and a government not noted for labor sympathies, helps avoid any impression that the trade union movement is "sold" to the United States. The conduct of Honduran leaders is even more effective in dispelling any such impressions. FECESITLIH's president, when asked whether an American labor presence should continue in Honduras, spoke of moral support and technical assistance, but emphasized the need for help in keeping the Honduran movement from "diverging" into less responsible paths. Further discussion revealed that his reference was more economic than political or ideological.



### 3. Indicators of Impact

There is no systematic evaluation of program impact or effectiveness by AIFLD and AID. The criterion of continued participation in union activities, an intermediate measure, suggests a high degree of post-course involvement. Spot checking of two regional courses given six months earlier indicated that all of the students had remained active in their unions. All Front Royal and Georgetown graduates of the last three years are also still involved in the movement. An AIFLD tabulation in December, 1966, showed that only 13 of the 100 prior Regional or International course graduates had ceased to be active in labor activities, compared with 24 percent in Guatemala. A more detailed study in November, 1967, showed 28 union presidents out of 116 graduates.

While an information system based on regular tracking would permit more precise statement of results, the most useful evaluation effort would involve intensive study of performance by graduates of advanced and specialized courses to test the relationship of courses to performance in related activities. There is at present no serious attempt to revise course lengths and curricula on the basis of (1) experience in achieving terminal training objectives and (2) the relation of these achievements to later performance of specific tasks.

One of the evaluators observed a course on cooperative accounting, scheduled to take advantage of the presence of an ILO expert. The students were underqualified for the material and it was apparent that the 20-hour series was likely to be of limited value for them. More important, it was not clear that any well-planned curriculum for further development of specific skills existed. While continued study, practical experience, and the help of others, eventually produce some skilled performers, a more precise preparation series would accelerate the process and increase the number achieving proficiency.

This criticism is less applicable to basic courses. Here the end is primarily motivational and the steady flow of students into advanced courses and union leadership positions suggests that the present formula is better than adequate. The 20-hour introduction covers such a broad range of subjects, and the entering knowledge of students is so limited, that little more than exposure is accomplished. The basic courses are, nevertheless, an essential tool for keeping open the paths to trade union leadership and giving direction and reinforcement to motivated aspiring members. Since the average cost to AIFLD for each course is about \$350, the benefit-cost relationship, even in the limited terms of number of people exposed to favorable U.S. presence, is high.

The specific accomplishments of the AIFLD labor education program are only suggested by the total of more than 10,000 students who have passed through courses since 1965. This figure, which includes some double counting of those attending more than one course, tells little of the contributions made by the program to elevation of the analytical level of collective bargaining negotiations and the emergence of modern labor-management relations in Honduras. The local manager of United Fruit Company operations and the president of the San Pedro Sula Chamber of Commerce, for example, noted that informed and responsible trade unionism had steadily increased in Honduras during recent years. The Chamber head described, with admiration, the high quality of union participation in a recent AIFLD-sponsored labor-management round table.

It would be presumptuous to attribute all Honduran labor progress to the Institute. Nevertheless, the wide range of AIFLD technical assistance and the absence of other substantial outside inputs suggest that the AIFLD program has been consequential to the growth of the free labor movement in Honduras.

The education program's effects are particularly evident in ANACH, because that group started with no base of trained personnel. AIFLD-trained campesino activists and union officers now administer an institution that appears to be an authentic example of improved control of individual destinies by a

previously ignored group. While ANACH is a long way from self-sufficiency, current progress is impressive in relation to the economically and educationally primitive beginnings from which it has developed.

The evaluators were able to observe a sampling of ANACH organizers, officers, and members in action, and to view officials and members of other unions at work as well. Their verbal attributions of results to AIFLD efforts were supplemented by specific references to subject matter, such as new clauses proposed for collective agreements and new techniques for estimating employers' ability to pay. More important, their ability to discuss intelligently the meaning of free, democratic trade unionism, and the tangible evidence they offered of contracts negotiated, activities undertaken, and services rendered to members, also supported the attribution.

Observation of secondary union leadership was especially important in reviewing the Honduras program. The older leaders, veterans of the 1954 strike for recognition, were not trained by AIFLD, though they have always maintained close contact with it. Impact of the program on them is more speculative than in the case of the new generation, formed in part by AIFLD courses. The younger leaders learned much of what they know about running unions under Institute auspices and there is palpable evidence that they have learned many lessons well.

