

LABOR AND CORRUPTION IN AMERICA

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PREFACE

This has been an unpleasant book to write. No person sympathetic with the American labor movement can enjoy the preparation of an account which tells of the use of trade union power for private gain. Nor can an addition to the stock of information on the corruption of American unions be easily justified; it already exists in formidable quantity.

But it has at least one other characteristic. In overwhelming measure it is directed at the imperfections of unions and union leaders alone, at the fact of misbehavior but not the cause, at the reform of labor organizations but not of the conditions which surround them. This is not, of course, to minimize the final responsibility of trade unionists for their own behavior; there is always the personal decision to corrupt or be corrupted, and no analysis of the problem can ignore the final influence of the philosophy or character of the union official who betrays his trust. Nor should the public interest in the proper government of unions be neglected: the incidence of error in trade union behavior always bears some relationship to the rights and duties of the governed. But if these are crucial factors, they are not the only ones. The corruption of trade unionism is, in high degree, a measure of its environment. It is often, on the part of the transgressor, the result of fear rather than preference. It is, in internal union affairs, less a matter of constitutional guarantees than of the indifference of constituents. It owes as much to the predatory influence of employers as to the poor morals of union leaders. It is a product of chaotic markets and unbridled commerce, of the fight for economic survival in some industries which produces the urge to circumvent, by cheating and violence, the strictures of competition and the law. It is a companion of the corruption in politics and law enforcement which

for generations has distinguished some of the major cities of America, embroiling the layman and protecting the professional in crime. It owes an enormous debt to the insanity of Prohibition and its enduring legacy of organized defiance of the law. It stems, in many ways, from the social conditions of the cities - from the instabilities of mass immigration, the traditions of racial discrimination and ethnic isolation, the miseries of the slums and the resentments of the underprivileged, the ignorance of the poor and the indifference of the rich. It has, finally, drawn strength from a public philosophy which, in electing for the competitive society, has tended to broadcast only its virtues, according either praise or excuse to the victor in a battle lightly burdened with rules.

It is neither simple in origin nor easy to repair. The revelations in recent years of trade union corruption have brought about an interest in change and the enactment of laws to effect it. The impact of such legislation has in some ways been salutary, in others marginal or irrelevant. It has been useful in disciplining the internal processes of unions and the professional behavior of union officials, raising the standards of fiscal responsibility and increasing the sensitivity of union leaders to the claims of their constituents: to the extent that corruption is a matter of union government, remediable by legislation without harmful consequences for the institution, there is not, perhaps, much more to be done. Further, a feature of recent labor legislation has been the restrictions it has imposed, ostensibly for moral purposes, on economic functions of unions which have no essential relationship to immorality. It is probably too much to expect the early modification of old traditions and hallowed institutions which

which contribute to trade union corruption; but if patience is required, the labor movement should not in the interim be selected for punishment irrelevant to conditions for which, in any case, it bears only a partial responsibility. Meanwhile the roots remain, and have been little affected by recent legislation of any kind. If the aim here is understanding rather than accusation and remedy rather than retribution, there is a duty to look beyond the institution of trade unionism to the forces which influence and determine its ways. Trade union corruption, such as it is, is a social problem. It should be solved by the many, not left to the few.

This, at any rate, is the thesis of the book. It is open to challenge, on grounds of principle and emphasis, if only because of the inadequacy of its documentation. Corruption is an elusive subject. It is, first of all, a matter of standards. There are many aspects of modern trade union behavior which, depending upon the dispositions of the student, may be regarded as admirable or base, dishonest or realistic, destructive or statesmanlike: the field for debate is immense. Presumably, however, there is one principle which is beyond dispute, namely that trade unionism should not be regarded as an instrument for private enrichment. I have therefore chosen to regard corruption as the use of union power for private profit by anyone. I am, as a result, unconcerned here with violence, sloth, ambition, dictatorship or other misfortunes except as they contribute to the unofficial pursuit of money. This is no doubt a selective standard; but it seems to me the most pertinent one, and quite sufficient for one book.

There is also the problem of evidence. Some corruption is undetected, or obscure in nature and unknown in extent. Much of it, in

the zone between slander and proof, is the subject of conjecture and allegation, fine material for the scavenger but a nightmare for the scholar. Even more exasperating are those charges of misbehavior which, through industrial folklore or personal inquiry, are believed by the observer but still - because of the demands of evidence or the dangers of libel - unprintable. Even where corruption is clearly established by investigation or confession, the details are often blurred, the responsibility diffuse, the balance of causes unclear.

The truth is not easy to establish. The corrupt have their own reasons for silence. Loyalty to the organization, legitimate or mistaken, often curbs the tongues of those close to the guilty. Fear, whether of internal discipline or underworld reprisals, is an effective mute. Private records of unsavory episodes are seldom available, and adequate public documentation is rare. The writer on corruption is accordingly denied the precision of evidence and conclusion enjoyed by commentators on healthier subjects, tempted more to inference and generalization, compelled to modesty in theory and restraint in his judgements on men. But documents do exist, confessions have been made, trials and investigations have been held, and men of experience and responsibility have had their say. There is even, in the mass of careless comment on the subject, a limited but important persuasiveness in simple volume: not all of it can be untrue, and there runs through all but the worst of speculations a vein of fact which cannot be ignored. It should be possible, that is, to construct a case of which it is reasonable to believe the general proportions are true.

There remains the question of treatment. A comprehensive account of trade union corruption, involving as it would a social history of

each venue, is probably beyond the reach of any one man with less than a decade at his disposal. This is not to suggest that a vast store of evidence remains to be compiled; that corruption, like the bulk of the iceberg, lies mainly below the surface. The literature on the subject, in fact, is surprisingly concentrated both geographically and industrially, and it would be wrong to infer that where there is silence there is abounding sin. No doubt some corruption has gone recorded even in the slightest fashion; but two generations of ethical respectability for the overwhelming majority of American trade unionists is a fact. There are, of course, some instances not written of here where corruption has been inferred, alleged or proven; but the known evidence on them is hardly voluminous, and time is a problem. Further, enough is known of such cases to indicate that they are not at all unique in origin or development; that they are, in sum, only minor manifestations of the major instances selected for comment; and that their inclusion here would add little to the point of the account. I have therefore chosen those examples of corruption which represent major themes, which are the most conspicuous in history, and for which the fullest documentation is available. I hope it is not too much to claim that even in a book of limited size they represent the essence and much of the scale of the problem.

(Acknowledgements follow)

LABOR AND CORRUPTION IN AMERICA

PART I

THE PROLOGUE

In the closing years of the nineteenth century, the American labor movement had reached a turning-point in its commitments and fortunes. For nearly a century, trade unionism had been characterized by experiment, division and defeat. Particularly since the 1820's, labor organizations had cast about them in all directions for ideas and methods which would bring them greater recognition and stability. Impatient with the hardships and inequities of early American life, they had experimented with business unionism, political unionism, socialism, syndicalism, anarchism, cooperation and the One Big Union. Inexperienced in organization, unrealistic or premature in expectations, harried by a hostile environment, divided by distance and burdened with repeated depressions, they had occasionally met with heady successes only to sink back into weakness and defeat.

By the end of the century, however, one strain had prevailed. In business and craft unionism, it seemed, had been devised a method with grave promise of the security in establishment and effectiveness in operation denied all its competitors. It was a narrow system, limited in its ambitions and selective in its jurisdiction. It was confined almost wholly to craft or compound craft unionism. It was trade conscious rather than class conscious, concerned more with the strength of the craft than the welfare of the movement as a whole. It was primarily an economic system, seeking its rewards in the market place rather than in the legislatures, suspicious of public authority and political involvement. It regarded the union as a bargaining agent, concerned essentially with immediate gains in wages, hours and working conditions. It was conservative, accepting the mores and institutions of capitalist society, in Hoxie's phrase, "as inevitable, if not as just."<sup>1</sup> If, in practice, it permitted the championship of other causes,

its motives were in general utilitarian; but if it seemed to lack the glory of nobler philosophies, it suited the felt needs of an increasing number of trade unionists. By 1900 it was without a serious rival.

The bearer of the now dominant tradition was the American Federation of Labor (AFL). Founded in 1886, it had been committed to business unionism from the outset. There were strong reasons for its choice. The rise of merchant capitalism early in the century, accompanied by a decline in wages and working conditions, had driven the young labor organizations of the day into political unionism. Workingmen's parties were founded in a number of states and for a time enjoyed a measure of success; but by the end of the 1930's the opprobrium of the public, the resilience of the Democrats and Whigs and the factionalism of the new parties had eliminated them as a factor of importance. Business unionism enjoyed its first upsurge of strength during the prosperity of the 1850's, but the inexperience of its leaders and the depression of 1854 brought about its rapid decline. In 1866 the aggressiveness of the anti-union employers, the increase in unemployment and the movement for the eight-hour day encouraged the formation of the National Labor Union (NLU), the first attempt at a national trade union federation; but the NLU, receiving at first the support of the business unionists, lost their allegiance when in 1870 it transformed itself into an essentially political organization, based on state federations of labor rather than on individual unions. The defection of the business unionists, combined with dissension over women's suffrage, Negro trade unionism and Greenbackism, caused the disappearance of the NLU by 1872. The Knights of Labor, founded in 1869 and based on the idea of the One Big Union, experienced after a slow beginning a striking growth in the mid-1880's, attracting

hundreds of thousands of workers -- most of them unskilled -- into its fold. For some years it presented the AFL with its most serious challenge, but it lacked the means for consolidation. Stained with a reputation for anarchism, organized mainly by geography and committed by its leaders to political and cooperative ventures for which its members had little taste, it soon lost its appeal. By the early 1890's the Knights were almost spent, no longer a force to reckon with.

The times, it seemed to the leaders of the AFL, were unpropitious for a labor movement with broad ambitions. It was, after all, the Gilded Age, the high tide of American capitalism. Especially after 1870, the mounting power of corporate enterprise had grafted upon the social conscience a philosophy of acquisition. Economic gain was the proper goal of every citizen; the market was the only reliable testing-ground of ability and contribution; wealth was the true mark of success and even of personal virtue, and the unsuccessful should accept their fate. It was the best of all possible systems, sanctioned by results and possibly the Almighty. "The good Lord," said John D. Rockefeller, "gave me my money."<sup>2</sup>

The morals of business spread to the legislatures and the courts. Politics came to be regarded by many of its practitioners as a means of personal enrichment, bribery as a legitimate source of power and income. "If you have to pay money to have the right thing done," said Collis P. Huntington, "it is only right and just to do it..."<sup>3</sup> The judiciary, too, was regarded as proper quarry for the spoilsmen. "I think the time well spent," Huntington also said, "when it is a man's duty to go up and bribe the judge."<sup>4</sup> Prompted by bribery or not, the courts came to express the gospel of wealth in the laws of the land. "The Supreme Court," Ralph Henry

Gabriel wrote, "abandoned its ancient policy of self-restraint. It transformed the old due-process clause into an instrument with which it built the individualism of the gospel of wealth into a constitutional law of the nation. It called a corporation a person so that no property would go unprotected. It created in the doctrine of the freedom of contract a weapon with which to meet the challenge of organized labor to the absolute authority of the employer within his shop."<sup>5</sup> The lower courts followed suit. In the last 20 years of the century, statutes requiring a statement of cause for discharge, forbidding the use of scrip, outlawing or regulating company stores, fixing the hours of employment in private employment and protecting the right of workmen to join unions were all struck down as unconstitutional.<sup>6</sup>

Then, to confirm the worst fears of the establishment, came the spectre of trade union violence. The bombings in the anthracite fields during the 1870's attributed to the Molly Maguires, the disturbances of the railroad strike of 1877, the anarcho-syndicalist overtones of the Haymarket riot in 1886 and the national repercussions of the Pullman and Homestead strikes in the 1890's all pressed upon the public mind an image of the labor movement as a threat to property, peace and the liberty of the citizen. Particularly after the Haymarket affair, the legislatures, the courts and the employers joined in an unprecedented effort to place fresh curbs on the activities of trade unions. Politicians of anticipated generosity to labor showed a new distaste for its legislative claims. "I am tired," said William Jennings Bryan, "of hearing about laws for the benefit of men who work in the shops."<sup>7</sup> Legislatures dominated by business interests passed a spate of laws placing new restrictions on union rights and activities. Court records showed a sharp increase in the number of trade unionists

convicted of conspiracy, coercion and breaches of the peace. The employers launched open shop campaigns, fought unions with lockouts and private police, made free with the blacklist and the yellow dog contract. It was an age of danger for labor, and a time to take stock. The success of trade unionism, it appeared to AFL President Samuel Gompers and those who followed him, depended upon a realistic adaptation to the conditions of the times.

"We are," said Adolph Strasser in 1897, "practical men. We have no ultimate ends. We are going on from day to day. We are fighting only for immediate objects -- objects that can be realized in a few years."<sup>8</sup> Strasser, president of the Cigar Makers and a close associate of Gompers, spoke for the AFL.

The federation's position was clear. Cosmic theories had no place in the practical world of trade unionism. Intellectuals, prone to logic and inclined towards socialism and other panaceas, were not to be trusted. The association of American unions with revolutionary movements had been disastrous, the rulers of society having shown -- particularly on the occasion of the Pullman strike -- the will and the ability to crush any such activity. Producers' cooperatives were visionary, unworkable and in any event incompatible with the practice of trade unionism. Independent political action was foolish; the existing parties were too strong and flexible to permit any serious challenge to their hegemony, and should be bargained with rather than fought. The practice of joining with farmers, small businessmen and small manufacturers in their periodic anti-monopoly campaigns had engendered the unnecessary hostility of other interests towards the labor movement, thus hindering its search for recognition and stability. In any case a minority such as organized labor should avoid

dependence on public laws for its progress; good laws were hard to pass, uncertain in their implementation, and in moments of crisis could be used to the detriment of labor. Economic action was more reliable, more productive in its results. Free collective bargaining should be the basic weapon of all labor organizations, with the strike used only as a last resort; the objectives of any union should be restricted primarily to the trade agreement, control over the job, and cooperation with the employer to enforce the mutually acceptable rules of the industry. The corollary was a respect for the rights of the employer and of the institution of private property. The creed of the AFL was thus a commitment to the system of private enterprise, a suspicion of public authority, and a reliance on independent power in the pursuit of limited ends.<sup>9</sup>

The AFL's suspicion of authority embraced the use of its own. Throughout his life Gompers insisted upon independence of action as the key to effective trade unionism. He and his associates always had more respect for an organization able to stand on its own feet than for one which leant upon the federation or sister unions. The solidarity of trade unions was important, but less so than self-reliance. The primary loyalty of the trade unionist, that is, was to his own organization. "I look first," Strasser said, "to the trade I represent; I look first to cigars, to the interests of men who employ <sup>me</sup> to represent their interests."<sup>10</sup> The result was a spirit of confederation in the affairs of the AFL. Affiliation with the federation was voluntary, involving no surrender of autonomy. The only powers of the AFL were those delegated to it by its constituents, and they were sparingly used.

The looseness of federation government had its counterpart, if a

qualified one, in the administration of individual unions. The movement towards national organization was a major feature of the growth of American unions during the later nineteenth and early twentieth century; the development of national markets, the advent of large-scale business organizations, the desire to equalize bargaining power and union conditions from area to area, the dangers of non-union competition, the general objective of job control and the growing importance of federal legislation in trade union matters all contributed to the centralization of authority in national unions.<sup>11</sup> But the process was slow and uneven; in particular, the nature of some industries -- those, such as the building trades, which were essentially local in character -- required the vesting of considerable autonomy in the local affiliates of national unions. The result was that in some matters the disciplinary powers of a number of national unions were not much greater than those of the parent federation.

This combination of philosophy and structure was the leading characteristic of the American labor movement until recent times. It was a responsive system, deriving its forms and attitudes from the nature of the market, the prejudices of its constituents and the characteristics of the society with which it bargained. It was successful, if durability and economic advance are the standards of judgment; it dominated the American labor movement until the great schism of 1935, achieved considerable gains for its members, survived the recessions and open shop campaigns of the twentieth century, and entrenched itself firmly in its favored jurisdictions. It was, quite possibly, the system best suited to the times.

But it had its flaws. If business unionism was the creed of the day, it made few demands on the social conscience of its adherents; if

craft unionism was the best assurance of durability, it lent itself to insular action; and if autonomy was the condition of unity, it sometimes left free from retribution those who, from danger or temptation, did violence to their trust. This is not to argue that there was a necessary causal relationship between the traditions and institutions of the AFL on the one hand and corruption on the other. Organizations led by business unionists, built on the craft principle and feeble in authority remained free of unethical practices; while social unionists went astray, industrial and quasi-industrial unions were corrupted, and authority was often the handmaiden of dishonesty.

It was a matter of constituency and degree. It is apparent from the record that trade unionists of broad philosophy, organized in industrial unions with adequate disciplinary powers, resisted more effectively than others the temptations of corruption. But they were - because of the more stable character of the industries they worked in and the larger congregations of membership in their unions, as well as of the social attitudes inculcated by the leaders of the movement for industrial unionism - better placed to do so. It might best be argued, indeed, that the AFL was in some sense the victim as well as the progeny of the circumstances which gave it birth. The logic which created it bore the seed of decay. There was a price to be paid.

## FOOTNOTES -- PART I -- THE PROLOGUE

1. Robert Franklin Hoxie, Trade Unionism in the United States (New York: D. Appleton and Company, 1922), p. 45.
2. Ralph Henry Gabriel, The Course of American Democratic Thought (New York: The Ronald Press Company, 1940), p. 149.
3. Richard Hofstadter, The American Political Tradition (New York: Alfred A. Knopf, 1951), p. 163.
4. Ibid.
5. Gabriel, op. cit., p. 232.
6. Seriatim, Wallace v. George C. and N. Ry. Co., 94 Ga. 732 (1894); Godcharles and others v. Wigman, 113 Pa. St. 431 (1886); Frerer v. People, 141 Ill. 171 (1892). Also State v. Fire Creek Coal and Coke Co., 33 W. Va. 188 (1889); in re Morgan, 26 Colo. 415 (1899); Gillespie v. People, 188 Ill. 176 (1900), and State v. Julow, 129 Mo. 163 (1895).
7. Hofstadter, op. cit., p. 187.
8. U.S. Senate, Committee on Education and Labor, Report of the Committee of the Senate Upon the Relations Between Capital and Labor (Washington, D.C.: U.S. Government Printing Office, 1885), Vol. I, p. 460.
9. See Selig Perlman and Philip Taft, History of Labor in the United States, 1896-1932 (New York: The Macmillan Co., 1935), pp. 3-12.
10. U.S. Senate, Committee on Education and Labor, op. cit.
11. Lloyd Ulman, The Rise of the National Union (Cambridge: Harvard University Press, 1955), pp. 43-44.

LABOR AND CORRUPTION IN AMERICA

PART II

THE BUILDING TRADES

CHAPTER I

THE INDUSTRY

The building industry, declared Judge Kenesew Mountain Landis in 1921 "is a thing diseased."<sup>1</sup> He was voicing a common judgment, as prevalent and probably as true at the turn of the century as in later years.

Building was a large industry, a bellwether of the economy.<sup>2</sup> It was characterized by local concentration, small business units, extensive subcontracting and seasonal fluctuations. Because of the ease of entry into the industry and the speculative nature of much construction, competition under natural circumstances tended to be harsh and the casualty rate of businesses high. The industry was also inefficient. It had been relatively little affected by technological change, and most of the work was done with simple tools. It suffered hardly at all from extra-local competition, a factor which tended to harden into custom the technological deficiencies of the industry. The absence of external challenge also made easy the development of collusive practices among employers -- such as price-fixing and the rigging of bids -- which reduced the dangers of local competition and passed the burden of inflated costs on to the consumer. The result, in many areas, was a high level of building costs and profits and, quite frequently, the occurrence of serious housing shortages.

Trade unionism in the industry was usually local in character. Some attempts were made during the late 1860's and afterwards to organize national unions; but these, and many existing local unions, were killed off by the depression of 1873-9. There was, in fact, little incentive to form national organizations, since specialization, technological change and national markets were relatively unimportant problems. Local

organizations were also weak, with few permanent officials and meager treasuries, seldom surviving for very long. In the absence of any general union program in the industry, wages, hours and working conditions were largely unregulated. The ten-hour day, won by some crafts, perished in the depression. The blacklisting of union members became a general practice, strike-breaking by professional or imported strike-breakers was common, and many local unions were forced to transform themselves into secret societies.

The revival of the economy, together with improving communications and the introduction of some technological changes into the industry, brought about a resurgence of trade unionism. In particular the carpenters, the largest body of employees in the industry, were threatened because of the introduction of factory-made products with unemployment and competition from unskilled workers. Improved local and national organization in all the crafts became essential to control entry into the trades, to equalize conditions among the increasing number of itinerant craftsmen, and to match the strength of the growing number of large firms in the industry.

Once firmly established, as they were in many of the major urban centers by 1900, the building trades unions enjoyed a number of advantages. Employers' organizations were weak. The National Builders' Association, formed in 1887 after the wave of strikes for the eight-hour day, was an anti-union organization mainly concerned with achieving the open shop; but it found increasing antipathy to its policies among local employers, some of whom had already discovered the benefits of collusive practices with business agents which raised wages, prices and

profits. The NBA went out of existence in 1899. Local employers' associations also were weak. Because of the practice of subcontracting, employers tended to organize and bargain with unions on a single-craft basis; there were, in the late 1890's, virtually no city-wide employers' associations in existence. The unions, on the other hand, were organized not only by crafts but into area-wide building trades councils, so achieving a substantial economic advantage over individual employers. Building contractors and owners were subject to union pressure on other counts. If contractors were not unduly concerned with price levels, they nevertheless often worked under terminal contracts subjecting them to heavy financial penalties when construction work extended beyond the stipulated date for completion. Further, the high cost and speculative nature of many building projects made owners anxious to begin reaping a return on their investments as soon as possible. The work stoppage, consequently, was the event most to be feared by owners and contractors alike. Rather than provoke a strike, many of them were willing to meet the cost of a small wage increase or, at times and perhaps preferably, of a bribe to the union official involved. In addition, employers were often dependent upon unions for their labor supply. Few of the former employed a permanent work force, preferring instead to hire employees when they needed them and dispensing with them at the conclusion of a project. Naturally they wanted the best craftsmen available, and frequently cultivated cordial relations with union officials. But this was not, for many employers, an unpleasant experience. Many of them were former craftsmen themselves, often retaining membership in their old unions; and some of them, given the uncertainties of

the industry, could well anticipate a return to the trade at some time in the future. The leaders of the craft unions, in turn, were often close in ideology to the employers. Business unionism found its most advanced expression in the building trades. The union was regarded by its adherents as a business institution, created essentially for the improvement of wages, hours and working conditions. The interest of the individual craft union was paramount, the notion of fraternity with other trades a secondary matter, the practice of inter-union cooperation a question of expediency. Trade unionism was a matter of organized self-interest, little concerned with the general welfare or the larger social issues. The building trades were thus, in some fashion, a philosophical community; if the requirements of self-interest meant occasional conflict between employers and unions, they were not inconsistent with the deeper acceptance of mutual standards. These standards were too often to prevail, to the profit of the parties and the cost of union members and the community.

As trade unionism in the building trades grew, so did its officialdom. The need for full-time officers was imperative. The anti-union practices of the 1870's and following years demanded the services of union officials who need not fear the reprisals of unfriendly employers; the development of complex work rules in the industry required, for effective union representation, the knowledge of the expert; while the geographical dispersion of work, the system of subcontracting and the short duration of most building projects made necessary the engagement of a full-time representative with a roving commission, able to police the trade agreement at its many points of operation. Thus was born the

walking delegate, or business agent as he was later called, giving full-time services to the union.

James Lynch, a New York carpenter, was one of the first. He joined the city carpenters' local union in 1872, but the organization floundered in the panic of 1873. Leaving New York to work elsewhere, Lynch returned in 1879 to find the local reorganized. For some time he served voluntarily as the chairman of the local's legislative committee, paying occasional visits to Albany to attend committee hearings.

"But a cloud was now looming on the horizon that threatened the stability of our union....so in July, 1883, a walking delegate of the Carpenters of New York City was appointed.

"Thus I was taken from the executive office of the Carpenters of New York City and became their first walking delegate.

"I found the position of walking delegate anything but a pleasant task. Although naturally of a peaceable disposition I was plunged into a continual war. My presence on the job was an irritation to the employer as well as the non-union men, and not infrequently some of the union men envied me, not realizing the sorrows of my lot. I retired, after serving four terms. The tribe of the walking delegate has increased greatly since then."<sup>3</sup>

It was not always, as Lynch recorded, an enviable job. Anti-union sentiment in earlier years was formidable, and the walking delegate often

suffered the antagonism, not only of the employers, but of the police and other public officials. He was, as Gompers once complained, an object of ridicule, usually represented in the press as an illiterate bully, interested only in his own prosperity. <sup>4</sup> He was often the victim of violence on the part of his opponents and, as Lynch noted, of suspicion on the part of his constituents. He was seldom well-paid, and sometimes enjoyed less job security than those he represented.

But his position was inherently powerful, and grew more so with the advance of organization and the increasing compliance of the employers. The business agent was usually the chief executive officer of his local union, vested with a considerable degree of personal authority. He acted as the employment agent of his members and, if his local was well organized, controlled the labor supply of the employers. Aside from his duties as an organizer, he supervised the trade agreement and the work of his craft. Most important of all, he was empowered to call strikes. It was a necessary authority. A time-consuming grievance process was of little use in an industry where firms went quickly out of business, where workers frequently changed jobs or moved out of the area, where the protection of jurisdictional rights was essential to survival, and where the geographical distribution of work and the limited duration of building projects made time the most crucial factor of all. As a result, and in contrast with the practice in other unions with a more stable and physically concentrated membership, the business agent was usually given the right to call instantaneous strikes without seeking the consent of his members or the support of sister unions. It was a powerful weapon and a tempting one, as events were to show.

The conditions of the industry thus conspired to make dishonesty an easy and profitable indulgence. The nature of the trade, the absence of external competition and the ease of local collusion drove employers into conspiratorial arrangements which fixed prices, rigged bids and helped to assure a handsome return on investments; while the contractual obligations of employers and the personal power of the business agents made some of the latter susceptible to bribes or, where they were not offered, sometimes insistent upon them. There was a third factor. Local government in the United States during the latter half of the nineteenth century and much of the twentieth was not distinguished for its honesty. "These were the days," wrote Austin MacDonald of the generation following the Civil War, "of utter inefficiency, of complete indifference to public opinion.... Virtually everywhere it was the same."<sup>5</sup> They were the great days of the party bosses, of corrupt political machines, of partisan and pecuniary law enforcement, of an organized pillage of the public purse. Public contracts were a particularly lucrative source of graft; the absence of effective control over such contracts permitted the erection and maintenance of public facilities at grossly inflated prices, to the mutual benefit of employers, union representatives and political incumbents. In private building the tolerance of inferior standards by public officials was not hard to buy. Political corruption, if it did not cause industrial corruption, was scarcely a hindrance to it. A segment of the industry was thus governed by a triumvirate of grafters, an alliance of considerable harm to private and civic standards. But there were limits to public tolerance, and each of the major conspiracies came under the scrutiny of the legislatures and the law. The first of these was probably in New York.

## FOOTNOTES -- CHAPTER I -- THE INDUSTRY

1. Royal E. Montgomery, Industrial Relations in the Chicago Building Trades (Chicago: University of Chicago Press, 1927), p. 247.
2. See William H. Heber, Industrial Relations in the Building Industry (Cambridge: Harvard University Press, 1930), and Montgomery, op. cit., passim.
3. James Lynch, "The First Walking Delegate," American Federationist (September, 1901), p. 347. See also "The Business Agent," Iron Molders' Journal (November, 1900), p. 651; Franklin Clarkin, "The Daily Walk of the Walking Delegate," The Century Magazine (December, 1903), pp. 298-304; and Luke Grant, "The Walking Delegate," The Outlook, November 10, 1906, pp. 615-21.
4. Samuel Gompers, Labor and the Employer (New York: E. P. Dutton and Company, 1920), pp. 10-11.
5. Austin F. MacDonald, American City Government and Administration (New York: Thomas Y. Crowell and Company, 1936), pp. 65-66.

CHAPTER II

NEW YORK

In 1900, New York was the largest and fastest-growing city in the United States. It was the principal port of entry, a cosmopolitan city, its traditional mixture of the races augmented daily by the inrush of immigrants from the countries of Europe. It was a divided city, the home of many tongues, a matrix of ethnic loyalties and cultural barriers. It was a city of contrasts, adorned with the palaces of millionaires in upper Manhattan and infested with miles of reeking tenements on the lower East Side. It was, as many domestic and most foreign observers seemed to believe, a center of materialism, a community devoted most of all to the unbridled pursuit of wealth and the pleasures of the flesh. It was an open city, tolerant of vice in all its forms. It was a city of violence, lawlessness and civic corruption; and it was governed by Tammany Hall.

"Tammany is Tammany," wrote Lincoln Steffens in 1903, "the embodiment of corruption."<sup>1</sup> Tammany Hall, the headquarters of the Democratic Party in New York, was temporarily out of favor when Steffens wrote of it; but it had for generations been the major influence in city politics. The nature of its constituency and the inclinations of its leaders had produced, in Tammany, a system of political control and systematic corruption which had long earned New York the reputation of the worst-governed city in the country.

The condition of New York City politics prompted, in 1900, an exhaustive investigation into its affairs by a special committee of the State Assembly into its affairs. The committee, under the chairmanship of Assemblyman Robert Maset, was dominated by Republicans and so not inclined to mercy; but the evidence of corruption it produced was vast

in quantity and persuasive in character. As the committee reported:

"The clear and distinct fact brought out by this investigation is that we have in this great city the most perfect instance of centralized party government yet known... We see the central power not the man who sits in the mayor's chair, but the man who stands behind it. We see the same arbitrary power dictating appointments, directing officials, controlling boards, lecturing members of the Legislature and the Municipal Assembly. We see incompetence and arrogance in high places. We see an enormous and ever-increasing crowd of office holders with ever-increasing salaries. We see the powers of government prostituted to protect criminals, to demoralize the police, to debauch the public conscience and to turn governmental functions into channels for private gain. The proof is conclusive..."<sup>2</sup>

The judgment of the Mazet Committee was disputed by few outside of Tammany Hall at the time, and has not been questioned by posterity.

The control of Tammany Hall over the politics of New York City was based, first of all, on service. Whatever its faults, Tammany was solicitous of its friends and potential supporters. Its agents at the ward and precinct levels performed many services of importance to the citizens of New York -- not least among the newly-arrived immigrants who, ignorant of language, laws and customs, needed the assistance of experienced hands in meeting the immediate problems of urban living.

Tammany protected the ignorant from the inconveniences of the law, helped the poor and indigent in times of stress, settled new Americans in gainful occupations, protected the living of those already at work and, with sure political touch, remembered birthdays, marriages and other familial events. "Tammany kindness," Steffens also said, "is real kindness, and will go far, remember long, and take infinite trouble for a friend." <sup>3</sup>

It was a different matter for enemies or those who failed to respond to the generosity of Tammany with a reliable vote. A number of reprisals were available, of which intimidation was the easiest. Violence was a tradition in Tammany politics, and was used unsparingly in the crushing of opposition, both internal and external. Successive leaders of the Tammany machine had risen to power largely through the use of their fists or, on suitable occasions, of more lethal weapons. Loyalty was the first principle of Tammany organization, and there were few survivors of factional disputes. The treatment of external opposition was equally ruthless: voters were threatened or molested at the polls; dissidents and Republicans within the reach of Tammany operations, in public or private employment, were likely to find themselves out of work; and businessmen who failed to pay proper tribute to Tammany were denied access to municipal contracts and harried in other matters by an unfriendly bureaucracy.

Such a system, of course, required the cooperation of the police. The power of Tammany enabled it to require rather than solicit such assistance. The Board of Police Commissioners was elective and dominated by Tammany Hall. The Board in turn controlled appointments, transfers and

promotions at all levels in the police force. The result was an organization not only tolerant of the nether side of Tammany operations but an active party to it.

The state of law enforcement in the city, like that of its politics, came under the scrutiny of the State legislature. In 1895 the New York State Senate appointed a special committee, under the chairmanship of Senator Clarence Lexow, to investigate the New York City police department. The conclusions of the Lexow Committee were no less alarming than those of its successor. "It has been conclusively shown," the Committee reported, "that in a very large number of election districts in the city of New York, almost every conceivable crime against the elective franchise was either committed or permitted by the police, invariably in the interest of the dominant Democratic organization of the city...."<sup>4</sup> A large proportion of the police force, the Committee concluded, acted simply as agents for Tammany Hall. Republican voters, poll-watchers and anti-Tammany election workers were falsely arrested and physically attacked by police officers. Patrolmen acted as canvassers for Tammany, forcing literature on Republican or uncertain voters, entering election booths to check on voting behavior, and acting in a generally intimidating manner outside polling places. Police captains and patrolmen, finally, cooperated with Tammany politicians in the illegal registration of voters and in the provision of "repeat" voters at the polls.

The police department was also an integral part of the machinery of graft. Graft began with recruitment, patrolmen paying up to \$300 for appointments and further installments for desired assignments and

promotions. There was, thereafter, a close association between policemen and politicians in the Tammany wards. Each police captain was associated with the Tammany wardman, whose principal task was to collect monthly cash payments, in return for undisturbed operation, from saloons, brothels, criminals, gamblers, businessmen and others. The wardman kept an established percentage of the revenue, turning the remainder over to the captain. The captain took his share, handing the rest to his divisional inspector. Inspectors in turn paid over agreed amounts to police commissioners and Tammany district leaders.

There were other features of the system. Patrolmen engaged in their own extortions, exacting regular payments from street-walkers, cooperating with Tammany officials in bail bond rackets involving prostitutes, arresting respectable women for prostitution and releasing them for a reward, protecting brothels -- particularly during the visits of high public officials and members of the judiciary -- from unexpected invasions, collaborating with the multitude of New York street gangs in various extortions, and collecting their own rents from small business operations. "It seemed, in fact," said the Lexow Committee, "as though every interest, every occupation, almost every citizen, was dominated by an all-controlling and overshadowing dread of the police department."<sup>5</sup>

← Even the lone Tammany representative of the Committee was driven to the admission that enough evidence had been developed by the Committee to warrant a reorganization of the entire police department.

One of the most fruitful areas for corruption was in the building industry. New York was expanding rapidly, with some \$100,000,000 a year being spent on new construction alone. The industry was regulated by

the city's Department of Buildings, whose officials were legally vested with a great deal of discretion in the enforcement of the rules. Most of these officials were Tammany appointees.

"Here again," stated the Mazet Report, "we find grave defects of administration; here again we find the dominant theory of the present government corrupt...."<sup>6</sup> The building inspectors of the Department were poorly paid and so particularly susceptible to bribery. The enforcement of the many rules of the Department varied widely, depending upon the financial arrangements made between builders, the inspectorate and higher officials. Some rules were ignored, inferior or dangerous construction overlooked, and bids for public works exceeding the prevailing competitive rates accepted. On the other hand, contractors unacceptable to Tammany or unwilling to pay a special price found their competitive bids rejected, the implementation of approved projects subject to inexplicable delays, or work in progress hampered by excessive inspection and literal interpretation of the laws. The Building Commissioner himself was allowed and employed so much discretion that for all practical purposes, the Mazet Report said, "there are no fixed and determined building laws in the City of New York."<sup>7</sup>

The decisions of the Commissioner were appealable to a Board of Examiners. The Board, however, was composed mainly of representatives of the employers, some of whom, at least, were little interested in changing the system. About half of the industry was dominated by some six large construction companies; the rest of the work was performed by sub-contractors. Neither camp, until after the revelations of graft in the industry, showed any desire for reform. The Tammany system was

profitable for those who were prepared to accommodate the Department of Buildings; and bribery came to be regarded by the employers as a standard business expense. Among themselves, the employers engaged in the practices of price-fixing and pre-arranged bidding for contracts. For many years, according to a leading trade journal, the employers "had been inclined to look upon the Manhattan market as a special possession of their own, a local domain." <sup>8</sup> Competition was discouraged, and where outside concerns succeeded in penetrating the area they were quickly brought into the collusive arrangements of the employers and their associations. "Corruption," the same journal stated, "was deep-seated and permeated the trades." <sup>9</sup> But Tammany and the employers were not the only partners. There were also trade unionists involved.

The building trades unions of New York City had first organized into a city-wide council, called the Board of Delegates, in 1884. Like most early bodies of its kind, it had little formal authority. However, the demands of the trade and the growth in power and numbers of the walking delegates combined to increase the effectiveness of the Board. In particular, the Board came to perceive the necessity for cooperative action in work disputes, and there grew up the custom of the contract clause which stipulated that a sympathetic strike would not be in violation of the agreement. Thus the principal function of the Board of Delegates came to be the coordination of strike activities among its affiliated unions.

The Board itself had for a number of years a checkered career. By 1890 it had usurped the coordinating powers of the New York Central Labor Union, but during much of the following decade the power of the

building trades unions was weakened by the formation in 1894 of a rival Building Trades Council. The rivalry lasted for six years. Dual unionism sprang up in a number of trades, with competing unions affiliated with one or the other of the rival councils; in other trades, some unions affiliated with one body attempted to extend their jurisdictions to cover those of non-rival unions connected with the other body. Both bodies employed the sympathetic strike against the other; jurisdictional strikes were frequent; and employers seeking labor from one organization found themselves penalized by the other.

Unity, however, was achieved in 1902. The two rival bodies merged to form the United Board of Building Trades, the Bricklayers being the only large union to remain unaffiliated. Delegates to the Board were credentialled from their unions, making the Board an official organization. Provision was made for the arbitration of inter-union disputes and the suspension of unions which did not accept the decisions of the Board. The Board also adopted firm rules regarding the authority of the Board in labor-management disputes. An affiliated union might act independently against an employer, but in so doing forfeited the support of the Board. Once a grievance was brought in, it became the property of the Board. Each grievance was governed by a committee of Board delegates having men on the job concerned. The committee was empowered to order a strike by a two-thirds vote; if the required majority was not obtainable, the primary delegate could appeal to the full Board, where a simple majority vote prevailed. There was a final appeal to the President of the Board, whose decision was binding. The President of the Board, the author of unity and the dominant figure

in the building trades, was Samuel J. Parks.

Parks was the chief business agent of the Housesmiths', Bridgemen's and Structural Iron Workers' Union. For many years he had been an itinerant laborer, working as a lumberman, river-driver, coal-heaver, sailor, railroad brakeman and bridgeworker before entering the employment of the George A. Fuller Construction Company in Chicago. Fuller, impressed by Parks' prowess in both oratory and physical violence, brought him to New York in 1896 to restore orderly relations with the Housesmiths' union in that city. Parks became active in the Housesmiths' union on his arrival, remaining on the payroll of both the union and the company until his death. His impact on the union, which had virtually disintegrated after an unsuccessful strike in 1886, was immediate and formidable. In a matter of weeks, through a mixture of cajolery and violence, he had fully revived the Housesmiths' local on both the East and West sides of Manhattan. He then became active in building trades council affairs, becoming the leader of the Board of Delegates, then president of the United Board. During Parks' entire stay in New York, a period of general turmoil in the industry, the Fuller Construction Company appears not to have suffered a single strike.

Parks found a natural outlet for his proclivities in the Housesmiths. The International Association of Bridge and Structural Ironworkers, with which Parks' local was affiliated, was a young union, formed in 1896 when the use of structural steel was still in its infancy. Its members were largely unskilled, undergoing an apprenticeship period of only six to eighteen months. It was a hazardous trade, involving a

disabling and fatal accident rate much higher than in the other building trades. It was an itinerant calling, involving a high rate of migration, and attracting "roving and irresponsible workmen, more noted for strength and physical courage than for trained skill and intelligence." <sup>10</sup>

← "The requirements of the trade," wrote John R. Commons, "are not so much mechanical skill as recklessness and daring. The men say they do not die, but are jerked over the river. The strength of the union is the danger of the trade and the rivet that drops on the head of the nonunion man." <sup>11</sup>

For such men, Parks was a natural leader. Impressive in physique and proficient in the trade, he was a bully who, he once said, would rather fight than eat. He had a simple solution to rivetters who were reluctant to join the union. "Some did not believe unions would be good for them," he said, "and I gave them a belt on the jaw. That changed their minds." <sup>12</sup>

He would not only knock down a dissenter, but stand on his face; and for those to whom he could not give his personal attention there was a standing "entertainment committee" to minister justice. He was not, however, wholly dependent upon violence for his support. "Only a fool," said District Attorney William Travers Jerome of New York, "would underestimate his power....He has personal magnetism and power to convince others that his word is law. He has physical bravery, daring and a dashing style of leadership...his shrewdness is beyond question." <sup>13</sup>

Parks, in some ways at least, was an effective union leader, and succeeded during his stewardship in raising the daily wage of the ironworkers from \$2.50 to \$4.50 a day -- to a level, that is, with the highest paid craftsmen in the industry. He was rewarded with the loyalty of a good many of his 4,500 members who, in the tradition of the ironworkers, tended until

almost the end of Parks' career to regard him -- despite the later allegations of graft and his ultimate imprisonment -- as a martyr rather than as a criminal. The evidence is persuasive, however, that Parks served not only his members but himself.

Parks became president of the United Board of Building Trades in 1902. He exercised iron control over the Board's activities, refusing to allow the presidents of affiliated local unions admission to the deliberations of the group of business agents who comprised the Board. In company with other business agents, he embarked on a series of practices which, by any trade union standards, were dubious.

The Board had particularly cordial relations with the large employers in the industry. These employers had, for the unions they dealt with, a number of advantages. They employed large numbers of skilled and unskilled men for relatively long periods of time. Their buildings were usually assured of rental upon completion, their business comparatively free from the high risks encountered by the small organizations. They paid wages higher than union scale, employed none but union members, and were careful to maintain good relations with the unions involved. In return they were sent the best craftsmen and enjoyed a relative immunity from strikes. As one of the Board delegates remarked:

"We favor these companies because they're fair. It's not so much that the wages and conditions are better as that they don't try to sneak out of union agreements. Of course, they pay a half-dollar more than other concerns, and they don't spare expense to protect the

men from danger. But that's not the main thing; they do straight business. They don't keep us waiting for wages, nor hanker after scabs. They don't try to use us as a club against one another like some of the subcontractors." <sup>14</sup>

There was more to the relationship, however, than the statesmanship of the builders. Even for the larger companies there were expensive uncertainties in the industry. Owners who could assure the immediate rental of completed buildings were also anxious to collect rents as quickly as they could. Contractors therefore often submitted to heavy bonds involving the completion of work by a specific date, frequently leaving out the traditional clause in the labor-management contract which exonerated them from penalty payments in the event of delays in the completion of work due to strikes. There was thus a special incentive to seek peaceful relations with the building trades unions, a condition which some of them evidently achieved through direct bribery of business agents.

The system, according to Commons, was introduced into the New York building trades by the Fuller Construction Company, the sponsor of Parks. It was the largest company in the industry, operating on a nationwide scale, engaging in direct employment of all crafts rather than leasing specialty work to subcontractors. It was a profitable system, enabling much speedier construction and thus more favorable contracts with building owners. It also made possible friendly arrangements with business agents. "It is known," Commons stated, "that this company paid considerable sums to delegates for services....It is certainly

true that the Fuller Company suffered little or nothing from strikes during the reign of the United Board, while other builders were continually troubled." <sup>15</sup> The bribery of business agents was not, of course, an origination of the Fuller Company; as the largest company in the field, however, its operations in this area were more ambitious than those of its competitors. "The Fuller Company," as a labor leader expressed it "...went the older builders one better at their own game. Instead of buying delegates occasionally, they were able to own a supply outright." <sup>16</sup>

Relations with the small contractors and subcontractors were not so cordial. As the same Board delegate observed:

"These fellows are a different proposition. They'll promise the union anything, or bribe the delegate in a minute if they see a chance to get the men pulled off. That's the way they have of using the strike clause in their contracts to get off the penalties for not finishing on time. Besides, they're always wanting us to agree to work exclusively for members of the association and let them fix it up who the members are to be. Sometimes they simply hold down their membership by high fees, and sometimes they discriminate against outside competition...." <sup>17</sup>

The small employers paid a price for their vulnerability. In 1902, for example, the largest painters' union was the Amalgamated Association of Painters and Decorators. A smaller union, the International Brotherhood of Painters, had only a few hundred members in New York City but a

considerable membership outside. It had already been refused affiliation by the United Board. However, when the Amalgamated demanded a wage increase from the subcontracting employers' association -- the Association of Interior Decorators and Cabinet Makers -- the latter opened secret negotiations with the Brotherhood. The Brotherhood thereupon struck painting employers with work outside New York, obtaining from them an agreement to employ only Brotherhood men inside the city. The Amalgamated received at first the support of the United Board, which called out the other trades where Brotherhood men were employed. "But the ring in control of the Board," wrote Commons, "offered to seat the Brotherhood on payment of a large sum of money."<sup>18</sup>

← The Brotherhood stated it was unable to raise the money, whereupon the Board demanded and received \$17,000 from the employers' association, as an initiation fee for the Brotherhood. The Brotherhood was then admitted to the Board, which remained officially neutral in the contest between the rival unions. The Brotherhood was recognized by the employers, and later negotiated a secret settlement with the Association providing for almost a dollar less in the daily rate than had been demanded by the Amalgamated.

