

# Liberty

AUG. 26, 1933

## After REPEAL- WATCH OUT!!!



Already the Racketeers Are Seeking  
New Worlds to Conquer—What Shall  
We Do About It?

By

W I L L I R W I N

“**Y**OU can’t win,” wrote Jack Black, reformed but very experienced burglar and highwayman, concerning old-fashioned crime. With rare exceptions, the professional criminal of the archaic period before the Great War lived a miserable and hunted life. He had his bursts of hectic dissipation following a successful haul; but these were only lurid spots between dreary stretches in prison or long, impoverished periods. Outside of his limited underworld, no element of society had much interest in protecting him. His was a short life but not a merry one.

The Eighteenth Amendment to the federal Constitution made the criminal career pay—for the first time, perhaps, in the history of the world. Not only that. Generally speaking, the burglar, yegg, or bank robber of the old days was what we call loosely a “natural” criminal. Either he had a warped mind, a badly adjusted nervous system, a touch of insanity, or he had met in his youth special circumstances which had given him a wrong slant. But the curious and unforeseen results of the national prohibition law turned tens of thousands of young men who were not natural criminals into manufactured criminals of a new and highly dangerous variety.

Always, boys and young men reared in the poorer districts of our big cities had coalesced into gangs. They took pride in being tough. They fought, gang against gang, with fists and feet and cobblestones; not usually with knives and pistols. There was nothing in it for them except excitement, masculine love of a scrap, and the glory of the gang. Most of these young toughs—usually at about the time when they fell permanently in love—straightened out and settled down to normal lives. In my circle of acquaintance are a physician, a contractor, an artist, and a square and upright politician, all successful, who led this gang life in their teens. Some, it is true, took to such offenses as robbing lofts and rolling drunks, or exploited their toughness in a small way as protectors to gambling establishments, and so passed on to the criminal career. But this element was always a minority.

Prohibition capitalized the gang spirit. Within a year it became apparent that the average American city dweller would connive without prick of conscience at violations of this law. Within two years an illicit liquor business rose to the status of a major industry. Prices were high, sales easy; the pioneer boss bootlegger rolled in wealth. Reckless and adventurous youths, willing to

Cartoons by ROBERT A. CAMERON

[OldMagazineArticles.com](http://OldMagazineArticles.com)



*Will Irwin, the author of this article, is the distinguished magazine and newspaper reporter, war correspondent and fiction writer. Last year, for Liberty, he investigated the racketeering on business and set forth his findings in a series of four articles.*

take a chance with a jail sentence, drove the trucks which brought the goods in from Canada or manned the fast launches which dropped them in remote coves along the coast. These men were usually not criminal in spirit. But the millions invested in wet goods had no protection of law. So far as police and courts were concerned, any other bootlegger could steal them with immunity. Even in the crude, unsystematic days of 1920, when withdrawal permits from a complaisant prohibition department were the cream of the bootlegging game, the fake wholesale drug houses which served as "drops" found it necessary to employ hard-shooting toughs to protect their stocks. Professional holdup men invented the new crime of hijacking. The big bootleggers therefore organized their army, their police force. They wanted just such material as the city gangs had ready to their hand.

Young men who passed this test thenceforth led a merry life in comparative security. To serve as a private in the army of bootleg kings required no brains. The work involved tense action for short bursts, followed by long periods of affluent leisure. It was a dangerous occupation, true; but youth, good or bad, takes little account of danger. And to boys reared in families which had no expectation of wealth beyond an ordinary wage, the rewards were such as to seem fantastic. Al Capone, in his day of glory, paid seventy or eighty common bodyguards or truck guards \$300 a week; this, in the boom days, seemed the standard salary. But few of these hard birds stopped with that. Nearly all of them had some "side line," where in one fashion or another they extorted money by invoking fear. All these, remember, were only the privates. There were those who commanded gangs or subgangs, carried wads of thousand-dollar bills in their pockets, flaunted sixteen-cylinder cars, supported platinum blondes.