The growth in the number of Honduran collective bargaining contracts from 38 in 1968 to 48 in 1969, and the increase in FECESITLIH affiliations from 40 unions in 1968 to 52 currently, for example, are quantitative indicators of the health of the Honduran labor movement. They are not, however, appropriate measures of the Institute's impact, since many other factors affect them. The activities of course graduates, some of which are attributable to their training, influence broader variables such as union formation, membership, and the number and terms of contracts. There are serious methodological problems presented in gauging this impact precisely, since broad AIFLD coverage prevents use of comparison groups. However, an evaluation system for reviewing direct links between advanced course work and specific activities of graduates would still be helpful for reporting results and revising activities. The Honduras program should begin to work with the federations on implementation of such a system.

There has been no real effort by AIFLD in Honduras to identify the limits of labor education, the conditions that should exist before the program goes out of the education business or at least is limited to maintaining an achieved level. There is sometimes conveyed an unfortunate impression that the Institute simply plans to give course after course indefinitely. If the broad education program goal is defined as equipping the free labor movement to perform effectively all

functions necessary to administer existing unions and to maintain a reasonable rate of growth, a finite limit to efforts can be identified. This limit is implicit in current AIFLD activities and is a useful working tool. By defining the ideal achievement level for the education program, the resource constraints affecting labor development are illuminated and new possibilities for program tradeoffs are revealed. The achievement of education goals does not bar a continuing program based on technical assistance and exchange of ideas among equals.

In Honduras, for example, the PROP lays out a five-year goal of 15,000 members for ANACH. The limited sphere, and inherent difficulties, of further organization among non-campesino workers suggest a five-year total of no more than 35,000, compared to 25,000 currently. The combined target figure of 50,000 organized workers provides a framework for estimating educational requirements. A tentative ratio of one well-trained specialist for every ten union members suggests a need for about 5,000 graduates of advanced or specialized courses. More detailed analysis would permit specification of numbers for various labor skills.

One alternative for achieving this goal is to train 20 instructors for two years and have them train an average total of 250 students each, during the following three years, including some upgrading of present leaders. The PROP sets a

five-year goal of 1,000 trained instructors, adopting an alternative approach but beginning, for the first time, to shift from the earlier practice of taking a given number of courses as the only program objective. AIFLD seems rarely to have considered the likely impacts of alternative education program models and, as a result, has not stated progress in terms of realistic quantified objectives. The Honduras program is readily adaptable to this approach. AIFLD should be encouraged to set some targets and to compare a few alternatives for reaching them.

The lack of clear definitions for levels of educational achievement, and routine testing of them against graduates' performance of related tasks, is not limited to Honduras. The ROCAP - AIFLD Regional Program, designed for graduates of national courses, is plagued by a wide range of student preparedness that makes it impossible to assume any generally applicable base from which further instruction can begin. While part of this difficulty results from national confederation failures to honor prerequisites given them for selection of students, it is also clear that an "advanced graduate" means something different in almost every country. Despite the diversity of country conditions, there is a very substantial body of concepts and knowledge, such as the principles and economics of negotiation, that should be common to advanced labor education in all of them. Uniform mastery of these materials can be improved by (1) identifying a standard

curriculum with tests for accomplishment and (2) varying the number and length of national courses to permit students from countries with less sophisticated labor movements to study longer before entering Regional courses.

AIFLD is qualified to identify desirable achievement levels for trained labor leaders. Some setting of standards and uniform definitions would help assure that instructional time is used most efficiently to achieve educational objectives. It would also be a major step toward coordination among AIFLD national, Regional, and Front Royal efforts, and of these with labor education activities of ORIT and other agencies.

Much that is designated as advanced "labor education" is really provision of opportunities to build solidarity through acquaintance and dialogue. The AIFLD program would avoid a lot of misunderstanding by distinguishing these "courses" from those directed to the transfer of specific knowledge or skills. The training of trade union officials, like the training of the skilled craftsmen who make up many of their unions, should not be haphazard exposure to a loosely defined subject matter. It should include mastery of the skills required for effectiveness and sufficient guided experience to assure proficiency in their regular performance.

The era of AIFLD-sponsored courses should soon disappear. The Honduran labor movement has a cadre of trained leaders who



could readily be turned into excellent instructors with a little assistance and guidance. The federations claim they cannot pay these people to be full-time labor educators. The lack of resources, not the lack of courses, obstructs efficient achievement of program goals, and there are more efficient ways to provide resources than by sponsoring courses.

This conclusion is also supported by a review of recent Georgetown graduates. The last one from Honduras lost his job after being given the scholarship and has not found a new one since his return. Some Honduran private and governmental employers are reluctant to make commitments to such students because they expect that improved qualifications will mean a demand for higher salary.

This Georgetown labor economist is voluntarily teaching in AIFLD seminars while he waits for a possible opening at FESITRANH. Once again, effectiveness of labor education is diminished by the lack of union resources and not by a shortage of trained people.