Extortion was most commonly practiced, however, by individual delegates or local unions. It was presented in most cases as a demand for "waiting time," that is, payment for wages lost in strike action. Sometimes it was condition of the return to work of union members still on strike. In its crudest form it was simply strike insurance, a payment to avoid future work disturbances. It was frequently practiced by Parks and some of his associates, and finally came to public attention.

Rumors of graft in the building trades began appearing with increasing frequency in the New York newspapers in the early months of 1903, moving the New York Central Labor Union to issue a denial of such practices. The rumors persisted and the evidence grew, and in June of that year public charges were made by District Attorney Jerome. "Not only," reported the New York Times, "has Mr. Jerome heard that blackmail is frequently extorted from builders and contractors by walking delegates, but...that building concerns are systematically corrupting organized labor by buying up walking delegates, whom they manipulate for the purpose of hampering rival concerns and in other ways furthering their own interests."<sup>19</sup>

← A judicial investigation of the charges took place and on June 5, Parks was arrested on a charge of extortion brought by the Hecla Iron Works. Parks, the Hecla affidavit charged, had demanded \$1,000 as his price for industrial peace, although no dispute existed at the time. "You've never done anything for the walking delegates," Parks was reported as saying. "Ain't it about time? One thousand dollars from Hecla Iron Works would make things easy over here."<sup>20</sup> Hecla refused the demand, and Parks brought out on strike their 1,200 building trades employees, at a cost of \$50,000 to the firm. In due course a conference was arranged between Parks and President Poulson of Hecla, who asked what he must do. "I'm it," replied Parks, "you pay me. I don't care a damn for the union, the president of the union, or the laws of the country. You can go back to work when you pay Sam Parks \$2,000."

← Poulson paid, and the next day his employees returned to work;<sup>21</sup> but the firm referred the matter to the District Attorney, and Parks was arrested. He was bailed out the following day for \$5,000 provided by William Devery, a former chief of police of the city. The House-smiths thereupon passed a vote of confidence in their leader, and

authorized the expenditure of \$1,000 in his defense. Assemblyman Richard Butler, a member of the union, offered a resolution in the same meeting condemning the District Attorney for prosecuting Parks. The resolution was carried without debate, and Parks was borne shoulder-high out of the union hall to a neighbouring saloon. During the following week, however, he was re-arrested several times and indicted on a total of five charges involving extortions from the construction firms of Brandt Brothers, Lobel-Andrews, Tiffany and Josephus Plenty, as well as the Hecla Iron Works. Each of the four additional firms charged in affidavit that Parks had demanded \$300 as the price for calling off strikes in progress. Parks claimed the money was waiting time; but according to the affidavit of Lobel-Andrews, when Parks was asked about the settlement of the grievances which caused the strike, he replied: "If you pay the money you may do what you like; employ union men or not." <sup>22</sup> Tiffany charged that when Parks was asked if the money would go to the union, he said: "Union nothing. This money goes to Sam Parks, and then you can employ union men or non-union men just as long as you please, as long as you don't get caught at it." <sup>23</sup> Similar charges were made by the other complainants.

Pending Parks' trial, another case arose which provided further evidence of extortion. Lawrence Murphy, an ex-treasurer of the Journey-men Stonecutters' Association, was arrested on a charge of appropriating \$12,000 of union funds of varied origin. The prosecution alleged, and the defense admitted, that it was the practice of a small group of Stonecutters' officials to meet regularly in a barroom to plan the demanding of money from employers for the purpose of preventing or

calling off strikes, the particular amounts of money obtained varying from \$10,000 to \$50,000. Once received, the money was divided among some half-dozen officials. Evidence was also developed that the same group delved into the local union's official funds, in which a shortage of \$27,000 had been discovered. Murphy himself admitted extorting \$10,000, basing his defense in part on the principle that the union had no claim on the money since it was obtained by extortion. The prosecution also produced a letter from John Mitchell, the president of the United Mine Workers of America, who stated that among the money Murphy had stolen was \$1,000 donated by the Stonecutters' membership to help the UMWA in a strike in the Pennsylvania anthracite fields. Murphy's wife confirmed the charges of the prosecution, and Murphy was sentenced to five years in prison. As the judge was about to pronounce sentence, Murphy shouted in court: "This is a put-up job. The others got as much as I did. They are trying to do me."<sup>24</sup> His anxiety was misplaced, since five of his associates were also sent to jail, although on more lenient terms.

Parks was brought to trial on August 14, together with Timothy McCarthy of the same union and Richard Carvel of the Derrickmen's Union. Parks was finally found guilty on a charge of extorting \$200 from Josephus Plenty in order to end a strike on a pier in Hoboken, and sentenced to two and a half years in Sing Sing. The two witnesses in his defense were later jailed for perjury. Meanwhile the Housesmiths voted to pay Parks' salary while he was in prison, and the United Board voted confidence in him, recommending that a draped riderless horse be led in the annual Labor Day parade in his honor. The precaution proved

unnecessary. On September 2, Parks was released from Sing Sing on a certificate of reasonable doubt; his bond of \$16,000 was provided by John J. Byrne, a nephew of Devery. Parks rode with Devery in a carriage at the head of a welcoming parade through the 9th Assembly District, and announced that he and Devery -- who was a candidate for Mayor -- would lead the Labor Day parade. They did so, Parks riding a white horse, wearing a white sash trimmed with gold lace. At the same time he also successfully resisted the attempt of a reform faction in the Housesmiths to assume control, driving his opponents from the hall. Shortly afterwards, the United Board sent a delegation to the convention of the Iron Workers in Kansas City to promote Parks' candidacy for the presidency of the international union, which had meanwhile suspended the New York Housesmiths. Parks was not elected, but failed by only three votes to elect his own nominee and succeeded in having the suspension of his local union raised.

Meanwhile, he had been re-arrested on September 15 and committed to trial on the Tiffany charge, his local union eventually depleting its treasury in his defense. A bail of \$23,000 was offered by former Police Captain Daniel C. Moynihan but refused by the court. Parks was convicted of extortion on October 31 and sentenced to a further two and a half years in prison. He resigned from his union office on November 6, his resignation being accepted with wild enthusiasm. The reform faction had now assumed control of the local union, and was able to point out to the membership that Parks, far from being a martyr, had disposed of some \$150,000 of union funds without an accounting, and held a personal account in the Garfield National Bank of \$11,000. Parks left

the next day for Sing Sing, never to return. He died of a cardiac condition in May, 1904.

The decline of Parks was accompanied by a marked change in labor-management relations in the New York building trades. The revelations of extortion, accompanied by two unsuccessful strikes, had brought about a weakening of the United Board and a strengthening of the employers. A strike arising out of a jurisdictional dispute between two rival unions, the Amalgamated Society of Carpenters and the American Brotherhood of Carpenters, had led to the secession from the Board of the former and the transformation of an informal employers' organization, the Building Trades Club, into the New York Building Trades Employers' Association. With a more effective organization, Manhattan employers were able to stage a completely effective lockout of building material drivers, laying off some 70,000 building trades employees. The lockout divided the Board. Parks led the group of unskilled workers -- including the teamsters -- in the internal fight, maintaining a majority on the Board of one vote. A majority of the skilled trades then seceded, forming a new Board of Skilled Mechanics; they revoked their endorsement of the teamsters, the materials dealers opened their yards, and the strike was broken.

During the strike the employers had reinforced their new organization. Formerly, employers in the several trades, while possessing their own organizations, had affiliated with the employers' central group only as individuals. Now, however, the central organization was built on the associations themselves, assuring the affiliation of every individual employer belonging to such associations. The powers of the

BTEA were broad, including the authority to "determine, regulate and control the conduct of the members of this association and the employers' associations represented on the board in all matters pertaining to their relations with their employees." <sup>25</sup> Each individual employer was bonded to ensure compliance with the Association's decisions and prohibited from resigning during a temporary suspension of business. Membership in the Association was virtually compulsory, since <sup>the</sup> constitutional provisions of the BTEA and the affiliation of the powerful Mason Builders' Association in effect required members of the Association to trade only with other members. It was a strong combination, and finally succeeded in forcing the building trades unions to accept its terms. These included an arbitration plan which almost completely eliminated the sympathetic strike, the jurisdictional strike, and the power of the business agent to call strikes on his own. It was enforced where necessary, as a representative of the BTEA testified before a federal commission some years later, by the formation of dual unions by the employers. <sup>26</sup> With the collapse of the Parks regime it became effective throughout the New York building trades, and presaged more than a decade of relative peace in the industry.

The arbitration plan lasted until 1910. It broke down mainly because of the restrictions it placed on the power of the walking delegates. The plan provided that business agents could not be members of the Board of Arbitration, although the BTEA was allowed direct representation; this restriction was naturally resented by the business agents, who wanted it eliminated. Other factors contributed to the formal demise of the plan: the Board of Arbitration took up a great

deal of the time of its members; it became involved in labor-management politics, thus weakening its authority; and its existence was in any case resented by the constituent international unions, since it contributed to the maintenance of a localist sentiment. The plan was officially dropped in 1910, although both parties agreed to accept the Board's past decisions as binding on future conduct. The most important change brought about by the abandonment of the plan was a revival in the power of the business agents. As before, one of these became the leading figure in the building trades unions. His name was Robert P. Brindell, and he became the most successful extortioner the building trades unions were ever to know.

Brindell was a semi-illiterate Canadian who had worked as a longshoreman and a drugstore clerk before taking employment, in 1905, as a dock builder's helper. At that time he joined the Independent Dock Union which, in 1907, was granted a federal charter by the AFL. In 1910 the IDU's charter was revoked for non-payment of dues, but the union continued in existence as an independent organization. Within a few months two-thirds of the union's 1,000 members broke away, formed the Municipal Dock Builders' Union, and received an AFL charter. Brindell stayed with the IDU, becoming its business agent in 1912. In 1914 he agreed to participate in negotiations with both the United Brotherhood of Carpenters -- now the chief union in the craft -- and the AFL. Both President William Hutcheson of the Carpenters and Gompers appear to have regarded Brindell as a strong man capable of helping them in their respective aims; the purpose of Hutcheson was to gain control over the almost-autonomous New York City

District Council of Carpenters, that of Gompers to bring about the affiliation of the building trades unions with the Building Trades Department of the AFL. At the 1914 convention of the New York State Federation of Labor, Hutcheson was awarded the IDU, chartering it as Local 1456 of the UBC. <sup>27</sup> Gompers then revoked the charter of the MDEU, which affiliated with the Iron Workers as Local 177. The action of Gompers was strongly resented by the Iron Workers, who regarded it as opening the way to a revival of corrupt practices in the building trades.

On August 11, 1914, the New York employers signed a contract with the Iron Workers. The following day the UBC sanctioned a strike by Local 1456. It was ostensibly a strike over wages, although the employers stated publicly that there was no such issue. The Iron Workers emerged victorious from the strike, and for some time retained a hold on the docks; but the economic pressures of the UBC both within and outside the city caused an increasing number of employers to sign with Local 1456. The position of the Iron Workers' local slowly declined, and in 1916 the international union was expelled from the

<sup>28</sup> AFL. By the end of 1917 the Carpenters were unchallenged on the docks. Hutcheson then moved to gain control of the Carpenters' District Council, rescinding an agreement it had with the New York employers. The action was rejected by the District Council, whereupon Hutcheson suspended all 63 affiliated local unions. Hutcheson was upheld by the next Carpenters' convention, the employers supported the international union, and Brindell completed the rout by the use of violence. Hutcheson then re-assigned the New York City Carpenters' membership into 1,000-member locals, appointing each of the local union presidents. Brindell's

reward was the leadership of the New York building trades.

Brindell had already consolidated his hold on Local 1456, suspending or expelling the few who opposed him. The membership of the local had risen to some 5,000. Brindell awarded himself a salary of 50¢ per member each month, making him the highest paid union official in the United States. Then, in October, 1919, he re-organized the old Board of Business Agents into the Building Trades Council, becoming its president at a salary of \$14,000 a year and affiliating it with the AFL Building Trades Department. His regime was strict, although beneficial to his friends. No rank and file members were admitted as delegates, representation being restricted to full-time business agents. In accordance with new laws passed by affiliated unions at Brindell's insistence, all business agents were elected for three-year terms at a minimum salary of \$75 a week, thus increasing their loyalty to him. Only one copy of the Council's minutes was kept, and no accounting was made of the Council's finances. The Council's offices were maintained, at a rent of \$1,000 a month, in a building owned by Mrs. Brindell. There was no effective opposition to Brindell, and he was able to have himself elected, in violation of the Council's new constitution, as president for life.

Nor did Brindell suffer much from external opposition. A few of the older crafts had stayed outside the Council, but -- except in the case of the Painters, where Brindell chartered a new local union -- they were left alone. One unaffiliated union, however, was deemed essential to Brindell's extortionary activities. The New York Housewreckers' Union, an AFL affiliate popularly called the Zaranko Union

after its president, had refused to join the Council, confident of its ability to stand alone. Brindell, having failed by intimidation to secure the affiliation of the Zaranko Union, obtained a new house-wreckers' charter from the AFL. The employers were at first reluctant to hire Brindell's men -- most of whom were quite inexperienced at the trade -- but soon found themselves struck or denied contracts by builders and owners. The Zaranko Union rapidly declined, those of its members who capitulated to Brindell being forced to pay a \$50 initiation fee and \$10 a week for the privilege of working. Brindell next opened negotiations with the Building Trades Employers' Association; he first signed an agreement in which each side undertook to give preferential service to the members of the other, then concluded an arbitration pact similar to that of 1903. Brindell was now secure, and ready to turn his power into profit.

In 1919, the New York State legislature set up a joint Assembly-Senate committee to investigate the building industry in New York City and elsewhere. There were ample grounds for concern. There was, at the time, an acute housing shortage in the city resulting in an abnormally low incidence of moving, a steeply rising level in rents, overcrowding, unsanitary conditions, a marked increase in infant mortality and a rapid spread of contagious diseases. There had also long been rumors of illegal combinations and practices in the industry contributing, according to one estimate, a full 20 per cent to the costs of construction. <sup>29</sup> The Committee, under the chairmanship of State Senator Charles C. Lockwood, held exhaustive hearings and produced two reports. It was soon evident that, as the New York Times stated, the

Committee had on its hands "a scandal of major proportions." 30

Combination, the Lockwood Committee reported, was the primary fact of the industry. The Committee found "that throughout the length and breadth of the country producers are combined with producers; manufacturers with manufacturers; dealers with dealers; worksmen with worksmen. Not only do these combinations extend horizontally between members of the same class, but vertically from the members of one class to another....so that the whole industrial and commercial system in the industries connected with building construction is riveted in an interwoven and interlocking criss-cross of combination and obligatory arrangements." 31

The employers, the Committee said, were primarily to blame for the decline of the industry in New York. "The Employers' Association and the constituent associations entering into its membership are more largely than any other single factor responsible for the acts that have done so much to cripple the building operations in the City of New York....It was largely through the assistance and encouragement of this Association by reason of the character of its contacts with the (Building Trades) Council and with other labor unions that these constituent associations were able to force unwilling members into their fold and impose upon them unlawful restraints upon competition....Many of such constituent associations were a mere cover for price-fixing, restriction of output or division of territory and for the practice of the many other devices that had for their purposes the exaction of tribute from owners, builders and contractors." 32

The authority of the BTEA over the industry was achieved by several measures. General contractors affiliated with the Association

could sub-contract only with other Association affiliates. Many of the specialist associations, in turn, controlled the practice of bidding for work. In one instance, all bids in the limestone, heating and ventilating, and plumbing trades were first submitted to James T. Hettrick, the attorney for the associations involved. Hettrick then raised the level of all bids, arranging for one sub-contractor to submit a bid lower than the new level but still well in excess of the original minimum; the choice of the low bidder was based upon his average annual business over the previous seven years. The builders then had little choice but to accept the new minimum bid. Hettrick, in return for his services, received one to three per cent of the successful bid, while another three per cent was distributed among the remaining members of the association concerned. In another field, a control over materials prices was established by a system of quotation cards circulated among associations and at public functions of the industry, leading to a uniform price level for similar products.

Additional disciplines were provided in cooperation with the Building Trades Council. The 1919 agreement meant that the Council dealt initially with BTEA members, meeting their demands for labor before those of any non-members of the Association. Builders who were slow in meeting their financial obligations to BTEA members were struck, this in effect making the Council a collection agency for the Association. Finally, contractors who were not members of the Association were particularly afflicted with union troubles; some specialist associations, in fact, paid regular salaries to business agents for the purpose of forcing employers to join the appropriate association under the threat

of a strike. It was an effective system. The BTEA employers enjoyed a relative immunity from competition and in many cases a trouble-free relationship with the building trades unions. "Your Committee," the Lockwood Committee reported, "has been unable to discover a single instance in which a prominent member of the Employers' Association was a victim of Brindell's extortions." <sup>33</sup> But if Brindell occasionally clashed with the minor Association members, there was an ample field outside the Association for his irregular activities. The BTEA was not a monopoly, some one-third of all New York employers remaining outside the Association. It was to these that Brindell mainly turned for his reward.

His methods were various. The housewrecking trade came quickly under his influence. His control over the labor force, now virtually complete since his defeat of the Zaranko Union, converted his office into a regular resort for employers seeking his favor. A "kosher list" of boss housewreckers was drawn up, naming those employers who agreed to work exclusively with Brindell. Owners, builders and contractors almost all consulted with Brindell before any housewrecking contracts were let; in turn, Brindell awarded the best contracts to those housewreckers who were willing to pay him the largest bribe. Sometimes the bribe was a percentage of the fee paid by the wrecker to an owner or builder for permission to wreck a building and remove the wreckage; on other occasions it was presented as a fee for the supply of labor. Wreckers refusing to cooperate with Brindell were refused contracts by owners and builders; some were driven out of business altogether, often returning to Brindell for sanction to resume activities in the industry

on a smaller scale. The prices varied with the scale of the job. Un- generous offers were unwelcome. In 1920 the Albert J. Volk Company offered Brindell \$2,000 for permission to continue a job already begun. "Do you think," Brindell allegedly asked, "I am a piker?"<sup>34</sup> He finally accepted \$2,500 in return for a promise of larger sums on future occasions.

In other cases it was a matter of strike insurance. In 1919 the Todd, Iron and Robertson Company paid Brindell \$50,000 to guarantee peaceful labor conditions during the construction of the new Cunard docks. The Tench Construction Company, about to undertake the building of five Staten Island piers, agreed to pay Brindell one-half of one per cent of the estimated construction cost of \$3,252,673. A variation of strike insurance was applied in the case of open shop operations. A number of the major steel producers had embarked on a nationwide open shop campaign, forbidding the employment of union workmen on steel construction jobs. Brindell then adopted the practice of pulling workmen in other crafts off the construction site, allowing them to return to work in return for a bribe; no effort was made to organize the non-union iron workers. In other non-union situations Brindell often charged employers a fee for each non-union workman employed at the site, or collected per capita payments from non-union members in return for temporary work permits.

Brindell's sources of illegitimate income were not, apparently, confined to employers or non-union workmen. Each of the 115,000 individual members of the Building Trades Council paid \$1 a year into the Council's Compensation Department. Every affiliated local union

paid \$10 a month for each initial delegate and \$5 a month for each additional delegate. There were additional revenues from the purchase of dues cards, from the sale of souvenir brochures, from fines for violations of Council rules, and from injured workmen who were persuaded to sign over their compensation rights to the Fund in return for a lump sum considerably below the total compensation demanded by the Fund from the affected employers. Roswell D. Tompkins, Secretary and Treasurer of the Council, was unable to give the Lockwood Committee any accounting of the disposal of the Council's income. Whatever the methods employed by Brindell, the rewards were enormous. The Lockwood Committee estimated that in less than a year Brindell had received an income of over one million dollars. Parks, by comparison, became an object of nostalgia. "Today," remarked George Balkar, a builder and real estate operator later indicted for his intermediary role in the building trades extortions, "he would be only a cheap grafter...I wish he was here today."<sup>35</sup>

Brindell succeeded by court action in avoiding any appearances before the Lockwood Committee, but was soon brought to trial on charges of extortion. Early in 1921 he was found guilty and sentenced to five to ten years in prison. Peter Stadtmuller and Joseph Moran of the Building Trades Council, William L. Doran and William H. Chapman of the Plumbers' Union, were indicted with Brindell, all receiving shorter sentences for extortion or conspiracy. Hettrick was also indicted for conspiracy and sent to jail for a short term. Altogether some 529 individuals were indicted for extortion or conspiracy, of whom 81 were business agents, the remainder being employers and public officials.

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 There is no <sup>^</sup> record of the final disposition of the cases, although it appears that a large number of those indicted were acquitted, the remainder receiving light fines.

Brindell was dispatched to Sing Sing, where he was well treated. He received special meals, and was allowed to meet with his family and union associates outside of the prison. When news of this leaked out to the press he was transferred temporarily to the much stricter Dannemora prison; but after public indignation had died down he was sent to Great Meadows, perhaps the most lenient of New York penal establishments, to complete his sentence. He was released in December 1924. Neither Untermyer nor the incumbent New York City district attorney was invited to his parole hearing, and he was given an unconditional parole. Subsequent criticism in the press caused the parole board to prohibit him from holding union office. He violated his parole in attempting to resume control over Local 1456. His return to the union was resented and he was expelled from membership. The parole board exiled him to his Schroon Lake estate in upstate New York, where he died in January, 1927. Doran and Chapman, upon their release from prison, were restored to union office.

The success of the Lockwood Committee in ridding the industry of corrupt practices was limited. The natural opposition of Tammany Hall to such an investigation was reinforced by the fact that Brindell was a close friend of Tammany Mayor "Honest John" Hylan, by whom he had been appointed to the city's Housing Commission. William P. Kenneally, the chairman of the executive committee of Tammany Hall and vice-president of the Board of Aldermen, was a walking delegate for the Steam Fitters

and an official of the Building Trades Council. It was later established that Kenneally had intervened with the Board of Estimate, obtaining a limestone contract for a cutstone contractor for work on the County Court House; the contract was let to the sole, prearranged bidder for \$2,327,000, or approximately double the market price. Other building trades officials held positions at Tammany Hall. The Lockwood Committee's hearings were preceded by a report from Mayor Hylan's Committee on Building and Building Materials that the price of building materials, far from being artificially boosted, were determined solely by the laws of supply and demand, the principal factor in increased building costs being wages. The first revelations of the hearings were accompanied by intense activity in Tammany Hall. A Tammany emissary left for consultations with a highly-placed official in the nation's capital, and despite promises of cooperation in indictments and prosecutions from U.S. Attorney General J. Mitchell Palmer, the Lockwood Committee was later to report that almost no federal assistance was received. Tammany officials and New York contractors also cooperated in three attempts to halt, by court injunction, the examination of certain city books by the Committee. The employers joined the opposition, the BTEA denouncing the Committee's investigations as a "Russian-Polish-Turkish inquisition."<sup>36</sup> Finally, when Untermyer announced his intention of investigating banks, insurance companies and other lending institutions active in the building industry, the New York State General Assembly threatened to curb the Committee's activities. No action was ever taken on the Committee's recommendations for new legislation to control corrupt practices in the industry.

The Committee's findings had some temporary effect on the industry.

The employers had reacted by voluntarily abandoning some of their associations, 14 of which had been indicted for conspiratorial practices. The employers also, however, abrogated the BTEA contract with the Building Trades Council and abandoned the practice of working to estimates, employing instead the cost-plus formula and contributing to a further rise in building costs; they also engaged in the unilateral lowering of wages, and maintained at least one company union for the purpose of weakening the bargaining power of the affiliated unions. With the breakdown of the arbitration plan the Lockwood Committee proposed a new settlement with both the BTEA and the ETC. It suggested the maintenance of existing wages, subject to arbitration by a standing board; if, that is, the Board of Arbitration found "inefficiency" in any part of the industry, a deduction of \$1 a day in wages might be made. The Council accepted the plan but the BTEA did not, insisting on separate contracts with individual unions. "While shouting loudly for collective bargaining on their side," the Committee stated, "they do not seem to want collective bargaining on the side of the men, and the purpose is quite evident. They want to be able to play off one Union against another Union in controversies, and create perhaps a different scale for skilled labor in each industry which will lead to nothing but running discontent and demoralization." 37

The Building Trades Council, on the other hand, appeared more anxious to accept the Committee's recommendations. The Committee had attacked the widespread use of make-work and other expensive practices on the part of the building trades unions, and submitted recommendations to the Building Trades Council, the New York State Federation of Labor and the AFL for the elimination of these and

undemocratic internal union practices. The Committee advocated, among other things, the limitation of initiation fees and restrictions on entry into the trade, the adoption of proper accounting and auditing procedures, the exclusion from union office of convicted business agents, the ending of union discrimination against non-association employers, and the prohibition of union intervention in the realm of Art. <sup>38</sup>

The Committee pronounced itself satisfied with the response of the building trades unions. "The Unions have on the whole, with a few conspicuous exceptions, shown a commendable spirit in meeting the suggestions of the Committee. The objectionable practices have grown up gradually, generally based on a plausible pretext, but in discussing their wisdom the officials have at all times been unable to reason, their attitude in that respect being in pleasing contrast with the insincere and defiant position of many of the business lawbreakers with whom the Committee has had to deal." <sup>39</sup> The cooperation of the Building Trades Council was also followed by formal intervention of the AFL. John Doulin, the president of the AFL Building Trades Department, was sent by Gompers in September, 1921, to supervise the reform of the internal structure of the Council.

The relief was short-lived. If the immediate effect of the Lockwood Committee investigations was an upturn in the building industry, the conditions and institutions which had contributed to earlier abuses were by no means abolished. The penalties visited on most of the guilty were light or non-existent; the employers retained the substance if not the form of many of their former malpractices; and the institutional reforms imposed upon the Building Trades Council were insufficient to

prevent the resurgence of extortionary practices. "From some of the testimony before us," the New York Industrial Survey Commission stated in 1927, "...it is evident that promises made to the Lockwood Housing Committee and to Mr. Untermeyer, their counsel, have been forgotten or disregarded."<sup>40</sup> The spirit of Brindell, as events were soon to show, was by no means dead.

## FOOTNOTES -- CHAPTER II -- NEW YORK

1. Lincoln Steffens, The Shame of the Cities (New York: Sagamore Press, 1957), p. 203.
2. New York State Legislature, Special Committee of the Assembly Appointed to Investigate the Public Officers and Departments of the City of New York and of the Counties therein included (Mazet Committee), Final Report, Assembly Document No. 26, 1900, pp. 6-7.
3. Steffens, op. cit., p. 205.
4. New York State Legislature, Special Committee Appointed to Investigate the Police Department of the City of New York (Lexow Committee), Report, Senate Document No. 25, 1895, p. 15.
5. Ibid., p. 24.
6. Mazet Committee, op. cit., p. 19.
7. Ibid., p. 21.
8. Real Estate Record and Builders' Guide (New York City), August 8, 1903, p. 244.
9. Loc. cit.
10. Luke Grant, The National Erectors' Association and the International Association of Bridge and Structural Ironworkers (Washington: United States Industrial Relations Commission, 1915), p. 8.
11. John R. Commons, "The New York Building Trades," in Trade Unionism and Labor Problems (New York: Ginn and Company, 1905), p. 86.
12. Clarkin, op. cit., p. 299.
13. New York Times, June 9, 1903, pp. 3, 9.
14. William English Walling, "The Building Trades Employers and the Unions," The World's Work (August, 1903), pp. 3790-91.

Footnotes -- Chapter II -- cont.

15. Commons, op. cit., pp. 69-70.
16. Ray Stannard Baker, "The Trust's New Tool - The Labor Boss," McClure's Magazine (November, 1903), p. 40.
17. Walling, op. cit.
18. Commons, op. cit., p. 69.
19. New York Times, June 9, 1903, p. 3.
20. Harold Seidman, Labor Csars - A History of Labor Racketeering (New York: Liveright Publishing Corporation, 1938), p. 16.
21. Ibid., p. 17.
22. New York Times, June 10, 1903, p. 1.
23. Ibid., August 13, 1903, p. 3.
24. Ibid., August 1, 1903, p. 12.
25. Commons, op. cit., p. 73.
26. Testimony of Otto M. Eidlitz of the New York Building Trades Employers' Association, before the United States Commission on Industrial Relations, in Final Report and Testimony, 64th Cong., 1st sess., Senate Document No. 415, v. 2, 1916, p. 1585. It was found necessary, according to Mr. Eidlitz, to form dual unions in "less than a third" of the 29 unions involved.
27. Proceedings, New York State Federation of Labor, 1914, p.
28. Proceedings, American Federation of Labor, 1916, p.
29. New York Times, October 30, 1920, p. 10.
30. Ibid., October 22, 1920, p. 14.
31. New York State Legislature, Joint Legislative Committee on Housing of New York State (Lockwood Committee), Intermediate Report,

Footnotes -- Chapter II -- cont.

Legislative Document No. 60, 1922, p. 65.

32. Ibid., pp. 79-80.

33. Ibid., p. 80.

34. Seidman, op. cit., p. 78.

35. New York Times, October 22, 1920, p. 1.

36. Seidman, op. cit., p. 82.

37. Lockwood Committee, Final Report, Legislative Document No. 28, 1923, p. 23.

38. The Lockwood Committee reported that the owner of the new Ambassador Hotel was compelled by the Executive Committee of the Plasterers to tear down part of a wall because the business agent of the local union had reached the conclusion that the color and style of the imitation Travertine marble did not suit his artistic taste, even though the marble-work was acceptable to the owner and his nationally-known architect. Whether, of course, the dominant motive of the business agent was that of the injured artist we shall probably never know. See Lockwood Committee, Interim Report, op. cit., p. 56.

39. Ibid., p. 52.

40. New York State Legislature, Special Joint Committee (Industrial Survey Commission), Report, Legislative Document No. 69, 1927, p. 15.

CHAPTER III

NEW JERSEY

Jersey City lies across the Hudson River from New York, a sister community. It was the barony of Frank Hague, the Democratic mayor of the city. "I," he once declared, "am the law."<sup>1</sup> He was indeed. Elected Director of Public Safety for the city in 1917, he destroyed the policemen's and firemen's unions and instituted a system of political spies, assuring himself a control over law enforcement he kept as long as he held office. Elected mayor the same year, he reigned over the affairs of the city and the surrounding Hudson County for 31 years. In 1919 he challenged the Democratic leadership of the state of New Jersey and brought about the election of his own choice, State Senator Edward I. Edwards of Hudson County, to the governorship. Edwards was the first of a procession of Hague nominees to the gubernatorial chair, all of whom helped to assure, through appointments to the judiciary and other public



offices, the immunity of the Hague machine from the attentions of the law. <sup>2</sup>

There were the usual appurtenances of machine politics. There was an inflated public payroll, the per capita cost of government in Jersey City increasing 300 per cent in the first ten years of Hague's tenure. The loyal and enormous majorities Hague rolled up year after year were buttressed by the votes of the dead, the insane and temporary residents long since departed. There were expensive public services, and lucrative contracts for Hague's old friends. Nor did he neglect his own welfare. "Politics," he said, "is a business." <sup>3</sup> Hague never received more than \$8,000 a year from public office, but in 1929 a joint committee of the State legislature investigated his income, reporting cash investments by Hague from 1918 to 1927 of \$392,910.50. <sup>4</sup>

←Hague refused to answer any of the Committee's questions, prompting a Treasury investigation of his resources and a subsequent order to pay \$1,800,000 in delinquent taxes and penalties. But graft was not the only problem. "The Hague organization," wrote Dayton David McKean, "alone among American city machines, has systematically and successfully utilized the methods of terrorism, the infiltration of groups and associations, the suppression of criticism, and the hierarchical principle of leadership that have characterized the fascist regimes of Europe." <sup>5</sup> An army of spies reported on dissenters; political adversaries often found their mail opened or did not receive it at all; telephone wires were tapped; property owners opposed to Hague were harrassed by building department officials, had their licenses revoked and their property unfavorably re-assessed. For social dissenters there

were special measures. "Whenever I hear a discussion of civil rights and the rights of free speech and the rights of the Constitution," Hague said, "always remember you will find him (sic) with the Russian flag under his coat; you never miss." <sup>6</sup> Such people, particularly trade unionists in later years, were denied access to public halls, molested by the police and, very often, thrown out of Jersey City.

It required unusual qualities to resist such a system, and there were few who tried. For many years Hague received the support of the building trades unions in Jersey City and elsewhere in the state. The unions, in Jersey City at least, probably had little choice in the matter. Except for the building trades, Jersey City was largely unorganized until the advent of the Congress of Industrial Organizations in the mid-thirties; as late as 1936 the Chamber of Commerce was able to report that "the industries of this city are more than eighty per cent open shop." <sup>7</sup> This condition was largely Hague's doing, and his weapons were formidable. But not all building trades support was reluctant. In particular, Hague enjoyed for many years the close friendship of Theodore Brandle, the leading building tradesman in the state.

Brandle, during the early years of Hague's administration, was the business agent of Local 45 of the Iron Workers in Jersey City. Later he became president of the Hudson County Building Trades Council, leader of the New Jersey Iron Workers, president of the State Building Trades Council, and a powerful influence in the Jersey City Central Labor Union and the State Federation of Labor. He was also a businessman. In 1926 he founded the Labor National Bank of Jersey City, installing

himself as president. Also in the 1920's he formed, in partnership with former State Assemblyman Joseph Hurley, the Branleygran Company, a bonding and insurance firm specializing in the construction industry. In 1927 he became president of the New Jersey Iron League, the principal employers' organization in the industry; it was his intention, he said, "to serve both sides."<sup>8</sup> He was, finally, Hague's most valued labor supporter. He first came into political prominence when, in 1924, he led the opposition to the drive within the state labor movement to endorse the presidential candidacy of Senator Robert M. LaFollette and won, on Hague's behalf, the labor endorsement of John W. Davis. "I will," he said later, "bring every labor union man in the state to the support of Hague's leadership."<sup>9</sup> It was not his only service. When Hague was charged with income tax evasion, Brandle eased the burden of repayment with a personal check for \$60,000. He was to regret his generosity, but for the moment he was a rich and powerful man. He was the most influential trade unionist in New Jersey, and his association with Hague was well-publicized, bringing handsome rewards; builders now found it difficult to obtain public contracts without his approval, he engineered the familiar trade conspiracies between unions and employers, and enjoyed a pleasant immunity from the attentions of the Jersey City police during labor disturbances. His wealth increased, and in due course he fell foul of the United States Treasury. He was indicted for income tax evasion in 1931, pleaded guilty, and returned over \$88,000 in back taxes.<sup>10</sup> John E. Delaney, another official of Local 45, testified at the trial that between 1927 and 1930 he had collected more than \$200,000 for

Brandle from employers seeking to avoid labor troubles. There was evidence, also, that Brandle had received \$10,000 from the Iron League. On the latter issue, President William Green of the AFL asked President P. J. Morrin of the Iron Workers to take appropriate action to protect "the integrity, the good name and the standing" of both the union and the labor movement.<sup>11</sup> It was some time before disciplinary action was taken, but another, ironic retribution was at hand.

Jersey City, because of Hague's largesse to his friends and constituents, was the most heavily taxed city in the United States. With the arrival of the depression it became increasingly difficult to obtain public funds to stimulate economic activity in the area. Businesses went bankrupt or left the city and, since the public payroll could not be decreased without weakening the Hague machine, the only alternative -- except for federal aid -- was a policy of labor peace and employer supremacy. In December 1931 the Iron Workers struck the open shop McClintic-Marshall contract on the Pulaski Skyway in Hudson County. Hague asked Brandle to call off the strike. There had been previous rumors of friction between Hague and Brandle over a strike by the Iron Workers at the Jersey City Medical Center -- Hague's personal creation and greatest pride -- but they were denied by both men. Now Brandle evidently considered himself a rival to Hague, and refused to call off the strike. In the subsequent pitched battles between company guards and iron workers one of the former was killed. The Jersey City police intervened and broke the strike. As Hague later testified: "We simply cleaned the place out. We didn't allow pickets. We didn't allow anything then."<sup>12</sup> The strike ruined

Brandle; his labor bank was forced to close, and he was said to have spent his entire fortune -- in an admirable but belated act of loyalty -- on strike benefits, hospital expenses for injured iron workers, and legal fees for the twenty or so of his members accused of murder, all of whom were acquitted. Now the Iron Workers intervened. In March 1933, Local 45 voted 359-1 to accept Brandle's resignation, and three months later he was expelled from the international union for "misuse of powers." He was refused credentials at the September, 1933, convention of the State Federation of Labor, and resigned in March, 1934, as president of the State Building Trades Council. He later attempted to return to power in Local 45, but failed after Hague warned that he would not tolerate "gorilla labor leaders"

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in Jersey City. Brandle then sued Hague for the return of the \$60,000 he had provided in 1931. Hague claimed the debt had been paid, and the case was settled out of court.

Hague went on, as he said, to "disorganize" the labor movement in Jersey City. <sup>14</sup> A number of local unions were forced into protracted receivership, often exhausting their funds in the process. Injunctions were issued promptly and in great quantity against picketing, the handing out of circulars and even the holding of union meetings. The State Federation of Labor attempted to get an anti-injunction bill through the legislature, but Hague opposed the measure and it died in the State Senate. The arrival of CIO organizers in Jersey City intensified the battle. The New Jersey Disorderly Persons Act of 1936 gave the police almost unlimited discretion in arresting strikers by allowing the seizure of any person "on foot or in any automobile, vehicle or public conveyance

who cannot give a good account of himself." <sup>15</sup> Pickets were arrested and kept in jail for the want of prohibitive bail or until the strike in question was broken. In the seamen's strike of 1936-7 all meeting places and sources of food were closed to the strikers. "In addition to outright physical violence," McKean wrote, "unions found their halls closed for violations of the building codes; union leaders were deported from Jersey City, offered the choice of jail or exile; and signs, pamphlets, handbills and other union property were seized. Newspaper men, photographers, writers, and representatives of civil rights groups were arbitrarily barred from locations where the strikes were in progress....There appears to be in the record no instance of a strike being won in Jersey City by the workers during the years 1931 to 1937." <sup>16</sup>

Opposed to the CIO, the State Federation of Labor now gave Hague its support and Robert Lynch, president of the Hudson County Building Trades Council, called him the "protector of the people." <sup>17</sup> Their allegiance was short-lived. The CIO and the American Civil Liberties Union filed suit to prevent the enforcement of Jersey City ordinances and were upheld by the Supreme Court of the United States. <sup>18</sup>

←—The odds had changed. Hague now struck up an alliance with <sup>the</sup> CIO, thereby losing the support of the AFL and many business groups. It was not, in the new scheme of things, a serious loss. Hague remained in power for another ten years.

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## FOOTNOTES -- CHAPTER III -- NEW JERSEY

1. Dayton David McKean, The Boss - The Hague Machine in Action (Boston: Houghton Mifflin Company, 1940), pp. 224, 270.
2. Hague's special achievement in this matter was the appointment in 1939, by Governor A. Harry Moore, of Hague's son Frank Hague Jr. to the New Jersey State Supreme Court. Frank Jr. had failed in several attempts to obtain a law degree, but succeeded in passing the State Bar Examination in his first try -- a remarkable performance in view of the fact that in those days only one-third of all candidates for the New Jersey Bar succeeded in passing on their first attempts. McKean, op. cit., p. 81.
3. Ibid., p. 268.
4. New York Times, June 25, 1929, p. 1.
5. McKean, op. cit., p. xv.
6. Frank Hague et al. v. The Committee for Industrial Organization et al., 307 U.S. 500, 1939, transcript p. 1146, cited in McKean, op. cit., p. 228. See also Report of the Committee on Civil Rights of the Junior Bar Conference of the American Bar Association (Chicago: American Bar Association, 1938), pp. 16-17.
7. McKean, op. cit., p. 184.
8. Seidman, op. cit., p. 149.
9. Ibid., p. 150.
10. New York Times, March 18, 1931, p. 2; March 19, p. 7; March 24, p. 44; March 25, p. 21; March 27, p. 16; March 28, p. 7.
11. William Green to P. J. Morrin, June 19, 1931, AFL Correspondence, as quoted in Philip Taft, The AFL From the Death of Gompers to the Merger (New York: Harper, 1959), p. 423.

## Footnotes -- Chapter III -- cont.

12. McKean, op. cit., p. 187.
13. Seidman, op. cit., p. 156.
14. McKean, loc. cit.
15. N. J. Stats. Ann. (1953), 2A; 170, sec. 1.
16. McKean, op. cit., p. 191. See also Alfred H. Hirsch, "Seab City," Nation, October 31, 1934, pp. 509-11 and November 7, 1934, pp. 538-40.
17. McKean, op. cit., p. 197.
18. Frank Hague et al., op. cit.

CHAPTER IV

CHICAGO

Chicago, meanwhile, had been witness to similar events. It was a remarkable city. "First in violence," wrote Steffens, "deepest in dirt; loud, lawless, unlovely, ill-smelling, irreverent, new; an over-grown gawk of a village...."<sup>1</sup> Chicago's population had risen from less than three hundred thousand in 1870 to nearly a million and three-quarters in 1900. It was a great railroad and shipping center, a bustling industrial community, home of two hundred millionaires and the nation's worst sweatshop system. It was, like New York, a port of entry for immigrants, a "mosaic of foreign-language cities."<sup>2</sup> It was an unhealthy place, primitive in public services, ravaged by contagious diseases, with a death rate from typhoid twice that of New York. It was also an open town, with over two thousand gambling establishments, the largest red-light district in the United States, and it was estimated, ten saloons for every church. "Criminally," Steffens reported, "it was wide open; commercially it was brazen; socially it was thoughtless and raw; it was a settlement of individuals and groups and interests with no common city sense and no political conscience."<sup>3</sup>

The Tammany Hall of Chicago was an organization known as the Cook County Democracy. It seems to have yielded nothing in turpitude to its eastern counterpart. After the mayoralty election of 1897, the reformist Civic Federation of Chicago named 57 of its 68 aldermen as grafters, and succeeded in obtaining 21 convictions for vote stealing. In 1897, Mayor Carter J. Harrison, Jr., led a parade of Democracy delegates down Broadway in New York in support of the Tammany slate in the forthcoming elections. The fraternity was appropriate, reflecting a common way of life. The control of Chicago politics lay in the hands of ward bosses and aldermen who dispensed jobs, awarded public franchises and liquor licenses, controlled the vote and cooperated with the police in mutually beneficial enterprises. The bribery of public officials was commonplace; and police blackmail of various enterprises, shady and legitimate, was said to be far more extensive than in New York. The saloon trade was largely owned and operated by aldermen and other public officials, the establishments often operating as combined drinking, gambling and wenching resorts. The city's laws in all three fields of endeavor were generally ignored. "After all," complained Superintendent of Police Joseph Kipley, "it isn't right to expect me to know everything that is going on in town."<sup>4</sup> The Mayor was more forthright. "I don't believe," he said, "in closing saloons on Sunday. I do believe in lowering the blinds and in closing the front doors."<sup>5</sup> In later years his standards changed. The Chicago of his incumbency, he wrote, was "the exclusive appanage of a low-browed, dull-witted, based-minded gang of plug-uglies, with no outstanding characteristic beyond an unquenchable thirst for money."<sup>6</sup> Nor were conditions to improve.

Chicago's reputation as the wickedest city in America, based on a lurid half-century of lawlessness and vice, steadily rose in the twentieth century to become a classic in civic corruption. Not the least of the victims was the Chicago labor movement.

"Early in the nineties," Eugene Staley wrote, "the Chicago Trade and Labor Assembly fell into the hands of a group of self-seeking men who for a time made the name 'labor leader' synonymous with 'crook' and 'grafter'....There was the labor directory graft, which yielded profits from the advertising....Labor Day picnics and souvenir programs could be made to pay handsome returns. The lobby graft and the committee graft were means of tapping the treasury of the central body itself. Then, of course, there were innumerable ways for sharing the funds of political parties in return for maneuvers in the Trade Assembly or for leading a fake labor political movement calculated to cut into the votes of the opposition party. 'Aldermanic nominations' at the hands of various personally-conducted labor parties were sold like radishes -- so much a bunch with a discount for cash customers." <sup>7</sup> The fruits of graft, according to one estimate, amounted in the three or four years prior to 1892 to at least \$100,000, none of which was disbursed for legitimate trade union purposes. <sup>8</sup>

The central figure in these operations was William C. Pomeroy, a representative of the Chicago waiters' union. Pomeroy became financial secretary of the Labor Assembly in 1886, and by the early nineties dominated both the Assembly and the Illinois State Federation of Labor. He was an unusually talented man. "'He might have made a wonderful record in Congress' or in the labor movement, is the unanimous opinion

of those who knew him in his prime -- if only he had been honest. 'He would sooner make five dollars in a crooked way than ten dollars honestly, because the one involved scheming and the other didn't so much. And he had brains enough to make it either way'." <sup>9</sup> Pomeroy was particularly accomplished in the advertising racket, first gaining control of it in Chicago, later expanding his operations to include the Official Annual Labor Gazette of the State Federation of Labor. He also gained a reputation for breaking strikes in return from bribes from employers. "The conditions here," a Chicago labor leader wrote to Gompers, "is enough for one to lose heart in the labor movement." <sup>10</sup> It was 1895 before the downstate element in the State Federation succeeded in ousting Pomeroy from power, after which Gompers brought about his expulsion from trade union office.