The army had its casualties of course. Now and then some stool pigeon squealed or some gunman made a slip; a penitentiary sentence, or even the electric chair, might follow. But this was relatively rare, because the gangs had made things exceedingly dangerous for squealers, and because in most cities they had a measure of complaisant protection from police and political machines. For prohibition, which its sincere advocates expected to bring the municipal millennium, had worked the other way. It had only opened a new era of corruption.

The real danger lay elsewhere. Before national prohibition was three years old the captains of the bootleg

*After REPEAL*

industry had begun to use their armies not only for slugging or shooting on order and for keeping their mouths shut. The head man calls on the employers in the business which he has marked, and shows them how, by forming an association and hanging together, they can eliminate cutthroat competition and unfair prices. He gets a nucleus of members, and then goes to work on those who have refused to join or who continue to undersell. Here is where his thugs come in. By threats, by destroying material—such devices as putting acid in a cleanser's vats, throwing kerosene on fish, smashing uncompleted plumbing jobs—they illustrate the dangers of refusal. If more pressure be needed they plant a pineapple or two under the shop of the nonconformist. Since men are more timid about their business than about their persons, these tactics usually drive in enough stragglers to make the association a dominant factor in the business. All this time a lieutenant, skilled in such matters, has been organizing a new union among the employees or slugging his way to leadership of an existing union.

Up to now the game has involved very little shooting. That may come later when some other enterprising leader of underworld industry tries to muscle in. The association raises prices and wages; but both employers and employees pay heavy dues, "protection fees," or "emergency assessments." This velvet goes to the racketeers. When employers or employees realize this, they usually continue to stand the yoke, being restrained by two influences—first, fear of violence against their persons and property; and second, a realization that they have made themselves accomplices. It is the consumer, of course, who foots the bill. When the Chicago dyers' racket was at its height, housewives paid fifty or seventy-five cents above the fair and profitable sum for having a dress dry-cleansed. The fish racket in New York, federal authorities estimate, increases the retail price on fish from the interior by two to five cents a pound. And so on down the list of several hundred trades which have felt here and there the hand of the racketeer. The process I have described is the simplest form of the racket. There are many subtleties and refinements. But from the pushcart man giving twenty-five cents a day to make an apprentice gangster behave, up to clothing manufacturers paying their hundreds and thousands of dollars to placate racketeer unions, business is taking money with one hand from the consuming public, doling it out with the other to public enemies.

**A**T the height of the boom racketeering also had its period of swollen profits. We were not in a crusading mood at the time. It was long before even the informed public understood that certain violent episodes and mysterious deaths meant anything else than bootleg wars or exceptionally hot controversies between labor unions. Chicago, where the modern racket was invented, first woke up to realize what was going on. Reputable business associations surveyed the situation, found more than a hundred flourishing rackets which were costing the ultimate consumer of Chicago more than \$130,000,000 a year, and started a clean-up. These organizations carried two handicaps. First, many of their members were more interested in fighting labor unions than in cleaning up the town; and, second, they could get no serious help from the complaisant Thompson administration, then in power.

Nevertheless they scotched and stopped a few rackets like that among the cleansers and dyers, nipped a few others in the bud, won some of the skirmishes preliminary to a real fight. There were stirrings of reform in other racket-plagued cities, notably Detroit and St. Louis. The Seabury investigation in New York, aimed primarily at Mayor Walker, uncovered as a side issue a few of the rackets infesting Manhattan. District Attorney McLaughlin in the Bronx, managing somehow to defy Tammany, broke up an exceptionally criminal plasterers'

## *After REPEAL*

ring and put the other rackets in his province on the run. The federal government had begun to take notice; the Department of Justice prepared to attack the larger racketeers on business by prosecution for evading the income tax.