## B. Social Projects

The view of the AIFLD program as generalized technical assistance delivered through education and social project activities is supported by review of the Honduran social projects. The AIFLD program input is not the amount of money granted or lent to the unions and federations, nor is it the volume of project proposals prepared. It must be understood as the totality of efforts involved in helping a developing institution, the Honduran free labor movement, build the capability to perform increasingly more difficult tasks useful in achieving its objectives.

The AIFLD program resembles typical AID efforts in cooperatives, including that in Honduras. Co-op contract technicians, though heavily involved in education, are essentially builders of an institution and movement, who must direct their assistance wherever it can be most useful in reaching program goals. Although AIFLD task orders emphasize educational activities and implementation of social projects, operation of the program actually involves a wide range of assistance useful in building the free labor movement. The proliferation of special task orders for various new projects and activities reflects the difficulty of fitting desirable AIFLD efforts into the two principal categories, emphasizing the need to develop goal-oriented resource allocation and coordinated sets of related activities.

For example, the Institute role in the FESITRANH housing project, involving a BID loan of more than \$2,000,000 for 1,000 homes, included the supplying of conventional architectural and engineering assistance. It also involved a \$3,158.77 loan from the ALF-CIO impact projects fund, to permit early construction of a model house, so that the final design would more accurately reflect the workers' desires. More recently, a \$34,000 loan from the AID-financed Regional Revolving Loan Fund has helped the FESITRANH project survive war and flood-induced delays until the BID funds begin to flow. The first 350 houses of the project are now being constructed on schedule.

The major AIFLD contribution has perhaps been the provision to FESITRANH of help that gave that Federation the nerve and knowhow required to turn an inexperienced labor group into a capable and acceptable borrower. Informed observers, including Hondurans and Mission personnel, assert that the AIFLD role was critical in bringing the labor group to BID attention, establishing its credibility, and pressing its claim for resources. This combination of catalytic role, moral support, and technical guidance, is the essence of AIFLD's social project activities in Honduras.

AID finances the performance of similar roles in assistance to cooperative movements and in the Pan-American Development Foundation program of self-help community projects, among others. This pluralistic approach to institutional development recognizes the unique capabilities of particular U.S. groups for assisting their related groups in developing countries.

## 1. Fund Sources

The AIFLD social projects program of generalized technical assistance helps the Honduran labor movement to mobilize resources, including, but not limited to, AID and AFL-CIO funds, for the satisfaction of worker needs by their own efforts. Assistance includes (1) motivation, (2) technical help in design, financing, and construction, (3) supervision of credit and repayment, and (4) education for continued independent efforts. Although recourse is had to various suppliers of resources, the following regularly available funding sources are considered to be part of the specific AID-AIFLD input:

- (1) AIFLD Regional Revolving Loan Fund (AID Task Order No. 43);
- (2) AFL-CIO impact projects fund;
- (3) AID Mission "small projects" and other funds;
- (4) ANACH Revolving Loan Fund (includes grants and loans from AID, AFL-CIO, and others);

These funds and the administrative costs of operating the social projects activities are the program input that is supplemented by self-help labor and other Honduran resources. The AIFLD Honduras staff includes a co-op specialist who serves as a full-time social projects technician. AIFLD regional staff and outside consultants also provide intermittent help. The IESCA instructors formerly devoted part of their time to social projects and the Country Program Director will continue to do so. A \$2,400 grant from the AIFLD regional campesino

office funded four staff people for ANACH from January through June, 1970, and most of their work is social project activity.

The AID-sponsored Regional Revolving Loan Fund of \$500,000 was established in 1968, to provide no-interest loans not available to unions from other programs. The fund is administered by AIFLD, but all loans, from \$5,000 to \$50,000 for up to five years, are approved by the AID Director of the borrowing union's country. AIFLD/Honduras helped SITRATERCO borrow \$50,000, one of only four loans made by the Fund during its first year, for construction of a warehouse, consumer cooperative supermarket, and community center building that will enable the union co-op's well-established operation to expand sales volume and serve members more effectively. The building is an impressive addition to the workers' neighborhood.

A non-American technician, temporarily assisting the co-op in stocking and record-keeping for its expanded operation, remarked that, although he had seen evidence of some anti-American feeling during his three months in Honduras, the labor movement appeared to be strikingly free of such sentiments. It is reasonable to assume that projects such as the SITRATERCO co-op building have contributed to this condition.

AFL-CIO impact project funds are administered by AIFLD under rules similar to those applied to AID small projects.

Both appear in the AIFLD Impact and Small Projects Combined Manual (January, 1969). AID projects involve up to \$2,000, while AFL-CIO efforts can be as much as \$5,000. Labor funds cannot be spent for "ordinary union activities," but priorities and purposes of both sources are otherwise similar, emphasizing local contributions, preference for continuing activities and for loans over grants, and projects that are "genuinely initiated by local unions." AID approval is required only for AIL projects. In both categories, the AIFLD reporting requirements are as stringent as those of AID.