A further instance of labor-management collusion came to light in the teaming industry in the early 1900's. John C. Driscoll, secretary of the Coal Teaming Interests struck up an alliance with Albert Young, a teamsters' business agent. After organizing a large local union affiliated with the AFL International Teamster's Union, Young withdrew from the ITU in 1902 and formed the Teamster's National Union. He signed a five-year agreement with Driscoll, resulting in an immediate 30 per cent increase in wages and cartage. Driscoll, in cooperation with Young, organized all teaming employers into associations. The combined power of the TNU and the associations enabled Driscoll to embark upon a lucrative career in the settlement of industrial disputes: he bribed union officials to settle strikes, employed wrecking crews to molest non-union workmen, and broke the strikes of the unbribable with teamster support. Tried in 1905

for extortion, he admitted having paid out \$50,000 of employers' funds in five years to settle some 400 strikes.

However, it was in the building trades that corruption reached its fullest expression. The building trades unions in Chicago were organized long before the employers. A number of local unions were firmly established in the 1870's, with many more appearing during the following decade. A major increase in numbers and strength came with the Chicago World's Fair in 1893, which provided extensive work in the erection of exposition sites and hotel accommodations. The first Building Trades Council was organized in 1890, assuming powers comparable to those of the New York body. In particularl every sympathetic or craftwide strike had first to be approved by the Board of Business Agents if the support of the Council was to be given; actions of the Board in such matters were binding on all affiliates. Further, while the Council itself concluded no agreements with employers and retained no full-time business agents, it urged all affiliates to submit their agreements to it for approval; its judgment carried weight, since agreements not approved by two-thirds of the Council's delegates were not supported in the event of strike action. The Council, led by the Board of Business Agents, was for years the controlling force in the industry. As in New York, its power was misused.

The architect of abuse was Martin B. ("Skinny") Madden. A former hobo, Madden became business agent of the Chicago Steamfitters Helpers' Union in 1896. Ruling "by gun and blackjack", <sup>11</sup> a corps of thugs constantly at his side, he conducted local union elections by inviting his supporters to line one side of the hall, his opponents the other;

he was soon elected president, treasurer and business agent for life. By an extension of these methods Madden became the de facto leader of the Building Trades Council and its Board of Business Agents. He also came to dominate the Chicago Federation of Labor, and in 1903 was powerful enough to arrange the election of his own nominee as president of the Illinois State Federation of Labor.

He was a colorful man, "flashily dressed. His trousers were fresh from the ironing board of the tailor, and his coat was the latest cut. He sported a fancy lavender-colored waistcoat and in his shirt front a diamond sparkled. Patent leather shoes adorned his feet. His whole appearance indicated he had no lack of money and spent much of it on himself." <sup>12</sup> He enjoyed the rare luxury of a chauffeur-driven limousine, lived in expensive apartments, ran several saloons and various other enterprises. He made no secret of his ethics. "Show me an honest man," he said, "and I'll show you a fool." <sup>13</sup> His method was that of Parks and Brindell -- the calling of strikes, justified or not, which could be ended by a direct payment to himself, the scale of payment depending upon the size of the building project involved. It led to the enrichment of himself and other leading figures but, in combination with other circumstances, resulted in the unification of the employers and the eventual destruction of the Building Trades Council.

Prior to 1899 the Chicago building trades employers were organized mainly in trade associations, negotiating separate agreements with the unions. The system was not altogether unpopular. Exclusive agreements controlling prices and limiting supplies were common, bringing handsome

profits to the employers and security to the unions; and the burden of extortion by business agents was made lighter for the employers through their practice of rigging bids among association members and passing price increases on to the public. But by 1899 conditions in the industry had deteriorated. The overproduction of the previous six years, the upward movement in materials prices and the typical slackness of a presidential election year presented some of the employers with the threat of bankruptcy. Thus the Chicago Building Contractor's Council was formed in 1899, vested with full powers in labor-management negotiations -- including the right to declare a lockout without seeking the approval of its members -- and embarked upon the emasculation of the Building Trades Council. It demanded, in the negotiations of that year, a series of concessions from the building trades unions, including the elimination of all restrictions on work, machinery and the admission of apprentices, and the abolition of the sympathetic strike. The Building Trades Council, meanwhile, had ruled that no union might negotiate an exclusive agreement because of the employers' insistence that unions must not deal with non-members of the appropriate contractors' association, thus restricting the work available to union members. The result was a deadlock in negotiations and the declaration, in February, 1900, of a lockout by the employers.

Madden felt he was in a strong position. Most building tradesmen in Chicago were organized and affiliated with the Council, and several unions had recently struck successfully to abrogate their exclusive agreements. Madden also enjoyed close relations with the city administration. Several building trades officials were on the city payroll and,

in what was interpreted as a gesture of support, Mayor Harrison appointed Edward Carroll, a former associate of Pomeroy's and Madden's puppet president of the Building Trades Council, as president of the Chicago Civil Service Board. Harrison had no wish to antagonize Madden with the approach of city elections, and the Building Contractors' Council was later to claim that during the course of the lockout the city administration was on the side of the unions and that the police had refused to give protection to non-strikers and the property of the employers. Madden now felt free to take an uncompromising stand, uttered threats of a coast-to-coast building trades strike, and freely employed violence against workers who crossed the picket lines. There were 150 cases of violence and five deaths during the course of the strike.

The employers stood their ground. "The cause of the dispute," stated the report of the United States Industrial Commission, "was the determination of the employers to destroy the building trades council.... The contractors admit that they are unwilling to abandon their central organization, while they intend to compel the workmen to abandon theirs." <sup>14</sup> They were also supported by the banking community and most Chicago businessmen, were more skillfully led, more temperate in their deeds and public utterances, more solicitous of public opinion than the bragging Madden. By midsummer, defections from the Building Trades Council began with the signing of an agreement between the Bricklayers and their employers' association, conceding the demands of the Building Contractors' Council. Other surrenders followed quickly, and by the end of the year the Building Trades Council began to break up. The Council was finally reduced to one-third its previous strength and

in April, 1901, voted to disband. Its place was taken by the Chicago Building Trades League, which agreed to the employers' terms -- including the abolition of the sympathetic strike, the settlement of disputes by arbitration, and the abandonment of the right to refuse to work with non-union men.

Madden had suffered a severe setback, but within two years attempted to recreate the power of the old Council. He organized the unofficial Associated Building Trades of Chicago, later providing it with a Board of Business Agents. For a time his organization was in competition with the League, but Madden succeeded in supplanting the leadership of the latter and became its president in 1906. Having been ousted from power in the Chicago Federation of Labor and the Illinois State Federation in 1905, he now confined himself to the building trades. The League never developed the influence of the former Council, and there was no really effective central building trades body until 1911; but the weakness of the League was more than countered by the decline of the Building Contractors' Council. Evidently satisfied that their objectives had been permanently won, many employers and trade associations ended their affiliation with the parent body, which increasingly lost control over working conditions. One result was a resurgence of corruption. "More 'graft money'," wrote Royal Montgomery, "was paid during 1907, probably, than at any time since the dark ages before 1899."<sup>15</sup> Madden received his share. In one case, brought to light at his subsequent trial, he demanded \$20,000 from the builders of the Insurance Exchange Building, a twenty-storey erection; when he received only \$10,000, work on the site stopped at the tenth floor. Madden was arrested

for extortion in 1909; his bond of \$50,000 was posted by State Senator John Broderick, and he escaped with a fine of \$500. It was his only conviction. Thereafter his power declined, but never vanished. A victim of tuberculosis, he continued to call strikes from his bed in the Grand Pacific Hotel until his death in 1912.

The decade following the debacle of 1901 was one of chaos and continued abuses. The disintegration of the central organizations of the employers and unions meant the end of city-wide collective bargaining, a rise in the incidence of jurisdictional disputes, a continued inability of the building trades unions to strike effectively, a decreasing ability of the employers to influence the terms of work, and a revival of graft. Gradually, however, both sides came to perceive the necessity for central organization. With the decline of Madden's influence, a more moderate faction in the building trades unions under Simon O'Donnell of the Painters and John Metz of the Carpenters brought about, in 1909, the re-establishment of the Building Trades Council and its affiliation with the Building Trades Department of the AFL. In 1911, the employers set up the Building Construction Employers' Association, and something approaching a balance of power was restored. After a four-week lockout in 1913 over an attempt by the employers to re-assert the principles of 1901, the Council and the Association signed an agreement providing for the arbitration of disputes under a Joint Conference Board, and for the prohibition of strikes, lockouts and other stoppages of work for periods of three years. While neither side succeeded in obtaining full compliance with the agreement on the part of their affiliates, the

settlement contributed substantially to the stabilization of labor-management relations in the industry. "There can be little question," Montgomery wrote, "that industrial relations were on a more stable basis at the end of 1920 than they had been at any time prior to 1911 ....(that) the system of a balance of power was preferable to the system of disorganization on both sides that prevailed from 1901 to 1911 or to the system of strong organization on one side and almost total lack of organization on the other that obtained before 1900."<sup>16</sup> But the new order had its drawbacks. "Protected by strong organization on both sides, a range of monopolistic combinations between organized employers and organized workers had emerged in certain trades."<sup>17</sup> The evidence had a familiar ring.

Madden and his associates had continued, on a reduced scale, their depredations on employers and union members until Madden's death. In 1914 the Chicago Herald printed a series of articles alleging wholesale corruption among building trades unions. After grand jury proceedings, indictments were returned against 54 business agents and six employers. Two business agents were shot, one by an angry employer, the other by union members in self-defense. Death threats were sent to the State's Attorney and two members of the grand jury, and violence committed against two witnesses for the prosecution. The Building Trades Council took disciplinary action against those indicted, expelling from membership representatives of the Sheet Metal Workers, the Upholsterers, the Boilermakers and the Glaziers. In the midst of the trials, however, the District Attorney for Cook County resigned from office, most of the

indictments were not pursued, and only a few light sentences resulted. Illegal activities were not, however, confined to the building trades unions. Side by side with the practice of extortion by business agents there had developed to an unprecedented extent the organization of illegal combinations by the employers. The consequent increase in prices and decline of building activities finally brought about a major legislative investigation into the industry.

In February, 1921, the General Assembly of Illinois created a joint legislative commission "with general power to investigate combinations and agreements among builders, material men, laborers, and others, which result in maintaining or raising the cost of construction dwelling houses and other buildings." <sup>18</sup> The Commission, under the chairmanship of State Senator John T. Dailey, later reported some difficulty in pursuing its investigation. "Every species of pressure and intimidation was exerted by the representatives of those various groups frequently linked arm in arm in the same conspiracy....So entrenched and secure, and so confident had this conspiracy become, that it defied with impunity of all the prosecuting agencies of the State and the Federal Government. Witnesses were intimidated by threat not merely of injury to person and property, and of discharge from employment, boycott, ostracism, and isolation, but also of the loss of their very lives." <sup>19</sup> But the inquiry proceeded and a damaging verdict was rendered.

The Commission's indictment of union officials was embracing.

"Working rules, jurisdictional disputes, and agreements of various unions and crafts have furnished a fertile field for criminal operations of dishonest business

agents...scarcely any building, large or small, erected in Chicago in the last two years, has been immune from the imposition of graft <sup>20</sup> ....The investigation disclosed that union labor was betrayed, disgraced, and brought into thorough disrepute by many criminal agents. Graft, the exact amount of which of course is incapable of computation, but which according to the best estimates, ran into millions of dollars every year, was imposed upon builders by business agents, who in notable instances were not even members of the craft of which they were business agents. The principle of collective bargaining was so buried beneath a maze of crooked practices and crime that its fundamental purpose could not be recognized. Union labor was exploited in the interests of dishonest leaders who amassed fortunes for themselves, and who employed murderers, sluggers, and bomb throwers in their nefarious war upon society. Graft was not the exception but was the general rule in building construction." <sup>21</sup>

The Commission emphasized a particularly sinister development in trade union leadership. "Many important unions in the city of Chicago," it said, "are controlled by convicts and professional criminals, and... gunmen and convicts have seized hold of the offices of these unions for the sole purpose of increasing conspiracy that they might get money from the citizens of Chicago by a reign of terror...." <sup>22</sup> This was not a novel development by any means, professional criminals having entered the

Chicago labor movement a quarter of a century before; but the proportions were new. It was a foretaste of worse to come.

The details were familiar. Simon O'Donnell, the former president of the Building Trades Council, was accused of receiving \$40,000 in strike insurance from the Longacre Construction Company, \$4,000 for settling a strike at the North Shore Hotel, \$13,750 for strike insurance on the Bunte Building, and other payments connected with the construction of the Webster Hotel. A Mr. Schardt, business agent for the Carpenters, was paid \$1,200 by the Liquid Carbonic Company to permit the installation of certain equipment in the company's buildings. More than \$7,500 was paid by the builders of the Sovereign Hotel to Charles Wright of the Carpenters, Al Young of the Iron Workers, Michael Artery of the Machinery Movers, and others; the architect of the hotel testified that the cost estimates for construction included one per cent for graft. William G. Krieg, architect of the Stratford Theater, stated that he paid Patrick Kane of the Sheet Metal Workers \$3,000, Al Young of the Iron Workers between \$1,800 and \$3,000, and an unnamed amount to Roy Shields of the Painters. Joseph Trinz, a theater owner, said that he paid \$3,500 to the structural steel workers, \$5,000 to Michael J. Boyle of the Electrical Workers,<sup>23</sup> and \$9,500 to the Painters to end various strikes. A number of business agents also busied themselves on behalf of the various employers' associations. "The general building conspiracy," the Commission said, "could not exist without the aid of the contractors. Behind every crooked business agent there was a crooked contractor. Some contractors through choice, others through fear, and others through intimidation became a part of this corrupt system, and either by active

aid, tolerance or passive acquiescence aided, abetted, and assisted the criminal business agents. Contractors aided this system in many instances by maintaining these business agents on their payrolls, requiring no labor whatsoever of them in return. In many instances, contractors entered the domain of labor politics and financed the campaigns of business agents favorable to their interests. In some cases contractors even financed the trips of labor agents to conventions in distant cities."<sup>24</sup>

The Commission went on to condemn the corrupt practices of the employers' associations.

"Associations of materials men have been guilty of practices as hurtful to building operations as the criminal practices of crooked business agents. These associations, by cunningly devised schemes, have endeavored to avoid the conspiracy laws of the State. Exchange of cost information, pooling of bids, exchange of bids and of price lists, reporting to each other of bids and contracts, average cost systems, restrictive agreements with labor unions, agreements with dishonest labor leaders, and many forms of 'cooperative competition' and other euphemisms, have served as devices for the restraint of trade and the inflation of prices and building materials. The financial burdens imposed upon the building industry by these associations are greater even than (those) imposed by grafting business agents.... The opinion expressed by many witnesses is that the artificial burden placed upon building by crooked business

agents and criminal associations connected with the building industry have increased the cost of building at least thirty per cent. These agencies are responsible for the housing shortage in Chicago, the almost complete cessation of building, and increased rentals." <sup>25</sup>

The Commission levelled a final charge against the industry.

"Such evil practices as super-speculative loans, fictitious values, exorbitant rates of interest, excessive money charges, fraudulent representations, false advertising and other disreputable practices, have been very frequently indulged in, with the result that an extraordinarily large amount of 'wild cat' mortgage securities have been placed upon the market in Chicago and Illinois. Concerns guilty of this practice have been indirectly responsible for a large amount paid for labor graft. This was particularly true in the building of theaters, hotels and apartment houses. By reason of expensive money charges, builders, in the expeditious settlement of unjustified strikes, did not hesitate to meet the demands of dishonest labor agents, at almost any cost, rather than face delay in the completion of building projects involved." <sup>26</sup>

The Dailey report led to the return of 157 indictments against 124 defendants, most of them business agents. The prosecution had limited success. Few of the cases ever reached the trial courts; only 18 defendants

were found guilty and sentenced to prison terms, and of these only a handful served time, the remainder being pardoned by Governor Len Small of Illinois. The justice of the matter is hard to determine. It is probable that a number of the indictments were based on hearsay or prejudiced evidence, and that some of the convictions reflected the public anger of the time. Nevertheless, the evidence of corruption was impressive, and the political connections of a number of the defendants were no doubt sufficient -- particularly in the casual Chicago of the 1920's -- to provide protection. Further the instances of perjury and jury corruption revealed after some of the trials provided strong testimony to the power and propensities of the indicted. The presumption of wide-spread guilt is hard to avoid.

The consequences for the Chicago building trades unions were severe. The industry, in any event, was stagnant during the immediate postwar years. There was an acute housing shortage, producing high rents and miserable living conditions for a large segment of the population; but few new building projects were begun. The result was a depression in building trades wages, the general wage scale being some 20 per cent below the 1914 level despite a considerable increase in the cost of living. After the war a number of strikes took place, producing in 1920 a horizontal wage scale of \$1.25 an hour for the skilled crafts. The following year a number of employers, blaming the housing shortage on the wage level, demanded a 20 per cent reduction. The first sensational disclosures of the Dailey Commission provided them with strong public support. A lockout was declared in May, 1921 which lasted for six weeks. Then both labor and management agreed on federal Judge Kenesaw Mountain Landis as the arbitrator for the dispute. His decision, strongly influenced by the Dailey Commission disclosures, was catastrophic for the unions.

Going beyond the formal agreement to arbitrate only wages, and railing against the undesirable practices in the industry, Landis ordered the abandonment of all sympathetic strikes, the restoration of wage differentials, the removal of restrictions on materials, and the abolition of work rules which hampered the employers. The award, in effect, was a more severe version of the humiliating settlement of 1901, including in many cases wage reductions even below the levels which most employers were willing to accept. The Building Trades Council ratified the award, but it was formally repudiated by unions representing a majority of affiliated members and in fact by a good number of employers. The scale of the opposition to the award seemed likely to render it meaningless, and the adverse public response to both the award and the Dailey disclosures led to the formation of the Citizens' Committee to Enforce the Landis Award. The Committee raised and spent over \$3,000,000, recruited a mobile guard of 700 men to protect non-union workers, and, according to one observer, "instituted a virtual boycott against all unions which would not accept its dictation."<sup>27</sup> Unions refusing to accept the award were branded as "outlaws." Employers were urged not to work with the outlaw unions; those who continued to do so were blacklisted, often finding it impossible to obtain banking loans for construction projects. Some 21,000 building tradesmen were brought into Chicago in an open shop drive, and special apprenticeship schools were set up in various trades. An inspectorate was established to police compliance with the Committee's recommendations, and free insurance against violence and damage to property was provided for complying contractors.

The activities of the Committee provoked an outburst of disturbances. Several buildings were bombed and many workmen injured. Two policemen were shot dead, resulting in the raiding of scores of union offices and the wholesale arrest of business agents. <sup>28</sup> The Building Trades Council split into two factions, one for and one against the award. Not even the personal intervention of Gompers and formal action by the AFL in convention succeeded in avoiding a long series of internecine battles and the consequent operation of a large segment of the industry under open shop conditions. It was not until 1927 that a reunification of the trades and a reversion to the pre-1921 working conditions was achieved.

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## FOOTNOTES -- CHAPTER IV -- CHICAGO

1. Steffens, op. cit., p. 162.
2. Ray Ginger, Altgeld's America (New York: Funk and Wagnall's Company, 1958), p. 96.
3. Steffens, op. cit., p. 164-5.
4. Franklin Matthews, "Wide-Open Chicago," Harper's Weekly (January 22, 1898), p. 90.
5. Loc. cit.
6. Carter H. Harrison, The Stormy Years (Indianapolis: Robbs-Merrill Company, 1955), p. 80.
7. Eugene Staley, History of the Illinois State Federation of Labor (Chicago: University of Chicago Press, 1930), p. 87-8.
8. Rights of Labor, December 17, 1892, as quoted in Staley, op. cit., p. 88.
9. Staley, op. cit., p. 89.
10. Lee M. Hart to Samuel Compers, September 25, 1896, AFL Correspondence, as quoted in Philip S. Foner, History of the Labor Movement of the United States (New York: International Publishers, 1935), Vol. II, p. 290n.
11. Seidman, op. cit., p. 28.
12. Ibid., p. 26.
13. Ibid., p. 30.
14. United States Industrial Commission, Report on the Chicago Labor Dispute of 1900 (Washington, D.C.: U.S. Government Printing Office, 1901), Vol. VIII, p. XII.
15. Montgomery, op. cit., p. 38.

Footnotes -- Chapter IV -- cont.

16. Ibid., p. 115.
17. Ibid., p. 116.
18. Illinois General Assembly, Committee Appointed Under Senate Joint Resolution No. 9 of the Fifty-Second General Assembly of the State of Illinois, Report, Journal of the Senate, 1921, p. 1664.
19. Illinois Building Investigation Commission (Dailey Commission), Report to His Excellency Len Small, Governor, and the Fifty-Third General Assembly, Springfield, 1923, p. 3.
20. Illinois General Assembly Report, loc. cit.
21. Dailey Commission, op. cit., pp. 44-45.
22. Ibid., pp. 45-46.
23. Michael ("Umbrella Mike") Boyle was one of the more colorful figures of the period. He earned his sobriquet from his alleged practice of hanging an umbrella from the counter of his favorite saloon, wherein were deposited the offerings of grateful employers. Boyle was said to consider that this ceremony absolved him from any charges of bribery. At his first trial for extortion the prosecution produced evidence alleging that Boyle was personally worth some \$500,000. See "Gigantic Network of Blackmail in Chicago," The Iron Trade Review, July 30, 1914, pp. 195-96; "'Umbrella Mike' - Chicago Labor Organizer on the Job," Literary Digest, August 7, 1920, pp. 66-68; Arthur M. Evans, "'Umbrella Mike' Pulls 'One Man' Strike," The Open Shop Review (August 1920), pp. 320-22.
24. Dailey Commission, op. cit., p. 47.
25. Illinois General Assembly Report, loc. cit.
26. Dailey Commission, op. cit., p. 85.

Footnotes -- Chapter IV -- cont.

27. Alexander M. Bing, "The Posse Comitatus in Industry," The Survey, January 15, 1923, p. 493.

28. New York Times, May 11, 1922, p. 1.

CHAPTER V

NEW YORK

The New York Industry Survey Commission, as already noted, warned in 1927 against the continuation of corrupt practices in the building industry. No action seems to have been taken on the Commission's complaint, and the abuses continued. In 1928, President Arthur Huddell of the International Union of Operating Engineers received complaints of corruption in Local 403 in New York City, placed the Local in receivership, and appointed as supervisor Patrick J. Commerford, business agent of Local 125 and a vice president of both the New York Building Trades Council and the New York State Federation of Labor. In 1931 Commerford expelled 25 dissenters from the local without trial, warning the New York Building Trades Employers' Association and independent contractors not to employ them. The rebels sought an injunction for reinstatement, whereupon the international union disbanded Local 403 and combined it with Local 125, the dissidents being excluded from membership in the expanded local. The courts, however, ordered the reinstatement of the plaintiffs and the payment by Local 125 of \$24,250 in damages to them.

In March, 1932, 630 members of Local 125 filed suit to obtain an accounting of finances, charging that their officers were governing the local arbitrarily and for their own profit. Commerford responded with threats of violence. Owen S. M. Tierney, the counsel for the plaintiffs, was warned to stop the proceedings or he would find himself "at the bottom of a river."<sup>1</sup> An undertaker called at the home of John Irwin, the leader of the rebels, and asked Mrs. Irwin for "the corpse."<sup>2</sup> She was later called by telephone and told that this was not a mistake but a serious warning. Commerford himself shot at process servers and refused to testify properly at the trial. The

financial secretary of Local 125 stated at the trial that \$13,000 had disappeared without an accounting during 1931 and that the local's books had been destroyed. The court granted full relief to the plaintiffs and ordered a new election in the local in which all the insurgents were subsequently elected. On the day of the court's decision President John Possehl of the Operating Engineers -- Huddell had recently been murdered -- revoked the charter of Local 125 and set up a new Local 130 with Commerford as supervisor.

In June, 1932, Commerford was indicted for income tax evasion. During the trial Edward A. White, treasurer of the United Hoisting Company stated he had paid Commerford a salary of \$50 a week in 1929, and \$75 a week in 1930 and 1931 for permission to employ non-union men. James Fee, the owner of the Carlton Hoisting Company and an open shop employer, said he gave Commerford \$25 a week in 1927, \$50 a week in 1928 and 1929. It was also stated in court that Commerford had received \$2,500 from <sup>the</sup> Grennal Construction Company, \$5,000 from the R. J. Murphy Company, \$5,000 from the P. J. Carlin Company and \$7,000 from the W. F. Cahagan Company to call off strikes. Two officers of the International Rod Carriers, Building and Common Laborers Union of America, Angelo Virga of Local 706 and Luciano Abruzzo of Local 763, testified that they each paid a \$500 bribe to Commerford to obtain the affiliation of their locals with the New York Building Trades Council. A parade of employers testified as to Commerford's good character, but in vain, and he was sentenced to spend a year and a day in the Federal penitentiary in Atlanta. <sup>3</sup> Christian G. Norman, the executive officer of the New York Building Trades Employers' Association,

offered to act as Commerford's guardian if he were paroled. <sup>4</sup>

On his release from jail, Commerford returned to trade union affairs. At the 1937 convention of the International Union of Mine, Mill and Smelter Workers -- a CIO union later expelled for Communist domination -- President Reid Robinson reported that Commerford had been appointed International organizer for the New York area during the past year. A number of local union charters had been issued at Commerford's instigation, but the international union later discovered that the charters represented virtually no members, and that the local unions were being used "as a job-selling agency whereby the heads of the local were selling permits for the men to work and not taking them into the local organization at all." <sup>5</sup> An investigation of Commerford by the international union revealed his criminal past and he was expelled from the union.

The membership of Local 125, meanwhile, had continued their protest activities and had obtained more than 15 successive favorable court decisions before their charter was restored in late 1935. Shortly afterwards the international union removed all local officers without trial and appointed as the new supervisor Joseph Fay.

Fay was the business agent of Local 805 in Newark, New Jersey, and a vice president of the international union. He was a convivial man, a lavish spender, a gambler who was reputed to have lost more than \$50,000 in Newark gaming houses. Prominent in New Jersey labor and political circles, he was described in 1933 by Acting Governor E. L. Richards as "one of the real forces in American life." <sup>6</sup> He was an associate of Brandle's in the Labor National Bank and various

other enterprises, and together with two fellow officers of Local 805 owned the International Excavating Company of Newark. He was expelled from office by the international union in June, 1932, for his business activities, but was supported by his local union and reinstated two months later after promising to disassociate himself in time from all business interests.

After his appointment as receiver for Local 125, Fay consolidated all New York City locals of the Operating Engineers into one. He then turned to the Hod Carriers and, in cooperation with James Bove, an international vice president of the latter union, came to control the affairs of Locals 45, 250, 266 and 731 of the union. Only Local 102 held out against him. Norman Redwood, the business agent of the local, insisted upon independence of action and resisted all attempts at bribery and intimidation. A jurisdictional dispute arose between Fay and Redwood, and Local 102 struck a construction project on the New York subways. Sammel Rosoff, the contractor for the project and a friend of Fay's, threatened Redwood with violence if the strike were not called off. Redwood appealed to the international union and received its official support, but not that of the other Hod Carriers' locals in the city. Fay accused Redwood of "dickering with the CIO" and intervened with the Building Trades Council to obtain the revocation of Local 102's license to do business in New York City. Redwood remained on strike, saying his men would not go back to work "with a gun stuck in their backs." <sup>7</sup> The following day he was shot dead.

There was no further opposition, and in the following years Fay and Bove engaged in widespread extortion. As early as 1937, AFL

President William Green approached Posschl on the matter, but was assured that his misgivings were unfounded.<sup>8</sup> At the 1940 AFL convention in New Orleans, Fay physically attacked President David Dubinsky of the International Ladies Garment Workers Union for presenting an anti-racketeering resolution to the convention; but Green, when asked if any formal action would be taken against Fay, replied: "Oh, no. That's just personal. It has nothing to do with us."<sup>9</sup>

The decline in public and private building during World War II reduced but did not eliminate the criminal practices of Fay and Bove, and in May, 1943, both were indicted for extortion and conspiracy to extort from contractors. It transpired during the court proceedings that Fay and Bove had embarked on extortion in 1936 with the initiation of tunnel work on the \$300,000,000 Delaware River water supply project. The prosecution had developed considerable private testimony against both defendants, but experienced some difficulty in persuading witnesses to take the stand. "They won't testify at the trial," Fay informed United States District Attorney Frank Hogan. "I'll see to that."<sup>10</sup> A number of witnesses refused to appear, but enough evidence was given to satisfy the jury. The two chief officers of the Walsh Construction Company stated that Fay and Bove had originally demanded \$250,000 but had accepted, between 1938 and 1942, a total of \$212,000, all of which had been entered on the company's books as bonuses to executives and employees. A representative of B. Ferini and Sons, Inc., said that the company had paid Fay and Bove \$25,000 on a Delaware River contract and \$50,000 on a contract on the Lincoln Tunnel under the Hudson River. In sum, witnesses testified that the defendants had extorted at least \$368,000 on the water supply

project alone. Hogan estimated that the total was in excess of a million dollars. Fay and Bove, like Commerford, relied mainly on character witnesses, some of the latter vouching high regard for the two officials while admitting giving money to them. The counsel for the defense, in turn, did not deny the payments but argued that they were voluntary offerings -- perhaps even bribes -- for the purpose of ensuring the good will of the defendants. The defense was unsuccessful. In March, 1945, Fay and Bove were found guilty and each given prison sentences of eight and a half to sixteen years. The judgment of the lower court was affirmed by the Supreme Court of the United States in 1947. <sup>11</sup>

Fay was also indicted in December, 1946, for income tax evasion. Various witnesses attested to giving Fay a total of at least \$186,000. Fay admitted the receipt of \$40,000, saying he did not keep it but turned it over to others as part of a "labor relations deal." <sup>12</sup> He was acquitted. A formal inquiry was launched into the conduct of the trial, but with no results.

Bove was less fortunate. After his conviction for extortion it was discovered that some \$250,000 was missing from the treasury of Bove's Local 60 of the Hod Carriers. Bove was indicted in May, 1945, for grand larceny and found guilty on 74 counts. He received a sentence of ten to twenty years, and after pleading guilty to income tax evasion was sentenced to a further five years. Shortly afterwards several locals of the Hod Carriers filed damage suits for \$3,400,000 against the international union, charging that they had been forced to work at substandard wages and under dangerous working conditions because of Bove's collusion with the employers. Two of Bove's associates in the

New York area were also convicted of attempting to extort \$100,000 from a contractor; when the company involved offered to pay that sum in wage increases the offer was rejected.

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The incarceration of Fay and Bove marked, in some respects, the end of an era in building trades corruption. The practice of extortion continued, but seldom with the flamboyance and ambition of the preceding 50 years; in general, the advance of municipal reform and the growing sensitivity of the labor movement to the adverse publicity and effects of corruption seem to have contributed to the disappearance of the city and state empires of the past. But corruption in the building trades unions prior to World War II was notable for something other than its scale. It was practiced, by and large, by men who originated in the industry, who could at least claim to be trade unionists, and who could often point away from their failings to considerable services rendered on behalf of their members. Side by side with the lineage from Parks to Fay, however, there had come to prominence a different breed with no claims to union status and few to service. Particularly since Prohibition, the American labor movement had suffered the attentions of an intruder far more malicious and dangerous than the fallen building tradesman: the professional racketeer.

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## FOOTNOTES -- CHAPTER V -- NEW YORK

1. Seidman, op. cit., p. 158.
2. Loc. cit.
3. Commerford v. U.S., 64 Fl. (2d) 28, 289 U.S. 759, 53 Sct 792 (1933).
4. Edward Levinson, "Business Prefers Racketeers," New Republic, November 27, 1935, pp. 69-71.
5. Proceedings, International Union of Mine, Mill and Smelter Workers, 1937, p. 46.
6. Seidman, op. cit., p. 162.
7. Ibid., pp. 164-65. See also "Sandhog's Death Gets a Pair of Bosses in Hot Water," Newsweek, March 6, 1937, pp. 12, 14.
8. Taft, op. cit., p. 423.
9. New York Times, November 21, 1940, p. 1 and November 22, 1940, p. 1.
10. Malcolm Johnson, Crime on the Labor Front (New York: McGraw-Hill Book Company, 1950), p. 59.
11. Fay v. New York (also Dove v. New York), 270 App. Div. 261; 59 N.Y.S. 2d 127; 296 NY 510; 68 N.E. 2d 453; 332 U.S. 261; 68 Sct 66 (1945).
12. Johnson, op. cit., p. 61.

LABOR AND CORRUPTION IN AMERICA

PART III

THE RACKETEERS

CHAPTER I

THE RISE OF THE GANGS

Gangsterism was a prominent feature of American urban life during much of the nineteenth century. The sustained growth in population, the social conditions of the cities, the prejudice against and among immigrant groups, the relative absence of civic sense and standards, the casual morals of urban politics, the heritage of frontier justice and the acquisitive ethics of the age all helped to create in many cities a custom of violence and an indifference to the law.

City gangs, in the earlier part of the century, were relatively unorganized and unambitious, often simply an agent of social protest, otherwise largely confined to casual violence and petty crime. In time, however, they grew in strength and jurisdiction. The industrial slums drove more of their inhabitants to the escape of crime. The increasing heterogeneity of urban populations and the resentment of immigrants against the prejudices of the older stock tended to encourage ethnic isolation and a distrust among minority groups of the rulers and customs of the community; these circumstances, and the impatience of many second-generation immigrants with the occupational barriers of race, brought about the growth of ethnic gangs, often concentrated in particular industries -- the Irish in the building trades and on the waterfront, the Jews in the garment industry, and the Italians in the service trades.

The contempt of some of the underprivileged for the law was shared by many agents of machine politics who, in return for small favors, could command willing majorities and easy access to the public purse; while in many areas the police and judiciary, subject to political rule and privy to the practices of their masters, came to expect a share of the spoils. In time, some city fathers perceived the uses of organized coercion in politics. Bent on graft

and impatient of opposition, they enlisted the aid of gangs in molesting political opponents, financing campaigns and delivering the vote. In return for their services the gangs received official protection for their expanding activities. "Policemen dare not arrest them," wrote Austin MacDonald, "district attorneys as a rule have not the courage to prosecute them, and few judges will pronounce a sentence upon them."<sup>1</sup> The principal fields of gang activity became gambling, prostitution and the liquor trade, the general practice -- except in the case of establishments owned or favored by political incumbents -- being the extortion of regular payments from gaming rooms, houses of leisure and saloons in return for an absence of harassment.

Ambition grew with prosperity. Observing the opportunities for service in the turbulent field of industrial relations, some gangs entered the field on one side or the other. It was not, until well into the twentieth century, an important extension of extortionary jurisdiction. It was largely confined to the use by employers of professional thugs -- often in the service of established detective agencies -- as strikebreakers, while the responsive violence of unions seldom involved the use of mercenaries.<sup>2</sup> The professional gangs, that is, were not for many years a factor of substantial economic or political importance in labor, industry, or the relations between them. However well-entrenched and prosperous, the gangs concerned themselves in the main with the traditional vices. Their leap to new power was yet to come. Prohibition paved the way.

\* \* \* \* \*

On January 16, 1920, the 18th Amendment to the Constitution of the

United States came into effect. The Amendment prohibited "the manufacture, sale or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territory subject to the jurisdiction thereof for beverage purposes...."<sup>3</sup> The ratification of the Amendment was followed by the enactment of the National Prohibition Enforcement Act, more commonly known as the Volstead Act, which defined intoxicating liquors, prescribed the conditions under which they might or / <sup>might</sup> not be used, and provided penalties for violations of the law.<sup>4</sup>

The passage of the Amendment and the Act was the climax of a long campaign by temperance organizations and their allies to eliminate the liquor traffic by federal law. The hopes of the abolitionists were high. "Now," declared the Anti-Saloon League of New York, "for an era of clear thinking and clean living."<sup>5</sup> The new law, its supporters claimed, would bring about a salutary change in the lives of American citizens; it would, they said, end drunkenness, empty the jails, decrease crime, uplift the young and elevate the "moral grandeur" of America. There was confidence, too, on the part of those charged with the enforcement of the law. "This law," declared John F. Kramer, the first Prohibition Commissioner, "will be obeyed in cities, large and small, and in villages, and where it is not obeyed it will be enforced.... The law says that liquor to be used as a beverage must not be manufactured. We shall see that it is not manufactured. Nor sold, nor given away, nor hauled in anything on the surface of the earth or under the earth or in the air."<sup>6</sup>

Seldom has a law been so honored in the breach or contrary in its effect. The consumption of alcoholic beverages continued and probably

increased.<sup>7</sup> Within the first decade of Prohibition, hop production remained stable, but grape production increased by more than half, that of corn sugar sixfold. Some 13 to 15 million gallons of industrial alcohol were diverted annually for illicit purposes, while unestimable but huge quantities of liquor were smuggled across the sea and contiguous borders. Brewing and distilling equipment was sold openly in the stores, and the manufacture of alcohol in the homes became a flourishing occupation.<sup>8</sup> By 1927 the drinking of high-proof beverages had passed the 1917 historic peak of 172 million gallons a year, the estimates of victory ranging from 8 to 135 million gallons. Prohibition, as John McConaughy noted, was a burlesque.<sup>9</sup>

With such heroic disobedience of the law, there were few signs of moral improvement. There was a constant increase in arrests for drunkenness, the annual rate in 365 major cities -- excluding Chicago, for which no credible statistics are available -- climbing from 71 per 10,000 persons to 146. The nation's capital, governed by federal authorities and closest at hand to Prohibition enforcement agencies, witnessed a sixfold increase in juvenile drunk arrests; the experiment of Prohibition, said Colonel William Baker of the Salvation Army, "has diverted the attention of the Salvation Army from the drunkard in the gutter to the girls and boys in their teens."<sup>10</sup> In Massachusetts, Rhode Island, Connecticut and New Jersey, annual revocations of drivers' licenses for drunk driving more than doubled. Deaths from alcoholism quadrupled throughout the country, increasing more than eightfold in busy New York City. The federal jail population almost tripled, the proportion of internees sentenced for liquor law violations multiplying tenfold. Even President Warren Harding, a

tolerant men, conceded that the state of liquor law enforcement was "the most demoralizing factor in public life."<sup>11</sup> It was hard thereafter to claim much for the great experiment.

The most gruesome result was crime. If the flouting of the law by resentful citizens seemed to them harmless and even droll, the indulgences of amateur law-breakers brought unprecedented power and affluence to the professionals. "There is no doubt," wrote John Landesco, "that ... prohibition has enormously increased the personnel and power of organized crime. It has opened up a new criminal occupation, with less risk of punishment, with more certainty of gain, and with less social stigma than the usual forms of crime...."<sup>12</sup> The trade in contraband liquor before federal Prohibition was not inconsiderable owing to the widespread adoption of state and local prohibition laws; but now the market expanded greatly, state and local governments tended to relax their enforcement activities with the advent of federal responsibility, and the power of the gangs increased.

The conditions of success in bootlegging were control over the manufacture, distribution and sale of alcoholic beverages; a readiness for violence; and a reasonable immunity from the law. Except for home brewing, the trade in potable liquor came early under the almost exclusive control of racketeers, the mechanics of distribution and sale producing a lasting underworld influence in the trucking, hotel and culinary trades; the rivalries of the bootleggers produced a homicide rate unrivalled in modern times and, equally important, a terror of the private justice of the underworld; while the law was corrupted. By 1922 more than 40 Coast Guard officers and men had been convicted of working with smugglers and

bootleggers, and many others were dishonorably discharged; during the course of Prohibition almost one-tenth of all federal enforcement officials were dismissed for malfeasance in office.<sup>13</sup> In the cities many officers of the law came not only to tolerate bootlegging but to derive income from it themselves, often becoming rich in the process.<sup>14</sup> But the chief link was political. "The forces that corrupt the police department," wrote Frank Tannenbaum, "lie outside it."<sup>15</sup> Bootleggers not only supported friendly politicians, but engaged actively in politics themselves. Their services were varied, including the augmentation of registration lists, the intimidation or kidnaping of election or other public officials, the invalidation or falsification of ballots, the recruitment as voters of transients or vagrants, the stuffing or theft of ballot boxes, the molesting of voters and, where necessary, the murder of political opponents. The result, in many communities, was a virtual suspension of the law relating to bootlegging and an immunity on the part of racketeers to retribution for their extortionary and homicidal activities. "Trying to enforce the law in Philadelphia," wrote the famous Marine General Smedley D. Butler, who had been recruited by the city with great flourish to enforce Prohibition, "was worse than any battle I was ever in."<sup>16</sup> As the National Commissioner on Law Observance and Enforcement, itself in favor of Prohibition, reported to President Herbert Hoover in 1932:

"When conspiracies are discovered from time to time, they disclose combinations of illicit distributors, illicit producers, local politicians, corrupt police and enforcement agencies, making lavish payments for protection and conducting an elaborate system of individual producers and distributors.... Organized

distribution has outstripped organized enforcement...."

"As to corruption it is sufficient to refer to the reported decisions of the courts during the past decade in all parts of the country, which reveal a succession of prosecutions for conspiracies, sometimes involving the police, prosecuting and administrative agencies of whole communities; to the flagrant corruption disclosed in connection with the diversion of industrial alcohol and unlawful production of beer; to the record of federal prohibition administration as to which cases of corruption have been continuous and corruption has appeared in services which in the past had been above suspicion; to the records of state police organizations; to the revelations as to police corruption revealed in surveys of criminal justice in many parts of the land; to the evidence of connection between corrupt local politics and gangs and the organized unlawful liquor traffic and of systematic collection of tribute from that traffic for corrupt political purposes."<sup>17</sup>

There were, finally, the temptations of power. With the law in chaos and the public quiescent, the leaders of organized crime saw no reason to confine their operations to the liquor trade. There were obvious opportunities in the services ancillary to the consumption of alcoholic drinks; during the Prohibition years racketeers became active in such trades as linen, tobacco, mineral waters, and light foods, eventually moving into the restaurant and allied trades. The special sensitivity of the perishable foods industry to interruptions of work encouraged extortionary practices in the fruit, vegetable, fish and poultry trades. There

were opportunities in industries characterized by small business units, severe competition, increasing union organization and a high internal interest in the stabilization of industrial conditions. In such industries some employers engaged the services of gangsters to discipline the industry, mitigate the rigors of competition and stave off the organizing efforts of unions; the result in some areas was the establishment of "protective associations," supported by employers' contributions and administered by racketeers, which enforced membership, fixed prices and restricted entry into the trade. The unions involved, in turn, sometimes resorted to the use of mercenaries in defense against the employers and rival union organizations. The racketeers themselves provided services impartially in most cases, sometimes serving both sides simultaneously. But for most of them the 1920's were lucrative years, with industrial racketeering a poor substitute for bootlegging. The decease of Prohibition in 1933, however, created a demand for new sources of illegitimate income. With old markets gone, but the law not yet recovered and political protection still assured, many gangsters now turned to industrial racketeering. They succeeded, in the years following Repeal, in achieving an unparalleled influence in labor-management relations. The principal theaters of victory, not surprisingly, were New York and Chicago.

## FOOTNOTES -- CHAPTER I -- THE RISE OF THE GANGS

1. Austin F. MacDonald, American City Government and Administration (New York: Thomas Y. Crowell and Company, 1936), p. 349.
2. Violations of Free Speech and Rights of Labor, U.S. House Committee on Education and Labor, Report No. 6, Part I, 76th Cong., 1st sess. (Washington: 1939), pp. 5-17.
3. U.S. Const., Amend. XVIII, sec. 2.
4. U.S. Statutes at Large, XLI, p. 1., 305-323.
5. Herbert Asbury, The Great Illusion (New York: Doubleday and Company, 1950), pp. 154-5.
6. Frederick Lewis Allen, Only Yesterday (New York: Harper and Brothers, 1931), p. 248.
7. See Millard E. Tydings, Before and After Prohibition (New York: The MacMillan Company, 1930) passim.
8. John T. Flynn, "Home, Sweet Home-Brew," Colliers, September 1, 1928, pp.
9. John McConaughy, From Cain to Capone - Racketeering Down the Ages (New York: Brentano's, 1931), p. 263.
10. Asbury, op. cit., p. 161.
11. Ibid., pp. 179-180.
12. John Landesco, "Prohibition and Crime," Annals of the American Academy of Political and Social Science, September 1932, p. 125.
13. Preston William Slosson, The Great Crusade and After (New York: The Macmillan Company, 1931), p. 114; Asbury, op. cit., p. 183.
14. Tydings, op. cit., pp. 72-3.
15. Frank Tannenbaum, Crime and the Community (New York: Columbia

(Footnotes to Chapter I cont.)