Then came the hard times. The selling point of the boss strong-arm man when he set out to "organize" an industry was the danger from fly-by-night competitors who depressed prices. These concerns now perished automatically. The object was to raise prices; prices were falling universally. The most enterprising gangster hesitated to start anything new. Some thriving rackets perished through want of revenue. It would appear that others kept a skeleton organization ready for better times. Still others—possibly the majority—kept going on a reduced depression scale. This stands especially true of the rather polite and quiet rackets which flourish under protection of a political machine, like those of Manhattan Borough in New York. Manhattan, indeed, has furnished figures for a useful comparison. When the boom was at its height experts estimated the racket tax on New York City, and mainly on its central district, at \$200,000,000 to \$250,000,000 a year. Estimates from the same sources put the figure early in 1933 at \$100,000,000 a year.

THE boss racketeers accepted a reduced income; but they did not go into the red, at that. Even the rank and file have not been driven to the bread line. Current quotations for gunmen have fallen from \$300 a week to as low as \$100. Plain sluggers command even scantier wages. A fancy pineapple job once cost \$250; by 1933 you could get a good workman for \$50. When the shoe began to pinch, many of the boys who made a living out of simon-pure racketeering turned back to the booze game. Some took to chiseling operations in the new field of bootleg gasoline. A few fell to bank robbing and kidnaping.

As they hung on and waited, the American people exploded and prepared to abolish prohibition. At first the lords of the underworld took this news lightly. They could get licenses, take over the new liquor business, and keep right on. But state after state drew strict regulations to control beer, forecast of still tighter regulations when the hard stuff came back. Commissioner Mulrooney of New York announced that no licenses would go to anyone with a record in the old bootleg game. Control boards in other states followed his lead; and the boys perceived that they were out in the cold. They have begun to search out new fields for their peculiar abilities and talents. And there stands business in general, only imperfectly racketeered after all. Where the booze game yielded millions, this might be tapped for billions.

When the sun of prosperity cast its first feeble beams, the underworld characters already engaged in rackets took heart and prepared for renewed action. And the big shots of the liquor game are falling into line beside them. After the stock market began its rise last May, a get-rich-quick game, with new variations on an old pattern, sprang up in four or five cities in the East. Each of these concerns seemed independent of the others. But each evaded the blue-sky laws of the state where it had its offices by circulating its dope sheets and its fraudulent sales letters entirely outside of the state. Investigators, noting this, suspected a common management. They found it in a group of Chicago liquor barons who were getting ready to change their line of business. Many, probably, will go into this game of selling fraudulent securities; but almost certainly most of the boys will turn to the regular rackets on business.

New rackets, or old ones refurbished, are beginning to appear in Chicago. Informed citizens, such as former District Attorney Jerome, are calling attention to a revival of racketeering in New York. Boston has had its underworld killings in these years of disorder; but by keeping the known gunmen on the jump its police have

*After REPEAL*

pretty well scotched the organized gangs. In boom times and depression times alike, it did not know the racket on business. But the recent arrests of two or three individuals, charged with threatening to beat up cleansers who would not raise prices, indicate that the gangsters are exploring this unwinnowed field.

When the hard times put a temporary blight on many rackets, the associations and individuals who were fighting them found it hard to keep up enthusiasm and to collect funds. They too let down. Fortunately, with the first stirrings of business revival they have gone back to work. Chicago, by legal process, has at last put a crimp into the teaming racket. District Attorney Foley in the Bronx has convicted the sluggers and strong-arm men in a peculiarly insolent poultry racket, and driven the head men into hiding as fugitives from justice. Manhattan has begun to show signs of the moral indignation which precedes action. This indignation does not extend to the municipal authorities. The rackets have woven themselves into the Tammany system. The official or policeman who holds his job by grace of Tammany knows that whenever he starts after a racket he may be working against the interests of some higher-up.