This list indicates the type and magnitude of 1969-70 projects:

<u>Date</u>	<u>Title of Project</u>	<u>Source of Funds</u>	<u>Amount</u>
1/15/69	SITRATERCO--Consumer Cooperative building	AID RRLF	\$50,000
3/11/69	SITRATERCO--Vocational school equipment	AFL-CIO	4,038
5/26/69	Grant to FESITRANH--sewing machines	AFL-CIO	1,165
5/26/69	ANACH Medical Brigade	AFL-CIO	2,025
9/5/69	FESITRANH--Hurricane relief	AFL-CIO	500
2/11/70	FESITRANH--to assist in housing project	AID RRLF	34,000
	ANACH Revolving Loan Fund--farm loans	AID & AFL-CIO	\$14,000 (from 4/1/67)

Projects not yet completed from previous years require continuing attention and disbursements may take place in more than one year. In addition, AIFLD assists in development and implementation of projects that do not receive direct U.S. funding.

The ANACH revolving fund, though appearing as a single project, has included 15 or more separate loans requiring individual attention. It is a more impressive effort, with greater economic impact, than the useful but diffuse array of small projects. The fund was started in April 1967, with a \$3,000 grant from AID, entrusted to AIFLD for administration. In June, 1968, AID added another \$6,000. Late in 1969, AID added \$2,500 more from the Special Projects Fund and the AFL-CIO made a \$2,500 loan to the Fund, bringing the total invested to \$14,000. During the evaluation visit, the President of the Republic delivered \$15,000 to the Fund, supplementing a \$75,000 commitment made almost simultaneously by the Banco de Fomento. The Bank agreed that ANACH could administer the fund on its behalf and that loans would be made only to campesinos. AIFLD then helped ANACH start a "technical department," including a fund administrator, a development officer, and an agronomist, by an impact project for \$1,400 and assistance in negotiations for assignment of a Peace Corps Volunteer. The governmental confidence in ANACH, manifested by the entrusting of funds,

indicates the effectiveness of AIFLD and Honduran efforts to build a strong campesino institution.

ANACH, with the assistance of AIFLD's full-time cooperative technician, has developed a long-term Plan Cooperativo, designed to make the campesino union not only the principal political instrumentality of the campesinos but also a major source of economic power for them. The strengthening of ANACH, politically and economically, is a major objective of the Honduran free labor movement. AIFLD, through counselling, financial support, education and social projects, is a critical factor in achievement of that objective.

All loans made from the rotating fund are for supervised agricultural credit, including cultivation and storing of grains, purchase of livestock, and similar economic activities. Eighteen "pre-cooperative" groups are now cultivating parcels collectively through loans from the Fund. Members of the pre-cooperative are also free to cultivate individually. As ANACH has been the campesinos' political spokesman in support of rights under the Honduran agrarian reform program, the Revolving Fund has been a source of the economic strength needed to make acquisition of cultivation rights more than an empty ceremony. Fifteen loans had been repaid by the end of 1969 and another fifteen were outstanding. Hurricane losses have caused some delay in repayments, but no campesino group has been financially irresponsible. Only one loan, about \$1,900 for cattle, has been for more than \$1,500, and since



the average number of cooperative cultivators is about 20, the AID-AIFLD effort has directly affected more than 600 campesinos already.

## 2. Impact and Evaluation

Officials of INA (the Agrarian Reform Agency) and the cooperative movement raise serious questions about the future role of ANACH and the pre-cooperatives, preferring less political, "pure cooperative" alternatives. Labor movement leaders have pursued an independent course, convinced that their model is the best hope for campesino security and economic progress. They acknowledge the highly political involvement of their approach, but assert that the campesinos can be protected in no other way.

The AID mission has supported INA, the co-ops, and ANACH, urging pluralism and healthy competition. The relatively small commitment to ANACH up to the present time, and the convincing evidence that the Rotating Fund responds to felt needs of both the campesinos and their trade union brothers, suggest that the group should receive continuing support unless circumstances or performance change significantly.

AIFLD records on the Rotating Fund have to date been concerned almost exclusively with documenting disbursements and repayments. As the ANACH technical department becomes active, the economic consequences of the loans should be tabulated, since this will furnish broader evidence of the social project impact.

One member of the evaluation team accompanied the AIFLD cooperative specialist and an ANACH activist on visits to three pre-cooperatives. Observation confirmed that AIFLD is helping AID give effective assistance to people who need it most, is broadening the base of Honduran society, and is building a new institutional structure that will add political and economic strength to the free labor movement.