University press, 1951), p. 154.

16. Asbury, op. cit., p. 186.

17. Enforcement of the Prohibition Laws of the United States.

National Committee on Law Observance and Enforcement (Washington: 1931),  
pp. 37, 44.

CHAPTER II

THE BEGINNING IN NEW YORK

The gangs of New York City during the first half of the nineteenth century were street organizations, known by exotic names such as the Roach Guards, the Plug Uglies and the Dead Rabbits. They were not essentially criminal organizations although, as Collinson Owen observed, "their habits were terrible."<sup>18</sup> There were occasionally involved in political issues, as in the city-wide Draft Riots of 1865, but seldom engaged in organized criminal activities. During the latter half of the century they became more ambitious, such organizations as the Hudson Dusters, the Whyos, the Gophers, the Fourth Avenue Tunnel Gang, the Monk Eastmans and the Five Pointers practicing extortion in various fields of entertainment. They now claimed the attention of Tammany Hall, whose leaders began to employ them in political activities. In particular, Tammany organized a series of "social clubs" for young men which acted as recruiting centers for old and new gangs. "These organizations," wrote Herbert Asbury, "were patterned after, and in many cases controlled and supported by, the political associations which had been formed in large numbers by the Tammany district leaders, who thereby strengthened their hold on the voting masses. Such societies had been an important source of Tammany power since the early days of New York politics.... They generally bore the names of the district leaders or local bosses, who dominated them and provided funds for their frequent social functions, for the outings upon which the poor women and children were taken during the summer months, and for the gifts of coal, shoes and other necessities which were showered upon the tenement population in the winter. It was usually through these organizations, also, that arrangements were made with the gang leaders for thugs to blackjack voters at the polls, act as repeaters and, on occasion, to

remove opponents who had made themselves obnoxious or dangerous."<sup>19</sup> The system was mutually beneficial, Tammany providing political protection, legal counsel and bail bond financing in return for services rendered. The gangs became more powerful, sometimes provided Tammany leaders from

their ranks, and in time explored new fields.

Their first incursion in industrial relations came in the 1890's. "Labor unions," wrote Burton B. Turkus, "were not then the powerful, rich, well-organized institutions they have become. In industrial disputes they were on their own. Management, on the other hand, recognized -- and could afford -- the effective method of combatting the workers. The employers simply hired one or another of the early-day hoodlum gangs to 'handle' strikers, pickets or any others they regarded as fomenting unrest..."<sup>20</sup> Monk Eastman, perhaps the most prominent New York gangster of the period, was evidently the first major recruit, and was regularly engaged by employers to assault pickets and union officials. His activities attracted the attention of other gangs under the leadership of John ("Big Jack") Zelig, Jacob ("Little Augie") Orgen, Joseph ("Joe the Greaser") Rosenzweig, Pincus ("Pinchy") Paul and Benjamin ("Dopey Benny") Fein. These men and their followers, because of their distaste for manual labor, seldom entered the plants involved to become strikebreakers as such and generally limited themselves to picket-line violence and personal assaults.

They worked initially and mainly for the employers, but in time were hired by some unions. There was a demand for their services. "In the beginning," wrote Benjamin Stolberg, "the labor movement fought back on the picket lines with young and brawny militants.... But in time the gangsters became too powerful for amateur strong-arm men and the unions had to hire gangsters of their own."<sup>21</sup> This appears to have been particularly true in the New York needle trades, where the high proportion of women workers in the industry created a special demand for outside reinforcements. In any event some gangsters preferred to work for labor organizations, since

they usually came from working class homes and were often sympathetic with trade unionism. Most gangsters, however, were impartial, working for either employers or unions from time to time or even simultaneously for both.

Fein was the most successful. He began his criminal career on the East Side of New York City at the age of ten, rising through the ranks of petty thief, lush worker and pickpocket to become a gang organizer of unusual system and skill. Concentrating geographically on Lower Manhattan and industrially on the garment trades, he divided the area into districts, assigning subordinate gangs to each district and, at least towards the end of his career, acting principally as an entrepreneur, seldom engaging in violence himself. Testimony varies as to his choice of customer. According to Stolberg, he provided strike-breaking services to employers in the garment trades during the great strikes of 1909 and 1910.<sup>22</sup> Evidence produced at Fein's trial for extortion in 1915, however, indicated that at least by that time he preferred working for unions. His motives, it appears, were not altogether unwholesome. The prosecution stated at the trial that on at least one occasion Fein had rejected an employers' offer of \$15,000 to stay neutral in a strike, on the grounds that his sympathies were with the union. "The man really had a conviction," said Assistant Attorney-General Beveridge, "that he was helping in his own way a cause in which he believed.... He tried to convince me that he would have made the raids for the union leaders for nothing, except that he found it easier to get pay for them."<sup>23</sup> Whatever Fein's motives, his services were systematic and well-rewarded. He charged \$150 for raiding and wrecking a small plant, \$600 for similar attacks on a large plant, \$200 for throwing a manager

or foreman down an elevator shaft or breaking his thumb or arm, \$200 for a "complete knockout" of a person of "average importance," and \$60 to \$600 -- depending on the eminence of the victim -- for shooting a man in the leg or removing his ear. These prices included fees for subordinates, who received a flat rate of \$7.50 a day. At the time of his trial Fein was enjoying a personal income of some \$15,000 a year. He was finally convicted of extortion, but received a light sentence in return for a full confession of his activities during the previous five years. His notoriety, however, prevented a return to his profession.

The gangs remained, and during the tolerant 1920's became more influential. Tammany had shown over the years a remarkable ability to recover from damaging investigations and was still the dominant political force, still as rapacious -- if somewhat more sophisticated -- as in former days. "The new Tammany," wrote Norman Thomas and Paul Blanchard, "is the old Tammany with the wisdom of age and experience added.... As the years have gone by a noticeable shift in tactics has occurred. The votes of aldermen and other city officials are almost never sold directly and the city treasury itself is relatively safe from theft. The real fortunes of the new Tammany are gathered through brokerage services."<sup>24</sup> Tammany officials who were engaged, for example, in private business as automobile or insurance salesmen, could often add to their business by promises to other businessmen of friendly treatment at Tammany Hall. City officials often added to their official incomes by accepting private payments for the awarding of franchises, leases and other licenses. Other officials continued the old practice of conniving with businessmen and racketeers in the violation of city regulations. Both politicians and policemen

engaged in the collection of graft from the city's estimated 32,000 speakeasies.

The evidence was abundant. The Meyer Committee investigation of 1922 disclosed a series of dubious appointments to the Police Commission and interference with individual police assignments by the office of Mayor John ("Honest John") Hylan, the holding of inexplicably large bank accounts by police officials, and the existence of graft in a number of city departments.<sup>25</sup> In 1931 the Seabury Committee, established as a result of persistent rumors of political connections with the underworld, charged that New York District Attorney Thomas B. Crain had associated consistently with racketeers and had engaged in the manipulation of bogus stocks; that city piers and other public facilities had been leased to businessmen in return for kickbacks of \$50,000 and upwards; that the city Magistrate's Court was dominated by patronage and honeycombed with graft; and that both the New York County Sheriff and Mayor James J. Walker had enriched themselves by virtue of their public offices. Walker, the Committee said, had frequently been motivated "by improper and illegal considerations," had accepted large sums from contractors interested in municipal legislation, had stock holdings in firms with city contracts, and had in his first five years in office banked close to a million dollars. Sheriff Thomas M. Farley of the county was shown to have banked \$360,000 in seven years on a total salary of \$90,000. Sheriff James A. McQuade of Kings County deposited \$520,000 in six years on a net salary of less than \$50,000. Within a period of six years, James T. McCormick, Tammany leader in the 22nd Manhattan district, banked \$384,788 largely in illegal marriage fees by collected as deputy city clerk.<sup>26</sup> The average annual income of Tammany

leaders, during this period, according to an estimate of Dr. Joseph McGoldrick of Columbia University, was approximately \$100,000.<sup>27</sup>

Law enforcement was clearly imperfect. "The courts," stated the Wickersham Commission, "know that some of the prosecutors are crooked and the prosecutors know that some of the courts are crooked, and both know that some of the police are crooked, and the police are equally well informed as to them."<sup>28</sup> In 1926, the Commission said, "only four per cent of all felony cases in New York City resulted in convictions for the offenses originally charged, compared to 4.9% in Chicago, 17% in Cincinnati, 38.3% in rural New York State, and 60.7% in Milwaukee. "Even in New York," the Commission wryly added, "a great deal of useful aid is given to the prohibition forces."<sup>29</sup> Both the Wickersham and Seabury Reports brought the expected demands for reform and the traditional promises of improvement from City Hall, but to little effect. "The evidence before us," Seabury later said, "compels the conclusion that the much-heralded warfare on racketeers ended in a complete and abject surrender by the law-enforcing authorities in New York City."<sup>30</sup>

Meanwhile the racketeers prospered. Their most influential leader in the years following the demise of Fein was Arnold Rothstein. Rothstein, the son of a rich and highly-respected garment manufacturer, was a spectacular gambler who posted bail for each of the 11 gangsters and 23 union officials who were indicted following Fein's confession; none was convicted. Rothstein went on to become, as Daniel Bell wrote, "the financier of the New York underworld, the pioneer big businessman of crime who, understanding the logic of coordination, sought to organize crime as a source of regular income."<sup>31</sup> Acting as an intermediary between the banks and the racketeers,

at one time or another he financed or employed such celebrated racketeers as Irving ("Waxey Gordon") Waxler, Charles ("Lucky") Luciano, Jack ("Legs") Diamond, Frank Costello, Phillip ("Dandy Phil") Kastel, Abner ("Longy") Zwillman, Arthur ("Dutch Schultz") Flegenheimer, Louis ("Lepke") Buchalter and Charles ("The Gurrak") Shapiro. His operations were wide-spread: he was a receiver of stolen goods, a promoter of the illegal narcotics trade, the owner or financier of many gambling establishments, the intimate or consultant of many politicians or seekers after public office and, in brief, "the short term commercial banker for half the underworld of the United States."<sup>32</sup> But he had a specialty. "His main interest," Bell also wrote, "was industrial racketeering, and his entry was through labor disputes."<sup>33</sup> Under his guidance racketeers moved into a number of industries -- including the needle trades, trucking, entertainment, long-shoring and the culinary trades. By 1930, the New York World estimated, some 25 industries were wholly or in part under the influence of racketeers.<sup>34</sup>

Rothstein was murdered in 1928. His chief successors in industrial racketeering were Buchalter and Shapiro, who had been collaborating in the field for some years. In 1929 both were arrested from throwing acid on the stocks of clothing manufacturers, but were released without prosecution. They now became active in a number of industries in New York and New Jersey -- principally flour, baking and the garment trades. "These trades," wrote Stolberg, "were especially vulnerable because they all employed drivers and truckmen, 'outside workers' whom the gangster could easily intimidate.... After they had worked themselves into the trucking end of the industry, it was not hard for (Buchalter and Shapiro) to muscle into the industrial relations between labor and management. They offered

'protection' to the employers against labor trouble and some firms paid as much as \$10,000 a year not to have ... stink-bomb squads ruin their goods or wreck their premises. Then the racketeers would offer their services to local union officials for the settlement of any difficulties with the employers, whom they claimed, with some justice, to control. Business agents and other officials who couldn't see the light were beaten within an inch of their lives. 'Control' of the union could then be sold in turn to the employers."<sup>35</sup> It was a large and profitable enterprise, Buchalter and Shapiro employing as many as 250 collectors and enforcers and extracting between \$5,000,000 and \$10,000,000 a year from employers and unions.<sup>36</sup> "The magnitude of the operations of these racketeers," New York County Frank S. reported/District Attorney/Hogan, "and the brutal power they exercised over legitimate business was unprecedented in criminal annals."<sup>37</sup>

From 1929 onwards Buchalter and Shapiro underwent a series of trials for offenses ranging from industrial extortion to traffic in narcotics, but managed through acquittals, delays and fugitive action to avoid imprisonment until 1940. In that year both received life sentences on charges of extortion. Shapiro went to jail to serve out his term. Buchalter was turned over to the New York state authorities by the federal government to face a charge of murdering a minor garment industry employer, and was executed in 1944. It was the sole example in modern times of the capital punishment of a major underworld figure.<sup>38</sup>

Buchalter and Shapiro were the leaders of their kind; and there were none like them again in the brazenness and scale of their extortions. But they were creatures less of adventure and ability than of an unfortunate set of circumstances. Their chief success was in the New York

needle trades, the history of that industry illustrating as well as any the entrance that a proper combination of industrial, political and social conditions will give to the professional criminal. While, also, Buchalter and Shapiro had no true successors, the conditions which produced them never diminished to the point of tolerance. The politics of the city remained dubious in virtue, noted from time to time by graft in administration and bribery of the police, and always by what New York Judge John M. Murtagh called the 'turnstile justice' of the courts.<sup>39</sup> The reputation of Tammany Hall, briefly rehabilitated after World War II, was brightly re-tarnished by charges of fealty to Frank Costello, the alleged 'prime minister' of the American underworld. The needle trades, while considerably civilized by the efforts of the unions in cooperation with the best of employers, retained enough of their primeval habits and bad connections to ensure -- in one section at least -- the survival of the gangs. And on the New York waterfront the conditions of the industry, the greed of the employers, the adjustability of union leaders, the interests of politicians and the ineffectiveness of the law combined to produce the classic case in American labor history of the domination of a trade union by the forces of crime.

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CHAPTER III

THE NEEDLE TRADES

The New York needle trades -- centered around the men's clothing, headwear, fur and ladies' garment industries -- shared during the latter half of the nineteenth century and much of the twentieth some of the characteristics of the building trades, with added complications of their own. The average business unit was small, competition intense, profits generally low and the rate of business failures high. On the other hand, entry into the industry was easy, requiring little capital or equipment. Since equipment was cheap, wages were the most important cost item in production, and competition tended to be at the expense of labor.

A number of additional factors contributed to the marginal ethics of the industry. The labor force was composed largely of Central European immigrants, unused to the language and culture, even less welcome than the Irish, and prepared in many cases to work under almost any conditions. The protection of union conditions was also made harder by the common practice of "home work" performed by single or small groups of garment workers at low piece rates. But the peculiar contracting system was perhaps the principal factor contributory to corruption. Most primary manufacturers in the industry -- save those in the charge of large "inside" shops where all operations were conducted under one roof, or those engaged in expensive goods where high quality work was important -- contracted out the cut cloth to outside firms for sewing, finishing and pressing. The contracting system enabled the primary manufacturers, or jobbers, to bargain with the contractors, minimize their labor overhead and thus reduce their operating costs.

It also produced a savage competitive condition among the contractors

in many parts of the industry, driving them to various expedients to reduce costs and avoid the attentions of the needle trades unions. Unionization was often avoided by the establishment of small partnerships, or corporation shops, working for long hours at low return. The mobility of equipment and the increasing activity of the unions also produced a substantial migration of contractors into the suburbs and neighboring states -- often into small anti-union communities which offered them free rent, low taxes, and the cooperation of the local police in resisting the organizing efforts of the needle trades unions. Some employers also resorted to the underworld. It was not hard, at least in New York City, to engage the services of racketeers. As Joel Seidman wrote:

"The weakening of union control (after a major strike in 1926), the keen competition on a price basis, the traditional disorganization of the New York market, and the corrupt politics that held sway in that city combined to give racketeering a foothold in many branches of the garment industry in the metropolis. Though the amount of racketeering was not great, either in connection with manufacturers or in the unions, the complex situations from which it developed and the variety of forms that it took make an explanation desirable at greater length than the intrinsic importance of the subject would justify. It should be borne in mind ... that the practices described were exceptional rather than usual. That some gangsters had been connected with the industries in the past there seems little doubt, though proof is naturally difficult to obtain. In the early years of unionism in the industry, charges were made from time

to time that employers had hired gangsters or strong-arm men to keep pickets from their shops, or that unions had hired similar gentry to keep out strikebreakers. These charges, though exaggerated, were probably justified in some instances. The discovery was then made, in the needle trades as in other industries, that it was easier to hire hoodlums than to get rid of them afterward."<sup>1</sup>

The exaggerations persisted, but so did the facts. Time has lent credence to at least some of the charges, and proof to the belief that the influence of racketeers in the needle trades was both enduring and deep.

#### The Men's Clothing Industry

The first of the modern needle trades unions was the United Garment Workers of America. Founded in 1891, it was a combination of native American trade unionists -- mainly of Irish and German descent -- and Jewish socialists in the men's clothing industry. The UGWA affiliated with the AFL and for a few years conducted a militant and successful policy in New York. After an unsuccessful strike in 1896, however, the leadership of the union became more conservative, discouraged striking, advocated a policy of cooperation with the employers, and confined its activities mainly to the work clothes trade and the promotion of the union label. Discontent with the leadership of the union grew, reaching a breaking point in the Chicago strike of 1910 and the New York strike of 1912. Both strikes were conducted by socialist leaders, succeeded in gaining benefits superior to those demanded by the UGWA leadership, and firmly established the union in new sections of the industry. In 1914

the rebel socialists broke away from the parent organization and founded the Amalgamated Clothing Workers of America under the leadership of Sidney Hillman. Since the UGWA was an AFL affiliate, Gompers instructed the United Hebrew Trades -- an organization of Jewish immigrant workers in New York active in a number of industries -- to expel all local unions affiliated with the Amalgamated. The Hebrew Trades refused to do so, whereupon the AFL Executive Council asked its member unions to order their locals out of the Hebrew Trades. The Amalgamated then withdrew from the Hebrew Trades to make matters easier for other Jewish affiliates, and remained independent until the 1930's. After a series of battles with the UGWA the Amalgamated soon became the foremost union in the men's clothing industry.

The rise of the Amalgamated prompted some employers to engage in extra-legal methods to cut costs. Although less competitive than the ladies' garment industry, the men's clothing industry employed the jobber-contractor system; and while the highly-skilled cutters in the jobber establishments were usually organized, the less-skilled workers in the contract shops often were not. The contractors evidently brought in the racketeers; the Amalgamated, according to some sources, responded in kind.

"The most that can be said in mitigation of the Amalgamated's part in the entente of racketeers and labor," wrote Business Week, "is that it used them in self-defense. Employers used them first."<sup>2</sup> The primary responsibility of the employers was also attested to by Thomas E. Dewey during his days as a special prosecutor for the State of New York.<sup>3</sup>

"The Amalgamated," Business Week continued, "still in its organizational phase, would send delegates to an open shop to recruit for the union. The

employer would buy protection from the Jewish Mob. Amalgamated delegates would be beaten up, employees who showed an interest in the union terrorized.... It (the union) began to do business on its own with the Jewish Mob."<sup>4</sup> The Amalgamated denied the charges. As early as 1922, indeed, it had complained to the District Attorney of New York City of the use of racketeers by the employers.<sup>5</sup> It now rejected the claim that the ineffectiveness of the law had driven it to deal with gangsters. "The simple truth," wrote President Jacob Potofsky of the union in 1957, "is that neither Hillman nor the Amalgamated Clothing Workers of America ever trafficked or dealt with any underworld figure.... Hillman and his associates, at considerable personal risk, moved vigorously and effectively to eliminate them. They remain eliminated to this very day."<sup>6</sup> The responsibility of the international union in the matter is still in dispute and evidently not open to proof. The evidence concerning the link between some secondary leaders in the union and the underworld, however, is more substantial.

The systematic recruitment of gangsters, after the pioneering efforts of Fein, seems to have begun with Rothstein. The mercenaries were hired initially to terrorize prospective union members, molest union organizers and protect the shipment of non-union goods, with Rothstein arranging for police and political protection. "A clothing shop in the Bronx," Business Week said, "making a 'contract' with Rothstein, would announce a wage cut and declare it no longer recognized the Amalgamated. Disgruntled employees, Amalgamated members, would strike and set up a picket line. Rothstein thugs would appear and drive the pickets away with threats, if that was sufficient. If not, a few beatings would do the trick. The police were bribed not to interfere."<sup>7</sup> Buchalter now entered

the scene as the agent for minor Amalgamated officials. His men would perform as regular pickets and, when the Rothstein forces appeared, attack the invaders with fists or sticks; later on, as the forces on both sides grew, knives and guns were brought into use. Several additional services were allegedly rendered by Buchalter -- arson in the shops, tampering with elevator cables in loft buildings, the destruction of clothing stocks with acid, the forcing of trucks off the road, and the beating or murder of opponents. After the death of Rothstein, Buchalter's power increased, and he assumed -- in cooperation with Shapiro -- virtual control of the Jewish gangs in New York.<sup>8</sup> In the men's clothing industry he organized truck owners and self-employed drivers into a truckmen's association, raising the cartage price of garments and dividing the proceeds between himself and members of the association. He developed a proprietary interest in the industry, buying into a number of firms; and also became influential in the affairs of the clothing drivers' local of the Amalgamated.<sup>9</sup> Like other gangsters, he now served both sides.

In 1931 he moved to gain control of the strategic cutters' Local 4 of the Amalgamated. It was a natural corollary to his power in trucking. As Seidman said:

"The two points of control are ... the cutting-room and trucking. When the union is functioning properly, it checks the volume of goods cut with the volume received by inside and authorized contract shops, and learns from the truckers where the balance is being taken. If some of the cutters can be persuaded to send false figures to the union office, however, and if in addition the metropolitan politicians or police are bought off in

the performance of their duties, then indeed the business that receives gangster protection will prosper, and the union tailors and legitimate employers will suffer ...."<sup>10</sup>

In 1929 Abraham Beckerman, the manager of the New York Joint Board of the Amalgamated was forced to resign on charges of incompetence, although he was later implicated in racketeering operations. He was succeeded by Philip Orlofsky, an opponent of Hillman's and also the leader of Local 4. Orlofsky struck up an alliance with Buchalter, ceding effective control of the cutters' local to him. Buchalter now attempted to take over other Amalgamated locals, threatening a number of union officials with death unless they came over to his side, and establishing for a brief period -- in cooperation with Orlofsky -- the Independent Clothing Workers Union.

The Amalgamated intervened. Hillman attempted to obtain information on the alliance from officers and members of Local 4, but most of those approached refused to discuss the matter. After talks with a number of trusted employers on the timing of the action, Hillman then brought the issue into the open. In May, 1930, he instituted a routine inspection of the books of Local 4, discovering huge irregularities in them. The following month he called a meeting of all New York City local union executive board members and stated the problem to them. "We might as well be frank and outspoken here," he said, "and say out in the open what we have been saying to each other in private. What the New York market is suffering from more than anything else is the racketeering evil.... (It) is a struggle to determine whether the racketeers are going to control the working conditions and wage rates of the clothing workers of New York, or whether the workers are to do that themselves through their own organization. As

far as the organization is concerned, we are here to serve notice that we will fight the underworld to a finish."<sup>11</sup> Shortly afterwards, Hillman -- now under a 24-hour armed guard -- led a march of 300 union officials, industry representatives and prominent citizens to the steps of City Hall, there to petition Mayor Walker for help against the racketeers. He publicly recited to Walker the effects of underworld penetration of the industry, emphasizing the widespread unemployment of Amalgamated members because of racket-protected open shops around and outside the city, the assaulting of union pickets and the shooting of union officials, the cooperation given by some employers to racketeers, and the refusal of most witnesses to violence and racketeering to testify in the courts. "The gangsters boast," Hillman said, "that they are as strong as the government of the city ... we believe it is mere cowardly bluff. But they have issued their challenge to our industry and to the government of the city."<sup>12</sup> The Mayor was suitably surprised. "You mean," he interjected, "that they claim to have political influence?...any man or gorilla who says that he has any political influence in this city that will affect the Mayor or the Police Department is a liar ... that cannot be done."<sup>13</sup> Walker, before his own malodorous departure from office, did in fact provide support to the Amalgamated. A general strike in the industry was called in July, ostensibly against the industry as a whole but essentially against the protected shops. At Hillman's request, policemen from the Homicide Squad rather than from the suspect Industrial Squad were dispatched into the clothing district to protect the strikers. The strike also received newspaper support. "In such times," the New York Herald-Tribune stated editorially, "it is nothing short of criminal that thirty-odd thousand workers, as poor as this city's garment workers are,

should have been forced out on strike by a number of unscrupulous employers ... because some exploiters saw in the depression an opportunity to re-impose the sweatshop conditions of the last generation.... This situation is not criminal in the figurative sense only, for it has been made possible by an actual league between some employers and an underworld 'gorilla' organization, which league recently took on the aspect of a criminal racket...."<sup>14</sup> The strike was at least partially successful, a number of runaway shops being brought under union contract.

Hillman now moved against the cutters' local. On August 24, 1931, the General Executive Board of the Amalgamated met and filed charges against the officers of the local, stating that \$89,000 in special assessments had disappeared during the previous year, as well as \$60,000 in dues over a period of two years. It also charged the officers of Local 4 with 'scabbing' and coming to terms with open shop employers. Affidavits submitted in a subsequent court trial by Amalgamated officers and members also declared that Orlofsky had stolen the local's books and threatened members with death.<sup>15</sup> The accused officers refused to appear before the General Executive Board. The appropriate documents for trusteeship were then drawn up, and in the early morning of August 29 the then Vice-President Potofsky, in company with other union officials and Homicide Squad men, camped outside the offices of Local 4. At a pre-arranged time a motion for trusteeship was presented to and adopted by the Board. Potofsky was informed of the action, opened the door of the offices with a duplicate key, showed the occupants the trusteeship documents and barricaded himself and his companions inside the premises. The party was attacked in the afternoon by Orlofsky supporters, but managed to hold out until the arrival

of reinforcements from the international union. The ousted leaders of Local 4 sought an injunction against the Amalgamated but failed. All resistance soon ended and the international union remained in control. The union also took action against locals in the children's clothing branch in New York and against Newark Local 24.<sup>16</sup>

With this the influence of the underworld in the Amalgamated, and presumably in labor-management relations in the industry, ceased to be a major problem. The union remained concerned with it for some time, Hillman asking as late as 1940 for amendments to the Amalgamated's constitution giving the international union increased powers to provide safeguards against possible racketeer infiltration into the organization.<sup>17</sup> But Hillman stated at the time that he knew of no corruption in the union, and there have been no references to it since. During the 1930's and 1940's the industry became almost wholly organized and labor-management relations in it notable for their accord. The public record, at least, seems to be devoid of evidence on racketeering in the industry since 1931.



### The Fur Industry

The New York fur industry, during the 1920's and 1930's, was as susceptible as any in the needle trades to corrupt influences. "The fur business," Fortune observed, "is almost completely irrational from the trap to the shop window. It is a business of little candor, less security, and no statistics. It is a playground of speculators and individualists."<sup>1</sup> In manufacturing it was a skilled trade, performed largely by hand and resistant to mechanization. Entry into the industry was therefore extremely easy, the capital equipment for a small business costing less than \$100. Most shops were small, one-quarter having only one or two employees, one-half employing four workers or less. The industry was highly susceptible to changes in fashion, season and economic conditions; erratic in prices and prodigious in business failures; and desperate in its ethics. The small shops, a report of the National Recovery Administration stated, "do not keep books, shift rapidly from place to place, and lock their doors against inspection."<sup>2</sup> The many employers in the industry were fiercely competitive, secretive and suspicious of each other, and uncooperative in facing common problems; the industry, as a result, was "ridden with internal disputes, complacent in good years, despairing in bad ones, and ill-equipped to meet the competition of other industries for the consumer's favor."<sup>3</sup> The instability of demand for the industry's products yielded only four month's employment a year for the average fur worker; many employees thus took in home work, competing with the shops at low piece-work rates. The depression hit the industry particularly hard, the imports of fur dropping by 1932 to one-quarter, and the exports to one-third, of the 1929 levels. The industry's lowest ebb coincided with the boldest intervention of racketeers

in any of the needle trades.

The fur workers were the slowest of the needle trades unions to establish a permanent organization.<sup>4</sup> The first of the national unions, the International Association of Fur Workers (IAFW), received an AFL charter in 1904. In 1907 the Jewish fur workers in New York formed their own organization, the Jewish Furriers Union. There was cooperation between the two organizations during a lockout in 1907, but no merger took place. In 1908 the dominant German element in the Association disaffiliated from the IAFW, charging that the AFL was a corrupting influence, and in 1911 the Association disbanded. The Jewish fur workers, subjected to much worse working conditions than the German fur workers, continued their organizing efforts and succeeded in forming a number of locals which received federal charters from the AFL. In 1912 a general strike was launched in the industry and led, the following year, to the founding by the Jewish furriers of the International Fur Workers Union of the United States and Canada (IFWU). The new union absorbed the remnants of the German organization, and remained the dominant union in the trade until the late 1920's.

It had a violent history, complicated by internal disputes between communist and other elements in the union. The strike of 1912, according to Philip S. Foner, was accompanied by the systematic use of gangsters by the employers. "As the weeks passed without any sign of weakening on the part of the strikers, the employers changed their tactics. Hired gangsters and gunmen brutally attacked and slugged strikers on the picket lines, making no exception of women strikers, whom they beat cruelly. Young girls walked the picket lines and gathered in the strike halls with bandaged heads and mutilated faces.... A newspaperman at the strike hall reported

strikers being brought in 'whose clothes were hanging in tatters on them, the skin cut and horribly bruised from the bottles and iron bars with which they were attacked!... That the police authorities interfered openly on behalf of the bosses was common knowledge."<sup>5</sup> The New York Times was more restrained. The fur employers, it reported three days after the strike had begun, "will open their shops with strikebreakers without protection tomorrow. If any attempt is made to annoy the workers the Police Department will be called upon to protect them."<sup>6</sup> The police were brought in and there were subsequent reports of violence, particularly against women fur workers.<sup>7</sup>

The IFWU, again according to Foner, itself resorted to professional violence not only against the employers but also against the communist and other opponents of the conservative leadership of the union. "The gangsters did very well for themselves," Foner wrote. "They collected huge sums from the union for keeping the workers in check. And they exacted tribute from the employers for protecting their shops against militant workers.... Another source of income for the strong-arm men was the money they extracted from the non-union workers who paid weekly for permission to work in the shops. When these workers wanted to become members of the union they were forced to pay graft in order to get a book."<sup>8</sup> Gangsters were allegedly used freely in the 1920 strike of the IFWU, working for both the union and the employers, enforcing picket duty for the former and supplying strike-breakers for the latter. The strike ended in failure after 30 weeks, led to rebellion by communists against the IFWU leadership, and the eventual emergence of the rebels as the dominant force in the New York area.

The third major strike in the history of the IFWU took place in 1926. Gangsters/<sup>evidently</sup> now found a new employer. "In 1925," wrote Benjamin Gitlow, a former high official in the Communist Party of the United States, "we Communists took over the New York Furriers Union, through an alliance with leading gangsters and racketeers that had broken away from the notorious Kaufman machine, centering around Morris Kaufman, then the International President of the International Fur Workers Union.... The very gangsters who formerly had used knives and blackjacks against the Communists now protected them instead of protecting Kaufman ... we Communists, who had made the fight against gangsterism the main issue among the Furriers, had no qualms about making a deal with the gangsters, accepting their protection and services, including the most nefarious gangster activities, just as long as they controlled the union and dominated its affairs."<sup>9</sup>

"It appears," said Judge Mancuso in General Sessions when ordering a grand jury investigation of the strike, "that a group of strong-arm men and gangsters has been engaged by the union to commit assaults on workmen who refuse to join their unions or refuse to sympathize with them by joining their strike. These strong-arm men are ready to render services to either side."<sup>10</sup> The AFL Executive Council ordered an investigation of the strike by a committee under the chairmanship of Vice-President Matthew Woll. The committee reported charges of wholesale bribery of the New York police through an attorney "whose duty it was to buy members of the Police Department, the District Attorney's staff, the Industrial Squad and even all the officers in two stations so that the authorities would be on the side of the strikers."<sup>11</sup> Woll, in testimony before Magistrate Joseph E.

Corrigan at a court inquiry, said that Isidore Shapiro, the chairman of the furriers' New York Joint Board, had told him that the union had paid city policemen \$3,800 during the strike on a sliding scale ranging from \$250 a week for inspectors to \$20 a week for sergeants.<sup>12</sup> Other IFWU officials admitted the use of violence, while Ben Gold, the leader of the New York furriers, was frank about the use of police to beat up non-strikers. "If a man said he was going to scab," he reportedly informed Woll, "he got his. We made no secret of it."<sup>13</sup> The charges of the Joint Board's collusion with gangsters and police were supported some years later by Maurice L. Malkin, a former communist official of the IFWU; he informed a Congressional committee in 1939 that the communists borrowed \$1,750,000 from Rothstein to finance the strike, that Diamond and other gangsters worked for the union in New York, and that some \$110,000 was paid in bribes to policemen.<sup>14</sup>

The strike was successful, and greatly enhanced the prestige of the communist leadership of the Joint Board. Gold and 10 other New York members were arrested in 1927 for violence during the strike; most of those arrested were sent to jail, but Gold was acquitted and returned to the leadership of the New York furriers.<sup>15</sup> The AFL and the IFWU now established a new Furriers Joint Council to compete with the Joint Board. There followed a series of clashes between the two organizations, culminating in the secession of the communist-led group from the international union and the founding in 1928 -- in cooperation with dissident communist elements in the International Ladies Garment Workers Union -- of the Needle Trades Workers Industrial Union (NTWIU). Although the NTWIU made little headway in the women's garment field, it was dominant in the New York fur market by 1932. By 1937 it represented almost all fur workers in the city, but

meanwhile a major policy change had taken place. In 1928 the Red International of Labor Unions had adopted a policy of dual unionism, and the New York furriers had followed suit. In 1934 the policy changed to "boring from within"; the NFWIU opened unity negotiations with the IFWU and re-affiliated the same year against the protests of the AFL. Gold was elected manager of the New York Joint Council in 1934, becoming president of the international union in 1937. It was thus the communist leadership in the union which had to deal with the entry into the New York fur industry, at the invitation of the employers, of Buchalter and Shapiro.

Prior to 1932 the fur dressing trade was perhaps the most competitive section of the fur industry, the dressers competing sharply for the attentions of the suppliers of raw furs on the one hand and of the manufacturers and dealers on the other. In 1932, after three years of depression and heightened competition, the fur dressers formed two associations for the protection of their interests. The two organizations were the Protective Fur Dressers Corporation (PFDC), representing 17 of the largest rabbit skin dressing companies, and the Fur Dressers Factor Corporation (FDFC), representing 46 of the principal dressers of fur other than rabbit skin. "The purposes and functions of these two combinations," an FBI report stated, "were to drive out of existence all non-member dressing firms; to persuade all dealers to deal exclusively with members of their combinations...; to eliminate competition; to fix uniform prices by agreement; to set up a quota system whereby each of the different members received a certain percentage of the entire business handled by the members of the combination; to provide a credit system enforcing frequent periodic settlements and effectively blacklisting any dealer who for any reason would not

pay on settlement day. The objectives of this combination were ... effected by intimidation and violence of the most vicious character directed toward both the dressers who would not join the combine and the dealers who insisted on doing business with non-members."<sup>16</sup> All dealers and manufacturers were notified that their business in fur dressing should be conducted solely with association members designated in advance, that certain price increases would take effect immediately, and that all accounts must be settled in full at the end of each week. Non-conformists were subject to disciplinary measures. The associations set up a system of observers to detect shipments of furs to and from non-members of either association. Reprisals began with threatening telephone calls which, if unsuccessful, were followed by physical assault by squads armed with lead pipes and blackjacks, or by stench bomb and acid attacks on fur stocks, or by murder. Within two years the associations controlled between 80 and 90 per cent of the trade.

Their enforcers were Buchalter and Shapiro. The two gangsters were approached in April, 1932, by Abraham Beckerman, formerly of the Amalgamated Clothing Workers and now general manager for the Fur Dressers Factor Corporation. "I had been personally acquainted with (them)," Beckerman informed the FBI, "and accordingly I called one of them on the telephone and went up to see them.... I explained what the situation was; that there was a certain amount of organization work, meaning rough stuff, that would have to be done and inquired whether they were in a position to undertake it.... They told me they would take care of me."<sup>17</sup> The FDFC had already concluded a protective arrangement with Owney Madden, another gangster, but wished to dispose of it. Buchalter and Shapiro consulted with Madden

and agreed, in return for jurisdiction, to divide the initial fees the latter had received from the dressers. They then informed Beckerman they would work at first on a piece-work basis but wished to be retained eventually on an annual salary of about \$50,000 a year. In practice they were paid in various lump sums of \$2,000 to \$2,500 at a time. The money was provided directly by the FDFC or through the device of over-payments by the corporation to the National Fur Skin Dressing Company. Buchalter and Shapiro received a total of some \$30,000 for their services to the corporation. Similar arrangements were made with the PFDC.

Conflict now arose between the associations and the fur workers. Morris Kaufman, the former president of the IFWU, had become employed -- with two of his IFWU associates -- by the FDFC, which subsequently attempted to follow a policy of signing collective bargaining agreements with only AFL unions, resulting in violence between the corporation and the NFWIU. The break between the PFDC and the fur workers came during a meeting between President Samuel Mittelman of the corporation and Irving Potash, the secretary-treasurer of the NFWIU. Relations hitherto had evidently been cordial. Officials of the PFDC later testified that Gold and Potash had reached an agreement with the corporation to eliminate competition in the industry; the union was to receive a very substantial improvement in wages and in return -- with the assistance of a \$30,000 "organizing fund" provided by the employers -- would force non-member firms into the corporation through stench-bombs and threats.<sup>18</sup> Mittelman now introduced Potash to Shapiro, saying "You will have to deal with Mr. Gurrah, because Mr. Gurrah is the Protective."<sup>19</sup> Potash refused to talk with Shapiro and left. Shortly afterwards Morris Langer, an

organizer for the NFWIU, attended a meeting with officers of the corporation where he was informed that the union must cooperate with the corporation and asked to strike three firms which had refused to join the PFDC. Langer, like Potash, spoke strongly against the corporation's new policy; a few weeks later he was murdered. Gold, Potash and other NFWIU officers received threats to their safety, and on April 24, 1933, a group of Buchalter's agents staged an armed attack on the NFWIU's offices in which one gangster and two fur workers were killed and 15 fur workers wounded. Seven gangsters were sent to jail for the attack.<sup>20</sup>

Meanwhile, federal agents had been investigating the collusive arrangements in the industry. In November, 1933, a federal grand jury handed down three indictments.<sup>21</sup> The first charged the PFDC and 33 individual firms with anti-trust activities; the second charged the FDPC and 94 individuals and corporations with similar offenses. Buchalter and Shapiro were named in both indictments. Officers of the FDPC and the PFDC were found guilty and fined or sent to jail. Buchalter and Shapiro received prison sentences in both cases, forfeited their bail and became fugitives and were not convicted until later on other charges.

The third indictment in 1933 was against the NFWIU and its officers on anti-trust grounds. The indictment was left on file for seven years, then re-activated by the Department of Justice. A verdict of guilty was reversed on appeal.<sup>24</sup> The IFWU had meanwhile, under its new leadership, affiliated with the Congress of Industrial Organizations and become the International Union of Fur and Leather Workers with the absorption of the National Leather Workers Association. It was expelled from the CIO in 1949, went into decline, and in 1955 merged with the Amalgamated Meat

Cutters and Butcher Workmen, losing its communist leadership in the process.

#### The Headwear Industry

Modern trade unionism in the headwear industry began in 1896 with the formation in the men's headwear trade of the United Hatters of North America. In 1899 the United Hatters absorbed the United Hat Makers, a Jewish organization, and soon represented most of the employees in the men's felt hat trade in New York City and surrounding areas. The United Cloth Cap and Hat Makers was established in 1901, organizing in the next few years almost all cap makers in New York. Both unions subsequently moved into the millinery field and engaged in bitter jurisdictional rivalry for many years. In 1924 an agreement was reached whereby both unions would retain their basic jurisdictions and cooperate in organizing the millinery and other branches of the industry. The Hat Makers were the more successful of the two unions in millinery, and despite a subsequent jurisdictional award which gave the millinery industry to the United Hatters, remained the chief union in a lightly-organized field. Both unions merged into the United Hatters, Cap and Millinery Workers International Union in 1934. The Hat Makers, as a result, were the union most concerned with the problem of racketeering which had arisen in the millinery industry in the years before unity.<sup>1</sup>

The New York headwear industry is comparable in structure and market conditions to other branches of the needle trades. Conditions in the millinery trade during the 1920's and 1930's were particularly harsh. Style, then as now, was the basic factor in the industry. Some 26 per cent of annual production had to be sold during the two peak months around

Easter and Labor Day; one business in four failed every year; while half of all companies in the field probably lost money each year. Dollar sales in the industry from 1927 to 1933 dropped from \$209,000,000 to \$77,000,000 while total wages fell from \$47,000,000 to \$24,000,000. Mechanization cut the work force and increased productivity, but had little effect on sales. Changes in merchandising practices towards bulk buying also affected a sharp reduction in the prices of women's hats, but again did little to stimulate business. A survey of 200 firms in millinery showed that their average annual profit was \$534 in 1935 and \$149 in 1936. Further, in the late 1920's and the early 1930's neither the employers nor the unions in the millinery field were strongly organized. "For sheer cut-throat competition," wrote Fortune, "the ladies millinery manufacturers almost make the automobile dealers look like a pack of Quakers.... The millinery industry ... is entering its second decade of a seemingly permanent state of collapse."<sup>2</sup> It was an attractive field for racketeers.

The engagement of gangsters by headwear employers was known as early as 1904, but not until the 1920's did the underworld become an important factor in the industry. In most cases gangsters hired themselves out to employers as a protection against unionization, but on occasion they were hired by local unions or set up independent organizations. Their activities, for obvious reasons, were concentrated in the millinery field. The first open intervention appears to have taken place in 1927 when the wife and children of Nathaniel Spector, the manager of Millinery Local 24, were threatened because of Spector's attempt to organize a non-union shop. Spector appealed to the New York City police but received no assistance. In the same year Alex Rose, the secretary-treasurer of Local 24, received

a visit in his office from Orgen and Jack Diamond. Orgen stated that his organization was about to supply protection to some 35 manufacturers and had guaranteed to prevent any strikes or wage increases in return for a fee of \$100,000 a year. The millinery workers were at that time on strike against one of the protected employers, and Rose was ordered to call off the strike or face the consequences. Rose refused, his life being saved -- according to the Seabury report -- only because of the murder of Orgen soon afterwards. Orgen had evidently taken \$2,000 from the Chelsea Hat Company in return for protection, and \$50,000 from a group of painting contractors during a strike in 1927, against the wishes of Buchalter and Shapiro. On October 15, 1927, he was ambushed by them on a New York street and shot.<sup>3</sup>

In 1930, faced with a continuing decline in the economic status and ethical standards of the industry, a group of millinery manufacturers combined into the Women's Headwear Group and asked the Hat Makers for an agreement embracing all employers associated with the Group. The Union, although sceptical of the probable provisions of an industry-wide agreement in a time of depression, was in principle in favor of the proposal. The racketeers were opposed. They had become an influence in the key hat-blockers' Local 42 and had also set up two independent unions -- the Amalgamated Millinery Workers of America and the Millinery Workers of America. Their opposition threatened to undermine the efforts of the Women's Headwear Group and the Hat Makers to restore a measure of stability to the industry. "It was clear to them," wrote Charles H. Green, "that a collective agreement would greatly circumscribe their possible field of activity, for it would set up relatively uniform labor standards which

would have behind them the collective strength of the manufacturers as well as the collective strength of the union."<sup>4</sup>

The Hat Makers approached District Attorney Thomas A. Crain for help, but received unexpected treatment. Spector was called to Crain's office, ostensibly to arrange for his testimony before a grand jury hearing on the industry, but was presented with informal charges that his demands for a wage increase from a West Side manufacturer were in fact extortion. The Hat Makers thereupon called a mass meeting to protest against the charges, at which a resolution was adopted for transmission to Crain. "Should your office at any time decide," the communication stated, "to make a really sincere effort to rid the city of extortionists and criminals, we stand ready to assist you in every way possible."<sup>5</sup> No more was heard of the charge, but the District Attorney's office came under fire from the Seabury report on the millinery industry published the following year.<sup>6</sup> The report stated that a number of millinery manufacturers had accepted underworld protection against unionization; that the chief protector of the non-union shops after the death of Orzen had been Jacob ("Tough Jake") Kurzman, who received over \$10,000 a year for his services; that the New York City police had provided the District Attorney with ample information on racketeering in the millinery and 19 other industries -- including a list of millinery firms whose books had shown payments to Kurzman; but that the District Attorney had taken no effective steps against the underworld. Crain's actions had been so limited, the report said, that it was fair to conclude that "he has thrown up his hands and recognizes that, even with the cooperation of the police department, he has not been able to do anything of substantial value toward stopping the practice (of extortion)

or bringing these dangerous criminals to justice."<sup>7</sup>

After the publication of the Seabury report, President Max Zaritsky of the Hat Makers and President Jules Weil of the Women's Headwear Group asked Lieutenant-Governor Herbert H. Lehman to assist in obtaining joint action between the employers and the union on the problems of the industry. Raymond V. Ingersoll, a mediator appointed by Lehman, succeeded in arranging discussions which resulted in the first industry-wide contract in 10 years. Only the hat-blockers among the Hat Makers' locals stayed outside the agreement.