But the politicians and civic organizations aligned to fight Tammany at the November elections intend to make its parasites a campaign issue. Not only that. Someone in New York jogged the federal authorities last spring and the Department of Justice looked into the fresh-water-fish racket. This business brings its product from the Middle West, and comes therefore within scope of federal powers over interstate commerce. Uncle Sam promptly rounded up the evidence, made arrests, obtained indictments, thereby showing up the municipal authorities. Attorney-General Joseph Warner of Massachusetts has assembled the police chiefs of his state to form a common policy for eliminating gangsters, including racketeers. Philadelphia began to show signs of life. Dimly a few farsighted citizens perceive the war that is coming and have started recruiting.

**T**HAT action against the New York fish racket may indicate that the federal government will get into this fight. Indeed, on one corner of the field it must fight. Among the ten leading industries set down for federal control under the industrial reconstruction bill is textiles—which presumably includes the manufacture of clothing. In general the racketeers have kept away from the large fundamental industries. Clothing manufacture is the exception. It seems improbable that Federal Administrator Johnson will overlook the fake unions and the unauthorized labor leaders who have sucked blood along Seventh Avenue, New York, for nearly a decade. If Washington wishes to go further, it might prosecute those rackets operating across state or international borders. Chicago lies near Wisconsin, Indiana, and Canada; mere rivers divide New York City and Philadelphia from New Jersey. Milk rackets, produce rackets, to a certain extent building rackets, must cross these boundaries. If Washington wishes to make a start and set an example, I suggest the rackets on fresh vegetables entering New York. The hard-faced spruce young gentlemen who hang watchfully about the New York markets and docks when the trucks from New Jersey are being unloaded are not there just to enjoy the dawn and the smell of green onions.

The federal government cannot, however, deliver the main attack. The retail and service industries, which send no tentacles beyond the home city, are the chief provender of the racketeers. Dyeing and cleansing, laundering, bar-

*After REPEAL*

ber shops, beauty parlors, garages, restaurants, trucking, the building industry, all heavily blackmailed in many places, furnish good examples. Here the fight is up to the average citizen. It is a complex affair, full of discouragements for the reformer. He needs first a reasonably clean municipal government with a zealous and courageous prosecutor or two. He needs wholehearted aid from the established commercial associations of his city. Before you can break up a racket, or even prove that it exists, you must get testimony from those business men who serve as tools for extracting excess prices from the public. This is usually a difficult operation. A commercial association which means business can help greatly by putting backbone into witnesses and by disciplining such of their own members as are involved even remotely in rackets.

**H**EVEN guard us from too many laws; but it may be necessary to revise such laws as we have. Overstrict antitrust statutes in many states prevent legitimate trade associations from eliminating wildcat competitors. Often a racket is only a rough method of getting round these laws. Our laws of evidence need overhauling. When Kayo Elkins, gunman and bootleg guard of Boston, died mysteriously of gunshot wounds, this was his newspaper obituary: "Arrested 72 times, he never passed a night in jail." The Boston police do the best they can; but when they arrested the slippery Elkins, the laws of evidence usually prevented them from proving what everyone knew.

Finally, we must watch the legitimate liquor business. Sandbagging it for profit is a habit which the hard-boiled boys will not readily abandon.

Cleaning up the rackets—if we see it through—will save the American people billions in invisible taxation. However, it will solve only partially the human problem. Gangsters are habitual criminals. As such, they are generally incapable of reform. When we have scraped them off from commerce, they will turn to other criminal trades. Fortunately violent crime is a young man's game. Ten years from now those who are still alive will have lost youthful recklessness.

Time will do something to solve our problem—provided that in destroying the developed pest we drain its breeding places. For the Al Capones, the Red Barkers, the King Solomons, the Frankie Marlowes did not become gangsters and gunmen in a day. Behind them runs a lifelong education in slum quarters where the boys are forming gangs before they learn their letters, where ten to fifteen per cent of the native males know the inside of jails before they are out of their teens, where the "big shot" rules as an ambition and an ideal.

We cannot clean up the dirt which prohibition violation has left behind unless we deal with such atmospheres.

# Liberty