Non-labor observers seemed concerned that AIFLD and the Honduran federations are working with campesinos. Honduran labor leaders at all levels made clear that their commitment to ANACH was not only the implementation of a socio-political view about the organization of labor in a predominantly agricultural society but also had deep cultural roots. As the leader of a SITRATERCO local explained it, there is a common bond of heritage and interest between the agricultural laborers of United Fruit Company and landless campesinos, due partly to the similarity of their work and mobility between the two sectors. He added that the campesinos had supported the fruit workers in the critical 1954 recognition strike. Oscar Gale pointed out that the first six seminars given by IESCA in Honduras had culminated in the founding of ANACH, simultaneously with signing of the Agrarian Reform Law, in 1962, emphasizing that concern for the campesinos has been part of free labor movement and AIFLD concerns from inception of both. With at least 70 percent of all Honduran workers

classified as campesinos, the social and political rationale for their inclusion in the labor movement is clear.

In addition to the Rotating Fund, AIFLD also provides continuing assistance to campesinos through the Medical Brigades project. This wholly non-governmental effort, coordinated by an IESCA instructor, brings volunteer doctors to various rural sites on Sundays. Campesinos pay one lempira (\$.50) for medicine prescribed, but examination and treatment are free. The AFL-CIO impact fund furnished \$1,500 for initial medical supplies and later granted \$2,800 to help in replenishment and expansion. Self-help construction of a dispensary that will serve ten surrounding hamlets is also being assisted currently, but the bulk of program support is generated from other private sources. An evaluator listened to the instructor discuss the question of procuring wood for doors, windows, and furniture, with the campesino group's head, and the process was in the best tradition of self-help community development practices. AIFLD social projects are helping ANACH mobilize resources from private and governmental sources for the benefit of campesinos.

### 3. Indicators of Impact

Although the goals of social project activities are even less tangible than those of the education program, the results are easier to measure in Honduras. As in education, the low baseline level of the campesinos causes changes attributable to social projects to stand out more clearly than among more

sophisticated groups. However, the tangible accomplishments created by major social project efforts with the federations, for example, are also dramatically visible. While it is misleading to say that AIFLD "caused" construction of the new \$50,000 SITRATERCO community center and consumer cooperative building, there is little evidence to support any claim that the building would have been built without the Institute's financial and technical help. The improvement in SITRATERCO's capacity to obtain and administer loans, another major goal of the project, has not been measured but is evident. The attribution of specific results to a catalyst is at best ambiguous, but description of the catalytic process and its outcomes is nevertheless useful for decision-makers.

The concentration on campesino self-help projects reflects an AIFLD emphasis forced by the priorities of the federations and the difficulties of finding useful small projects in the cities of Honduras. The numbers cited are some indication of the magnitude of efforts and results, but the full measure of impact on individuals and institutions would require a major sophisticated study of attitude and behavioral changes that would be a luxury under the circumstances.

The volume of Honduran self-help activities and financial resources generated by social projects has not been calculated by AIFLD/Honduras. Nevertheless, it was apparent during the evaluation visit that AIFLD loans have permitted recipients to

complete projects of their own that would otherwise have been left uninitiated or uncompleted. While tabulation of local contributions would be helpful, it should not be assigned much importance as an indicator of impact. Though AIFLD/Honduras's social projects strategy is not clearly delineated, assistance to those least able to contribute is clearly an element in it. While self-help should be encouraged, emphasis on local contributions leads too easily to imposition of commercial banking criteria for loans that have goals not limited to economic matters.

The American labor movement was fortunate to be present and helpful in the 1954 founding struggle of the Honduran labor movement. That initial relationship and the strong ties that evolved from it enable the Institute to integrate its social project activities into the plans and programs of the federations, while maintaining sufficient friendly influence and direction to assure financial probity and avoid gross misapplications of resources.

Quick response and a minimum of formalities are essential to effective use of small project funds. Delayed delivery of funds reduces impact and often saps motivation. Excessive formal requirements for approval and reporting are wasteful in relation to the possible monitoring or savings benefits involved. The AIFLD project approval and fund delivery system would be improved by treating the first \$1,000 of annual social

project expenditures, for example, as a Country Director's discretionary fund, to be replenished after documentation of loans made from it. The sacrifice of AID and AIFLD prior approval prerogatives is minor in relation to the benefits of increased program flexibility. A talented Director can describe any project in glowing terms and the wisdom of those far from the scene is little protection against poor projects. Examination of field-headquarters correspondence indicated that, at least in Honduras, social project funds are not disbursed frivolously. The SITRATERCO official who was obliged to return \$5, because disbursements on the \$50,000 consumer co-op loan exceeded the face amount by that sum, will support this view.