The Hat Makers now embarked on an anti-racketeer campaign throughout the industry. Zaritsky appealed to the New York City police, who had previously abstained from intervention in the disputes between the racketeers and the union, for assistance. "Manufacturers are terrorized and harassed," he wrote, "workers intimidated and threatened with bodily harm, officers of the union are shadowed by racketeers and their agents, and their homes visited by unknown persons.... I take the liberty of asking you to lend your assistance to our men and women who are willing and ready to combat the growing evil of racketeering and gangsterism in the millinery industry."<sup>8</sup> Lehman also asked the police to provide protection, and the police department agreed.

The campaign began in March, 1932, after the signing of the industry-wide agreement. A volunteer "Committee of 700" was formed by members of Local 24, and a "Unity Club" of friendly members of Local 42, for picket service in the garment district. Shortly after dawn on March 10, a picket line of 150 millinery workers assembled outside the Chelsea Hat Company, one of the larger protected shops through<sup>out</sup> the district, one officer visiting

the office of the independent Amalgamated and warning its officers to stay away from the picketed shops. Kurzman was also warned to stay out of the area. The news of police intervention spread quickly throughout the garment district, and by nightfall the Chelsea Hat Company and several other establishments had come to terms with the Hat Makers. On March 17 the Hat Makers declared a general strike in the millinery industry. They were supported by virtually all employees in the industry, and within a few days claimed that nearly all millinery shops in New York -- including the 31 establishments said to have been under the protection of racketeers -- were under contract to the union. "There is no longer," Zaritsky announced to the press, "a single shop in the industry under the influence of racketeers...."<sup>9</sup>

The conquest of the open shops was followed by the dissolution of the independent racket unions. Only one redoubt remained. Local 42, influenced by gangsters, had maintained its opposition to industry-wide agreements. Max Golden, the leader of Local 42, had ordered all unionized blockers working in 12 shops employing non-union women trimmers to stay at work during the general strike. After the strike he was formally charged with disloyalty to the union and the charter of the local was revoked. A rumor then arose that Golden had approached Buchalter and Shapiro and offered them \$25,000 for protection against the Hat Workers. Abraham Mendelowitz, a vice-president of the Hat Makers, obtained an interview with a representative of Buchalter's, reporting afterwards only that he had persuaded the Buchalter organization that "it would not be worth its while to move in on the millinery field. The members would fight too hard."<sup>10</sup> Deprived of Buchalter's assistance, Golden led the remainder of his members

into the United Hatters, but lost office when the 1934 merger took place. There is no public record of gangster influence in the union or the industry since that time.

#### The Ladies' Garment Industry

The International Ladies' Garment Workers' Union (ILGWU) was founded in 1900, with a membership of a few thousand concentrated mainly in New York City. Because of the ethnic combination of native Americans in the more highly skilled trades and immigrants in the less skilled trades, the union followed for some time a policy of formal socialist ideology and conservative trade union methods. The effective leadership of the union was in the hands of the conservatives, many of whom had close links with Tammany Hall, and who had little taste for the more militant policies of the socialists. The weakness of the union's leadership, combined with the depression of 1904, brought about a decline in the strength of the ILGWU, with a subsequent increase in the influence of the more militant groups in the affairs of the union. In 1907 the ILGWU experienced its first successful strike, this among the children's cloakmakers and reefermakers. Then, in 1909, came the walkout to be known as "The Uprising of the Twenty Thousand," a near-spontaneous strike among women employees in waist-making and dress-making, followed in 1910 by "The Great Revolt" among the cloakmakers. These strikes laid the foundation for the modern ILGWU, which by 1912 claimed over 50,000 members in New York City and continued to grow until the 1920's.<sup>1</sup>

International politics now complicated the internal affairs of the union. The socialists, firmly in control of the ILGWU by 1920, became

deeply divided over the Russian revolution. The sympathizers, or "left-wing" socialists as they were called, welcomed the partnership of native Communists in union affairs, and helped the Trade Union Educational League -- a Communist-led federation rival to the AFL -- to gain control over the New York Joint Board of the ILGWU. The Board was already at odds with the international union on the grounds that it was underrepresented at ILGWU conventions; now, with the Communists in control, it made an open break with the "right-wing" socialist leadership of the international union.

With the lifting of the depression of the early 1920's, the ILGWU proposed a "New Program" for the industry calling for greater industrial efficiency, higher standards in competition, a 40-hour week, a minimum work-year of 32 weeks and -- most important of all -- for the assumption by the jobbers of the responsibility for the maintenance of union standards in contract shops. The purpose of the last demand was to limit the number of contractors any one jobber could employ and thus to eliminate runaway contractors and the sweat-shop. A Special Advisory Committee appointed by Governor Al Smith of New York reported in favor of the union's position in both 1925 and 1926, with the one reservation that managerial prerogatives be protected by allowing any employer to discharge up to 10 per cent of his employees in any one year.<sup>2</sup> President Morris Sigman of the ILGWU recommended that the Committee's report be accepted as a basis for negotiations. The inside manufacturers agreed, but -- for varying reasons -- the jobbers and the Communists within the union did not. On July 1, 1926, the New York Joint Board called a general strike in the New York cloak market.

The strike was a disaster for the union. It lasted 26 weeks, cost some \$3,500,000 in union funds of which some \$1,000,000 was never accounted for, resulted in an unfavorable settlement for the strikers and the loss of half the cloak trade ILGWU membership, and split the union. It also marked the boldest intervention to date of the underworld in the industrial relations of the industry.

The employment of professional thugs in the garment industry, as already noted, began at least as early as the days of Fein. The responsibility was diffuse. In 1914, a private detective by the name of Max Sulkes organized an independent union known as the International Ladies Garment Workers of the World and described by Stolberg as "an outright racket designed to provoke violence and corruption."<sup>3</sup> The use of gangsters by employers to curb unionization seems to have been encouraged by the growth of the labor force in the industry -- largely due to the influx of Italian and Latin American immigrants -- and the spread of the industry into parts of the country hitherto unorganized. Elements in the ILGWU seem to have responded in kind. An investigation of the union by the New York District Attorney's office produced the indictment of five ILGWU officials "for hiring thugs to terrorize employers and workers,"<sup>4</sup> although the defendants were acquitted. Other evidence of ILGWU activities of this character came from a leader of the Communist element in the garment trades. "We savagely attacked the entrenched trade union officials," wrote Benjamin Gitlow, "for resorting to the services of professional gangsters and drew a bitter moral that this was the morass into which reactionary leadership was leading the honest trade unionists, but when we hired gangsters and resorted to gangster methods, we pointed with pride

to the heroic achievements of the rank and file, glorying in the revolutionary upsurge of the class-conscious masses."<sup>5</sup> The recruitment of professional enforcers by the Communists has been denied by Charles S. Zimmerman, then the Communist leader in the Joint Board and now a vice-president of the ILGWU. "We did not need them," he says. "We had enough of our own."<sup>6</sup> The use of indigenous militants in violence, and the subsequent careers of some of them, has been recorded. "As could have been expected," wrote Melech Epstein, "some of the young men, used as shock troops in the strikes, preferred to continue living on their nerves and knives.... A number of the gangsters who later terrorized the unions and employers were sons of honest garment workers who were either demoralized by the easy money of the prohibition era or by living off the unions during the strikes or drives."<sup>7</sup>

"The employers," wrote Stolberg of the 1926 strike, "...had their full complements of gangsters, and the Joint Board fought back with professional gorillas. The employers hired the Legs Diamond gang and the Joint Board hired Little Augie. Later it was discovered that both gangsters were working for Arnold Rothstein.... But the inexperienced (Joint Board) leadership finally lost control over its strong-arm men, who engaged ultimately in factional warfare. The Right met gangsters with gangsters."<sup>8</sup> The Joint Board now sought the services of Rothstein to end the strike. "In their efforts to get together with the employers to settle the strike," Stolberg said, "the leaders of the Joint Board soon discovered that many manufacturers and jobbers were doing business directly with Arnold Rothstein.... Rothstein in turn was in touch with the Communist party, which dealt with him precisely because of his great

power in the industrial underworld. In short, since the Communist party leaders wished to settle with the employers over the heads of the International administration, the whole set-up forced them to deal through underworld channels."<sup>9</sup> The role of Rothstein in the strike was later affirmed by New York District Attorney Joab H. Banton after examining, in 1929, the late gangster's private papers.<sup>10</sup> With the intervention of Rothstein as arbitrator the gangsters disappeared from the picket lines, and the Joint Board signed an agreement with the manufacturers on terms less favorable than those recommended by the Mayor's Special Advisory Committee. The international union intervened, removed the Communist officers of the Board and, early in 1927, settled with the contractors and jobbers on slightly better terms than those acceded by the manufacturers. It was a hollow victory. The strike has stripped the union of its financial resources and severely reduced its numbers, morale and influence in the industry. It was poorly equipped for the adversities to come.

The gangsters remained, their presence guaranteed by the simplification in style of women's clothing. The resultant economies of production and the multiplication of shops increased competitive pressure among the employers and intensified their open shop tactics; they also strained the policing resources of the union and led to disciplinary measures against the employers by some ILGWU officials which did not "look well on the books."<sup>11</sup> The great depression brought new misfortunes. Still weak from the reverses of 1926, the ILGWU sank to one-third of its pre-strike membership through unemployment and suffered a decline in wages in working conditions among those still at work. In 1932 the ILGWU was

able to negotiate a number of agreements relating to union conditions in contract shops, but was also forced to accept a 10 per cent wage cut. The weakness of the union and the increasing migration of employers out of New York in search of cheap labor produced a general decline in the industrial relations of the industry. Such collective agreements as were in force, Max Danish wrote, tended to be honored "less in observance than in breach."<sup>12</sup>

Only the racketeers prospered. In July, 1930, Secretary-Treasurer David Dubinsky of the ILGWU asked local law enforcement officers for help in eliminating gangster activities which, he said, had taken on impetus following a successful dress strike earlier in the year. Dubinsky charged that racketeers were taking some \$2,000,000 a year from employers either by providing protection against unionization or by posing as ILGWU representatives and extorting under threat of harassment. The union then submitted to the District Attorney the names of 20 employers who had allegedly paid \$100,000 during the previous year to one or another of the 12 gangs said to be active in the industry. Some employers' organizations denied the charges, saying that the union was attempting to discredit them for organizing purposes. "It is very plain," the ILGWU replied, "that these employers have been easily intimidated. They would rather accuse the union than the racketeers... As a matter of fact, the list ... was equally divided between union and non-union employers."<sup>13</sup> The Association of Dress Manufacturers, alone among the employers' organizations, conceded that it had received complaints of racketeering activities from some of its members, but claimed that the amount of money paid over had not been large. The efforts of the ILGWU and friendly employers,

however, brought about no appreciable change in the situation. The racketeering continued, and the strength of the union declined. "Neither you nor I," said the newly-elected President Dubinsky in 1932 to the union's General Executive Board, "can underestimate the burden of assuming the leadership of a union bled white in recent years.... Our union is at a low ebb, its very life may be uncertain..."<sup>14</sup>

The New Deal saved the union. The enactment in 1933 of the National Industrial Recovery Act, which affirmed the right of unions to organize under the protection of the federal law, prompted a major campaign by the ILGWU to recoup its strength. The membership of the international union rose from 40,000 in 1932 to some 200,000 in 1934; while the industry codes developed by the agencies of the National Recovery Administration introduced a measure of stability in wages, prices and working conditions in the ladies' garment industry.<sup>15</sup> The NIRA was declared unconstitutional in 1935 and the NRA ceased to exist; but the disciplinary measures of the codes were largely retained in the industry by negotiated agreements between the employers and the ILGWU. One result of the NIRA and its successor condominium in the industry was the adoption of a less hospitable attitude on the part of employers toward the regulatory activities of the racketeers. The latter had, as Daniel Bell wrote, "played a stabilizing role by regulating competition and fixing prices. When the NRA came in and assumed this function, the businessman found that what had once been a quasi-economic service was now pure extortion, and he began to demand police action."<sup>16</sup> The result was a degree of labor-management cooperation against the racketeers unknown in previous times.

The effort was not altogether successful. In 1934 the general

counsel for the Dress Code Authority of the NRA charged "that eight large manufacturers and jobbers of women's dresses were employing racketeers in a program of intimidation and violence against certain manufacturers who had filed claims before the Impartial Chairman of the Industry and who were threatened with violence unless the claims were settled or withdrawn, and also for the purpose of forcing their employees, particularly cutters and shipping clerks, to work long hours overtime, in violation of the Code."<sup>17</sup> Buchalter and Shapiro were named in the charge, but continued their depre-dations on the industry until the late 1930's. In 1937, also, James Fluseri and John DiGuardi, two well-known racketeers, were arrested for extortion from garment industry truck owners and for forcing the latter into employer associations; a number of employers were also arrested for violence against union representatives, one of them being named by Dewey as the chief collector for Buchalter and Shapiro. In 1944 the United States Department of Justice brought suit against two garment trucking associations charging them with "conspiracies to control and restrict and monopolize the channels through and the terms on which deliveries of dresses, cloaks and suits are made for the metropolitan garment industry," with maintaining trucking rates at high and uneconomic levels and with the use of "violence and threats of violence" to enforce their will.<sup>18</sup> A similar suit was instituted in 1951.<sup>19</sup> In both cases the defendants escaped with light fines or promises of good behavior.

A further outbreak of violence took place in 1948 with a number of assaults on ILGWU officers. The union charged that racketeers were again being brought into the industry by open-shop employers in reprisal against the ILGWU's efforts to complete the organization of the New York

area; some manufacturers conceded at the time that there had been a "pronounced rise" in racketeering in the industry since World War II.<sup>20</sup> The ILGWU began a series of stop-work protest meetings, Dubinsky charging that the current challenge to the industry was as serious as that presented 15 years before by Buchalter and Shapiro. The union campaign resulted in violence against ILGWU pickets, the union attributing it to "non-union truckers seeking to protect open-shop manufacturers against organization."<sup>21</sup> Some employers, in turn, alleged that the ILGWU itself was responsible for bringing "strong-arm" men into the industry.

The violence continued. The following year William Lurye, an ILGWU organizer active in the campaign against the open shops, was murdered. In protest a mass stoppage of 65,000 garment workers was called, Dubinsky openly charging a number of dress manufacturers with having hired three gangsters to kill Lurye. Two men, Benedict Macri and John Guisto, were identified as Lurye's assailants, but Guisto disappeared and Macri was acquitted for lack of corroborative evidence. "Lurye's associates," District Attorney Hogan said, "would not or could not shed any light on the murder, although they were in the immediate vicinity when the crime was committed."<sup>22</sup>

"The first choice a New York dress manufacturer has to make, outside the high fashion field," the New York Herald-Tribune reported in 1958, "is whether he wants a racketeer as partner, creditor or competitor. No matter which way he turns, he will probably have a racketeer as his trucker."<sup>23</sup> The methods of the underworld in the industry included the dividing of business among favored employers, the exaction of interest-free "loans" from businessmen, the keeping of double sets of accounts to

conceal income not only from the garment industry but from shadier enterprises, the payment of wages on one garment price but the sale of the garment at another, the cutting of wages -- particularly those of Puerto Rican and Negro workers -- in protected shops, the theft of styles and the destruction of competitive stocks, and the feeding of contract work out to Pennsylvania shops allegedly protected by the Mafia. Convictions on any count were almost non-existent, the immunity of racketeers being due not only to the scarcity of willing witnesses but also to their links with leading underworld figures through blood, marriage or business partnership. Five men with criminal backgrounds or connections, the Herald-Tribune said, had a direct interest in trucking firms representing at least 10 per cent of the billion-dollar annual volume of business in dress trucking, and an indirect interest in firms controlling some 20 per cent of the garment industry as a whole. The ILGWU, it was noted, faced enormous problems in enforcement since -- because of the mercurial nature of enterprise and employment in the industry -- it had to organize 200,000 new members and 600 shops a year simply to maintain its strength; but the union did not escape criticism, and was attacked for lethargy in eliminating racketeers, for neglecting the problems of Negro and Puerto Rican workers, and for authoritarian methods in administration. Both the union and the employers were accused of failing to cooperate fully with law enforcement agents. "Experience teaches us," Hogan said, "that racketeers cannot exist if business men and labor leaders will cooperate with law enforcement officials. Apathy, fear and self-interest have deprived us of that cooperation."<sup>24</sup>

"All we can do," Dubinsky said, "is strike them. It is up to the government to put them in jail."<sup>25</sup> There were, of course, other actions to be taken. The ILGWU had been troubled for some time with the acceptance or solicitation of bribes from employers on the part of some of its accountants and minor officials in return for a concealment of payments due to the ILGWU's welfare fund or for lax enforcement of the union's contract, and had taken disciplinary action against the offenders.<sup>26</sup> The ILGWU had also cooperated with law enforcement officials in the prosecution of dishonest union officials and racketeers, although it sometimes felt forced to regard the sources of intelligence it had on industrial malpractices as privileged. In other matters it found intervention difficult; the garment truck drivers' Local 102, for example, remained for years under the influence of racketeers because the union believed that any ILGWU official sent in to reform the local would be murdered.<sup>27</sup> The union, indeed, was stated to be paying the price for the underworld protection it had hired a generation before, now being forced to tolerate inferior conditions imposed by racketeers who had graduated from enforcement to management.<sup>28</sup> The ILGWU, however, continued its attack on the open shops. In 1959 it conducted a general strike in the industry, succeeding in bringing under contract a number of shops controlled by racketeers, particularly in Pennsylvania. The strike was followed by a nation-wide union label campaign and an appeal to both federal and state authorities for their help in ridding the industry of underworld influences. The union was supported by the New York Times, which praised the "exceptional influence" of the union and the "ethical leadership" of Dubinsky in an industry "which has given notorious racketeers a high yield area in

which to operate."<sup>29</sup> The burden of the evidence was that racketeering in the industry was an enduring problem, remediable only by degrees. There have, at least, been no reports of its demise.

## FOOTNOTES -- CHAPTER III -- THE NEEDLE TRADES

1. Joel Seidman, The Needle Trades (New York: Farrar and Rinehart, Inc., 1942), p. 189.
2. "Labor Violence and Corruption," Business Week, August 31, 1957.
3. Loc. cit.
4. Loc. cit.
5. New York Times, December 21, 1922. I am indebted to Professor Philip Taft for this reference.
6. Business Week, September 28, 1957.
7. Ibid., August 31, 1957.
8. Federal Bureau of Investigation, Report I.C. 60-1501. Also New York Times, August 10, 1937; August 13, 1937; and January 17, 1940.
9. People v. Buchalter, 289 NY 181 (1941).
10. Seidman, op. cit., p. 191.
11. Advance, June 26, 1931. On this episode in general see Matthew Josephson, Sidney Hillman - Statesman of American Labor (New York: Doubleday and Company, Inc., 1952), Ch. 14.
12. New York Times, June 26, 1931.
13. Loc. cit.
14. New York Herald-Tribune, August 2, 1931.
15. See the affidavits of Sidney Hillman, Joseph Schlossberg, Irving Weinzwieg and Sempel Bilus, Kluft v. Hillman, New York County Court House, Index #28488-1931.
16. Affidavit of Joseph Schlossberg, loc. cit. Also Advance, July 10, 1931; September 4, 1931.

(Footnotes -- Chapter III cont.)

17. Proceedings, Thirteenth Biennial Convention of the Amalgamated Clothing Workers of America, 1940, in Documentary History, ACWA, 1938-40 (New York: Amalgamated Clothing Workers of America, 1940), pp. 380-82.

The Fur Industry

1. "Furs," Fortune, January 1936, p. 66.
2. Report of the Special Commission on Wages and Hours in the Fur Manufacturing Industry, National Recovery Administration, Division of Review, Work Materials No. 6 (Washington: 1935), p. 13.
3. Victor R. Fuchs, The Economics of the Fur Industry (New York: Columbia University Press, 1957), p. C2.
4. There is no scholarly history of trade unionism in the fur industry available. The principal work in the field is the voluminous but extravagantly biased account by Foner. Phillip S. Foner, The Fur and Leather Workers Union (Newark: Nordan Press, 1950). See also Seidman, op. cit., passim; and Benjamin Gitlow, I Confess (New York: E. P. Dutton and Co., 1939), Chapter 10. For another pro-communist account similar to Foner's see Jack Hardy, The Clothing Workers (New York: International Publishers, 1935), passim.
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6. New York Times, June 23, 1912.
7. Ibid., August 1, 1912.
8. Foner, op. cit., pp. 83-84.
9. Gitlow, op. cit., pp. 343-4.
10. New York Times, April 6, 1926.

(Footnotes -- Chapter III cont.)

11. Ibid., January 14, 1927.
12. Ibid., April 7, 1927.
13. Loc.cit.
14. New York Times, October 14, 1939. On violence in the fur industry, see Investigation of Communist Infiltration into the Fur Industry, Hearings before a Special Sub-Committee of the House Committee on Education and Labor, 80th Cong., 2nd sess. (Washington: 1948), passim. For a communist version of racketeering in the industry see the testimony of Ben Gold, ibid., p. 307.
15. New York Times, April 12, 1927, et. seq.
16. Federal Bureau of Investigation, Report I.C. #60-1501, p. 9.
17. Ibid., p. 10.
18. New York Times, October 28, 1936.
19. Ibid., October 30, 1936.
20. Ibid., November 12, 1933.

#### The Headwear Industry

1. On the history of trade unionism in the headwear industry see Charles H. Green, The Headwear Workers - A Century of Trade Unionism (New York: United Hatters, Cap and Millinery Workers International Union, 1944); Donald B. Robinson, Spotlight on a Union - The Story of the United Hatters, Cap and Millinery Workers International Union (New York: The Dial Press, 1948); Joel Seidman, The Needle Trades, op. cit., esp. Ch. VII.

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3. See Burton B. Turkus, Murder, Inc. (New York: Farras, Strauss and Young, 1951), pp. 336-7.
4. Green, op. cit., p. 117.
5. Robinson, op. cit., p. 165.
6. The full text of the Seabury report on the millinery industry is found in the New York Times, September 1, 1931. See also Seidman, op. cit., pp. 194-6.
7. New York Times, September 1, 1931.
8. Robinson, op. cit., p. 169.
9. New York Times, March 21, 1932. For an additional account of the millinery district campaign see Proceedings, United Cloth Cap and Hat Makers' Convention, 1933, pp. 17-18.
10. Robinson, op. cit., p. 174.

#### Ladies Garment Industry

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2. Report of an Investigation, Governor's Advisory Commission, Cloak, Suit and Skirt Industry (New York: 1925); Final Recommendations, Governor's Advisory Commission, Cloak, Suit and Skirt Industry (New York: 1926).
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4. Ibid., p. 94.

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6. Interview with the author, September 27, 1961.
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9. Stolberg, Tailor's Progress, op. cit., pp. 138-9.
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14. Danish, op. cit., p. 70.
15. See Report of the Commission for the Coat and Suit Industry, National Recovery Administration, Division of Review, Work Materials No. 10 (Washington: 1935); The Dress Manufacturing Industry, National Recovery Administration, Division of Review, Evidence Study No. 9 (Washington: 1935); The Cotton Garment Industry, National Recovery Administration, Division of Review, Evidence Study No. 8 (Washington: 1935); The Children's Wear Industry, National Recovery Administration, Division of Review, Evidence Study No. 20 (Washington: 1935).
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19. U.S. v. Cloak and Suit Trucking Association, Case 1078 and U.S. v. Garment Truckmen's Association of New Jersey, Inc., Case 1079, in The Federal Anti-Trust Laws (New York: Commerce Clearing House, 1952).
20. New York Times, September 22, 1948.
21. Ibid., September 26, 1948.
22. Report of the District Attorney, County of New York, 1949-54 (New York: 1954), p. 130.
23. New York Herald-Tribune, June 22, 1958.
24. Ibid., July 1, 1958.
25. Loc. cit.
26. New York Times, April 5, June 22, and July 16, 1957. See also Proceedings, ILGWU Convention, 1956, pp. 22-3, 271.
27. Interview with David Dubinsky, September 27, 1961. See "The Ghost of Lepke," Fortune, September 1952, pp. 70-73.
28. Lester Velie, "Gangsters in the Dress Business," Readers' Digest, July 1955, pp. 59-64. See New York Times, August 2, 1957, for a charge that Dubinsky had used Dioguardi as an agent about 1950; and Justice, August 15, 1957, for Dubinsky's affidavit denial of the charge before the U.S. Senate Select Committee on Improper Activities in the Labor or Management Field.
29. New York Times, July 22, 1958

CHAPTER IV

THE WATERFRONT

The port of New York is rich in assets. It has a great natural harbor, deep-water and relatively free from maritime hazards, fed by navigable rivers and a conflux of railroads and highways. It has some 900 piers, quays and wharves on a waterfront over 700 miles long. It is surrounded by the heaviest urban concentration in the United States and served by the country's chief banking and commercial institutions. It is host to more ocean, coastal and inland maritime traffic than almost all other American ports combined and is, probably, the leading trading center of the world.

The natural advantages of the port, however, have never been matched by its artificial facilities. Its piers are old, often too narrow to accommodate the heavy trucks used in waterfront cartage. They are often isolated from railroad terminals, and have few direct or cross connections with the main trunk lines feeding the port. The conditions are worst on the West Side of Manhattan Island, the chief place of call for ocean-going vessels and the busiest section of the harbor. Not one railroad terminal adjoins the piers. Trucks arriving at the waterfront, unable to use the piers, choke the narrow streets of the West Side slums. The piers themselves are narrowly spaced, often unable to accommodate both liners and the lighters used for unloading.

The congestion is costly. The movement of cargo on to the piers is

slow. Loading from the piers to trucks and trains involves the uneconomic use of men and equipment. When unloaded into lighters, cargoes must often be sent by water to other, more accessible piers. The result is that longshoring is the single most important cost item for shipping and other companies using the piers. For shippers it exceeds the expense of maintaining vessels in harbor. For truckers the crowding of the streets is a major financial burden, lengthening delivery schedules and increasing the wage bills of drivers and helpers. Profits for shipowners thus depend on a quick turn-round of ships, for truckers on their place in the line. The problem is time, the incentive to minimize the costs of the waterfront labor force. The history of longshore unionism in New York is largely that of the accommodation of the employers and the indulgences of union officials at the expense of the working longshoreman.<sup>1</sup>

Longshoring is primarily a manual occupation, modest in its demand for skill, harsh in its physical toll, second in danger only to mining.\* It is basically a casual trade, highly susceptible to shipping schedules, the weather, seasonal variations in business and the vagaries of international politics. The industry therefore tends to attract those accustomed

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\*The operations on a pier embrace the transfer of cargo between the hold of a ship and the pier; the checking of cargo on the pier; the protection of the cargo and the pier; the transfer of cargo to and from lighters, trucks and trains; and the maintenance of the pier. Longshoremen perform the loading operations under the immediate supervision of gang or hatch bosses; hiring bosses or foremen hire the longshoremen; dock bosses hire the checkers of the cargo; watchmen guard the piers and are hired by head watchmen or roundsmen; additional work around the pier is done by extra labor; pier superintendents are in general charge. Most shipping companies, at least until recently, did not have their own longshoring crews, but contracted with stevedoring companies. Both shipping and stevedoring companies belong to the New York Shipping Association.

to menial work, low wages and uncertain working conditions.<sup>2</sup> For a hundred years the New York waterfront has been a haven for immigrants -- from legal entreees to ship jumpers -- who are anxious for work, willing to please and often suspicious of public authority. The first major immigrant group was the Irish, who as late as the 1880's comprised some 95 per cent of the longshore work force. They were a clannish group, detested by the native born and barred by prejudice from more congenial occupations, rough in their ways and jealous of intruders. "The West Side was a community," Daniel Bell wrote, "with the men living near the piers, in Chelsea and in the brownstone strip between the Tenderloin and the river. The saloons and parish houses bounded their lives. They rarely moved away. They lived as an isolated mass against the other ethnic masses in the city."<sup>3</sup>

The Irish were followed by the Italians who, moving mainly to Brooklyn, comprised by 1912 one-third of all New York longshoremen. Resented as much by the Irish as the older stock, they were first used as strike-breakers, then recruited in large numbers to discourage the outbreak of labor disturbances. "The employment of Italians proved so advantageous," wrote Charles B. Barnes, "that, as soon as the wedge was in, the opening for them was certain to become wider and wider. The tremendous annual increase of unskilled labor by immigration, the eagerness of the Italians for work, their willingness to submit to deductions from their wages, leaving a neat little commission to be divided among foremen, saloon keepers, and native bosses -- all these considerations insured the permanence of the Italian in longshore work."<sup>4</sup> Then, in successive if smaller contingents, came the / Yugoslavs, the Poles, the Negroes and other minorities. Many of them were illiterate, most of them unskilled, all of them poor and desperate for

work. They were easy prey for the powerful and dishonest on the waterfront.

Trade unionism in New York longshoring dates effectively from the 1880's with the formation of the Longshoremen's Union Protective Association. The IUPA was not a strong organization, and was challenged in the 1880's by the American Longshoremen's Union founded by Edward McHugh, an emissary from / the British dock workers. McHugh, however, became deeply involved in politics and supported Henry George in his campaign for mayor of New York City in 1886; following George's defeat McHugh returned home and the AIU collapsed. After a brief incursion on the waterfront by the Knights of Labor in the 1890's, the IUPA was revived in 1898 and soon came under the control of Richard Butler, a longshoreman and Democratic politician. Butler, a protege of Devery and sometime associate of Parks and Brandle, was a versatile man who claimed to have invented the "ten-to-one" voting system in his race for the New York Assembly in 1902. "Up till then," he told his biographer, "repeaters were content to drop two ballots at a time, but I realized I had to do something drastic to win.... We folded the ballots in sets of ten, dampened them with water...(and)...pressed the bundles of ten until they were thin enough to slip through the slit in the ballot boxes."<sup>5</sup> Butler was an innovator in another matter, launching the tradition of personal bargaining with employers and political chiefs which was to distinguish longshore industrial relations for more than a generation.

In 1892, meanwhile, a lumber handlers' union was started on the Great Lakes, assuming in 1894 the title of the International Longshoremen's Association. In 1914 the IIA absorbed most of the IUPA, T. V. O'Connor of the IIA being elected president of the merged organization, Butler becoming vice-president in charge of the Atlantic District of the union.

O'Connor and Butler shared effective control of the IIA with Paul Vacarelli, otherwise known as Paul Kelly, a former prize fighter and minor criminal. Vacarelli was the leader of the garbage scow trimmers and, like Butler, a local politician and saloon keeper. He contributed to the early influx of criminals into longshoring, his saloon becoming the haunt of such criminals as Zelig and Monk Eastman; in later years he became violently involved in the affairs of other unions and allegedly engaged, through his control of the garbage scows, in the rum-running trade during Prohibition.

The triumvirate was an unstable one, and in 1917 Butler challenged O'Connor for the presidency of the IIA. Butler was supported by Vacarelli, Mayor Hylan of New York and several underworld figures. One of the latter was Albert Marinelli, who later associated with Luciano, engaged in bootlegging, and became the first Italian district leader of Tammany Hall; another was Arnold Rothstein, who contributed \$1,500 to Butler's campaign. Butler lost narrowly after Vacarelli switched sides, ran and lost again in 1919, then led a strike in protest against the 1919 IIA agreement with the employers. He received powerful support from both Hylan and Hague in the strike, which lasted four weeks and ended only after federal intervention and the promise of a new agreement. It was the last strike on the waterfront for 26 years, and presaged a long decline in the morals and effectiveness of the IIA. Butler returned to politics, later being appointed as superintendent of the Bronx Terminal by Mayor Walker. O'Connor stayed in office until his resignation in 1927. The new president of the IIA was Joseph P. Ryan.

Ryan was born of Irish parents on the East Side of Manhattan in 1884. Leaving school at the age of 12, he worked at various jobs until his arrival

on the waterfront in 1912. Soon afterwards he was injured in a longshoring accident and appointed part-time financial secretary of Local 791. He later became a full-time official of Local 791, then a vice-president of the IIA. He was physically a large man, heavy-fisted in his youth, wordy and lachrymose in public all his life. He was a Tammany man, well versed in its traditions. "He broke in under me in 1913," Butler said, "and if he hasn't forgotten the tricks I taught him he ought to get along.... I wish him well."<sup>6</sup> Ryan's native talents and accrued skills brought him long tenure and ample success. He satisfied the Irish in the IIA by his presence, and prudently left the Italians alone. His influence with Tammany and in New York politics grew with time, protecting the union and the industry from the attentions of the law. He was a perfect constitutional monarch, tolerant of poor morals and the evils of the industry, light in his claims on the employers and casual in his concern for longshoremen.<sup>7</sup> He stayed in office for 25 years.

His reign was disastrous. "This was the period," wrote Charles P. Larrowe, "when the corruption of the union was accomplished."<sup>8</sup> The transition to thorough corruption was aided by the nature of the union. It was a loose-knit organization, a "collection of Chinese warlords,"<sup>9</sup> a series of relatively independent jurisdictions under the control of various individuals or gangs. It was organizationally overpopulated, the New York area having some 70 local unions varying in membership from 10 to 1,500; some of the locals were simply paper organizations, giving Ryan and his supporters control of the New York District Council of the IIA and the New York area a preponderant influence in the affairs of the international union. Democracy in the New York locals was an occasional affair, few locals voting in secret,

many of them in open ballot, some of them not at all. The smallness of local union membership, also, permitted the control of many local unions by intimate cabals through intimidation or force. But the real instrument of autocratic control and the source or so many other abuses was the archaic system of hiring known as the shape-up.

Longshoring can be largely decasualized -- as it has been on the Pacific Coast and in a number of European countries -- by the institution of a centralized source of job information, rotational hiring and the dispatching of longshoremen for work in any part of the harbor; the consequences of such a system are the reduction in the size of the work force, the raising of hours worked and income earned, the establishment of seniority and, in sum, an approach to the regularization of work. Not until recent years, however, was any attempt at regularization made on the New York waterfront. The traditional assumption of the employers was that speed and economy of operation were best achieved under conditions of minimal wages and a labor surplus producing, in turn, intensive job competition and a docile labor force; the assumption was accepted by the IILA to the cost of its members and the community.

The basic system of hiring was the open shape, the arbitrary selection of men by a hiring boss from crowds grouped loosely around him at various times of the day. The open shape was later modified by the hiring of regular work gangs on some of the piers, with additional men being chosen as needed from the open shape. The waterfront labor force in general, however, in order to meet the demands of peak periods and to maintain job competition among the men, was kept at a size far in excess of real needs. The surplus was local as well as general; longshoremen were encouraged to

shape at particular piers or localities, seldom moved to other parts of the harbor, and thus were heavily dependent on the whim of the individual hiring boss.<sup>10</sup> The regular gangs, also, were not in practice stable groups, but changed in personnel from day to day; the separations were seldom voluntary. Job competition was further intensified and the control of the IIA leadership strengthened by the hiring, in preference to IIA members and in defiance of the IIA-NYSA agreement, of policemen, taxi-drivers and others interested in earning extra money in return for a few hours work each week. The system vested enormous discretion in the hiring boss, created a pliable labor force working at low average earnings, and brought about wholesale corruption.

The abuses were many. The salary kickback was common, longshoremen being compelled to turn over up to 20 per cent of their wages to the hiring boss in return for selection at the shape-up. Sometimes the payments were tendered as dues to "hiring clubs" on the waterfront operated by hiring bosses or their associates; on other occasions the payments were made directly, a system of signals being developed to inform the hiring boss of willing contributors among the men in the shape-up. Some foremen took up regular collections for imaginary charities; others stationed bookmakers on the piers and instituted virtually compulsory betting.

Theft was a problem, amounting in the salad years to probably three times the annual rate of all other ports combined. Individual pilferage was common, but not a great financial problem for shippers or buyers. Organized theft was much more serious. Imported goods were stolen by the truckload from the piers, or "hi-jacked" between the piers and the inland terminals. The procedure for exported goods was both simpler and safer.

The loading boss indicated to the checker the consignment to be stolen, the checker gave the truck driver a false receipt, and the booty was hauled away from the pier at the convenience of the parties. Since many consignments were destined for distant countries, their loss was not discovered for some weeks; investigators sent in by insurance companies found that the signature on the receipt was fraudulent, met with silence from implicated officials or job-conscious longshoremen, and wrote off the loss.

Another abuse was payroll padding -- the sharing of unearned wages between the hiring boss, the payroll clerk and the rulers of the pier or IILA local involved. Uniquely in the United States, the brass check system of payment survived on the waterfront until recent years. Longshoremen, on being hired, were presented with a numbered brass check relating to the ships to which they had been assigned; on pay day they surrendered the check in return for wages in cash. The brass checks, however, were transferable, and could be tendered for payment by anyone. The simple system was devised of hiring less than a full gang on any particular job, but submitting brass checks for a full complement on completion of the work, the proceeds being divided between the hiring boss, the payroll clerk and favored union officials. The system was temporarily complicated by the introduction and compulsory tendering of social security cards after 1935. In time, however, many longshoremen obtained two cards, working a minimum number of hours on one, then collecting unemployment insurance on the first while working additional hours on the second. Surplus cards were also obtained by hiring bosses and others, and used to add fictitious work gangs to the roster.

The brass check gave rise to another abuse. Being transferable, it could be turned over by a longshoreman in need of ready money in return for an advance on his wages. There accordingly developed, in cooperation with various officials, the practice of loan-sharking -- the charging of extortionate rates of interest on loans to longshoremen. The rates might vary from 10¢ to 25¢ a week on the dollar, the loan-shark collecting the longshoreman's pay and deducting the interest before turning over the remainder, sometimes charging a service fee as well as interest. On some piers it became almost impossible for a longshoreman to obtain work unless he promised the hiring boss to borrow money from the resident usurer. In 1949 District Attorney Frank Hogan of New York estimated that the annual income of loan-sharks on the waterfront was some \$200,000 a year. Several loan-sharking cases were prosecuted that year, but only one conviction resulted because of the difficulty in obtaining testimony from longshoremen. The defendant was Frank Savio, a boss checker and strong-arm man for the IILA, for whom Ryan served as a character witness.<sup>11</sup>

The most lucrative racket, however, was probably in loading. The responsibility of the shippers for incoming goods ended with their arrival on the floor of the pier. Truckers frequently took no responsibility for the off-loading from their trucks of outgoing goods. As a result there developed the system known as public loading -- the transmission of goods between the floor of the pier and the tailboard of the truck. Performed at first by casual labor, it eventually became professionally organized and, since time was the most important factor involved, highly profitable. What began as a service ended as a monopoly, the public loaders charging all that the traffic would bear, including the imposition of "hurry-up" fees on

truckers who wanted a privileged place in the line, and even of charges where no loaders were required. It was an enviable business, a magnet for the underworld, and the cause of a series of successional murders during the 1920's and 1930's. It became, in time, the principal source of access of criminals into positions of power in the IILA. Public loaders often seized control of entire pier operations, thence of local unions and their treasuries, enjoying dual status as both the employers and union representatives of the men on the piers.

The evidence was plentiful. In 1939, the "Bowers Mob" under the leadership of Michael ("Mickey") Bowers, assumed control of the North River piers serving the European passenger lines. Two murders had occurred in a fight for control, and the Bowers organization filled the vacuum. As Dominick Genova, then a working longshoreman, stated:

"After the Bandit (Richard Gregory) was knocked off there was a fight for power on the upper West Side. Suddenly a new mob walked in and took over. This was the Bowers mob, and I started paying dues to those boys. We got a membership book for \$26, a cut rate. The official rate was \$50. The mob never put stamps in our book. I guess 2,000 men paid off in this way. The collector was Harold Bowers, Mickey's cousin."<sup>12</sup>

Resistance was dangerous and sometimes fatal. In 1937 six IILA locals on the Brooklyn piers, once controlled by the Camarda family but now by Albert Anastasia -- the alleged executioner for Murder Inc., the chief enforcement agency of the American underworld -- were merged into one without the formality of an election. An insurgent movement against the merger and its leadership was led by Pete Panto, a young longshoreman,

who in due course claimed a thousand supporters among the new local's membership. In 1939 he disappeared, his body being found a year later in a lime pit.

The infiltration continued, the public loaders forming their own port-wide collection and enforcement agency -- Varick Enterprises -- in the 1930's. The organization was dissolved in the 1940's after an investigation by the District Attorney's office, but the criminal elements remained. "The Board has evidence," the New York State Board of Inquiry stated in 1951,

"that a number of organizers, public loaders, hiring bosses, and others in the...(union)...have substantial criminal records. The Board can understand men working on the waterfront who have run afoul of the law and are in search of an opportunity to earn an honest living and support their families. The Board is concerned, however, with the explanation it received that one of the reasons for the utilization in key positions of so many men with criminal records is to enforce a strong-arm system for domination of the waterfront. For the most part such key positions cannot be obtained without the approval or support of the...(union).... Furthermore, in many instances, the utilization of many men with substantial criminal records in positions of authority cannot prevail unless condoned by the business interests involved."<sup>13</sup>

Some employers were more explicit. "Yes," one of them said, "our labor policy is tough. It has to be ... because it is a rough, tough business. Now about criminals working on the dock; this may sound terrible to you, but I don't care whether they are criminals or not, just so long as

they don't hurt me. In fact, to be perfectly frank, if I had a choice of hiring a tough exconvict or a man without a criminal record I am more inclined to take the ex-con. Know why? Because if he is in a boss job he'll keep the men in line and get the maximum work out of them. They'll be afraid of him."<sup>14</sup> In 1951 a New York probation officer asked an official of the Standard Fruit and Steamship Company why they had employed Albert Ackalitis, a convicted felon, as a foreman. "We would like to have 20 Ackalitises," the official replied. "He gets more work out of the men than anybody else. We're not interested in his personal affairs."<sup>15</sup> The recruitment was by no means occasional. "At least one stevedore," wrote George Cable Wright, "is known to have assured himself of a sufficient number of muscle men by pleading with state parole officers to release 200 men from prison so that they could go to work for him. Through collusion with union officials such men were provided with union books as soon as they were released."<sup>16</sup>

The recruitment of ex-convicts met no opposition from the IIA. Ryan was for a number of years a member of the New York State Parole Board, and proved to be an enthusiastic rehabilitator. "They talk about us giving jobs to men who've gone wrong and have served time," he said. "Where are these poor devils to go? Because a man has done wrong once, it don't show he's a criminal. Why, a man can't get paroled unless somebody'll give him a job, and those are the very men who stop other men from stealing. Many times, we've heard of a fellow who's got a record stopping men who are broaching cargo. Lay off, boys, he'll say. That'll go against me."<sup>17</sup> Ryan went further, evidently persuaded that prison was an appropriate training ground for IIA officials, and appointed a number of ex-convicts as IIA organizers.

The prosperity of crime on the waterfront was due, in part at least, to political protection. "For more than forty years," Bell wrote, "through reform as well as Tammany administrations, the waterfront was a protected political enclave. It was so because of the singular relationships of the business community, which wanted to keep the waterfront as it was, and of the political machines to which it paid tribute."<sup>18</sup> "Neither the IIA nor the companies," declared the New York Times, "could perpetuate the system without at least the tacit consent of officials in New York and New Jersey. Many of these officials accept campaign contributions from IIA racketeers and stevedore executives, give them political jobs, keep up social contacts with them."<sup>19</sup> The link between Tammany and the docks was direct, many of the New York piers being municipally owned but privately operated through leases granted by the city. As early as 1905 Charles Murphy, a Tammany leader, obtained \$30,000,000 worth of waterfront contracts through the New York City Dock Department. In 1931, the Seabury investigations showed that the North German Lloyd Line paid the president of the Tammany National Democratic Club \$50,000 for the privilege of bidding for a pier lease; the pier itself, previously assessed at \$633,000, was sold to the city for \$3,000,000 through the law firm of George Olvany, a Tammany official. The IIA, in time, came to wield considerable influence in New York and New Jersey politics. "Quietly, but with consummate skill," wrote Larowe, "IIA officials established an extraordinary degree of political influence, beginning in the late 1920's."<sup>20</sup> Part of Ryan's power stemmed from his presidency of the New York City Central Trades and Labor Council from 1928 to 1938, which made him one of the chief labor spokesmen in the state. He was also aided by his fraternal relationships with waterfront employers.

In particular, he maintained for over a generation a close friendship with William J. McCormack, long regarded as the most powerful of waterfront businessmen. One of McCormack's many business positions was the executive vice-presidency of the United States Trucking Company, one of the largest in the area, whose board chairman for some years was former Governor Alfred E. Smith.

The emblem of Ryan's political stature was the Joseph P. Ryan Association. Founded in 1923 as a private social club, its main function was to promote the prestige of Ryan himself. Its membership was ostensibly confined to longshoremen, but others were admitted. "It is a well-known fact," the United States Senate Committee on Commerce was told in 1938, "that the Joseph P. Ryan Association has many policemen in its membership. We can testify here that Mr. Ryan still has sufficient influence in certain police precincts to pack his local meetings with plain-clothes men who participate in the union meetings, even to the extent of voting."<sup>21</sup> The provision of part-time work for policemen may have affected law enforcement on the waterfront sui generis, but stronger influences were at hand. The most notable public activity of the Association was the annual banquet in honor of Ryan. In 1931 the co-chairmen of the banquet -- which raised \$8,000 for a trip to Europe for Ryan and four members of his family -- were Mayor Walker and Mayor Hague; among the honorary chairmen were Governor Franklin D. Roosevelt and former Governor Smith. For the next twenty years the officials and guests at the banquets included almost every leading figure in New York and New Jersey politics, Republicans and Democrats alike. At the 1951 dinner, the last but not one, the guests included New York Mayor Vincent Impellitteri; John A. Coleman, former chairman of the Board of Governors of the New York Stock

Exchange; Thomas J. Curran, Secretary of State for New York; Harry M. Durning, Collector of the Port of New York; and Manhattan Borough President Robert J. Wagner, now Mayor of New York City. Among the banquet officials were Michael Clemente, John Mangiamelli, Connie Noonan, Edward Florio, Harold Bowers and Anthony V. Camarda -- all IIA officials and former convicts. The previous year Ryan had received a letter of regret from perhaps the most famous criminal attorney in American history. "Dear Joe," wrote Governor Thomas E. Dewey:

I would surely be delighted to come to the annual affair of the Joseph P. Ryan Association on Saturday. As it happens, Mrs. Dewey and I have accepted an invitation to the marriage of Lowell Thomas's only son that weekend and we just can't possibly make it.

It is mighty nice of you to ask me and I wish you would give my regards to all the fine people at the dinner.

On behalf of the people of the entire state, I congratulate you and thank you for what you have done to keep the Communists from getting control of the New York waterfront. Be assured that the entire machinery of the Government of New York State is behind you and your organization in this determination.

With warm regards,

SINCERELY YOURS

Thomas E. Dewey<sup>22</sup>

Waterfront influence in politics was not confined to the state and local level. One of the post-Prohibition invaders of the waterfront was

John M. ("Cockeye") Dunn. In 1936, three years after his release from prison on a robbery conviction and one year after an unsuccessful indictment for murder, Dunn assumed control over the loading operations on Pier 59. His career was bloody. "We believe," said former Assistant District Attorney William J. Keating, "Dunn was responsible for at least fifteen murders."<sup>23</sup> Dunn placed a number of gangster associates in hiring boss positions on several piers, seceded from the IIA and obtained AFL charters for several longshore and trucking locals. In 1941 Edward J. Kelly, a hiring boss on Pier 51, refused to cooperate with Dunn and was assaulted. Dunn struck the pier, causing two British freighters to miss a convoy. Kelly brought charges against Dunn, who went to jail in January, 1942. In the same year he was paroled after the intercession of New York City Councilman Adam Clayton Powell and Congressman Tinkham of Massachusetts. In January, 1943, he was recommitted for violation of parole. On January 29 the Department of War called the warden at Rikers Island prison, urging Dunn's release. A few days later three Department officials went to New York to press the request. Then on February 3, Colonel Frederick J. Horner, Chief of the Transportation Corps Highway Division of the United States Army and a former trucking company official, wrote to the New York State Parole Board:

"The decision to send these representatives to discuss the paroling of Mr. John Dunn was not arrived at on the spur of the moment, but rather was the result of serious and thorough consideration.... Needless to say, we are anxious to perform our task efficiently and without interruption.... To attain this objective, it is hardly necessary to stress the need for the full cooperation of recognized labor organizations. Mr. Dunn is an officer of a union the membership

of which performs an essential and necessary function in over-the-road motor operations. Interruption in the type of work performed by these individuals would have a direful result on our overall policy ... in the past, on several occasions, Mr. Dunn has been cooperative not only in preventing the spread of what might be very serious labor disturbances, but also in the adjustment of these disturbances ... I am mindful of the fact that Mr. Dunn has a record, but in times such as these when there is a goal to attain, such an incident should not be the all-determining factor ... consideration of the factors mentioned above and many others which I am not at liberty to divulge compel the decision to ask for his immediate release from your care and custody.... It is hoped that the Commission can comply with this request immediately."<sup>24</sup>

The intervention was unavailing. Mayor LaGuardia learned of the case and arranged for all documents on it to be forwarded to Secretary of War Henry L. Stimson, who ordered the request withdrawn. Dunn returned to the waterfront in 1946. On January 8, 1947, he shot and fatally wounded Andrew Hints, a hiring boss on Pier 51 who refused to obey his instructions. Dunn and Andrew Sheridan, an accomplice in this and other murders, were electrocuted on July 8, 1948.

Patronage was also involved. Part-time jobs, loading concessions and other privileges were often at the gift of public officials, most of all in New Jersey. In 1948, Edward J. Kenny overthrew the Hague machine and became Mayor of Jersey City. Ryan remained loyal to Hague and rejected Kenny's demands for jobs of the waterfront for the faithful. There followed

a month-long strike which ended in a compromise, Kenny controlling jobs on Pier D, Hegue and Ryan retaining jurisdiction over Pier F. In time a more congenial relationship was established. The Sub-Committee on Preparedness of the United States Senate, after investigating the New Jersey waterfront in 1952, reported that hiring at the Claremont Terminal was carried out largely without regard to the qualifications of the applicants; that Anthony Marchitto, a hiring boss, had evidently been provided with a list of 500 job-hunters, indexed by wards; and that the Sub-Committee had come into possession of some 100 calling-cards of politicians, suitably endorsed, which had been used as passports to jobs on the waterfront.<sup>25</sup> An indication of underworld influence in politics was given in , when Anthony ("Tony Bender") Strollo, an ex-convict and former associate of Luciano's, assumed control over the United States Army Linden Pier in New Jersey. Kenny first of all branded Strollo as a New York gangster, but later submitted to him, surrendering his claim to patronage on the pier, at a secret meeting in a New York hotel described by New York District Attorney Frank Hogan as "an appalling demonstration of underworld domination of the waterfront."<sup>26</sup>

The postwar years brought manifestations of unrest and renewed public interest in waterfront affairs. The control by the United States Navy over the docks during the war had kept down racketeering activities and, in introducing regular work gangs, had produced a measure of unity among the long-shoremen. There were other factors: time and the return of veterans from the war had produced younger men impatient for leadership and justice; the racketeering elements on the waterfront, emboldened by the departure of the Navy from the docks and LaGuardia from the mayoralty of New York,<sup>27</sup> were ready to challenge even the minimal authority of Ryan; while the Communists,

with a far superior bargaining record on the West Coast, were anxious to invade the East. In 1945 a wildcat strike shut down the port. Opposed by the IIA and the New York labor movement and ostensibly leaderless, the strikers nevertheless stayed out for eight days, eventually settling on better terms than Ryan had previously asked of the employers. But the shape-up remained. "(We) are in basic agreement," the NYSA and the IIA stated in a joint release, "that the shape system of hiring should be maintained.... (We) agree that the inconveniences of the system are more than offset by its advantages."<sup>28</sup> Another wildcat strike took place in 1947, with Ryan disappearing from the scene to sign a private agreement with the employers. In 1948 a third wildcat strike occurred following the signing of a modest agreement between Ryan and the NYSA. This time, however, Ryan declared the strike official and increased his demands. It was the first official strike in the history of the IIA, and produced significant wage and welfare benefits. Ryan nevertheless blamed the strike on the communists, and dulled its triumph by joining with the employers to obtain the exemption of the long-shore industry from the premium pay provisions of the federal Wage and Hour law, thus depriving longshoremen of millions of dollars in back wages.<sup>29</sup>

The truckers also became restive. In 1948 the New York Motor Carriers Association rebelled against the arbitrary rates imposed for loading. They demanded that the shippers assume responsibility for loading and impose uniform rates, but without success. Ryan then convened a meeting between the truckers and the public loaders. The truckers agreed to surrender their loading rights in return for standard rates; the public loaders signed the agreement, but the imposition of erratic rates continued. The city then asked the shippers to designate officially the loaders they wanted on the

piers. The shippers did so, naming the individuals already in control, many of whom had criminal records. Official municipal approval was thus given to the public loaders, who now became members of the IIA, although they were in fact private contractors.

In 1951 a further wildcat strike occurred. Ryan again blamed it on the communists and attempted to persuade the National Labor Relations Board to issue an injunction against the striking locals. The Board refused, although Edward Florio, the IIA organizer for New Jersey, helped the employers to obtain an injunction against the striking locals there. The strike, in combination with the series of newspaper exposures and recently published on the IIA and the pressure of the employers for a settlement, prompted Governor Dewey to set up a Board of Inquiry. The Board reported that the IIA had not given its members proper notice of the proposed agreement before asking them to vote on it, that members of the IIA negotiating committee were in many cases self-appointed, and that ballot-box stuffing and other irregularities had been committed in the voting. It was clear, the Board stated, "not only that many issues played a part but that the basic causes are of long standing. The stoppage was an outbreak of a long festering accumulation of complaints and dissatisfaction."<sup>30</sup> The Board persuaded the men to return to work in return for few immediate benefits, but public concern remained. Mayor O'Dwyer appointed a Joint Committee on Port Industry, a subcommittee of which reported back to him on waterfront conditions. The subcommittee was composed of Hugh E. Sheridan, Impartial Chairman of the New York Trucking Industry; Joseph Papa, President of Local 202 of the New York Teamsters; Martin T. Lacey, President of the New York City Central Trades and Labor Council and of the New York Joint Council of Teamsters; William J. McCormack; and Ryan.

The subcommittee found no reason for concern. "We have found that the labor situation on the waterfront ... is generally satisfactory from the standpoint of the worker, the employer, the industry and the government.... The morale of the men has been good."<sup>31</sup> The report was not persuasive. On November 20, 1951, Governor Dewey ordered the New York State Crime Commission to conduct an exhaustive investigation of the New York waterfront.

It was not an easy task. "Achievement of our objective to make a thorough investigation of waterfront conditions was seriously hampered," the Commission reported. "Many longshoremen, recalling the long series of unsolved murders on the docks, were deterred by fear from testifying. Many informed witnesses pleaded their constitutional privilege against self-incrimination, and some informed witnesses regarded information they had received as too confidential to permit disclosure.... Many leads came to naught before reliable evidence was ultimately discovered. Every hour of public hearing was preceded by days of searching private inquiry."<sup>32</sup> The Commission, in executive session, questioned over 700 witnesses, held some 1,000 hearings, developed over 30,000 pages of testimony and conducted  
over  
/ 4,000 interviews. During twenty days of public hearings 188 witnesses were examined, 3,895 pages of testimony transcribed and 619 exhibits introduced into the record. If the difficulties were great, the industry of the Commission was rewarded. The evidence was conclusive.

The Commission confirmed a general impression that the port was losing ground in the competition for coastwide traffic, that it was barely holding its own on foreign trade, and that there was "very grave danger of serious retrogressions in the prosperity of the Port."<sup>33</sup> Several reasons were given" the congestion due to the antiquated piers, the inadequate investment

of the city in port facilities and improvements, and discriminatory freight rates allegedly imposed on New York by the Interstate Commerce Commission. "However," the Commission stated, "the most important factor threatening the welfare of the Port is the entrenched existence of deplorable conditions involving unscrupulous practices and undisciplined procedures, many of which are criminal or quasi-criminal in nature."<sup>34</sup>

The Commission found, first of all, that there were many instances of collusion between steamship and stevedoring companies on the one hand and union officials on the other which served "to maintain the power of union leaders and to undermine honest administration of collective bargaining agreements, to the serious detriment of the dock worker and the public."<sup>35</sup> Stevedoring companies, interested in controlling the labor supply at the most favorable terms to the shipping companies, made cash payments to IIA officials at all levels. Daniels and Kennedy, a major trucking and stevedoring concern, gave \$1,500 a year for five years to Ryan himself, who claimed that these and other payments were contributions to an anti-communist fund allegedly established to fight the infiltration of the Pacific Coast International Longshoremen's and Warehousemen's Union under Harry Bridges; the fund, however, was a secret one, unknown to the IIA membership, kept in Ryan's private bank account, showed no record of anti-communist investments, and was depleted of \$31,651 by Ryan for such non-political items as a cruise in the Caribbean, golf club dues, private health insurance premiums and expensive clothes. The Jarka Corporation, the largest stevedoring company in the United States, paid at least \$58,000 to various union officials during the years 1947-51 for their services. The John W. McGrath Company, the stevedors at Piers 84 and 86, made secret cash payments of undisclosed

amounts to Patrick ("Packy") Connolly, the executive vice-president of the IIA, on the understanding that half the money was to go to Harold Bowers. The Macirema Company, another stevedoring concern, paid \$2,000 to Edward Florio for overlooking irregular labor practices. The Pittston Stevedoring Corporation in 1951 paid a total of \$1,250 to Vincent ("Barney Cockeye") Brown and Anthony ("Tony Cheese") Marchitto, business agents of Locals 1478 and 1247 respectively, for supplying labor gangs at \$50 a ship. The Jarka Corporation also paid Anthony ("Joe the Gent") Giantomasi, business agent of Local 1235, a regular monthly sum of \$100 for good service, "That's one thing I'll say about Joe the Gent," Vice-President W. J. Palihnich testified, "he was always available. He came down there and he settled the matter. At one o'clock the men returned to work."<sup>36</sup> Another employer, President Harold J. Beardell of the stevedoring company John T. Clark and Son, Inc., was more specific about the purposes of his contributions to union representatives:

Q: Mr. Beardell, didn't you testify before the Crime Commission that the reason for making these payments was to prevent quickie strikes?

A: Well, yes, to prevent quickie strikes, yes, but we haven't had any quickie strikes.<sup>37</sup>

The commission also developed evidence on the "phantom" system, the practice of placing fictitious names on various payrolls, the income going to one union official or another. James ("Jay") O'Connor, a business agent of Local 791, received \$18,000 over a period of six years from the Huron Stevedoring Corporation, on the understanding that in return the IIA contract would not be strictly enforced and that there would be no labor troubles.

Timothy ("Timmy") O'Mara, a convicted felon who worked as a boss loader on various piers, was carried on the Huron payroll as Edward Joseph Ross for eight years, receiving more than \$25,000 for imaginary services. As T. Maher, the stevedore superintendent of Huron, testified:

Q: You know what we mean by a phantom?

A: Yes, sir, I do.

Q: What do you mean by a phantom?

A: Somebody on your payroll not by that name, not by their real name.

Q: And they aren't working?

A: They are not working; that's right.

Q: So this Ross is a phantom? Is that right?

A: That's right.

\* \* \* \* \*

Q: What does O'Mara do to earn all this money?

A: Well, O'Mara was to keep labor -- that they wouldn't be going out on strike -- that was my understanding.

\* \* \* \* \*

Q: O'Mara is not a union official, is he?

A: No, sir.

Q: Was O'Mara fairly successful in preventing strikes?

A: Yes, sir; yes, sir.<sup>38</sup>

There were other occasions for payment. Michael Castellana, vice-president of the Jules S. Sottnek Company, a stevedoring concern, gave some \$11,000 to Michael ("Mike") Clemente, financial secretary and business agent of Local 856, on the occasion of the wedding of Clemente's daughter; on another occasion Castellana financed a vacation for Mr. and Mrs. Clemente

at the Casablanca Hotel at Miami Beach. Ryan himself considered the acceptance of Christmas gifts from employers "the practice" and was himself a frequent beneficiary. Stevedoring officials made gifts to steamship company officials. President Frank W. Nolan of the Jarca Corporation gave \$10,000 in bonds to President W. W. Wells of the Isthmian Steamship Company while the companies had a mutual contractual relationship, for which he was indicted for commercial bribery. Nolan also gave \$34,000 in cash to A. Roggeven, managing director of the Holland-America line; \$47,200 to J. C. Bruswitz, the managing director of the Calmar Lines, a subsidiary of Bethlehem Steel Corporation; \$56,200 in cash to E. C. Koenke, operating director of Ore Steamship Company, another subsidiary of Bethlehem; and at least \$7,500 in cash to J. W. Von Herbulis, vice-president of the Waterman Steamship Company. Paul Sottnek, president of Jules S. Sottnek Company, Inc., stated in hearings that between 1947 and 1949 his company paid \$43,987.45 to B. Halter Sorensen, the managing director of the Ivaran Lines. Contractual relationships obtained between the parties in all these cases. Stevedoring companies also expended huge sums in cash for which no accounting was kept. William J. McCormack disclosed that more than \$980,000 in unexplained cash payments was disbursed between 1947 and 1951 by his four principal companies. The five principal officers of the Jarca Corporation withdrew from their funds, between 1947 and 1952, a total of \$489,582.63 in petty cash; about \$160,000 of this was accounted for by payments to shipping companies representatives, but no accounting was given of the rest. Between 1947 and 1952 the Sottnek organization made \$278,973 in unexplained cash or undesignated check withdrawals and destroyed all vouchers prior to 1952. During the same period, John T. Clark and Son, Inc., made unexplained cash payments of \$289,487, altering the books to conceal, among

other things, payments to IIA officials. As Beardell testified:

Q: And did you know that the reason why they made the changes was to eliminate all entries showing payments to union officers and delegates?

A: That's correct.<sup>39</sup>

The Commission reported the presence of criminals on the waterfront, and in the hierarchy of the IIA. "It was established," the Commission said, "that at least 30 per cent of the officials of the IIA longshore locals have police records. Waterfront criminals know that the control of the local is a prerequisite to conducting racket operations on the piers. Through their powers as union officials, they place their confederates in key positions on the docks, shake down steamship and stevedoring companies by threats of work stoppages, operate the lucrative public loading business, and carry on such activities as pilferage, loan-sharking and gambling."<sup>40</sup> The Commission noted inter alia the control of the North River waterfront from Pier 84 to Pier 97 by the Bowers group, all five of whom had criminal records; the domination of the East River section by Michael ("Mike") Clemente, a practicing extortioner; the former hegemony of Albert Anastasia over the six Camarda locals in Brooklyn in cooperation with such ex-convicts as Vincent Mangano, Gioacchino ("Dandy Jack") Parisi and Anthony ("Tony Spring") Romeo and the continuation in office of former Anastasia associates; and the control over the New Jersey docks by former felons Vincent ("Barney Cockeye") Brown, Anthony ("Tony Cheese") Marchitto and the late Frank ("Biffo") DeLorenzo. "The unfortunate conditions continue today," the Commission said, "substantially as they have existed for the past thirty years."<sup>41</sup>

The Commission also reported the complicity of Ryan in encouraging

gangster influence in the IIA. As president of the IIA Ryan was responsible for organizing activities, and had appointed a series of organizers on the New York waterfront. One of these was Edward J. McGrath, a brother-in-law of John Dunn, who had a record of twelve arrests for offenses ranging from petty larceny to murder, and had served time for robbery, felonious assault and parole violation; without previous longshoring experience, he was appointed organizer shortly after completing, in 1936, a burglary sentence in Sing Sing; he remained with the IIA until 1951, controlling the rackets on the lower West Side in cooperation with Dunn and running the platform workers' local besides acting as an international organizer. Harold Bowers, alias Frank Donald, was appointed organizer for the North River area in July, 1951, although he had a record of arrests on such charges as robbery, grand larceny, possession of a gun and congregating with known criminals; as already stated, he was a member of the Bowers Mob which controlled the upper North River piers, and also acted as financial secretary of "Pistol Local" 824,<sup>42</sup> although he testified that he had no knowledge of the duties of a financial secretary. Alex Di Brizzi, alias Al Britton, had been arrested 15 times on charges including gambling law violations, liquor law violations, grand larceny and felonious assault and convicted four times on the gambling and liquor charges; he was appointed organizer for Staten Island in 1946, later becoming a vice-president of the IIA and president of Local 920, although he testified that he felt no responsibility for the records or funds of the local. Edward J. Florio, a convicted bootlegger, was appointed organizer for New Jersey in 1946 and controlled the Hoboken piers -- particularly noted for payroll padding -- until his conviction in 1952 for perjury after denying he had received money from a stevedoring company; from 1948 to

1952 he earned close to \$25,000 from a loading concession in Hoboken, employing members of his own union.

The Commission investigated the financial affairs of various New York IIA locals, stating that of the 34 locals investigated, only 11 kept books that were in any way acceptable. Many IIA officials, the Commission said, had been guilty of "flagrant infidelity in administering the financial affairs of their locals. Financial records are often so badly kept and financial procedures and safeguards are so inadequate as to justify suspicions of appropriations of union funds.... Financial reports are seldom rendered, and substantial expenditures of union funds have been made without membership authorization."<sup>43</sup> The abuses listed by the Commission included the unauthorized use of union funds for high living during IIA conventions and for unspecified services of relatives of IIA officials; the mysterious disappearance or "theft" of local union records; the neglect to keep the most elementary of records; the commingling of union with personal bank accounts; and the almost total absence of adequate auditing procedures. Anthony V. Camarda, the financial secretary of Local 1199, was questioned on the disbursement of union funds:

Q: Now, according to an exhibit that has just been received in evidence, there was shortage in funds in your local union of \$3,281.42, on the first day of January of this year. Have you been asked about that?

A: Yes, sir.

Q: You can't account for it, can you?

A. No, sir.<sup>44</sup>

Salaries were paid for non-existent services. IIA vice-president

Constantino ("Gus") Scannavino testified concerning payments made to Michael Cosenza, his nephew and allegedly a business agent for Local 327-1:

Q: He's been in Arizona for three years, hasn't he?

A: Yes.

Q: And has he continued to be a business agent of that local?

A: He is the business agent of that local.

\* \* \* \* \*

Q: He hasn't performed any services for the local in the last three years, has he?

A: That's right.

Q: And he has been getting \$75 a week and expenses for three years without doing any work for that local?

A: The local can answer what they send that money for.

Q: But you know, though, they do send him that money?

A: Of course.<sup>45</sup>

Charles P. Spencer, the financial secretary of Local 866, conceded that surplus union funds were diverted to private purposes:

Q: Did you keep any disbursement books?

A: No, sir.

Q: Did you keep any record of any expenditures that were made?

A: No, sir.

Q: Did you keep any records of any receipts that you took in?

A: No, sir.

Q: Did you keep any daily records of receipts of dues from its members?

A: No, sir.

\* \* \* \* \*

Q: As a matter of fact, Mr. Spencer, to be brutally frank about it, what you did with the money of that union that was left over after paying expenses was to put it in your own pocket, isn't that right?

A: That's right.<sup>46</sup>

The unauthorized disbursement of union funds was not always voluntary. Anthony P. Guistra, the financial secretary of one of the Camarda locals during the 1930's, told of the intervention of Anthony (Tony Spring) Romeo, one of Albert Anastasia's lieutenants:

Q: And did you have a talk with Romeo when he took over that local?

A: No, sir. He came over to me and he told me, "I'm the boss here."

Q: What did you say to him?

A: What could I say? I was scared to death....

\* \* \* \* \*

Q: And did he demand money from the treasury of that local?

A: Always.... When the money comes in from the dues, he used to take it away.... Maybe it runs about \$20,000, something like that.<sup>47</sup>

Intimidation was not unusual in the government of IIA locals. Criticism, as Mario Frullano of Local 1277 testified, could be a hazardous undertaking:

Q: Tell us what the argument was about.

A: Well, I happened to see the business agent on the pier, and I went over to him. I wanted to find out why we were being

charged \$3 a month and weren't getting any benefits from it.

\* \* \* \* \*

Q: That is all you remember?

A: No. I remember that I got in an argument with him and two other men ... the first thing you know, I got kicked by someone....

Q: You got kicked in the groin?

A: Yes, sir.

Q: And badly hurt?

A: Yes, sir.

Q: You went to the hospital?

A: Yes, sir.<sup>48</sup>

"Many IIA locals," the Commission said, "have never employed democratic procedures in conducting their internal affairs. The officers exercise a free hand in running their locals. A virtually disenfranchised membership has been unable to participate effectively in the conduct of union business."<sup>49</sup> Union meetings were held without proper notice. Some locals dispensed with both meetings and elections for years at a time. Some locals re-elected officers by simple motion, others went without contested elections for many years, still others put defeated candidates into office anyway, and some -- such as the Camarda locals during the 1930's -- came under the domination of single families. Salvatore Camarda, the financial secretary of Local 327, was asked about the regularity of union meetings:

Q: Now, how many meetings has Local 327 had in the last three years?

A: We have been having a meeting every quarter and most of the

time we haven't got a quorum and only the officers show up and we can't have any.

\* \* \* \* \*

Q: So that how many meetings have you actually been able to hold then in the past three years...?

A: About three or four.<sup>50</sup>

Many IIA officials, in addition to participating in extortion, theft and loansharking, augmented their personal income by engaging in private business on the waterfront. Edward Florio and John Moody, a member of Local 306, capitalized on their positions by inducing stevedores to buy equipment from them and by obtaining contracts for the removal of garbage from the waterfront. Coonie Noonan, president of the platform workers, was president of Varick Enterprises, Inc., while serving as an IIA official. Daniel Gentile, a longshoreman who was sentenced to life imprisonment for complicity in the Hintz murder, was a controller in the numbers racket run by Dunn, McGrath and Noonan. Thomas W. ("Teddy") Gleason, a holder of multiple offices in the IIA and one of its most powerful figures, engaged in a number of enterprises with Noonan, including the importation of bananas, the sale of armed airplanes to the Dominican Republic, and the export of sulphur and nickel to Israel and Brazil. Dunn and McGrath, as well as officials of the New York Teamsters, participated in the operations of A. Costa, Jr., a firm engaged in handling citrus fruit traffic and acting as a collection service for truckers.

The Commission also turned its attention to abuses in hiring and public loading. J. V. Lyon, chairman of the New York Shipping Association testified that some 44,000 longshoremen were employed on the docks, that

about 16,500 of them worked "more or less regularly," and that the entire longshoring operation could be performed by about 22,500 men.<sup>51</sup> The result was a surplus of labor at every pier, an income of less than \$3,000 a year for two-thirds of all longshoremen, and the vesting of great and arbitrary power in the hiring boss. The steamship and stevedoring companies, by the terms of the IIA-NYSA contract, were given the right to select their own hiring bosses, but in practice accepted the choice of the IIA in almost every instance. L. S. Andrews, the operating vice-president for the American Export Lines, described the discussion between his terminal superintendent, Connolly and Harold Bowers:

Q: Did Mr. Abbate tell the union officials that he wanted to run Pier 84 the way he conducted his operations in Jersey?

A: Well, I don't know what he told them, but ... we both agreed that we were going to try and set up Pier 84 on the operations the same as our old terminals in Jersey City as far as labor is concerned.

Q: What was Abbate told?

A: By whom?

Q: By the union officials.

A: They told him they were going to handle the situation to suit themselves and for him to stay the hell away from there.

Q: I beg your pardon?

A: For him to stay the hell away from there. They were going to handle the hiring bosses to suit themselves.<sup>52</sup>

Some of the IIA selections were not surprising. McNey, the hiring boss on Piers 90 and 92 where the "Queen Mary" and the "Queen Elizabeth" dock,

had a record of arrests for attempted burglary, robbery and assault, had been convicted of unlawful entry and robbery, and was still on parole when appointed as a hiring boss. Albert Achalitis, a former member of the Arsenal Mob, was made hiring boss on Pier 18 on the North River; he had been arrested for receiving stolen property, attempted robbery and assault, and had been convicted of attempted burglary and illegal possession of a gun. Daniel St. John, the hiring boss at Pier 84 on the North River, had been arrested 20 times on charges of larceny, burglary, assault, robbery, possessing dangerous weapons and for murder, had been convicted once for possessing a revolver and four times for petty larceny. James ("Toddy") O'Rourke was the hiring foreman at Pier 88 on the North River, had been charged with grand larceny, robbery, felonious assault and violation of the Sullivan Law, had been convicted of petty larceny, grand larceny and attempted grand larceny, and on one occasion returned to Sing Sing for violation of parole. All the above took refuge in the Fifth Amendment when questioned by the Commission. In all, the Commission listed 22 hiring bosses with police records, listing practices they encouraged or brought about through their control of the shape-up. "The record gives examples of assault, organized theft, pilferage, extortion, kickbacks, loansharking, gambling, payroll padding, other criminal activities and even murder (five murders were listed), which can be attributed to the present shape-up and hiring foreman system."<sup>53</sup>

Public loading, the Commission confirmed, was controlled by loaders "whom truckmen must employ and pay to load trucks regardless of whether the loaders do any work, are needed, or are unwanted."<sup>54</sup> Encouraged in their assumption of power by the refusal of the steamship, railroad and trucking companies to assume responsibility for loading or unloading, the public

loaders had received status in 1949 through the issuance of a charter for a public loaders' local. Local 1757, as it became, "has no constitution or by-laws of its own, and its jurisdiction is not defined.... Its members include many officers of corporations and members of partnerships engaged in the loading, and in the hiring of men who do the actual work. The dues of such members in most instances are paid by the corporation or partnership as a regular business expense."<sup>55</sup> In 1943 some stabilization of loading rates was achieved, but none for unloading, the public loaders charging what the traffic would bear. Subsequently an attempt was made by the city Department of Marine and Aviation to eliminate undesirables from loading jobs by having steamship and stevedoring companies designate their own loaders; the companies agreed to do so, and without exception selected the incumbents. Many of them were criminals, incumbent by intimidation or force, marginal in their contributions. L. F. O'Neara, terminal manager of A. H. Bull Steamship Company, commented on four public loaders with criminal records:

Q: Now, is it or is it not the fact that those four men just forced their way into that situation?

A: That is correct, sir.

Q: And against your protest?

A: Yes, sir, that is right.

\* \* \* \* \*

Q: They have free access to the pier?

A: They have, sir.

Q: They do no physical labor?

A: The four men in question do not, sir.

\* \* \* \* \*

Q: You have never seen them on the pier?

A: No, sir, I have not.

\* \* \* \* \*

Q: Why don't you put them off the pier?

A: Well ... for fear of a strike; that there would be a work stoppage as a result of it.<sup>56</sup>

The steamship and stevedoring companies were often forced to pay the loaders for services the companies performed themselves. P. G. O'Reilly, the vice-president of the Jarka Corporation, testified to that effect:

A: It is when the loaders insist upon you supplying the equipment and supplying the driver to do the work for them and just stand by and watch; that's when I object. But, I definitely let him have it.

Q: Does that happen on some of your operations where the loaders use your equipment and just stand by and watch it?

A: Definitely....<sup>57</sup>

The dual status of public loaders as businessmen and IIA members enabled them to avoid signing union contracts, escape the provision of union benefits, and use trade union weapons to obtain loading concessions. The five brothers and a brother-in-law who constituted the India Wharf Loaders, Inc., were all IIA members; wishing to control the loading of newsprint for the New York Daily News on the Brooklyn piers, they banned the paper handlers' local from the piers, set up a picket line and eventually drove the Daily News trade to Portland, Maine. All the 31 stockholders of George Sellenthin, Inc., the company in control of all public loading on Staten Island, which hired through the shape-up and grossed almost two

million dollars from 1947 to 1951, were members of the ILA. James Doyle and Thomas McGrath of India Wharf Loaders were ILA shop stewards on Pier 33 in Brooklyn. Salvatore Trapani of King's Loaders, Inc., was a shop steward on Piers 34 and 35 in Brooklyn. Ralph Schettino, the President of King's Loaders, was at the same time an ILA shop steward at Pier 34. None of these men worked as longshoremen, <sup>but</sup> received pay as shop stewards and profits as company officials. The net result of the public loading system, the Commission stated, was a substantial diversion of traffic to other ports, the growth of organized theft and other criminal activities, the repetition of serious work stoppages, and a serious loss of income to shipping interests.

"The evidence," the Commission said of its investigation in general, "demonstrates that the Port of New York is in danger of losing its position of supremacy to which its natural advantages entitle it. If the Port should lose its rightful supremacy, there will inevitably follow a crushing blow to the prosperity of City and State ... the time has come for drastic action. What we do now may well be decisive of the future of the Port."<sup>58</sup> The Commission recommended legislation creating effective administrative control over the waterfront, abolishing the shape-up, instituting a port-wide registration and licensing system, and requiring minimum standards of behavior from waterfront labor organizations. Both New York and New Jersey quickly passed new laws, soon ratified by the Congress of the United States, establishing the Waterfront Commission of New York Harbor with broad powers to regulate the operations of the port. The AFL, too, was moved to novel disciplinary action. The passing of William Green in 1952 and his succession by George Meany brought to the presidency of the AFL a man with untraditional views of the powers and obligations of the federation. The AFL demanded from

the IIA a series of reforms as the condition of its continued affiliation with the parent body. The IIA refused to comply and was expelled from the federation. The AFL thereupon chartered a new union, the International Brotherhood of Longshoremen, and embarked upon a campaign to oust the IIA from the waterfront. The portents for both the Commission and the AFL were favorable: the unprecedented publicity given to waterfront conditions, the enormity of the abuses revealed, the overwhelming public support for reform and the evident discontent of the longshoremen themselves all pointed to a new order in New York. But the conditions were complex, the remedies imperfect, and allies unpredictable or weak. Both change and disappointment lay ahead.

## FOOTNOTES -- CHAPTER IV -- THE WATERFRONT

1. The New York waterfront is probably the best documented of all cases of corruption in labor-management relations. I have relied heavily for this account on Charles P. Larowe, Shape-Up and Hiring Hall (Berkeley: University of California Press, 1955); Daniel Bell, "The Racket-Ridden Longshoremen," in The End of Ideology (Glencoe: The Free Press, 1960), pp. 159-90; Malcolm Johnson, Crime on the Labor Front (New York: McGraw-Hill Book Co., 1950); Allen Raymond, Waterfront Priest (New York: Henry Holt and Company, 1955); New York State Crime Commission, Fourth Report (and Hearings) (Albany: 1953); Charles B. Barnes, The Longshoremen (New York: Survey Associates, Inc., 1915); Edward E. Swanstrom, The Waterfront Labor Problem (New York: Fordham University Press, 1938). Among public documents see Industrial Relations, Report of the Commission on Industrial Relations to the United States Senate, 64th Cong., 1st sess., Sen. Doc. 415 (Washington: 1916); Labor Conditions Affecting Waterfront Employment, Mayor's Joint Committee on Port Industry, Report of Subcommittee No. 5 (New York: 1951); Final Report to the Industrial Commissioner, New York State Board of Inquiry on Longshore Industry Work Stoppage (New York: 1952); Investigation of Preparedness Program, Subcommittee on Preparedness of the U.S. Senate Committee on the Armed Services, 83rd Cong., 1st sess., Committee Report No. 44 (Washington: 1953); Mobilization of Shipping Resources, Subcommittee on War Mobilization of the U.S. Senate Committee on Military Affairs, 78th Cong., 1st sess., Committee Report No. 3 (Washington: 1943). A good bibliography on waterfront problems may be found in Larowe, op. cit., pp. 237-44.

2. An indication of the social status of the longshoremen is the fact that banks and finance companies do not make personal loans to longshoremen,

(Footnotes to Chapter IV cont.)

nor are the latter usually accepted as good financial risks even in low-income housing projects.

3. Bell, op. cit., p. 174.

4. Barnes, op. cit., p. 6.

5. Richard J. Butler and Joseph Driscoll, Dock Walloper (New York: G. P. Putnam's Sons, 1933), pp. 65, 67.

6. Ibid., p. 221.

7. Ryan's reputation as a bargainer was unenviable. He was known throughout the waterfront as a devotee of the ceremonial annual "Woolworth" raise of five or ten cents an hour, seldom accompanied by other benefits. "We call Ryan in once a year or so," a prominent stevedore said, "and say 'Joe, how much of a raise do you need to keep the boys in line?'" Ryan's demands were seldom discomfiting to the employers. See Larowe, op. cit., p. 64; Citizen's Waterfront Committee, The New York Waterfront (New York: 1930), p. 13.

8. Ibid., p. 15.

9. Bell, op. cit., p. 165.

10. The IIA has had two "Jim Crow" locals, composed largely of Negro longshoremen refused membership in other locals. Uniquely among IIA locals they do not have exclusive jurisdiction over any pier, but dispatch their members from the union hall to whatever jobs may be available. In 1949, IIA officials were said to have urged their members to oppose the institution of a hiring hall system on the grounds that it would "break the morale of the union through the wholesale hiring of Negro longshoremen" (Larowe, op. cit., pp. 72-3). Racial discrimination was not confined to Negroes. Depending on

(Footnotes to Chapter IV Cont.)

the ethnic concentration at the pier in question, Irish or Italian longshoremen were given first preference in jobs. Such discrimination tended further to reduce labor mobility between the piers.

11. Johnson, op. cit., p. 114.
12. Malcolm Johnson, New York Sun, November 9, 1948.
13. New York State Board of Inquiry, op. cit., p. 28.
14. Daniel Bell, "Last of the Business Rackets," Fortune, June 1951, p. 196.
15. Richard Carter, "Behind the Waterfront Rackets," Compass, December 3 or 9, 1951.
16. New York Times, January 4, 1953.
17. Mary Heaton Vorse, "The Pirate's Nest in New York," Harper's Magazine, April, 1952, p. 33.
18. Bell, "The Racket-Ridden Longshoremen," op. cit., p. 175.
19. New York Times, February 1, 1953.
20. Larowe, op. cit., p. 16.
21. Amending the Merchant Marine Act of 1936, U.S. Senate Committee on Commerce and the Committee on Education and Labor, Hearings, 75th Cong. 3d sess. (Washington: 1938), p. 1201 ff.
22. Raymond, op. cit., p. 45.
23. Johnson, op. cit., p. 166. For Keating's role in the prosecution of criminals in the IIA see William J. Keating and Richard Carter, The Man Who Rocked the Boat (New York: Harper and Brothers, 1956), chs. 7-19.
24. New York Sun, November 23, 1948.
25. Investigation of the Preparedness Program, U. S. Senate Committee on the Armed Services, Subcommittee on Preparedness, Report No. 44 (Washington: 1953), p. 16.

(Footnotes to Chapter IV cont.)

26. Bell, op. cit., p. 178.

27. Mayor Fiorello LaGuardia of New York was generally distinguished for his contempt of and opposition to criminal elements in New York City, and withdrew all patronage from the waterfront elements. He did not, however, personally initiate any action against racketeering on the waterfront.

28. Mayor's Joint Committee on Port Industry, op. cit., p.6.

29. Up to 1945 the work-week on the waterfront was 44 hours, with time-and-a-half premium pay for evening and Sunday work. Premium pay was based largely on the danger of evening work, and was not regarded by most longshoremen as true overtime pay. The 1940 Wage and Hour Law specified a 40-hour week, with overtime beginning immediately thereafter. In 1941 a group of IIA members filed suit to have overtime pay after 40 hours based on premium pay. The suit was upheld in 1948 by the United States Supreme Court. The IIA and the employers then successfully sponsored a bill which, in 1949, exempted the longshore industry from the provisions of the Wage and Hour Act, thus destroying all claims for back pay for the years 1940-48.

30. New York State Board of Inquiry, op. cit., pp. 3-4.

31. Mayor's Joint Committee, op. cit., p. 38.

32. New York State Crime Commission, op. cit., p. 5.

33. Ibid., p. 8.

34. Ibid., p. 9.

35. Ibid., p. 12.

36. Ibid., Hearings, p. 80.

37. Ibid., Hearings, p. 741.

(Footnotes to Chapter IV concluded)

38. Ibid., Hearings, p. 257-9.

39. Ibid., Hearings, p. 740.

40. Ibid., p. 23-4.

41. Ibid., p. 25.

42. Local 824 was controlled by the Bowers gang and was known as the "Pistol Local" because of the unusual number of murders which had taken place in the various battles for control of the local.

43. New York State Crime Commission, op. cit., p. 26.

44. Ibid., Hearings, p. 1637-8.

45. Ibid., Hearings, p. 1596-7.

46. Ibid., Hearings, p. 1965-7.

47. Ibid., Hearings, pp. 1570-1, 1573.

48. Ibid., Hearings, pp. 1825-6.

49. Ibid., p. 29.

50. Ibid., Hearings, p. 1627.

51. Ibid., Hearings, p. 3511.

52. Ibid., Hearings, pp. 177-9.

53. Ibid., p. 44.

54. Ibid., p. 45.

55. Loc. cit.

56. Ibid., Hearings, pp. 638-9.

57. Ibid., Hearings, p. 115.

58. Ibid., pp. 7, 67.

CHAPTER V

THE BEGINNING IN CHICAGO

Chicago is situated at the southern tip of Lake Michigan. At the time of its incorporation as a town in 1833 its population was 200, but its proximity to water and the midwestern farmlands soon made it -- with the exception of New York -- the fastest growing city and most important railroad, trading and financial center of the United States.

With the settlers came the parasites. From its earliest days Chicago enjoyed a reputation as the principal center of vice in the United States. "As the Civil War came to a close," wrote Virgil Peterson, "no city had a more formidable underworld than Chicago."<sup>1</sup> From the beginning the gamblers, the saloon-keepers and the brothel-owners were the welcome partners -- where they were not the unwelcome masters -- of many of the political leaders of the city. "It was a system," Peterson also wrote, "which was to become a permanent fixture in Chicago and to give the city its reputation as the crime capital of the nation."<sup>2</sup>

It was a gambler, indeed, who created Chicago's first political machine. Michael Cassius McDonald came to Chicago in 1854 at the age of fifteen. An entrepreneur of great skill, he had assumed by the end of the Civil War the leadership of the city's gamblers. Thenceforward he became Chicago's chief political broker. His gambling establishments became the favorite haunts of Chicago's less sensitive politicians; his purchase of the Chicago Globe and his extensive ownership of public utilities made him a prominent civic figure; while his great wealth enabled him to contribute generously to political campaigns. In 1879 he assumed the leadership of the city's affairs with his sponsorship of Democrat Carter J. Harrison for the mayoralty of Chicago. Harrison stayed in office for 12 years and ran a wide-open town. The Republican

reform administration of John A. Roche enjoyed a brief stay in power from 1887 to 1889; but seldom thereafter, from either Republicans or Democrats, was Chicago to suffer the burden of reform. "You are gigantic in your virtues," William T. Stead, a British evangelist, told a Chicago audience, "and gigantic in your vices. I don't know in which you glory the most."<sup>3</sup>

The alliance prospered, never disturbed for long by the periodic revelations of its affairs. The Chicago Vice Commission of 1910 reported the making of millions of dollars a year in vice, but omitted any mention of Everleigh House -- probably the most famous brothel in America -- or many other favored establishments.<sup>4</sup> The following year the Chicago Civil Service Commission launched an investigation of police bribery, revealing a widespread conspiracy between gamblers, policemen and politicians to drive non-cooperating gamblers out of the city.<sup>5</sup> "Professional criminals," the Chicago City Council Committee on Crime stated in 1915, "have built up a system which may be called a 'crime trust,' with roots running through the police force, the bar, the bondsmen, the prosecutor's office, and political officials.... There can be no doubt that one of the chief causes of crime in Chicago is that members of the police force, and particularly of the plain clothes staff, are hand in glove with criminals. Instead of punishing the criminal, they protect him. Instead of using the power of the law for the protection of society, they use it for their own personal profit.... The exact extent of this system it is impossible to determine, but there is no doubt that its ramifications are so wide as to cripple the machinery for the enforcement of the law."<sup>6</sup>

There was worse to come. The election of Republican Mayor William

Hale ("Big Bill") Thompson in 1915 presaged a further decline in civic standards. "Once upon a time," wrote Lloyd Wendt and Herman Kogan, "there really was a Big Bill Thompson."<sup>7</sup> The reminder was not wholly unnecessary. A brawler and cowboy in his youth, an athlete by choice and a politician by accident, an isolationist who earned the sobriquet "Kaiser Bill," an Anglophobe who undertook as a major campaign commitment to "punch King George in the snoot," Thompson brought to politics a buffoonery, duplicity, skill and tolerance unique even for Chicago. Promising reform to the alarmed, he revoked his own early order closing saloons on Sundays, curtailed the powers of the police morals squad, publicly associated with gamblers and criminals, and opened the gates of the city even wider to the agents of vice. "Gamblers and vice lords," wrote Peterson, "...entered into alliances with officials at almost every level of government...."<sup>8</sup>

Prohibition cemented the alliance. Chicago became the major center of bootlegging in the country, Chief of Police Charles C. Fitzmorris complaining as early as 1921 that a "large percentage" of Chicago's policemen were themselves engaged in the bootlegging business.<sup>9</sup> "During Thompson's first four years," Peterson wrote, "...the underworld had reached unheard-of heights of prosperity . . . Chicago became the undisputed headquarters in America for crime and vice.... The system ... was not new. It had existed in Chicago for decades. But under the encouragement of the Thompson administration it had expanded until conditions were completely out of hand. To all intents and purposes organized gunmen were in control of City Hall."<sup>10</sup>

A new administration brought little change. Democrat William E. Dever, a reformer, succeeded Thompson in 1923 and for four years attempted

to mitigate the influence of the underworld, but without much success. The major gangs continued their operations within the city or conducted them from hospitable suburbs, engaging in a long series of wars for control of Chicago which produced over 200 gang murders during Dever's term of office. Whether from impatience or disgust, the electorate retired Dever from office in 1927 and brought back Thompson who, as it happened, had campaigned on an anti-crime platform. "I want them out," he said, "in ninety days."<sup>11</sup> But he did not. He had accepted campaign contributions from the underworld, appointed the friends of criminals to public office, allowed the gangs to resume their operations unhindered, and watched the law decline.