The February 1, 1970, AIFLD "evaluation system" report for social projects covered 26 projects. Nineteen were "closed" and seven were still "active." All closed projects were listed as "success" and the active projects were not graded. The closed projects were also marked "Funds Accounted for," suggesting that this weighed heavily in the determination of success.

While the actual spending and accounting for money, for the purposes contemplated in project descriptions, are important accomplishments, this evaluation system is not helpful in identifying progress toward the long-run self-sufficiency objectives of social project activities. The

real value of these projects often depends on what happens after the project is completed and this is presently neglected in the labor program. The Medical Brigades project, for example, would receive high marks. The ANACH technical department may not, unless sources of continued funding not presently visible are discovered. As the ANACH Revolving Fund experience shows, successful social projects can have a demonstration effect that generates unanticipated support.

The evaluation of AIFLD social projects is made in Washington by a one-man Community Services Staff. He makes broad judgments of social and political success based upon information from the field. This kind of gross evaluation is helpful in identifying country patterns, such as a series of "failures," though these would usually be equally apparent without the system. In the absence of more specific objectives for social projects, program appraisal of each project, in terms of achievement of stated purposes, is about all the evaluation can do. An effort like the ANACH Rotating Fund, involving many projects with similar objectives, requires an evaluation system that permits tabulation and appraises progress toward the overall goal.

When the social projects program is viewed as an aspect of the broader general effort to strengthen free trade unionism, evaluation of impact is linked with the effects of other activities. On this basis the Honduran social projects have

had substantial impact. AIFLD and its Honduran partners have used social project funds to test the viability of innovative institutions and to illuminate important latent capabilities of labor groups. These efforts have helped to achieve the broad partnership effort and wider sharing of benefits contemplated by the Alliance for Progress.



CHAPTER V

ADMINISTRATION OF AIFLD PROGRAM

A. Planning and Budgeting Procedures

The annual program of the AIFLD in Honduras, and in all other countries, is presented in the Country Labor Plan (CLP), without AID consultation, and edited by AIFLD in Washington. All country plans are approved by the AIFLD Board of Directors at their annual meeting, usually in late spring, and only then are they discussed with AID, serving as AIFLD's basis for budget negotiation.

In addition to the PROP, previously discussed, AID prepares a Project Agreement and a PIO/T (Project Implementation Order/Technical Services). In Honduras, the AID drafters of these documents consulted with the AIFLD CPD, so that they are generally consistent with his views, but he did not review final drafts. Circular Airgram 72 of November 9, 1965, entitled "AID Labor Programs in Latin America," instructed Missions to give "all practicable positive aid to the AIFLD officers in developing and presenting their projects." The response to this in Honduras is unilateral AID preparation of project documents, but if collaboration could take place before preparation of the CLP, a joint program document could serve for both contractor and sponsor. Since the CPD presents an estimated calendar year budget and the PROP uses fiscal year figures, a combined document could simplify matters considerably.

The difficulties experienced by AID and AIFLD in developing coordinated planning and budgeting cycles are evidenced by the January 1965 recommendation of an AID official<sup>1/</sup> that the AIFLD budget be shifted from a calendar year to a fiscal year program cycle. The AIFLD Financial Director is still trying to gear into country planning processes and claims that country dates are constantly changing. He is hopeful that the desired coordination will be achieved for FY71.

In Honduras, the AIFLD Country Program Director's proposed budget was reduced from \$110,000 to \$80,000 by an AID program officer, without his knowledge. Thereafter, although the reduction was reinstated, the AID budget submission was forwarded to Washington before the CPD had presented his budget to AID/Honduras. If appropriate budgetary guidance could be given before the CPD begins work on a planning document, more realistic programming would be encouraged. For Honduras, planning of the labor program involves reallocation of resources within a relatively fixed budget rather than development of plans for use of additional funds. Since flexibility within the existing budget is limited by previous commitments and fixed expenses, few planning issues exist. The CPD indicated some unhappiness about \$4,000 for a new trade union education

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<sup>1/</sup> Cited in "A Report of the Comptroller General," part of Survey of the Alliance for Progress, Senate Committee on Foreign Relations, U.S. Government Printing Office 1968, p. 39.

program for school dropouts that was cut from his budget. The only other serious planning issue involved disagreement over the appropriate amount for traditional labor education program expenses.

Planning, budgeting, and evaluation of the labor program are handicapped by the failure of AIFLD and AID to describe the anticipated relationships between program goals and the activities purportedly related to their achievement. Without this, planning discussions become power struggles for more activities money. Each party contends for his version of the appropriate amount of what both agree is something worth doing. In Honduras, these discussions have not escalated to higher authority levels. Program contracts have been negotiated amicably, though without reference to specific program goals or useful evaluation of prior program performance.