A comprehensive indictment of law enforcement in Chicago was returned by the Illinois Association for Criminal Justice in 1929. The evidence was convincing, the Association's report stated, "that crime was organized on a scale and with resources unprecedented in the history of Chicago ... that the leading gangsters were practically immune from punishment; and ... that the position of power and affluence achieved by gangsters and their immunity from punishment was due to an unholy alliance between organized crime and politics."<sup>12</sup> Political influence was evident throughout the entire judicial process. Jury duty was often evaded through political contacts. A high proportion of cases was disposed of, contrary to law, by coroner's juries, many of whom were composed of political courtiers. The identical political affiliations of the State's Attorney, the mayor, the county sheriff, the county coroner and a majority of the judges rendered prosecution in Chicago and the surrounding Cook County, the Association claimed, "effectively barren of reasonably substantial results."<sup>13</sup>

Prosecution was particularly inefficient. Appointments to the state's

attorney's staff were on political grounds, most appointees being ignorant of the criminal law and assigned cases, spending much of their time in any event in political activities; a very high proportion of cases were stricken for want of prosecution or simply removed from the court docket; while the many compromises between the state's attorney and criminals resulting in a reduction of charges from grave to petty offenses had become so prevalent "that the criminal population has become contemptuous of the law and fear of punishment is no longer a deterrent of crime ... compared with the number of charges for serious crimes, the number actually receiving adequate punishment is negligible."<sup>14</sup> Partisan politics was a problem among the municipal judiciary, many judges acting as political leaders in their own communities, submitting to improper influences in the disposition of cases; as a result, delays in trials were too easily obtained through continuances or by harmless bond forfeitures, the latter often being set aside without sufficient cause, while the widespread practice of one judge reviewing the acts of another on ostensible grounds of habeus corpus had led to "intolerable confusion and abuse."<sup>15</sup> "To an increasing extent," the report stated, "the Municipal Court is coming to harbor, not only judges who take orders from political machines, but judges who are part of the organization itself."<sup>16</sup>

The police department, the report said, was both demoralized and inefficient. Several factors were to blame: low entrance standards and poor training; constant changes in department policy on law enforcement; the brief, two-year tenure of the chief of police; the constant shifting of line and administrative officials; the transfers or demotions of policemen zealous in the performance of their official duties; and a lack of support for the police force on the part of the courts and prosecuting officers.

"But," the report said, "the chief cause of demoralization is the corrupt political influence exercised by the administrative officials and corrupt politicians."<sup>17</sup> The explanation was the dependence of the latter on their alliance with criminal elements. "This so-called underworld wields a powerful influence in every election, through willingness on the part of those who derive profits from vice, either directly or indirectly, to pay enormous sums of money for the protection of their questionable interests.... After a successful campaign has been waged by these political crooks, it is a common practice to appoint a new chief of police.... Meanwhile, gamblers, prostitutes and criminals of every description, far and near, learn through their subterranean channels that everything is all 'fixed' and stampede to the city to harvest an easy crop. Honest policemen discover that the machinery is against them and the demoralization of the department begins.... When the police morale is shattered, the city is at the mercy of the crooks."<sup>18</sup>

The findings of the Association were supplemented in 1931 by those of the Chicago Citizen's Police Committee. From 1920 to 1929, the Committee noted, there had been 2,722 murders and manslaughters in Chicago, excluding homicides due to criminal negligence; from 1923 to 1929 there had been, at a conservative estimate, 257 gang murders -- including the killing of 25 union officials -- of which 230 were unsolved; none of the murders resulted in a conviction. The fault, the Committee argued, lay largely with the courts and law enforcement agencies. Many criminal lawyers had developed permanent relationships with the underworld, adding to their formal duties in court the negotiation with police officials of bargains favorable to their clients, the bribing of juries, and the furnishing of professional witnesses and fabricated alibis. Professional bondsmen not only devoted their talents to

the profitable rescue of notable gangsters but acted as general "fixers" around the courts. The sensitivity of elected judges to political considerations, the sponsorship by political organizations of court bailiffs and clerks and, in some cases, the direct financial subvention of court officials by gangsters produced, in sum, a cavalier attitude to justice. "Probations are granted defendants," the Committee said, "who under the law are not entitled to probation. Felonies are waived in cases not warranting such action. The sheriff's office is negligent and lax in subpoena service. The clerk's office and the state's attorney's office continue to lose files in cases, and continue in their failure to reinstate cases previously stricken off with leave to reinstate. In the felony branch of the municipal court, the failure of prosecution witnesses to appear continues to result in a wastebasket disposition.... Criminal justice in Chicago has come to be a symbol. By common consent it stands as a perfect example of civic failure and corruption."<sup>19</sup>

Public resentment following the disclosures of the Illinois Crime Survey and the Citizens' Police Committee contributed to Thompson's downfall in 1931. He was succeeded by Democrat Anton J. Cermak, president of the Cook County Board of Commissioners and secretary of the United Society, the principal organization of brewers, distillers and saloon-keepers of Chicago. The improvement was undiscernible. Cermak was the creator of a powerful ward organization which for years had collaborated with syndicated gambling in Chicago. The principal result of his election was a shift in municipal favors from one criminal gang to another. The change was unpopular, and an outbreak of gang warfare ensued in which one of Cermak's gambling associates was killed. In February, 1933, Cermak went

to Miami to participate in a reception for President-elect Franklin D. Roosevelt and was shot and fatally wounded at Roosevelt's side; at least two Chicago citizens prominent in the opposition to organized crime have since attributed the slaying to the offended gangsters.<sup>20</sup> Cermak was followed in office by Edward J. Kelly who, in cooperation with Patrick A. Nash, the chairman of the Cook County Democratic Central Committee, established the political machine which was to rule Chicago for the next fourteen years.

The times, no doubt, had changed. Prohibition was gone, and the depression of the 1930's brought about an increased political consciousness among the electorate, creating in turn more active lay participation in Chicago politics, alleviating some of the traditional electoral abuses, and raising somewhat the standards of the professionals. "As compared with his 1928 predecessor," wrote Harold F. Gosnell, "the 1936 precinct committeeman in the city of Chicago was less of an employment broker, less of a tax-fixer, less of a traffic-slip-adjuster, but more of a go-between for the relief agencies and the various branches of the federal government. The 1936 precinct committeeman was much more interested in national issues than his brother of the prosperity era."<sup>21</sup>

But the improvement was marginal. "The depression has brought some improvement in the ethical standards of the party workers of the city," Gosnell added, "but these standards are still pitched at a very low level."<sup>22</sup> Vote frauds, violence at the polls, the appointment of criminals as election judges, the assassination of political opponents, the underworld financing of political campaigns and other abuses continued in both Republican and Democratic organizations.<sup>23</sup> The political fixer remained a power in the

enforcement of the criminal law, exerting his influence at various points in the process. "The police may fail to secure convincing evidence," **Gosnell** also wrote, "the state's attorney may fail to prosecute, the court clerk may change the charge, the bailiff may fail to apprehend the defendant who has jumped his bail, and the judge has a variety of ways of mitigating the rigors of the law."<sup>24</sup>

The underworld thus continued to prosper. Now dominant in the liquor industry, gangsters became even more active in politics, anxious to promote trade and to stave off any attempts to enact local option prohibition ordinances. The principal gambling organizations enjoyed full political protection, flourishing openly in Chicago and the suburbs, operating some 7,500 establishments in 1934. Crime in general became more highly organized and centralized, the gradual settlement of underworld jurisdictional arrangements bringing about a decline in violence and murders but also a more systematic relationship with the political order. "It is doubtful," wrote Peterson, "if any city has even been the sanctuary for a greater number of professional criminals than Chicago in the early and middle 1930's."<sup>25</sup>

The system continued little changed throughout the years of the war. The Kelly machine was still in firm control, had largely supplanted the limited civil service system by patronage, and had geared the police department to its needs. In 1941 the Chicago Tribune obtained a published set of underworld bookkeeping records for the area of Cook County outside of Chicago; the records showed a gross profit of \$320,966 for the month of July, 1941, of which \$26,980 was paid in graft to political and civic officials;<sup>26</sup> another earlier estimate put the total of graft paid to politicians at some \$20,000,000 a year in the Chicago metropolitan area.<sup>27</sup> The wartime trials for income tax

evasion of underworld bondsmen William R. Skidmore and William R. Johnson showed that they acted as intermediaries between the political machines and the criminal organizations, the tribute of gangsters being collected at regular parades at the Lawndale Scrap Iron and Metal Company on the South Side, a former investigator of the state's attorney's office acting as cashier. There was little or no intervention from the police. "Everybody knows," the Kelly-supported county clerk of Cook County testified before a grand jury in 1943, "how promotions are made in the police department. Most captains are appointed by the Mayor on recommendations of the Ward Committeemen. Every Ward Committeeman knows that Civil Service examinations are mostly a sham -- it's all handled through the Mayor."<sup>28</sup> It was a stable system, surviving the war and repeated investigations and even -- although in mitigated form -- the departure from office of a discredited Kelly in 1947.<sup>29</sup> It was also a pervasive system, reaching out in its peak years beyond the fields of gambling, bootlegging and vice into the commercial and industrial system of Chicago and beyond. The power over business and trade unionism it brought to its chief underworld practitioners was as unprecedented as it was spectacular.

The Chicago underworld of the earlier part of the century was a collection of geographical or occupational fiefs, each under the control of one or more gangsters. In gambling, Mont Tennes controlled the North Side, James O'Leary the South Side, Alderman John Rogers the West Side, and Alderman Michael ("Hinky Dink") Kenna and John ("Bathhouse John") Coughlin the prosperous downtown Loop district; the most important of these was Tennes, who came to control -- after a series of bombing wars from 1907 to 1909 -- all handbook and racetrack gambling in Chicago. In prostitution the leading

entrepreneur was James ("Big Jim") Colosimo, aided by such local lieutenants as Michael ("Mike De Pike") Heitler, Frank ("Dago") Lewis and the brothers Harry and Jack ("Greasy Thumb") Guzik. The arrival of Prohibition brought about a multiplication of gangs -- the O'Banions, the Genna Brothers, the Aiello Brothers, the George ("Bugs") Moran gang and others -- many of whom joined forces during the 1920's.

The chief cause of amalgamation was the remarkable ability of the successors to Colosimo. In the early years of the century Colosimo had recruited New York gangster John Torrio as his chief assistant. Torrio, as the pleasures of flesh and wine distracted Colosimo from his daily responsibilities, gradually took charge of operations. His power increased with the election of Thompson and the advent of Prohibition, and he rapidly expanded his influence into bootlegging and gambling. Colosimo was now an obstacle. On May 11, 1920 he was shot to death -- evidently by Frank ("Frankie Yale") Uale -- whom Torrio was said to have brought from New York for that purpose. Torrio now assumed <sup>full</sup> control. He was an effective organizer, brought about a number of alliances, and within a year or so was the most powerful gang leader in Chicago. He was, however, more attached to life than some of his peers. In 1925 he barely survived gunshot wounds inflicted by his opponents, whereupon he abdicated his throne in favor of his principal lieutenant, a former music hall bouncer by the name of Alphonse Capone.

Capone was braver than Torrio, an even abler organizer, and utterly ruthless. "Al Capone," wrote Peterson, "marshaled the forces of the underworld as they had seldom been marshaled before."<sup>30</sup> He was responsible for the violent invasion of Cicero which, after Dever's election in 1923, brought the Chicago suburb under the control of the Torrio organization. A series

of gang murders after 1925, culminating in the gory St. Valentine's day massacre of 1927, further consolidated his power. In 1927 he contributed an estimated \$250,000 to Thompson's campaign, manning crucial polling stations with his gunmen. After the election Capone moved his headquarters from Cicero to the Hotel Metropole in Chicago, establishing his gambling operations at Clark and Madison Streets, one block from City Hall; undisturbed by the law, he reaped thereafter from bootlegging, gambling and vice an income estimated by federal authorities at \$110,000,000 a year.<sup>31</sup> His power over the affairs of Chicago became so great that, according to Frank J. Loesch, the president of the Chicago Crime Commission, he once offered to police the entire city in return for protection in the labor, liquor and gambling rackets.<sup>32</sup>

In 1931 Capone was convicted of income tax evasion and sent to the federal penitentiary on Alcatraz Island, but the organization he had built -- now known as the "syndicate" -- was durable. Under the leadership of Frank ("The Enforcer") Nitti, Jack Guzik, Murray ("The Camel") Humphries, Sam ("Golf Bag") Hunt, Paul DeLucia or Paul ("The Waiter") Ricca and others, it maintained its hold on the nether, civic and commercial life of Chicago. One of its most fruitful interests was the field of labor-management relations.

"Gangsterised industry," declared Gordon L. Hostetter, executive director of the Employers' Association of Chicago in 1932, "is not a mere possibility. It is an established fact."<sup>33</sup> "The 'association' business," stated the 1927 report of the Employers' Association, "has come to be a most profitable racket.... Certain business men, desiring to create a monopoly in their particular field, engage men whose very names strike terror in the hearts

of the timid to organize an association of proprietors in their line. In soliciting members the organizers make vague reference to the possibility of damage to property and persons, and to prevent which the association is being organized. If the proprietor does not join quickly his plant is bombed, windows broken, stench bombs exploded on his premises, employees assaulted, or perhaps called on strike. If employes are not union, then his store or business place is picketed and commodity deliveries in and out are stopped."<sup>34</sup>

The initiative, according to Hostetter, was not always with the employer alone. As an earlier report of the Association said: "Not content with holding the reins of labor monopoly he (the union leader) has conspired with certain employers and employer groups, and has set up organizations under harmless-sounding names, through which the two are enriching themselves at the expense of a credulous public.... The union uses the employer to drive all workmen into its folds, discipline recalcitrant union members, extort money and special privileges.... The employer uses the union to eliminate competition, fix prices, discipline the employer who shows the least sign of independence, and to generally 'stabilize' his business."<sup>35</sup>

A substantial number of industries were involved. According to the Employers' Association, labor-management combinations involving the use of professional coercion were established in the laundry and dry cleaning, window washing, industrial waste, pulp and paper, machinery moving, fish marketing, poultry, light foods, dental supplies, candy manufacturing, automobile supplies and repairs, pharmacy, soft drinks, building materials, garbage disposal, milk distribution, tire repairs, flowers, shoe repairing, restaurant, furniture moving, art glass, carpet and linoleum laying, window shade and drapery, wire fencing, electrical supplies, haircutting, interior

decorating, and photographic trades.<sup>36</sup> Not all partnerships, however, were voluntary. "The gang," the Illinois Association for Criminal Justice said, "is more powerful than the police. The natural result of this condition is that the law of force should be extended to legitimate lines of business as a substitute for the law of the land. Over ninety legitimate businesses are dominated by gangsters."<sup>37</sup>

The system involved the invasion of the Chicago labor movement by the underworld. "Organized labor in Chicago," declared the Chicago Tribune in 1930, "stands in peril of being delivered into the hands of gangsters, according to labor leaders who expressed their fears today. Already several unions, rated as the most powerful and active in the city, have been taken over completely by Alphonse ("Scarface Al") Capone and his crew of gangsters.... Other leading unions are being forced to pay monthly tribute to stave off the gangsters ... the labor men feel themselves helpless to stem the inroads being made by the racketeers on their organizations. Some of the union heads, in fact, have gone to Capone seeking his help in meeting the demands of other gangsters."<sup>38</sup>

The solicitation of Capone's protection was not implausible. The Capone gang was the chief organization of its kind, but it was not <sup>quite</sup> the only one. The exploitation of unions and industries was thus a competitive matter. The Chicago teamsters were said to have been subject to the attentions of both the Tucky gang and Murray ("The Camel") Humphries. Capone himself was instrumental in destroying the power of the incumbent extortioners in the laundry and dry cleaning trades, and fought the Moran gang for influence in the building trades. The Dead Shots were involved in the automobile and bill posting trades, later being challenged by the forces of

John ("Machine Gun Jack") McGurn. The effect of inter-gang rivalry was the imposition of double extortionary rates on unions and employers. The second and perhaps natural consequence, as already stated, was a deliberate approach to Capone -- as the strongest force in the underworld -- by union leaders and businessmen seeking an element of stability in their predicaments. There was -- if a former underworld enemy of Capone's can be believed -- a concerted attempt by a number of union leaders to create a defense fund, hire bodyguards, and resist by all available means the attentions of Capone and others.<sup>39</sup> But resistance was certainly not uniform and was probably -- in many cases -- futile. By 1932, according to Loesch, Capone controlled or exacted tribute from "fully two-thirds" of all labor organizations in Chicago;<sup>40</sup> even AFL officials, presumably not disposed to exaggerate the extent of gangster influence in the labor movement, apparently conceded that twenty-eight AFL affiliates in Chicago were under the domination of racketeers.<sup>41</sup>

The true extent of underworld influence in the Chicago labor movement during these years is no doubt impossible to document. As in other cities, it was a condition replete with allegation but spare in proof, marked then by the silences of fear, today by genuine or convenient amnesia. But the burden was unmistakable. More conspicuously than ever before, a combination of circumstances -- the ecology of the city, the legacy of Prohibition, the distaste for commercial competition, the partnership of the law and the underworld, and the tolerant ethics of the time -- had produced a criminal lodgement in the labor movement of major proportions. The responsibility of the Chicago unions for such a condition need not be underplayed; but it was at least a shared responsibility. There were, indeed, many examples of great

courage on the part of union leaders against high and sometimes mortal odds; but it was a hard battle, and strong allies were few. At least with the law corrupted, the politicians compromised, the collaborators powerful and death the frequent price of resistance, the acceptance of underworld intrusion by a number of trade unionists was not altogether surprising.

Repeal brought a change for the worse. The activities of gangsters in the Chicago labor movement during Prohibition, though substantial, were confined essentially to local operations. The legalization of the liquor trade, however, created a demand for new sources of revenue. The leading gangsters had little cause for timidity. Their success during Prohibition had endowed them with a legend of invulnerability and a formidable machine. The advent of Repeal, if it reduced their revenues, did little to affect their political power to to sharpen the scruples of the community. They now took aim at a new level of influence: the international union.

## FOOTNOTES -- CHAPTER V -- THE BEGINNING IN CHICAGO

1. Virgil Peterson, Barbarians in Our Midst (Boston: Little, Brown 1952), p. 34. This is one of the best of the few good histories of crime and politics in an American city.
2. Ibid., p. 42.
3. In Peterson, ibid., p. 64.
4. Chicago Vice Commission, The Social Evil in Chicago (Chicago: Gunthorp-Warren Printing Co., 1911).
5. Peterson, op. cit., pp. 90-91.
6. Report of the Chicago City Council Committee on Crime (Chicago: Adair, 1915), pp. 10, 184. For a more tolerant view of Chicago's civic guilt see Charles E. Merriam, Chicago - A More Intimate View of Urban Politics (New York: MacMillan, 1936), p. 19.
7. Lloyd Wendt and Herman Kogan, Big Bill of Chicago (New York: Bobbs-Merrill, 1953), p. 1.
8. Peterson, op. cit., p. 107.
9. Ibid., p. 11.
10. Ibid., pp. 107, 110, 120.
11. Wendt and Kogan, op. cit., p. 276.
12. The Illinois Crime Survey (Chicago: The Illinois Association for Criminal Justice, 1929), p. 1091.
13. Ibid., p. 326.
14. Ibid., pp. 326-7, 329.
15. Ibid., p. 219.
16. Ibid., pp. 418-9.

## Footnotes -- Chapter V -- Continued

17. Ibid., p. 359.
18. Ibid., pp. 366-7.
19. Citizen's Police Committee, Chicago Police Problems (Chicago: University of Chicago Press, 1931), pp. 1, 3.
20. John H. Lyle, The Dry and Lawless Years (Englewood Cliffs: Prentice-Hall, 1960), pp. 266-8.
21. Harold F. Gosnell, Machine Politics - Chicago Model (Chicago: University of Chicago Press, 1939), p. 90.
22. Ibid., p. 78. See also Gosnell, "Fighting Corruption in Chicago," Polity, July-August, 1935; Raymond Moley, Politics and Criminal Prosecution (New York: J. J. Little and Ives, 1929), passim.
23. For an account of violence and corruption in Chicago elections see Carroll Hill Woody, The Chicago Primary of 1926 - A Study in Election Methods (Chicago: University of Chicago Press, 1926), esp. Ch. 6. See also D. H. Maynard, "Fraud and Error in Chicago Referendum Returns," Natural Municipal Review, March, 1930.
24. Gosnell, "Machine Politics - Chicago Model," op. cit., pp. 78-80.
25. Peterson, op. cit., p. 171.
26. Ibid., pp. 193-4.
27. Op. cit., p. 165.
28. Peterson, "Chicago's Crime Problem," Journal of Criminal Law and Criminology, May-June, 1944, pp. 3-15.
29. On crime in Chicago during this period see Allison J. Smith, Syndicate City (Chicago: Henry Regnery, 1954).
30. Peterson, Barbarians in Our Midst, op. cit., p. On Capone

Footnotes -- Chapter V -- continued

see also Fred Pasley, Al Capone - The Biography of a Self-Made Man (New York; Ives Washburn, 1930).

31. Lyle, op. cit., p. 84.

32. Letter from Loesch to U.S. Senator William Borah. The offer was allegedly made by a Capone representative to Justice John P. McGoorty, the Chief Justice of the Chicago Criminal Court. New York Times, March 25, 1932.

33. Letter from Hostetter to members of the Employers' Association of Chicago, in Frank Dalton O'Sullivan, Enemies of Industry (Chicago: The O'Sullivan Publishing House, 1933), p. 34.

34. Gordon L. Hostetter and Thomas Quinn Beasley, It's a Racket! (Chicago: Les Quin Books, 1929), p. 9. See also Hostetter, "Gangsterised Industry," The Survey, January 1933, pp. 16-17.

35. Hostetter, It's a Racket, op. cit., pp. 10-11.

36. Ibid., passim.

37. The Illinois Crime Survey, op. cit., p. 639. See also Loesch, "Crime and Your Balance Sheet," The Magazine of Business, April 1929, pp. 4-5 ff.

38. Chicago Tribune, April 20, 1930. For individual cases see Harold Seidman, Labor Czars (New York: Liveright, 1936), Ch. 8; Fred Pasley, Muscling In (New York: Ives Washburn, 1931), passim; Elmer L. Irey, The Tax Dodgers (New York: Greenberg, 1948), passim; Louis Adamic, Dynamite (New York: Viking Press, 1934), pp. 325-50.

39. Roger Touhy with Ray Brennan, The Stolen Years. (Cleveland: Pennington Press, 1959), Ch. 7.

## Footnotes -- Chapter V -- continued

40. New York Times, March 25, 1932.
41. Seidman, op. cit., p. 116.
- 42.

CHAPTER VI

THE CULINARY TRADES

The Hotel and Restaurant Employees and Bartenders International Union (HRE) represents cooks, waiters, waitresses, dishwashers, bartenders and kindred employees in the hotel and restaurant industries. Founded in 1892, it was concerned with industries noted for their intense competition, poor working conditions, an unstable labor force and -- at least in the restaurant industry -- a high rate of business failures. The union advanced slowly in numbers, claiming in 1917 only 65,000 members out of a total work force of several hundred thousand. During the following two years the union lost 5,000 members because of the spread of state and local prohibition measures throughout the country. "Our International Union," stated Secretary-Treasurer Jere L. Sullivan, "occupies the least secure of any field in the economic world, and occupies it exclusively."<sup>1</sup> The enactment of a federal dry law accelerated the decline of the union. Twenty thousand bartenders surrendered their union cards, many of them going to work in nonunion speakeasies. Scores of long-established local unions went out of existence or maintained nominal status with a minimum of members. By 1923 the union claimed only 37,743 members.

It attempted to retrieve some of its losses by organizing the speakeasies. This was not -- given the social attitudes, illegal status and informal reprisals of the bootleggers -- an easy task; nor did the union receive much cooperation from local authorities who were reluctant to recognize in public the existence of establishments they tolerated in private, and who sometimes actively opposed picketing and other organizing efforts. But the campaign met with some success, and in due course there developed an unwelcome but inevitable association with underworld elements. It was a useful link for HRE members otherwise condemned to working under miserable

conditions, but it had unfortunate repercussions for the union.

Some of the initial embarrassments were attributable to the bartenders' locals themselves, a number of which converted their premises into speakeasies, gambling rooms or supply centers for bootleggers;<sup>2</sup> this led to disciplinary action on the part of the international union, but its intervention was unavailing against a more serious development. "The gangsters who supplied the speakeasies," wrote two officers of the HRE, "soon learned of the loyalty most bartenders had for their union. If that loyalty could be used to push their particular bootleg product it would eliminate much of the selling problem; and so they deliberately set out to capture bartenders' locals and use their membership."<sup>3</sup> Repeal brought a substantial increase in the membership of the HRE, but also a more determined attempt by racketeers to increase their influence in the union. In 1932, a number of newspapers claimed that the Capone organization planned to take control of the liquor industry, the Brewery Workers, the HRE, and elements of the Teamsters. The charge of underworld infiltration was denied by President Edward J. Flore of the HRE; but shortly after the presidential election of 1932 he went to Chicago and conferred with Secretary-Treasurer Joseph Obergfell of the Brewery Workers, who then declared to newspaper reporters:

"Our union has understood for some time that Chicago's gangland had plans to get its clutches on our industry ... and we have inkling of the efforts of gangsters to infiltrate into unions with a view of ultimately controlling the whole industry. We ask the cooperation of all people to keep this industry out of the hands of gangsters."<sup>4</sup>

Flore himself was privately disturbed. "The racketeers are creeping into some of our local unions," he confided to a friend at the 1934 HRE convention, "...I really don't know what we should do."<sup>5</sup>

He had ample grounds for concern, both in New York and Chicago. The membership of the HRE in New York City was small, the majority of organized culinary workers belonging to independent unions under left-wing leadership. The more aggressive independents were unpopular with the employers who, after an establishment had been organized by the former, would often sign substandard agreements with HRE locals. After the signing of such agreements, wrote Matthew Josephson in an approved history of the HRE, "workers employed in such places found that nothing resembling a union shop was established; that conditions remained as intolerable as before; and that when workers protested they were beaten up by hoodlums, discharged, and placed on an employers' association blacklist."<sup>6</sup>

In September, 1933, three New York officials of the HRE -- Paul N. Coulcher and Aladar Retek of Local 16 and Abraham Borson of Local 302 -- were indicted with twenty-two other persons for extortion from restaurant employers. The indictment was largely the result of protests by members of Locals 16 and 302 and by Benjamin Gottesman, the secretary-treasurer of New York Local 1. Gottesman had repeatedly sought the assistance of local law enforcement officers in combatting extortionary activities, but had received none; nor was he called to testify at the trial. "Without a vestige of investigation," Thomas A. Dewey said later, "the case was brought to trial resting only on the testimony of those poor workers who had taken their lives into their hands to complain and during three days the case was so badly presented that every defendant was freed."<sup>7</sup> Subsequent

to the dismissed indictment; a group of rank and file members of Local 16 protested to Flore:

"The present leadership of the Local is using the vilest form of intimidation to maintain themselves in office and power; members have been thrown out of jobs for daring to express their opinion on union affairs. The officials in unholy alliance with the bosses' organizations look on without lifting a finger while we work under miserable conditions, long hours, low wages, indecent treatment....

"The uniform racket is blooming. We are forced to spend \$22 for uniforms for miserable jobs that don't bring us a living.... There is no auditing committee or trustees to check up on financial affairs. The officials call strikes and settle them without consulting the membership. They remove duly elected shop chairmen at will, replacing them with their henchmen. They keep any member who is opposed to their tactics out of Union Headquarters; they refuse to accept dues from members in good standing.

"We are demanding of the International an immediate investigation of the affairs of Local 16."<sup>8</sup>

This and other complaints, together with the trial, brought about an investigation by the HRE General Executive Board just prior to the 1934 convention. The accused -- Coulcher, Retek and Charles Baum of Local 16 and Harry Koenig of Local 302 -- denied the charges, stating that they were rumors circulated by their opponents. The trial was inconclusive, Flore being authorized to conduct further investigations. He then left for England

as an AFL fraternal delegate to the annual conference of the British Trades Union Congress. During his absence, Vice-President John J. Kearney of the HRE suspended Local 302 for refusing to sign a legitimate agreement with the then United Restaurant Association of New York. When Flore returned he was met in the New York outer harbor by a boatload of officials from Locals 16 and 302. According to Kearney:

"The racketeering union officers took Flore off to a hotel in mid-town New York, and what happened there was that he might have been intimidated. After coming out of that conference Flore issued an order stating that I had exceeded my authority in revoking the charter of Local 302 and restored the local and its officers to good standing."<sup>9</sup>

Flore later said that Kearney had in fact exceeded his authority, that the International union might lose the suit Local 302 had brought against it, and that in any case he had other plans for reform. In any event, Coulcher and the others were cleared of the charges,<sup>10</sup> and at the 1934 convention supported a resolution giving the General Executive Board increased authority to investigate and punish wrongdoing on the part of union officers. Then, in March 1935, one Jules Martin, an accomplice of the New York bootleg chief Arthur Flegenheimer, better known as Dutch Schultz, was murdered in Troy, New York. An investigation by Dewey showed that Schultz had long been working with Coulcher and others in the extortion of huge sums from New York restaurant owners. The case went to trial in 1936.<sup>11</sup>

In 1926, the trial showed, Coulcher had gone to work for Schultz and Martin in one of their New York City speakeasies. In 1932, evidently with the support of Schultz and Martin, Coulcher ran for the office of secretary-

treasurer of Local 16 of the HRE. The ballots in the first vote were faked on Coulcher's behalf; and when a recount was demanded by some of the local union's members, Coulcher brought in armed guards to supervise the tabulation of the votes. Coulcher was elected together with Charles Baum and Aladar Retek -- both former employees of Schultz and Martin -- who became president and delegate respectively. All three now joined with Schultz in a plan to shake down the entire restaurant industry in New York City. Louis Koenig, another officer of Local 16, was made an accomplice, as were Max Pincus and Borson of Local 302. Gottesman was approached and told: "We have all the unions in your line. You are the one that is the missing link.... The boys have decided to take you over."<sup>12</sup> Gottesman refused, and went in danger of his life for some years afterwards.<sup>13</sup>

Schultz and his associates now organized some 90 per cent of all New York restaurant owners into the Metropolitan Restaurant and Cafeteria Owners' Association, charging \$5 a week in dues and a minimum initiation fee of \$250. These regular payments did not preclude additional levies in return for not calling strikes, some owners paying as much as \$25,000 a year to the Association. The usual method of recruitment to the Association or extortion from members was the presentation by local unions of the HRE of extravagant demands to the employer in question; if the employer refused the demands his place of business was picketed or stench-bombed. The Association's collector would then offer an arrangement whereby the employer would pay the regular fees or a special assessment; in return no bargaining demands would be made, the employer continuing to impose his own wages and working conditions. The difference between the original demand and the final contribution was usually greatly to the financial advantage of the employer.

The prosecution at the trial estimated that the total amount extorted or willingly paid exceeded one million dollars. Some 15 per cent of the revenues went to the officials of Locals 16 and 302, the remainder to the Schultz organization.

The trial ended in March, 1937. Pincus, at the opening of the trial, had either jumped or been pushed to his death from a hotel window. Schultz was dead, killed by fellow racketeers because of his threat to assassinate Dewey. Martin, Koenig and Borson had all been murdered by persons and for reasons unknown. Coulcher received a sentence of 15 to 20 years, other HRE officials being imprisoned for varying terms.<sup>14</sup> Locals 16 and 302 were suspended by the international union, new elections were held and merger negotiations with the independent unions -- begun in 1935 -- were completed. The books of the suspended locals showed that \$100,000 were missing from the treasuries. One of the consequences of the disgust of the membership of these locals was a turning to left-wing leadership.

An even more serious problem had arisen in Chicago. During the 1920's, as already stated, the HRE had imposed disciplinary measures on some local unions consorting with bootleggers, revoking in particular the charter of the Chicago bartenders' local in 1928. The leader of the new Local 278 was George B. McLane, once reported to be the owner of a speak-easy, but now evidently divorced from bootlegging. For some time he appeared to keep the local from unnecessary entanglements with the underworld while enjoying some success in organizing the speakeasy bartenders, and in 1934 became a vice-president of the international union. After Repeal, however, he ran into violent opposition from the Capone interests; pickets were frequently assaulted, but received no protection from the police.

In March, 1935, according to his own affidavit,<sup>15</sup> McLane received a telephone call from a member of the Capone organization who demanded a payment of \$500. When McLane refused to pay, he was informed that the syndicate would assume control of Local 278. A week later McLane accepted from the same caller an invitation to lunch at a downtown Chicago restaurant. At the restaurant he was confronted by Nitti, the accepted successor to Capone. Nitti demanded that McLane put one Louis Romano on the payroll of Local 278/<sup>and,</sup> when McLane objected, was said to have placed a gun on the table and asked politely how Mr. McLane would look in black. Romano joined Local 278, the picket line violence ceased, and the local rapidly became the largest bartenders' organization within the international union.

In May, 1938 -- again according to his own testimony -- McLane was summoned to a meeting attended by Nitti and other gangsters, President George Browne of the International Alliance of Theatrical Stage Employees, and Browne's special assistant William Bioff. This group proposed to McLane that he run for the presidency of the HRE at the next convention, stating that a two-year stint in high office by McLane would give them time to "parcel out different parts of the country."<sup>16</sup> McLane showed reluctance and again was threatened at gun-point by Nitti, who told McLane he must either run or find himself "in an alley."<sup>17</sup> Accompanied by racketeers and bodyguards, McLane embarked on a nation-wide campaign to capture the presidency from Flore. Financed with \$100,000 in underworld funds, he visited local unions throughout the country, flaunting his support to the larger organizations, dispensing funds to the smaller, and accumulating an impressive number of allies.

The 1938 convention took place in San Francisco.<sup>18</sup> The McLane delegation,

some of its members armed with guns and blackjacks, roamed the convention in search of supporters, and dispensed unlimited hospitality at the Whitcomb Hotel. They secured one important ally in Robert Hesketh, the respected secretary-treasurer of the HRE, who in an unexpected move joined the McLane slate and denounced Flore as a co-conspirator with communists in the East Coast locals. For a time McLane seemed in a strong position, but the opposition was firm. International Vice-President Hugo Ernst of San Francisco, leader of the largest delegation and later to become president of the HRE, made arrangements with the San Francisco Labor Council and the city police for physical reinforcements to protect the Flore supporters. When several of the latter were attacked, plain clothes policemen took away 26 revolvers and other weapons from the McLane delegates. Flore then managed to defeat a parliamentary maneuver which was designed to postpone the vote on the presidency until many delegates had been forced to return home for lack of funds.

The election itself had elements of both danger and comedy. Flore had refused the offer of the San Francisco police to provide bodyguards; but one Flore supporter had been kidnapped and told to leave the city on pain of his life, and there were fears of violence if the vote went against McLane. Some relief to the tension was provided by those who spoke for McLane. "We come in here with clean hands," said John Staggenburg of Local 278 in his nominating speech. "If it could be written in the records -- and it is not -- what this man has done in the last four years since he has been Vice-President, it would make fine reading..."<sup>19</sup> Delegate Ben Parker of Chicago Local 25 rose to second the nomination:

"I have worked in every millionaire's house in Chicago.... I used to wait on Sam Insull.... I came in contact with a wonderful character by the name of Al Brown, afterwards they hung on him the name of Al Capone. What crime did he commit?... Mr. Insull -- I liked him too, because he was a wonderful character and generous gentleman, but no more than Scarface Al Brown. He was a gentleman, and he wasn't a thug; he is a victim of the bankers' racket."

Chairman Ernst: "The gentleman ... is evidently seconding the nomination of Al Capone. The nomination of Al Capone is not before the convention...."

Delegate Parker: "If I lived in San Francisco, I would start a movement to move that disgraceful rock from this community."

Chairman Ernst: "I do not think that Alcatraz Island is before the convention. If you desire to second the nomination of a candidate, all right."

Delegate Parker: "I am very willing to do that.... I take great pleasure now, after having been disturbed both by the insane people and those who want to stop progress, in seconding the nomination of George McLane."<sup>20</sup>

The New York delegation, purged of the extortioners, joined with the California delegation and ensured the defeat of McLane, who also lost his vice-presidency. After the announcement of the defeat the Chicago delegates arose and called on their supporters to leave the hall and hold another

convention, but none followed. Romano later seized the microphone and called on the McLane delegates to leave the convention; many of them did, but no rump convention was held.

McLane returned to Chicago where, shortly afterwards, the president of Local 278 died. On syndicate orders no elections for the post were held, Romano was appointed president and given sole power over the local's finances. McLane, on Romano's instructions, left for a three months' vacation out of the state. On his return he was told his services were no longer required. He then brought suit against Romano, Mitti and others, relating in his affidavit the events since the intervention of the underworld in the affairs of Local 278. When the time for the trial arrived, however, he revoked the affidavit, dropped his suit, and returned to tending bar in Chicago. Romano remained in office, and the condition of the union in Chicago remained a problem for many years to come.

## FOOTNOTES -- CHAPTER VI -- THE CULINARY TRADES

1. Matthew Josephson, Union House - Union Bar (New York: Random House 1956), p. 130. See also Jay Rubin and M. J. Obermeier, Growth of a Union - The Life and Times of Edward Flore (New York: The Historical Union Association, Inc., 1943), pp. 153-56.
2. Report of International Vice-President Hugo Ernst, "Mixer and Server," June 15, 1923, pp. 28-40. See also Proceedings, AFL Convention, 1932, p. 224.
3. Rubin and Obermeier, op. cit., p. 182.
4. Josephson, op. cit., p. 212.
5. Ibid., p. 215.
6. Ibid., p. 218.
7. Stanley Walker, Dewey - An American of This Century (New York: Whittlesey House, 1944), p. 208.
8. Josephson, op. cit., pp. 218-19.
9. Ibid., p. 220.
10. Morris A. Horowitz, The New York Hotel Industry - Labor Relations Study (Cambridge: Harvard University Press, 1960), p. 27.
11. People v. Coulcher, 255 AD 954, 8 NYS 2d 162 (1938). See also Rupert Hughes, Attorney for the People (Boston: Houghton Mifflin Company, 1940), passim; Edward Levinson, "Business Prefers Racketeers," New Republic, November 27, 1935; Victor Weybright, "Unions and the Rackets," Survey-Graphic, May 1937.
12. Josephson, op. cit., p. 236.
13. Hughes, op. cit., p. 128 ff. Also New York Times, January 30, November 1, 1937.

## Footnotes -- Chapter VI -- continued

14. New York Times, March 26, 1937.
  15. Chicago Times, March 21, December 4, 1940.
  16. Loc.cit.
  17. Loc. cit.
  18. Proceedings, HRE Convention, passim.; San Francisco Chronicle, August 15, 1938 ff.
  19. Proceedings, op. cit., p. 139.
  20. Rubin, op. cit., p. 300; Josephson, op. cit., pp. 256-57.
- This exchange was not reported in the convention proceedings.

CHAPTER VII

THE BUILDING SERVICE EMPLOYEES

The Building Service Employees International Union (BSEIU) represents janitorial, custodial, and other service employees in office, apartment, hotel, hospital, public and other buildings, and has its headquarters in Chicago.<sup>1</sup> Founded in Chicago in 1921, its main strength was in that city, the entire membership of the international union numbering only 18,000 in 1930. In 1934 the BSEIU was on the agenda of a meeting in Chicago of Nitti and his associates where the decision was made to capture the leadership of various unions. The first step towards the control of the BSEIU, however, was made in New York. In July, 1934, under the sponsorship of New York gangster Anthony ("Little Augie Pisano") Carfano and with the endorsement of the Chicago syndicate, one George Scalise was appointed as the principal international representative of the eastern region of the union.<sup>2</sup>

Scalise was a former procurer who for years had been an associate of such New York gangsters as Luciano, Uale, Joseph ("Pretty Boy") Amberg, Buchalter, Shapiro and others. Prior to joining the BSEIU he had engaged in racketeering activities in unions of garage employees, automobile washers, retail clerks, beauty shop workers, Italian butchers and laundry employees, and was currently a vice-president of Local 272 of the International Brotherhood of Teamsters. At the time of his appointment he owned a strike-breaking agency called the Sentinel Service Company; he was also said to extort money from employers refusing to retain his services as a strike-breaker, causing their plants to be struck and collecting a fee for ending each strike. The announcement to BSEIU officials of his appointment to the union was made by BSEIU President Jerry J. Moran in the offices of the Sentinel Service Company.

Scalise's influence was soon felt. In the fall of 1934, Local 32B of the BSEIU was on the verge of a major organizing campaign in New York City.

James J. Bambrick, the president of the local, had selected the garment district as the locus of the campaign, and quickly discovered the strength of Buchalter and Shapiro in the industry. Shortly before a contemplated strike against garment district building owners, Bambrick was called to a meeting in a loft building on Fifth Avenue and 22nd. Street, there to be confronted by Shapiro. The latter told Bambrick he was "taking over" the needle trades, and ordered Bambrick not to call the strike. When Bambrick protested, he was told by Shapiro that he would be contacted by Scalise and Isidore ("Izzy") Schwartz, an international representative of the BSEIU. Schwartz later told Bambrick that he and Scalise were working with Buchalter and Shapiro, that they intended to extort money from building owners in the garment district, and that if Bambrick cooperated his share of the proceeds would be at least \$300,000. As for the members of Local 32B, Bambrick was advised to "throw the crumbs a crust."<sup>3</sup>

Bambrick refused the bribe and called the strike. The announcement of the strike brought him a number of protests from building owners and managers who had assumed that Scalise, Schwartz, Buchalter and Shapiro were in league; that they should submit to the extortions; and that the strike would not occur. The strike took place to the accompaniment of violence against the strikers and the use of thousands of strike-breakers; but this and other strikes were successful, making Local 32B by far the largest local in the union, representing about one-third of the entire international membership.

Bambrick, however, was not a welcome recruit to the leadership of the union. The BSEIU convention of 1935 was held in Chicago at the Hotel Bismarck where, for professional purposes, Nitti, Francis Maritote, DeLucia, Ricca,

Louis ("Little New York") Compagna, Pisano, McGurn, William ("Baby Face") Nelson, Joseph Adonis and other gangsters were staying. Bambrick was refused financial assistance by the international union to liquidate the debts incurred during the 1934 strike, and told to bring his per capita payments up to date. The following year Scalise -- now an international vice-president, -- and Schwartz urged Bambrick to join one of their business enterprises, and when he refused organized a "strike" of the organizers of Local 32B just prior to the expiration of a city-wide contract. Shortly afterwards Scalise told Bambrick that an attempt on the latter's life was about to be made by "The Boilermaker," a Chicago gunman. From that time, Bambrick wrote, he lived "in an atmosphere of stark terror."<sup>4</sup> Soon, he claimed, he was forced to pay \$10,000 to Scalise for protection against assassination. He took the money from union funds -- an act which was to send him to prison.

Horan died in April, 1937. Scalise then allegedly met with Capone representatives Frank Diamond, Charles Fiaschetti and Michael Carozza at the Hotel Bismarck. Scalise was informed, Schwartz later testified, that First Vice-President William L. McPetridge was ineligible for the presidency of the union since he had refused to cooperate with the syndicate; that Scalise, the junior vice-president, should be the candidate; and that once in office he would donate half of his union income to the syndicate in return for its support. Scalise was thereafter appointed by the BSEIU executive board to the presidency of the union.<sup>5</sup>

The friction between Scalise and Bambrick continued. Scalise hired a number of men who, Bambrick claimed, had been "foisted" on Local 32B "during the excitement of the major strikes and who had been discharged on discovery of their criminal records."<sup>6</sup> At one point Bambrick ordered Schwartz out of

his office, whereupon Schwartz approached a number of Local 32B organizers with the proposal that they join his extortionary activities in the laundry trades; several of the officials were later involved in charges of extortion. Bambrick was also subjected to pressure from a member of the State Supreme Court to stop strikes and from a member of the State Senate -- who invoked his friendship with Luciano -- to limit his wage demands, and was upbraided by Scalise for refusing their demands.

In 1941, Bambrick himself was convicted of taking money from the treasury of Local 32B. It was established at the trial that he had given \$7,500 to Scalise, but no satisfactory accounting was given of the remaining \$2,500. Dewey said of the case:

"The crime to which Bambrick has pleaded guilty illustrates one of the great dangers resulting from the domination of union and union officials by gangsters. The defendant, Bambrick, for many years apparently was a legitimate labor leader with a long record in behalf of labor.... Thereafter this international union brazenly made a professional criminal, George Scalise, its president. Forced to take orders from the Capone mob and Scalise, Bambrick at first resisted and then succumbed. Eventually, in some situations such as the one before the court today, he became a coconspirator with Scalise."<sup>7</sup>

Bambrick was given one to two years in prison. He claimed that his indictment was the result of a conspiracy between David Sullivan, the secretary-treasurer of Local 32B and now the president of the international union, and Victor Herwitz, an assistant district attorney under Dewey who subsequently became legal counsel to the local. Sullivan succeeded Bambrick

as president of Local 32B, and for some years was the subject of charges of malfeasance by pro-Bambrick elements in the local. On neither issue were the charges sustained. Sullivan, in fact, instituted accounting reforms in Local 32B as early as 1938, and the fiscal procedures of the local during his twenty-year presidency came to be used as a model for the BSEIU and other unions.<sup>8</sup> Bambrick never returned to union office.

Meanwhile, a more determined resistance to Scalise had developed in California. In one of the rare cases of open rebellion by a member of an official union family against corrupt leadership, Charles Hardy, the West Coast vice-president of the BSEIU, became publicly critical of Scalise's methods and associations. "You," he once told Scalise when the latter ordered him to get rid of a recalcitrant official, "go jump in the lake."<sup>9</sup> Hardy charged specifically that Scalise had failed to account for the per capita contributions sent by locals to the international union; that Scalise's own salary was unknown; and that Hardy's requests at various executive board meetings for an accounting had been refused. In return, Hardy's life was threatened by Scalise on several occasions; and in December, 1939, he was suspended from his vice-presidency of the union.

The international union then brought court action against Hardy in a move to take control of the San Francisco locals. Hardy filed a counter-complaint to stop per capita payments to the international union until an accounting of previous payments had been made, to prevent his own removal from office by enjoining his forthcoming trial by the executive board, and to prohibit Scalise from commandeering the records and property of the San Francisco locals.<sup>10</sup> In an affidavit Hardy charged, as was substantiated at Scalise's trial in 1940, that Scalise received as salary half of all membership

initiation fees and per capita tax of BSEIU locals in the eastern region -- a sum of between \$8,000 and \$10,000 a month; that Scalise also received some a year \$25,000/in expenses; that he retained a number of gunmen and racketeers on the BSEIU payroll for coercive purposes; <sup>and</sup> that several executive board members had been threatened with death and went continuously in fear of their lives. The other members of the board submitted affidavits stating that Hardy's charges on the last score were "figment of his own imagination."<sup>11</sup> In identical letters to Scalise they also upheld Hardy's suspension from office. The court enjoined the international union from taking over the property and assets of Local 9 in San Francisco, the local at suit, but considered itself unable to offer other relief except to insist that Hardy's trial board not include Scalise or Vice-President Thomas J. Burke.<sup>12</sup> Scalise appealed the decision but to no avail.<sup>13</sup> By subsequent agreement among the parties Hardy was tried by a board of San Francisco Bay Area union officials and -- except on minor procedural matters -- exonerated of the charges of malpractice levelled at him by Scalise.<sup>14</sup>

The court trial, together with attacks on Scalise made by Westbrook Pegler, a journalist, paved the way for Scalise's downfall. Scalise was indicted in April, 1940, in Chicago for extorting \$97,150 from property owners; the prosecution estimated that the total amount extorted was about \$1,000,000. He was also put on trial shortly afterwards by Dewey in New York for stealing \$60,087 from the union; the prosecution in this case believed that more than \$200,000 in union funds had been embezzled. There was a further indictment for income tax evasion, the federal government later collecting \$307,947 from Scalise in taxes, interest and penalties. Schwartz testified at the second trial, stating that Scalise had indeed been put in

office by the Chicago syndicate and confirming the financial conditions imposed. Kenneth Ashley, the bookkeeper for the union, stated in court that he falsified union records to hide various payments to Scalise, and that a regular account was kept for Frank Diamond, Capone's brother-in-law. Harry Altschuler, the union's auditor, testified that he had been hired by Scalise to prepare a statement which would be a "financial picture" of the union, but that he was not allowed to check expenses nor given access to certain of the union's books.<sup>15</sup> One of the forbidden items, it was stated in court, was a vacation in Cuba for Scalise, Burke, Carfano and Fiaschetti paid for by the union. The finances of the BSEIU were evidently not under careful supervision. McPetridge, who had succeeded Scalise at the May, 1940, convention of the union, was questioned in court about Scalise's income:

Q: Did you ever hear any resolution proposed at any meeting in the executive board at which you were present confirming, adopting or ratifying any arrangement with George Scalise whereunder he was to receive a fixed percentage of the per capita tax of any local union affiliated with the international?

A: No ... I heard in the office there was some arrangement made with Scalise, but never in executive board meeting was it discussed, to my memory.<sup>16</sup>

A parole board report submitted to the trial judge said that as early as 1932 a Chicago group under Nitti had moved into the BSEIU -- a charge formerly denied by Horan;<sup>17</sup> that as a vice-president of the union Scalise had shared offices with Carfano; and that as a subsidiary activity Scalise and Carfano had employed a gang of thugs, supplying them with fake police

badges and using them to engage in petty extortion.<sup>18</sup> A death-bed affidavit by Matthew Taylor, the president of an elevator operators' local in Chicago alleged that Horan and Compagna had offered him a bribe of \$50,000 to step out of the leadership of the local, then affiliated with the International Union of Elevator Constructors; that Scalise -- with the help of AFL President William Green and Superior Judge Oscar Nelson of Cook County -- had forced Taylor to transfer his local to the BSEIU; that he, Taylor, had taken \$30,415 from his local's treasury to pay tribute to the syndicate; and that he had once determined to kill both Scalise and Burke, but that "something<sup>19</sup> went wrong."

Scalise, having already been suspended from the BSEIU presidency by the executive board, resigned in April, 1940. In a statement submitted and read to the convention the following month, he claimed a clean record since his conviction while a minor for white slavery, pointed to the growth of the union during his period of office from 20,000 to 70,000 members, and protested against the "despicable attacks" made on him by his critics. "My election as President to this International Union," he said, "came about as a recognition of my accomplishments.... These attacks on me together with those conceived by a District Attorney, a presidential aspirant, are responsible for the unfortunate position I find myself in tonight. This unholy alliance of venom and selfishness, you will agree is formidable." He also claimed he had made "efforts to weed out any corruption that might exist in this International," charging the "Hardy clan" in San Francisco with a variety of misdeeds and collaboration with the union's enemies.<sup>20</sup>

The convention passed a resolution "to accord to George Scalise the full presumption of innocence until proven guilty" and to "extend aid to get

a fair trial and fraternal aid";<sup>21</sup> elected McPetridge, who promised to fight against "waste, graft and corruption"; and acted to require more frequent financial reports, to give the executive board power to call emergency conventions, and to nullify the charters of three / <sup>bogus or "paper"</sup> locals set by up Scalise. But otherwise the convention took little note of the passing of Scalise, and dwelt not at all on the misfortunes he had brought to the union.

Hardy, the single rebel, lost his vice-presidency. He regained it at a special wartime convention in 1942, retaining it until his premature death in 1948; but little was ever said of the past. The reflections came later. "You know," said McPetridge at the 1960 convention of his election to the presidency, "we inherited the darndest racket in the United States ... we inherited disunity within the official family of the international union... One of the terrible actions that was taken was to move on one of the great trade unionists and the one person who made our organization possible on the West Coast, Charles Hardy..."<sup>23</sup> It was a poor restitution.

Scalise spent ten years in prison on conviction for theft, forgery and income tax evasion. He was released in July, 1950. In February, 1955, he was indicted for conspiracy and bribery in dealings with the welfare fund of the Distillery Workers International Union, pleaded guilty, and was sentenced to a year in jail.<sup>24</sup> He appears to have no union connection at the present time.

## FOOTNOTES -- CHAPTER VII -- THE BUILDING SERVICE EMPLOYEES

1. I am grateful to President David Sullivan of the BSEIU for his cooperation in supplying materials on the union, and to Vice-President George Hardy for his comments. Neither man, of course, bears any responsibility for what I have written.
2. James J. Bambrick, The Building Service Story (New York: The Labor History Press, n.d. ), p. 21. This is not the most modest or generous of documents.
3. On Scalise's appointment as international representative and subsequent election as international vice-president at the 1935 BSEIU convention see Proceedings, BSEIU Convention, 1935, in Public Safety, June, 1935, pp. 14, 28-9.
4. Bambrick, op. cit., p. 43.
5. New York Times, April 27, 1940. See also Peterson, Barbarians in Our Midst, op. cit., p. 173 ff.
6. Bambrick, op. cit., p. 57.
7. Malcolm Johnson, Crime on the Labor Front (New York: McGraw-Hill, 1950), p. 49.
8. See Going Up! (New York: Building Service Employees International Union, 1955), p. 60.
9. Proceedings, BSEIU Convention, 1942, p. 131.
10. Theodore Canavaro et al v. Theatre and Amusement Janitors Local #9, Superior Court File No. 292428, San Francisco, 1940.
11. Loc cit., passim.
12. Burke had been and was later accused of collaboration with the syndicate. See New York Times, September 7, 1940; Johnson, op. cit., pp. 40-41.

Footnotes -- Chapter VII -- continued

Burke denied the charge and offered to testify at Scalise's trial in 1940, but was not called.

13. 15 Cal. 2d 495 (1940).

14. Discussion with San Francisco Superior Court Judge Francis McCarty, in 1940 the counsel for Hardy.

15. New York Times, August 29, 1940.

16. People v. Scalise, Papers on Appeal, Court of Appeals of the State of New York (New York: 1941), Vol. II, p. 1299. See also People v. Scalise, 263 App. Div. 704, 31 N.Y.S. 2d 664 (1941); 288 N.Y. 220, 42 N.E. 2d 494, mod'g 263 A.D. 704 (1942). Also Annual Report of the Chief Clerk to the District Attorney, County of New York (New York: 1940), pp. 27-9. Also Newsweek, April 29, 1940; Life, May 6, 1940; Time, May 6, 1940.

17. New York Times, March 1 and 8, 1936. See also Edward Dean Sullivan, This Labor Union Racket (New York: Hillman-Gurl, 1936), pp. 115-18.

18. New York Times, October 8, 1948.

19. Chicago Herald-American, September 7, 1940.

20. "Report and Statement of George Scalise," in Proceedings, BSEIU Convention, 1940, p. 27. The proceedings note the fact but not the volume or source of applause at the end of Scalise's report. The "Hardy Clan" referred to in the report was composed of Hardy and his two sons, George and Charles Jr. Both sons were active in BSEIU affairs from the founding of the union in San Francisco. On Charles Hardy's death in 1948 he was succeeded in his vice-presidency by George Hardy, who still holds the position.

21. Ibid., pp. 64-5.

## Footnotes -- Chapter VII -- continued

22. New York Times, May 10, 1940.
23. Proceedings, BSEIU Convention, 1960, p. 196.
24. New York Times, April 9, 1957.

CHAPTER VIII

THE THEATRICAL TRADES

The principal union representing production workers in the legitimate theater and the motion picture industry is the International Alliance of Theatrical Stage Employees and Moving Picture Machine Operators of the United States and Canada (IATSE). Founded in 1893 to represent stage hands in the live theatre, it began to claim jurisdiction in the motion picture industry during the first decade of the twentieth century. Its representation in the latter was for some time limited mainly to projectionists in motion picture theatres who, because of their key function and stable employment, were relatively easy to organize. Motion picture production was harder to breach. Concentrated by the 1910's in Hollywood and dominated by five corporations, it was nevertheless noted for casual employment; the special appeal of the industry had attracted a surplus labor force which, in turn, was employed largely on a short-term basis, with employees shifting continuously from one employer to another according to the schedules of films in production. However, with the subsequent entry into the industry of eastern ownership and management accustomed -- unlike employers in the traditionally open-shop Los Angeles area -- to negotiating with unions, the IATSE managed to secure a firm foothold in Hollywood by the mid-1920's.<sup>1</sup>

The industry, unfortunately for the IATSE, was constantly beset by jurisdictional problems.<sup>2</sup> The IATSE was organized in Hollywood on a semi-industrial or multi-craft basis, most crafts having separate locals but all of them coming under the control of the international union; this policy brought the IATSE into conflict with other AFL affiliates such as the Carpenters, the Painters and the International Brotherhood of Electrical Workers (IBEW) with jurisdictional interests in the industry. A dispute with the IBEW over sound technicians brought about, in 1933, the almost total

defeat of the IATSE in Hollywood, its membership declining in a few weeks from some 9,000 to less than 200. But there was now a close financial relationship between production in Hollywood and the distribution of films across the country, with a much greater financial investment on the part of the employers in the latter. The IATSE controlled the labor force in distribution. It was the dependence of the employers for profit on undisturbed distribution that contributed most of all to the resurgence of the IATSE in Hollywood, and <sup>also to</sup> the holding of the industry to ransom, unwelcome or not, by corrupt elements in the union.<sup>3</sup>

In 1933, George E. Browne was the business agent for Stagehands Local 2 of the IATSE in Chicago. The previous year he had run for the presidency of the union, but without success. Now he made the acquaintance of William Bioff, a former pimp with a record of arrests for burglary and vagrancy, an associate of racketeers, a suspect in more than one murder case, and a minor figure in the Capone organization.<sup>4</sup> Evidently of mutual morals, Browne and Bioff organized for personal profit a soup kitchen for unemployed members of Local 2; working members of the local were required to pay 35¢ for two meal tickets, one of which was given to an unemployed member; soup was cheap, and surplus funds were retained by the partners. Funds for the service were also available from other sources, Bioff allegedly receiving contributions from local politicians in return for a promise of votes. Browne and Bioff also approached Barney Balaban, the owner of a large motion picture circuit, demanding the restitution of a 20 per cent cut in stagehand pay imposed in 1929; when Balaban complained that this would oblige him to restore all other pay cuts, the IATSE officials settled for a \$50,000 gift -- later reduced to \$20,000 -- to the soup kitchen.

They celebrated this major accretion of funds in a drunken party at the Chicago restaurant of Nicholas Circella, or Nick Dean, a Capone associate. Circella and Frank Rio, a former bodyguard of Capone, observed the apparent prosperity of Browne and Bioff and reported the matter to their syndicate superiors. Browne and Bioff were subsequently summoned to two meetings in suburban Riverside attended by Nitti, Compagna, Charles ("Cherry Nose") Gioe, Philip d'Andrea, de Lucia and -- on the second occasion -- by Buchalter. Nitti told Browne he should run again for the IATSE presidency in 1934, and asked him to name the territories in which his support had been weakest in 1932. Nitti then listed the underworld leaders who would bring the appropriate pressure to bear on recalcitrant locals in 1934, naming Luciano and Buchalter in New York, Abraham ("Longey") Zwillman in New Jersey, Al Palizzi in Cleveland and John Dougherty in St. Louis. Nitti assured Browne that he would win, and that the syndicate would consider itself entitled to 50 per cent of all extorted money thereafter.

The 1934 convention of the IATSE took place in Louisville, Kentucky. Underworld representatives attended in force, openly supporting Browne for the presidency. The incumbent president of the IATSE, William C. Elliott, chose for unannounced reasons not to run, his departure being unmarked by farewells of his own or the encomiums traditionally offered by a convention to a retiring president. An attempt was made to persuade William E. Canavan, a former president, to contest the position, but Canavan stayed out of the race after threats to his safety. Browne was elected without opposition and, in one of his first acts as president, appointed Bioff as his personal representative.<sup>5</sup>

A wider prospect was now open. In New York, Browne and Bioff threatened

theatre owners with a strike, collected \$150,000 for not calling it, and allowed a 10 per cent cut in projectionists' wages. In Chicago, they pressed a demand on the Chicago Exhibitors' Association for a second projectionist in every booth, but settled for a personal contribution of \$100,000. Bioff took \$25,000 from Nathaniel Barger, the owner of the Rialto Theatre in Chicago, later claiming half the theatre's profits and sending Isidor Zevin, the syndicate-appointed bookkeeper of the IATSE, to audit the Rialto's books as a precaution against cheating. Gangster Frank Maritote was placed on Barger's payroll at \$200 a week for no duties at all, later being replaced by d'Andrea. When Barger was compelled to sell another property -- the Star and Garter burlesque house -- to offset his losses on the Rialto, Bioff collected half the proceeds on the sale.

But Hollywood was the prize. After fruitless negotiations between employers and the IATSE in New York and Hollywood, a strike was called at the Paramount theatres in Chicago. The effect was immediate and the warning sufficient. The result was the re-admission of the IATSE to the basic agreement between the Hollywood producers and unions, the granting of a 10 per cent wage increase and a closed shop to the IATSE, and a leap in IATSE membership in Hollywood to 12,000 almost overnight. The consolidation of the union brought a spectacular advance in the private fortunes of Browne and Bioff. Bioff was the spokesman. "Now look...", he told Nicholas Schenck, the president of Loew's Incorporated and the chief representative of the employers in the 1936 negotiations, "I want you to know I elected Browne president and I am his boss. He is to do whatever I want him to do. Now your industry is a prosperous industry and I must get \$2,000,000 out of it." Bioff later confirmed the exchange. "I told Nicholas Schenck," he

said at a 1943 grand jury hearing, "to get together with other producers and get a couple of millions together. Schenck threw up his hands in the air and raved. I told him if he didn't get the others together we would close every theatre in the country."<sup>8</sup> Other evidence suggests that, at least in the following years, Bioff's demands of the employers may not have been entirely unwelcome, since counter-concessions were sometimes if not always available;<sup>9</sup> but for the moment the concern of the producers was to mitigate the burden. After some private discussion among the producers a proposition was made to Bioff and accepted by him. The four major companies would pay \$50,000 a year each, a smaller company \$25,000. The first instalment was paid the following day by Schenck and President Sidney R. Kent of Twentieth Century-Fox, who deposited \$75,000 in cash on a bed in the room occupied by Bioff and Browne. The records of subsequent court trials showed that between 1935 and 1940 the two IATSE officials received more than \$1,100,000 from the industry.<sup>10</sup>

Unchallenged by the employers, Browne and Bioff now affirmed their control of the union. They had good news to offer; the IATSE had become the dominant union in the industry, increased its national membership, and obtained substantial benefits. Browne, by now a vice-president of the AFL, was greeted at the 1938 convention of the IATSE with high praise and protestations of loyalty, and had his term of office extended from two to four years.<sup>11</sup> "At present," he told the convention, "we are riding the crest of power and stability."<sup>12</sup> He took the opportunity to levy a special assessment of 2 per cent of the wages of all employed IATSE members; the ostensible purpose of the assessment was to create a defense fund to combat employers who were "promoting and sponsoring dual organizations and resorting

to all known and unknown unethical methods in attempting to break down working conditions...."<sup>13</sup> Browne was given full control over the funds and instructed to take disciplinary action against any local union failing to pay the assessment. No accounting of the disposition of the fund, which yielded some \$60,000 a month, was ever made.

Browne's report to the convention was confident and favorable, announcing further advances in membership, jurisdiction and benefits. "The general condition of the organization," he said, "has never been better."<sup>14</sup> He also acknowledged his debt to Bioff. "I would be greatly remiss in my duty," he stated, "if I did not call attention to the splendid and successful efforts of my personal Representation.... No man ever worked harder and accomplished as much as he did, fighting the producers tooth and nail."<sup>15</sup> Some indication of the current relationships between the employers and IATSE leaders was given by the appearance at the convention of Sidney Kent, the former bagman for the extortionists. The record would show, Kent said, that in Hollywood studio labor-management relations "we have had less interruption of employment, less hard feeling, less recrimination, and have built more good will than any industry I know of in the country."<sup>16</sup> Browne thanked him for his comments. "The appearance of President Kent, I do believe, shows indications of a new era in the relationship between the employer and the employee.... I think it is going to do great things for us and the country in general.... As we sow, so shall we reap."<sup>17</sup>

Retribution had already begun. In 1936 a number of IATSE locals in Hollywood had been put under international union supervision on the recommendation of Bioff and others.<sup>18</sup> The following year the four locals involved

voted against the lifting of receivership; but shortly afterwards a group of dissident members of Local 37, the largest of the supervised locals, consulted with Carey McWilliams, then a Los Angeles attorney, and filed suit to obtain an accounting of the defense fund.<sup>19</sup> Nothing came of the suit, but the publicity attendant upon it and the widespread factionalism in the Hollywood locals prompted an investigation by the Committee on Capital and Labor of the California State Assembly.<sup>20</sup> The investigation lasted only 48 hours, did not involve the questioning of Bioff and his associates, and produced a report favorable to Bioff and the IATSE. The speed, dubious procedure and bland conclusions of the investigation aroused some curiosity and produced, the following year, a report on the investigation itself.<sup>21</sup>

The second report stated that Assembly Speaker William M. Jones of Los Angeles, who controlled the purse strings of the various Assembly committees, had been approached by McWilliams but initially had shown no interest in a public investigation of the IATSE. Shortly afterwards he reversed himself, announcing that funds would be made available for an inquiry, which then took place. About this time, however, Jones' law associate Colonel William H. Neblett approached Louis B. Mayer, the head of Metro-Goldwyn-Mayer, the largest of the Hollywood film corporations. Neblett allegedly informed Mayer, who had just concluded a collective bargaining agreement with Bioff, that it would be possible to get rid of the IATSE if Mayer so desired. Mayer disclaimed interest in the proposal, but said he would refer the matter to Nicholas Schenck. The rumor spread that Mayer and Jones were jointly planning an investigation of the IATSE; the union, according to later testimony by a Treasury agent, then made out

checks to both Heblett and Jones. Heblett now approached Mayer, asking his help in subduing the unfavorable current publicity on Bioff. The Assembly Committee report -- evidently typed by IATSE stenographers -- was issued the day after the signing of the IATSE checks. Bioff himself later declared that he had paid \$5,000 to Colonel Heblett to quash the California legislative investigation; that he had consulted with Louis B. Mayer of 20th Century-Fox, Leo Spitz of RKO and the brothers Nicholas and Joseph Schenck, asking them to use their influence to divert the legislative committee's attention from him; that the committee then "let up on me"; and that on Joseph Schenck's advice he then went on a trip to South America and Europe, with Schenck paying the expenses.<sup>22</sup>

The embarrassments continued. Open opposition to the leadership of the IATSE flourished in Hollywood, the rebels charging corruption at the top, the leadership alleging -- with some justification -- that the rebels were being led or influenced by communist agents.<sup>23</sup> Robert Montgomery, the actor-president of the Screen Actors' Guild, persuaded the executive board of his union to hire two ex-FBI agents to investigate the charges of corruption in the IATSE; the agents' report unexpectedly resulted in a Treasury investigation and income tax indictment of Joseph Schenck, but also gave further prominence to Bioff's past and present activities.<sup>24</sup> In 1938, it was said, Nitti ordered Bioff to resign from office for a year to allow the adverse publicity to subside. Bioff did so, leaving with a eulogium from the General Executive Board of the union. "Your work for this organization in years gone by," the Board wrote to Bioff, "has been outstanding not only in the results obtained, but also in the quiet, business-like and effective manner in which you have gone about your work,

and the high integrity and honesty you have displayed in all your dealings.... Should you find, however, that it is not possible to comply with our request and withdraw your resignation, the General Executive Board has unanimously ... voted you one year's salary."<sup>25</sup>

Bioff returned to the payroll the following year, but was soon confronted with another disinterment of his past. Westbrook Pegler published in late 1939 an account of a prison sentence for pimping in Illinois which Bioff had never served. Proceedings were initiated in Chicago, Governor Floyd Olson of California agreed to extradition, and Bioff returned to Chicago. His departure from the chairmanship of the IATSE Hollywood negotiating committee produced a flood of telegrams from local unions protesting their faith in him and demanding his return.<sup>26</sup> But Bioff was involved in court proceedings, and early in 1940 was committed to the Bridewell jail in Chicago to serve out his sentence. While there he received warning of the conditions of the underworld embrace. During a visit from Glee, Bioff indicated that he wanted to resign from labor racketeering. The wish was reported, and the following day Bioff was visited by Compagna, who asked for confirmation. "Yes, sir," said Bioff, "I want to resign." "Well, Willie," replied Compagna, "anybody who resigns, resigns feet first. Do you understand what that means?"<sup>27</sup> Bioff understood and did not resign, although he was later to pay the price of imperfect memory.

For the moment, however, he had troubles enough. A series of appeals against his sentence failed, and he remained in jail until September, 1940, when he returned again to the IATSE payroll.<sup>28</sup> Meanwhile, Joseph Schenck had been given a three years sentence; this was more than he expected, and

in return for an easement of sentence he offered testimony on the transactions between Browne, Bioff and the producers.<sup>29</sup> His sentence was reduced to a year and a day, and Browne and Bioff were indicted for extortion. Browne received eight years and Bioff ten, but neither man implicated his underworld associates.<sup>30</sup>

The following IATSE convention took note of their departure. "It is only natural...", said the newly-elected President Richard Walsh, "that the chief interest of the membership is centered upon the circumstances surrounding my ascendancy.... Inasmuch as our former President has served the International in a wholly satisfactory manner in various official capacities for many years, it must be assumed that he had become the victim of circumstances beyond his control. If he was cognizant of the acts being perpetrated by his appointees, possibly he was left with the alternative of remaining silent or paying the supreme penalty.... Taking the human side, I am certain it is a decision that would be relished by no one.... As the legal prosecution started outside our ranks, it was left entirely to the courts to establish the innocence of guilt of the accused. Every aid and assistance was extended to preclude the possibility of any one working in behalf of the Alliance being unjustly prosecuted and punished for promoting its advancement.... Despite the fact that our actions were unproductive, under the circumstances they were wholly justified."<sup>31</sup> Nevertheless the convention took precautions against the recurrence of similar episodes, shortening the presidential term from four to two years, adopting stricter accounting methods and formalizing the procedure for the calling of meetings.<sup>32</sup>

Then, on February 2, 1943, an unusually brutal murder took place

in Chicago. Estelle Carey, the paramour of Circella, was severely beaten, doused with gasoline and burned to death in her apartment. The murder was never solved, but Circella was now in jail for extortion, and rumor attributed the crime to the desire of the underworld to silence a possible witness on its connection with the IATSE.<sup>33</sup> About the same time, Browne's wife also received threats to her safety. Both events evidently promoted Browne and Bioff to testify against the syndicate. Browne was a reluctant witness, collapsing at the end of his brief testimony. Bioff, on the other hand, spent nine and a half days on the witness stand, relating with relish the details of his criminal activities and associations. When asked about his protestation of innocence at his trial for extortion, Bioff replied: "I lied and I lied and I lied.... I am just a low uncouth person. I'm a low type sort of man. People of my caliber don't do nice things."<sup>34</sup> On this occasion his testimony was convincing, and produced the indictment for extortion of Nitti, Compagna, d'Andrea, de Lucia, Gioe, and some minor figures.<sup>35</sup> Nitti committed suicide on the day of the indictment. The remaining principal defendants each received ten years and a fine of \$10,000. A second charge of mail fraud was not brought to trial. Compagna, de Lucia and d'Andrea were sent to the federal penitentiary at Atlanta, Georgia. The others went to Leavenworth, Kansas.

Under ordinary circumstances, the syndicate defendants could have hoped for parole by the summer of 1947. Given their records and the latent charge, however, the expectation was that they would serve all or most of their sentences. "It was believed," wrote Peterson, "...that this outstanding indictment would act as a detainer which would prevent the premature release of the Capone gangsters from prison."<sup>36</sup> It did not, the subsequent

history of the case adding weight to the underworld reputation of political influence and special exemption from the claims of the law.

Compagna and de Lucia first requested a transfer to Leavenworth. Officials of the latter institution opposed the request on grounds of prison security. The two appellants then retained Paul Dillon, an attorney who had been campaign manager for the then Senator Harry Truman in one of his senatorial contests. Despite the formal rejection of the request by the federal Bureau of Prisons and the further objections of Leavenworth officials, Compagna and de Lucia were transferred in August, 1945. There they received visits from attorney Eugene Bernstein and Anthony Accardo, the successor to Nitti; since prison regulations limited visits to attorneys and relatives, Accardo posed as Joseph I. Bulger, a Chicago lawyer.

Two initial obstacles had to be overcome: the tax claims against some of the defendants amounting to half a million dollars; and the mail fraud indictment. The tax bill was settled by the Treasury for \$126,000 with interest; the money was provided by unidentified persons who visited Bernstein's office and placed it in cash on his desk. The dismissal of the mail fraud indictment was more difficult, requiring the permission of the Attorney General of the United States. The prisoners selected as counsel on this matter Maury Hughes of Texas, a long-time political associate of Attorney General Thomas Clark. Hughes apparently talked to officials in the U.S. Attorney's office in New York and to staff members of the Department of Justice, after which the indictment was dismissed.

There remained the problem of parole. The prisoners, it might have seemed, had little reason to expect generous treatment. In 1946 the

Attorney General had received a memorandum from the federal prosecutor in the original trial stating that the defendants were "notorious as successors to the underworld power of Al Capone. They are vicious criminals who would stop at nothing to achieve their ends. The investigation and prosecution were attended by murder, gun play, threatening of witnesses, perjury."<sup>37</sup> Nevertheless, at the appropriate time Dillon went to Washington and requested paroles for Compagna, de Lucia, d'Andrea and Gioe. The parole board in Chicago received telephone instructions from Washington to cable its approval of parole; the usual written report was not required, nor was the extended consultation with parole advisers customary in such cases. On August 13, 1947, one week after Dillon's visit, the prisoners were released. The circumstances of the case prompted a Congressional investigation,<sup>38</sup> which resulted in proceedings against all the parolees except d'Andrea. Compagna and Gioe went back to jail, but after legal maneuvers were permanently released. De Lucia never returned to jail. Accardo and Bernstein were indicted for misrepresentation, but were acquitted. All four parolees returned to racketeering.

Browne and Bioff were released after serving three years and one month each of their sentences. The expressed apprehension of some IATSE locals that the two men might return to positions of influence in the union induced the General Executive Board to make a statement on the matter. "William Bioff is not now and never has been a member of this Alliance," the Board said, adding that neither Browne nor Bioff would "be permitted to associate themselves with this International or any local unions of the Alliance in any manner or capacity whatsoever.... This record which is now available to us proves that former President Browne betrayed the trust

which the officers and members of the Alliance had placed in him... The Executive Board can understand the misgivings of our membership as to how such a situation as was revealed by the testimony given by Browne and Bioff, could have existed ... our members must give full recognition of the fact that from the inception of the Alliance the International President was and is the administrative head of the Alliance ... we can readily see that one of the most clever parts of this conspiracy was so to conduct the affairs of the Alliance to make certain that the membership would be solidly behind Browne in the conduct of its affairs. The record which Browne presented to the Board was most impressive...."<sup>39</sup> The Board also cited a government brief which had been presented to the court during the appeals of the underworld accomplices of Browne and Bioff:

"From the labor point of view the IATSE had created an enviable labor record in the past twenty-five years with regard to hours, wages and working conditions. As indicated below it was maintained and even improved during Browne's reign as International President.... Factually, the record shows that repeatedly these confederates did things to further the legitimate aims of their union in a manner utterly inconsistent with any theory that they were acting to the detriment of union members.... Among the benefits obtained by Bioff and Browne for the union was a 10% raise in 1936 ... and further raises of 10% each of the following years: 1937, 1938, and 1939. Eighteen hundred laborers taken over by the IATSE on the West Coast who had been getting 45¢ an hour were raised to \$1.00 an hour. Makeup artists who had been previously getting as little as \$45 a week were

raised to a minimum of \$115 a week. Raises and union recognition were even obtained by Bioff for unions not a part of the IATSE.... Bioff became the leader of all the unions dealing with the motion picture industry in California ... and apparently without knowledge on the part of labor leaders in California of his illegal activities secured their adulation. Even a defense witness called to contradict portions of Bioff's testimony had to observe that Bioff did a good job for the IATSE."<sup>40</sup>

"In view of such a record," the Board said, reiterating the explanation of 1942, "it is not surprising that the delegates to the Convention in Louisville in 1940, voted unanimously to support Browne. It is true that at that time rumors were being circulated alleging certain illegal conduct on the part of Bioff and intimating that perhaps Browne was involved. However, as the sources of these rumors were known to be hostile to the labor movement as a whole, no recognition was given to them either by the delegates or the officers of the IA.... there was no information available which would justify deserting the man under whose administration so much had been achieved for the IA and who, we felt, was under attack for those achievements.... When evidence to sustain these charges was available the General Executive Board acted as rapidly and as constructively as possible...."<sup>41</sup>

This was not quite the whole tale. There were, no doubt, extenuating circumstances surrounding the partial recall of the past. Progress had been substantial, if not maximal, under Browne and Bioff; in a time of ideological schism the bonds of loyalty are strong; and the underworld embrace -- imposed from without, tolerated or encouraged by the employers,

savage in reprisal and carefree of the law -- was not the easiest subject for open communion. But the literature of the period, the folklore of the union, and fact that by no means all the internal critics of the IATSE leadership were communist or communist-led, justify the conviction that more was privately known than was publicly conceded. Whatever the circumstances, there was not much credit to be claimed by the union's leaders for their conduct in the unhappy years.

The two parolees were now at large, but it was a hazardous freedom. Both had violated the law of the underworld in testifying against their partners in crime. Browne, perhaps, had less to fear, since his testimony was halting and he had never been a full-fledged member of the criminal tribe. Bioff, on the other hand, had been one of them, and knew the price of betrayal. Both men disappeared from sight. Bioff eventually settled in Phoenix, Arizona, living under the name of William Nelson. On November 4, 1955, he was blown to death by a bomb attached to the starter of his pick-up truck. The whereabouts of Browne are obscure.

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These were the principal cases. They were not, of course, the only ones. The contributory circumstances were common to much of American urban and industrial life and reproduced, if in minor key, the experiences of New York and Chicago in Detroit, Philadelphia, Cleveland, St. Louis and other places.

All of them offered important lessons. There were obvious comparisons

to be made with the building trades; the conditions which produced the essentially indigeneous or non-professional corruption of the construction industry -- the general nature of the market, the occupational instincts of both employers and union officials, the structure of the unions, the morals of politics and the complexion of the community -- contributed in one degree or another to the corruption of other unions and industries. But there were some factors of particular note in the cases here. In the needle trades the jobbing system, the distinctively fierce competition, the difficulty of organizing immigrant, illiterate and transient employees, the high proportion of women workers, the uncertainties of fashion and the recruitment of gangsters in the wars for business and union survival all helped to produce the enduring underworld influence in the industry; it can also be argued that the socially-conscious trade unionism of most of the needle trades unions leaders mitigated the impact of the gangs and ensured that in the long run the primary allies of the racketeers in the industry were the employers rather than the unions. In longshoring the physical characteristics of the New York waterfront, the crucial work in public loading unwanted by most longshoremen, the inheritances of New York as the nation's principal port of entry and the ethnic composition of the work force were notable contributions to corruption. The culinary and building service trades were natural extensions of underworld jurisdiction for bootlegging purposes and suffered particularly thereby; the pattern of ownership and the mechanics of distribution in the film industry rendered it especially susceptible to gangster tactics; while both the building service and theatrical unions bore the ironic burden of racketeers who, in dominating and robbing their organizations, could also cite in

self-justification a record of bargaining achievements.

But the real mark of distinction here was not so much in the industrial opportunities for corruption as in the character and resources of its enforcers. Whether they came like mercenaries into the needle trades, or through gradual infiltration and recruitment on to the waterfront, or as simple captors in the service trades, they came with terrible reputation and power. Their strength was the failure of a social experiment. There seems to be no satisfactory explanation of professional corruption which does not give primacy of place to Prohibition and its aftermath.

Terror was the note. Resistance to corruption in the building trades, while it could be physically uncomfortable and economically disastrous, seldom involved the chance of death. The rebel against the racketeers, however, faced not simply the anger of his brothers but the private justice of the outsider. The behavior of many union officials confronted by the underworld -- not to speak of the employers with an economic interest in gangsterism, or of the citizenry which condoned the apotheosis of the criminal -- was hardly admirable; whether from greed, sloth, complicity or fear, too many of them chose not to fight. But whatever the mixture of motives for their inaction, they had cause enough for fear. They were, after all, prey to a criminal system which enjoyed a prestige unique in the civilized world, which worked largely in disdain of the law, which commanded the support of employers and public officials, and whose justice would be swift, complete and unrequited. The alternatives, it seemed to many of them, were surrender or death. It was a hard choice for all but the best of men.

The departure of Bioff and Scalise, like that of Fey and Eove, marked

the end of a phenomenon. They were the first and last professional criminals ever to reach the highest power an international union could offer. But the conditions which thrust them to prominence -- while the results were never again so garish -- lingered within the labor movement and in the surrounding society. The leadership of the underworld became more respectable in its activities and more restrained in its tactics; but it never lost its grip on some sources of union power, and there were charges to come of criminal influence in the highest places. The activities of lesser criminals in union affairs continued, and there developed local redoubts of corruption which finally came to light. The rise of negotiated welfare funds after World War II provided, for the amateur and professional thief alike, a new source of income. The labor movement itself, grown more staid and secure, rich in resources but unprepared in discipline, provided further temptations for its weaker servants. Corruption was a lasting problem, limited but persistent, sometimes stark but often obscure in detail, easy to charge but hard to cure. It was always, for reasons of origin as well as impact, a problem as much for the nation as the labor movement. Thus it came, from time to time, under the scrutiny of the Congress of the United States.

## FOOTNOTES -- CHAPTER VIII -- THE THEATRICAL INDUSTRY

1. For a general survey of labor-management relations in the motion picture industry see Hugh Lovell and Tasile Carter, Collective Bargaining in the Motion Picture Industry (Berkeley: University of California Press, 1955).
2. Jurisdictional Disputes in the Motion Picture Industry, Hearings before a Special Subcommittee of the Committee on Education and Labor, House of Representatives, 80th Cong., 1st sess. (Washington: 1948).
3. On corruption in the IATSE see Malcolm Johnson, Crime on the Labor Front (New York: McGraw-Hill, 1950), Ch. 2; Virgil Peterson, Barbarians in Our Midst (Boston: Little, Brown and Company, 1952), pp. 230-35; and Elmer L. Irey, The Tax Dodgers (New York: Greenberg, 1948), Ch. 14.
4. On Bioff's police record see Chicago Tribune, July 19, 1935; IA Progressive Bulletin, December 22, 1937.
5. This was the first time corrupt elements had seized control of the IATSE, but corruption was not unknown at the local level. From 1926 to 1931 Samuel Kaplan was the chief officer of Motion Picture Operators' Local 306 in New York City. He received a salary of \$21,800 a year, and during the same period collected some \$55,000 in "gifts" from employers; he also spent about \$1,250,000 of the local's money without an accounting. A large number of projectionists worked not as union members but as permit men, paying an initiation fee of \$500 and refunding 20 per cent of their salaries to Kaplan. Members of the local who asked for an accounting of the funds were beaten up by the three bodyguards retained by Kaplan at the union's expense. Kaplan was also the owner of the Kaplan Supply Company, a non-union projectionist manufacturing concern; a Kaplan Company truck once

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crossed a Local 306 picket line to deliver supplies to a theatre in the Bronx. Kaplan was indicted in December, 1931, for conspiracy and coercion and was later expelled from the IATSE. He was succeeded in office by Harry Sherman, a motion picture publicist, who held office for a year and a half. On May 18, 1936, Sherman was indicted for stealing \$150,961.75 from the local's funds, the prosecution also stating that none of the \$1,322,279 collected and spent by the local during Sherman's term of office was properly accounted for. The indictment failed when members of Local 306 failed to testify. New York Times, September 9, 1932 and May 18, 1936. See also Seidman, op. cit., pp. 177-184, and Seidman, "Labor Racketeering," Nation, August 16, 1933.

Thomas Maloy, a former chauffeur for racketeer Mossy Enright, was the head for many years of Motion Picture Operators' Local 110 in Chicago. Four of his opponents were murdered during his term of office. The permit system in Local 110 was widespread, permit men often receiving the best jobs in preference to IATSE members in return for a 10 per cent remittance in wages and a bribe of \$450 to \$1,000. In his early career Maloy threw stench bombs in theatres, then sold to the owners his own deodorizer -- which cost 70¢ a quart to make -- at \$22.50 a quart. Maloy also collected bribes for his brother Joseph Maloy who, as Assistant Commissioner for Gas and Electricity in Chicago, had control over the issuance of departmental licenses to theatre owners. Maloy was indicted for non-payment of \$81,059 in taxes in 1935; federal authorities estimated that Maloy's income between 1929 and 1933 was \$350,939, and that in 1932 alone he received \$124,300 from unidentified sources. The case never came to trial. Maloy was at odds with

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Browne and Bioff, wishing to retain independent control over Local 110. In February, 1935, he was shot dead in a Chicago street. His successor, appointed by Browne, was Nicholas Circella. See Seidman, Labor Czars, op. cit., pp. 171-77; Walter Chambers, Labor Unions and the Public (New York: Howard-McCann Inc., 1936), pp. 114-236.

6. The success of Browne and Bioff in this instance prompted the syndicate to raise its share of the proceeds from a half to two-thirds. New York Times, October 8, 1943. When asked in 1943 whether it was necessary to have two projectionists in every booth, Bioff replied: "To be honest with you, I never was inside a booth. I wouldn't know...." New York Times, November 1, 1943.

7. New York Times, May 25, 1943. There was never much doubt that Browne was the junior partner in the enterprise. The treatment he received in public at Bioff's hands was often humiliating, and as time passed his resort to alcoholic comfort, always impressive, assumed incredible proportions. On one occasion he was observed to drink 72 bottles of beer at one sitting. (Various interviews by the author with incumbent or former IATSE officials.)

8. Time, October 18, 1943.

9. Testimony was offered by IATSE officials at the 1943 hearings to the effect that Browne and Bioff received money regularly from the employers in return for no-strike pledges; that in 1936, in return for a cent 10 per/wage increase, the Hollywood employers were allowed to adopt hiring practices that eliminated overtime; and that on one occasion Joseph Schenck told Bioff that the IATSE "had to win" a contested NLRB election in the

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Hollywood studios. New York Times, December 1 and 12, 1943.

10. U.S. v. Bioff, 40 Fed. Supp., 497 (1941); Lovell and Carter, op. cit., p. 21. See also George H. Dunne, S.J., Hollywood Labor Dispute -- A Study in Immorality (mimeographed, n.d.).
11. Proceedings, IATSE Convention, 1936, pp. 73-4, 211-14.
12. Ibid., p. 59.
13. Ibid., p. 128.
14. Ibid., 1938, p. 48.
15. Ibid., p. 62.
16. Ibid., p. 10.
17. Ibid., pp. 16, 75.
18. Ibid., pp. 128-30.
19. Carey McWilliams, "Racketeers and Movie Magnates," New Republic, October 27, 1941.
20. Loc. cit. I am unable to trace a copy of the Committee's report.
21. H. R. Philbrick, Legislative Investigation Report (Sacramento: Edwin W. Atherton and Associates, 1938), Part II, pp. 25-39.
22. Los Angeles Times, October 22, 1940.
23. On the charges and counter-charges between the factions in the Hollywood locals see IATSE Facts, seriatim, and the IATSE Progressive Bulletin, seriatim.
24. U.S. v. Schenck, 162 F2d 702, 40 FSupp 56; also Moskowitz v. U.S., 62 Sct 1309, 316 US 705, 86 LEd 1773. New York Times, June 6 and 13, 1940.
25. Proceedings, IATSE Convention, 1940, pp. 61-2.

## Footnotes -- Chapter VIII -- Continued

26. Ibid., pp. 40, 87-95.
27. Ivey, op. cit., p. 285.
28. Proceedings, IATSE Convention, 1942, p. 97.
29. Ibid., pp. 285-6.
30. New York Times, November 11, 1941.
31. Proceedings, IATSE Convention, 1942, pp. 68-9.
32. Ibid., pp. 117-18.
33. James Bartlow Martin, "Who Killed Estelle Carey?", Harper's, June 1944.
34. New York Times, October 7, 8 and 9, December 2, 1943.
35. U.S. v. Compagna et al., 146 F2d 524; 65 Sct 912, 324 US 867, 89 LEd 1422; 65 Sct 1084, 325 US 892, 89 LEd 2004. Also Kaufman v. U.S., 65 Sct 913, 324 US 867, 89 LEd 1422.
36. Peterson, op. cit., p. 289.
37. Ibid., p. 236.
38. Investigation Into the Manner in Which the United States Board of Parole is Operating and as to Whether There is a Necessity for a Change in Either the Procedure or Basic Law, House Committee on Expenditures in the Executive Departments, Report No. 2441 and Hearings, 80th Cong., 2d sess., 1948, passim.
39. Proceedings, IATSE Convention, 1946, p. 183.
40. Ibid., pp. 183-84.
41. Ibid., p. 184.