Despite disagreements over individual program activities and the almost unavoidable contractor pleas for more money, there is a unity of political and educational objectives between the contracting parties that permits resolution of planning and budgeting problems at the field level.

Honduran labor planning and budgeting would benefit from clearer relationship of expenditures to program goals. For example, AIFLD supports ANACH by courses, technical assistance, financing of personnel and social projects. If specific goals

relating to ANACH were identified, and all program activities relating to them were grouped together in plans and budgets, more useful documents would emerge. Budgetary questions could then be reviewed in terms of prospective contributions to program impact, instead of fruitless debates about appropriate amounts for separate activities, considered without relation to achievement of specific results.

The simple budgeting problems for AIFLD country programs cause an inordinate amount of useless discussion and needless ill feeling, even in Honduras. The decision to have a country program at all is a commitment to fund CPD salary and fringe benefits, secretarial help, office rent and supplies, transportation, and similar expenses. The extent of variation is negligible from year to year and, once AID provides a figure for budgetary guidance, there is little to negotiate. Nevertheless, Country Program Directors persistently press unrealistically for money they will not get and AID program and financial staff plague the Directors with attempts to scale down line items that are virtually fixed or certainly not worth the time and ill-feeling involved in the reductions that may be achieved. The entire process shows a lack of understanding of budgetary guidance by the contractor and a failure to appreciate the need for program flexibility by AID.

B. AIFLD/Washington, AID/Honduras, and the Country Program

The relationship between AIFLD/Washington and its Country Director in Honduras could serve as an example for AID in developing an appropriate relationship to the contract program. Despite obvious difference in their situations, AIFLD's Washington office and AID/Honduras are both charged with supervision, support, and monitoring of the Honduras contract.

AIFLD Headquarters relies heavily on the Director's Country Labor Plan and accompanying budget for guidance on what activities are likely to occur in the coming year. Although there is little evidence that AIFLD's Regional Director, Social Projects Director, or Education Director made any substantive changes in the 1970 Honduras program plan, for example, they reviewed the document at the annual Country Directors' Conference and asked for clarification on specific points. If the Director's strategy is internally consistent and aimed at strengthening of the free labor movement, he is given broad authority to develop and implement it. When a social project is proposed, Headquarters requires the Director to justify it and to explain how it will achieve free labor goals, but rarely substitutes its own judgment of importance or appropriateness. The Honduras Director stated that a typical small project required 6-7 weeks for AIFLD approval and delivery of funds, which he did not find burdensome. Support from the AIFLD regional architect and engineer, and from consultants, is also furnished on request and justification. The Headquarters

staff is a resource available for guidance and for direct help with specific problems that the CPD thinks require it.

The Country Director has limited latitude in the choice of participants for the Front Royal and Georgetown programs. He is circumscribed in Honduras and elsewhere by the desire of national confederations to control selection. AIFLD/ Washington intervenes only when a candidate is palpably inappropriate. This intervention has been infrequent, although greater judicious exercise of such intervention would give the CPD a chance to improve selection without jeopardizing his relationship with local leaders. Not all countries have matched Honduras's consistent record for sending students likely to benefit from the programs and to use what they learn.

Washington receives bi-weekly reports of activities which, for Honduras, include separate reports from the co-op specialist and the Tegucigalpa coordinator. These reports, plus visits by various Headquarters staff, are Washington's main sources of program information. In the absence of serious complaints from AID or local labor people, the Country Director is customarily free to perform without interference from year to year.

This system logically calls for some annual review of performance based on comparison of plans and results. To date, AIFLD review is concerned primarily with the number of courses conducted and the number of social projects undertaken, with little examination of their value or consequences. Paradoxically, the Institute, which teaches Latin American unions to

ask for "more" and support their requests with performance data, is constantly asking AID for "more" without supplying similar data. A useful analogy might be a union seeking higher wages because the members worked hard (i.e., gave courses) rather than because of their higher productivity.

While AIFLD criteria for appraising the Country Director's performance are vague, the broad autonomy given provides opportunity to demonstrate his ability. It is good for morale and avoids any case unsuccessful Directors might have for claiming that Washington caused their difficulties. AID might usefully follow a similar procedure.

In the absence of joint agreement about specific results to be achieved, AID monitoring of the AIFLD program in Honduras and elsewhere involves excessive concern over minute details of expenditures and a general uncertainty about the value of continuing to give so many courses. Because AIFLD can and does justify its program as a vehicle for maintaining dialogue and relationship between U.S. and Latin American labor, the monitors are left with a limited area for surveillance or control. This leads to occasional bickering over amounts that are small in relation to the AIFLD budget and negligible in relation to AID expenditures. The time spent in disputations of this sort and the number of AID people involved in it (at least five in Honduras) complicates the contractual

relationship. AID efficiency would be improved by assigning responsibility for review of these issues with AIFLD to one person and allowing the results of joint deliberations to be measured against eventual assessment of performance outcomes. Involvement of more people has not, in Honduras, had constructive effects equal to the costs of their participation.

AIFLD and AID view the labor unions as both a democratic force and as an instrument of development. The AIFLD commitment to ANACH, shared by most Mission personnel concerned with the labor contract, reflects joint concern for the campesino sector. Serious disagreement arises only with respect to the appropriate economic activities for campesino improvement, with AID viewing the national cooperative movement as an alternative to be encouraged along with the ANACH Plan Cooperativo. Despite this difference of opinion about means, the AIFLD contract in Honduras is generally viewed by its sponsor as a good vehicle for accomplishment of Mission objectives and the contractor is reasonably content to pursue these objectives.



The supervisory support and monitoring of AIFLD country activities in Honduras by both AID and AIFLD/Washington is limited by the inadequacy of written reports for conveying a sense of the field situation. AIFLD Headquarters compensates for this by giving Country Directors considerable autonomy and looking for written evidence that activities have been performed. AID, unaccustomed to such contractor autonomy, seeks in vain for the additional reporting that will permit more intelligent intervention or, at least, assurance that the contractor is not missing anything that AID thinks important. It is significant that the labor attache who, like AIFLD staff, spends much of his time in contacts with labor leaders, does not share AID frustration. He knows what is going on. The difficulties he experiences in conveying this knowledge to AID program staff confirm AIFLD's contention that the limits of reporting prevent useful substitution of judgment by those not on the scene. The AIFLD Director now visits Tegucigalpa weekly, at AID request, and it is difficult to imagine what additional reporting might be useful beyond the weekly opportunity to compare notes.

More field visits by AID program officers would be helpful in improving their understanding. The AIFLD Director also submits monthly plans and quarterly reports to AID, and is obliged to clear all social projects with the Mission. He estimates that ten percent of his time goes to providing such

information. AID receives information about completed activities and can review results with the AIFLD Director. Because results are expressed primarily in terms of number of students participating in courses, they do not convey much sense of AIFLD involvement with, and impact on, the labor movement. However, the labor attaché's reporting is shared with AID staff and there is no shortage of labor information related to the AIFLD program. Although occasional differences within AID about the appropriateness of AIFLD relationships to various labor and campesino groups aggravate the contractual relationship somewhat, agreement about the direction of AIFLD efforts is still general enough to maintain a harmonious program.

The Executive Director of AIFLD is sometimes interpreted as contending that U.S. government policy-making in the labor area should be delegated exclusively to the Institute. This is an exaggerated contention, but he is correct in calling attention to the policy formulation implications of the Institute's continuing contractual relationship. AIFLD's CPD in Honduras, by a unique involvement with labor people that is not matched even by the labor attaché, is especially qualified to provide information and make judgments. Since this is recognized by the Mission, he plays an important role in developing and implementing U.S. labor policy.

AIFLD labor education and social projects activities are frequently criticized for being "too American." A sympathetic observer, despite what follows, described the 1962 AIFLD initiation of IESCA in Honduras as a "gringo deal" in which the AFL-CIO, now more heavily supported by AID, "swooped down" to take credit for projects and activities largely initiated by Hondurans, to the annoyance of the latter. Although that situation soon improved substantially, similar criticism is still heard at ORIT regional seminars, for example, when the frustrations of an underfunded program staff are given free rein.

The appropriate posture or manifestation of American labor movement presence should not be confused with the question of control. In Honduras, American government and U.S. labor movement beneficence are not seriously resented. It is the appearance and fact of control or dominance that sours positive impact. Since some control is inevitable from donors, the degree exercised and the techniques employed are critical. AIFLD's occasionally heavy hand elsewhere, and that of the AFL-CIO, are rarely felt in Honduras. Although the Honduran labor movement could ill afford to do without assistance, its leaders have always made clear the terms on which they will accept it. As a result, neither their followers nor their benefactors consider them "bought."

Anti-Americanism is less apparent within the labor movement than among other sectors in Honduras. The Consul General in San Pedro Sula, for example, emphasized that his reception at labor-sponsored ceremonies was outstanding. Honduran labor and business leaders, even when in disagreement with AIFLD policies, did not express anti-American sentiments. Discussions with beneficiaries of social projects indicated an awareness of private U.S. support that transcended any political basis for anti-American feeling. AIFLD and other U.S. activities related to the Honduran labor movement are currently sufficient to produce positive feelings toward the United States.